

WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS' ANNUAL (SUMMER) SESSION

MINUTES

Work Session: 1:30 p.m. Wednesday, July 26, 2006
Annual Meeting: 9:00 a.m. Thursday, July 27, 2006
The Enzian Inn – Leavenworth, WA

ATTENDANCE:

* denotes Executive Committee Member

Chair: *Randy Watts, Whatcom County Chief Civil Deputy Prosecutor - Director

Secretary/Treasurer: *Steve Clem, Prosecuting Attorney - Director

Adams County: Linda Reimer, Clerk of the Board - Alternate

Benton County: Melina Wenner, HR/Risk Manager - Director

Chelan County: *Keith Goehner, Commissioner - Director

Clallam County: Marge Upham, HR Director – Director

*Toni Gilbert, Safety/Training Officer - Alternate

Clark County: *not represented*

Columbia County: Drew Woods, County Engineer/Risk Manager – Alternate

Lisa Heinrich, Human Resources (Wednesday only)

Cowlitz County: Clyde Carpenter, Risk Manager - Director

Douglas County: *see Secretary/Treasurer*

Thad Duvall, Auditor –Alternate (Wednesday only)

Franklin County: *Neva Corkrum, Commissioner - Director

Garfield County: *not represented*

Grays Harbor County: Bob Beerbower, Commissioner - Director

*Rose Elway, Director of Mgmt. Services & Budget – Alternate

Anne Sullivan, Emergency/Risk Manager (Wednesday only)

Island County: *Mike Shelton, Commissioner – Director

Betty Kemp, Director, General Services Administration - Alternate

Vickie Chambers, Safety Officer/GSA Office Manager - Guest

Jefferson County: David Alvarez, Civil Deputy Prosecutor - Alternate

Kitsap County: Mark Abernathy, Risk Manager – Director

Neil Wachter, Senior Deputy Prosecutor – Interim Alternate

Kittitas County: David Bowen, Commissioner – Director (Thursday only)

Lewis County: Dennis Hadaller, Commissioner – Director

Harry Green, Risk Manager - Alternate

Mason County: Ione Siegler, Budget & Finance Director - Alternate

Okanogan County: Heidi Smith, Chief Civil Deputy Prosecutor - Director

Pacific County: Bryan Harrison, County Administrative Officer - Director

Pend Oreille County: Ken Oliver, Commissioner - Director

San Juan County: David Zeretzke, Administrative Services Director - Alternate

Skagit County: Billie Kadmas, HR/Risk Manager - Alternate

Skamania County: Marilyn Butler, Administrative Services Director – Director

Debi VanCamp, HR Specialist - Alternate

Spokane County: *Leon Long, Risk Manager/ Director, Geiger Center - Director

Steve Bartel, Risk Management Supervisor - Alternate

Thurston County: *Diane Oberquell, Commissioner – Director

Tammy Devlin, Risk Manager – Alternate

Alberto Lara, Human Resources Director

Walla Walla County: *Jay Winter, Personnel/Risk Manager - Director

Whatcom County: *see Chair*

Yakima County: *Ron Zirkle, Prosecuting Attorney – Director

Larry Peterson, Senior Civil Deputy Prosecutor - Alternate

Broker: Mike Croke, Senior Vice President, Willis

Insurance Representatives: Tony Clez, Senior Vice President, Willis;
Leslie Conti & Bob Penny, AIG (Thursday only)

Actuarial Services: Craig Scukas, Senior Consultant, PricewaterhouseCoopers

Risk Pool Staff: Rich Bodell, Loss Control; Kitty Bottemiller, Admin Asst/Events; Sue Colbo, Auditing/Accounting Officer; Vyrle Hill, Executive Director, & Susan Looker, Claims Manager

WORKSHOP NOTES
Wednesday, July 26, 2006

WELCOME: The workshop was called to order at 1:50 p.m. by Pres. Watts, who welcomed all in attendance.

DISCUSSION:

Nominating Committee: President Watts made brief comments on the nominating procedures, noting that Ron Zirkle had asked not to be considered for another Executive Committee term after his current one ends this year.

Underwriting Committee: Steve Clem, Underwriting Committee Chair, noted it has been a busy three months revising policies, which will be reviewed in detail at tomorrow's Board meeting.

Broker's Report: President Watts referred to Mike Croke to speak about participation in the property coverage program and the favorable rates the Pool is eligible for. Mike noted that five more member counties have joined the program since last year, bringing total participation to 22 counties.

Mr. Croke then presented two liability program renewal options -- one titled Guaranteed Cost Program and the other Corridor Deductible Options. There was considerable discussion regarding the terms of the "corridor program" that Munich Re and ACE proposed. Mike further mentioned that ACE would include a \$50,000 per year allowance for enhancements to either the Loss Control or Claims Administration services of the Pool. He answered questions from various Board members about program coverage/policy renewal.

Risk Management Committee: Co-chair Harry Green asked for volunteers to co-chair the group, as current Co-chair Ed Pavone (Clark County) was retiring soon, and spoke briefly about the committee's priorities and how they should be addressed.

Personnel Committee: Results of the Compensation Study performed by HR Answers, Inc. were discussed along with review of the salary schedules and the job descriptions and personnel policy revisions that were suggested.

Finance Committee: Reports for 2nd and 3rd Quarters of PY2007 were discussed.

Actuary's Report: Craig Scukas briefed the attendees on the rate-setting report and increased retention supplement that PricewaterhouseCoopers had presented. He reported on loss expectations and experience modification factors and explained a bit about how an actuary functions.

Administrative Budget: Vyrle Hill reviewed the administrative budget recommendations and the member deposit premiums methodologies and terms, and noted possible sites for next summer's session.

Staff Reports/Recommendations: Susan Looker distributed the annual loss and performance reports.

Rich Bodell gave a brief update on Pool-sponsored training and membership compliance audits-to-date.

Vyrle Hill gave a progress report on the new WCRP headquarters building that will replace the existing Clark Place facility. He also referenced the draft specification for securing an RFQ&P for Broker Services, and that a similar document would be forthcoming for Actuarial and Claims Auditing Services.

President Watts called for any other discussion items. Hearing none, he adjourned the workshop at 5:03 p.m., noting that the Executive Committee would reconvene at 8:30 the following morning, and reminding attendees of the evening's social activities.

ANNUAL MEETING **Thursday, July 27, 2006**

WELCOME & CALL TO ORDER: President Randy Watts called the meeting to order at 9:05 a.m., welcomed everyone and acknowledged that a quorum was present. He lauded efforts by the Pool and Mike Croke/Willis for their contributions to the previous evening's social event.

AGENDA (modify and/or approve): no modifications were recommended for the agenda. Mike Shelton moved and Diane Oberquell seconded approval of the agenda. *Motion passed.*

DISCUSSIONS, REPORTS & ACTION ITEMS

- 1) **Minutes of March 31, 2006 (correct and/or approve).** Ron Zirkle moved to approve minutes as is, and Mike Shelton seconded. *Motion passed.*
- 2) **Review Executive Committee meeting minutes (questions/comments).** *None presented.*
- 3) **Review quarterly financial reports (questions/comments).** President Watts asked the Board to confirm approval of the report. Neva Corkrum moved confirmation of the 2nd and 3rd 2006 Quarterly Financial Reports with authorization for the President to sign; Rose Elway seconded. *Motion passed.*
- 4) **Database Review Committee Report (questions/comments; accept).** Rich Bodell briefly reviewed the report, noting that the (first) database review conducted per policy adopted by the Board in July 2005, was completed via conference call on June 1. He answered questions re: the number of counties using the database, and spoke to concerns about how users like it. It was generally agreed that the software has the capability counties want, but isn't quite "there" to satisfy county needs. Steve Bartel suggested forming a committee to address Riskmaster use and issues. Leon Long and Mark Abernathy offered the use of county facilities where training could be conducted. Leon and Mike Shelton noted that the database was intended for use by all counties, not just a few. Executive Director Vyrle Hill noted that the system is complex and difficult to learn, and suggested that counties explore local training opportunities in Crystal Reporting to help them understand the Business Intelligence software involved with Riskmaster. He also invited counties to submit scholarship applications to the Pool for such training.
- 5) **Nominating Committee Report**
 - **Executive Committee:** President Watts noted that the Nominating Committee had discussed and is recommending the nominations of Mark Abernathy, Marilyn Butler, Steve Clem, Randy Watts and Harry Green for the three Executive Committee positions available. He called for additional nominations from the floor. No more names were submitted. Ron Zirkle moved and Mike Shelton seconded to close the nominations. *Motion carried.* Ballots were issued with Ron Zirkle asked to supervise the counting. A break was taken at 9:30 a.m. to allow time for the vote tallying. When the meeting resumed at 9:45 a.m., President Watts announced the top three vote-getters: Mark Abernathy, Steve Clem and himself. He thanked Marilyn and Harry and their counties for agreeing to be among the nominees.
 - **President:** President Watts noted that it has been customary for the Secretary/Treasurer to advance to the President's position, and in keeping with tradition, the Nominated Committee

has nominated Steve Clem. Ron Zirkle moved that the nominations be closed and that Steve Clem be elected President; David Bowen seconded. *Motion passed.*

- Secretary/Treasurer. President Watts reported that the Nominating Committee was submitting two names for Secretary/Treasurer: Jay Winter and Keith Goehner. Neva Corkrum moved that the nominations be closed, and Rose Elway seconded. *Motion passed.* Ballots were distributed, then collected and counted by staff with Ron Zirkle supervising. During this time, President Watts thanked the Pool for the opportunity to serve as President, noting many accomplishments: big decisions, major successful litigations, and construction of new Pool headquarters – in budget and on time. The election results were announced with Keith Goehner being elected Secretary/Treasurer for PY2007.
- 6) **Awards & Service Recognition.** Vyrle Hill read the award and service recognition report. Jay Winter was honored for 15 years of Pool service. Pat Hamilton and Ron Zirkle were honored for 10 years, and four were honored for 5 years: Bob Beerbower, Dennis Hadaller, Harry Green and Diane Oberquell. Nineteen members were lauded for their meeting attendance. Vyrle also recognized Susan Looker for general handling of the Pool's claims, and for overseeing recent audits by the perspective re-insurers.
- 7) **Actuary's Report – PricewaterhouseCoopers, Craig Scukas**
 - a) **PY2007 Loss Rates and Experience Rating Modifiers.** Diane Oberquell moved and Mike Shelton seconded for acceptance of the March 31, 2006 Actuarial Rate Review with the rates and experience modifiers outlined the report and the supplementing July 7, 2006 letter from PwC. *Motion passed.*
 - b) **PY2007 Deposit Premium Apportionment Methodology.** Item addressed with agenda item 10.e.
- 8) **Broker's Report.** Having given a full report during Wednesday's review session on both the PY2007 Liability Reinsurance/Excess Insurance program and the PY2007 Washington Counties Property program, Mike Croke asked for and responded to questions or concerns. Keith Goehner moved to accept the report and proposals; seconded by Jay Winter. *Motion passed.*
- 9) **Professional Services.** Leon Long moved to extend the Pool's professional services contracts (Actuarial and Claims Auditing Services – PricewaterhouseCoopers and Broker Services – Willis) through December 2009; Mike Shelton seconded. Under discussion, Mike Shelton lauded Willis' efforts in securing the excellent insurance program renewal with a 3-year commitment and rate guarantees from the principle carriers, and the ongoing work from PricewaterhouseCoopers. Hearing no further discussion, President Watts called for a vote. *Motion passed.*

Returning to the insurance program, Steve Clem moved to direct Willis to place and/or bind liability coverage for PY2007 with ACE, AIG, Everest RE & AIG, and Lexington insurance companies as noted in the Option 2 Corridor Worksheet; seconded by Mike Shelton. *Motion passed.*

Bob Penny, AIG account representative, made favorable comments about the Pool and its history with AIG. He noted that he was looking forward to a good relationship. Leslie Conti, branch manager, thanked the Pool for both its AIG and Lexington business. She noted that Mike Croke is known as the "smart, cranky broker" in the local insurance community.

10) Board Policies and WCRP PY2007 Operational Elements (questions/comments; approve)

- a) **Salary Schedule, Personnel Policy and Job Descriptions.** Vyrle Hill asked the Board to accept and approve the compensation study prepared by HR Answers, Inc. at the Board's request. Leon Long moved to approve the report. Ron Zirkle asked whether Vyrle was referring just to the report, noting that corrections were needed on one of the three items included. Leon agreed to amend his motion to accept the study and accept Exhibit 4 – the pay schedule grid that was included; Mike Shelton seconded. *Motion passed.*

Personnel Policy. Ron Zirkle noted there was a conflict in the Personnel Policy revisions – the deleting of the second sentence in section C.5 (pg 1) removes the FLSA exemption list referred to in section I.2. He acknowledged arguments to omit the list. He moved to further revise section I.2 (pg 5) by deleting the phrase referencing the list in section C.5. Rose Elway seconded. Discussion ensued, including a question about the reasoning for the proposed change. Vyrle deferred to the Personnel Committee as having suggested this change. *Motion passed with two nays.*

Regarding other Personnel Policy revisions, there was discussion about adding “sexual orientation” to the list of protections in section B. Diane Oberquell moved to add it, and Leon Long seconded. Ron Zirkle voiced reluctance to act on this until confirming that it is required, suggesting that the section simply state that the Pool complies with all federal and state laws in this area. He noted that maybe the Executive Director could draft such language for consideration at the fall meeting. That was agreed, and the motion for the change was withdrawn.

President Watts called for a motion on the further revised Personnel Policy. Mike Shelton moved to approve the proposed policy revisions with the correction to section I.2 and with the understanding that the additional revision would be forthcoming for consideration at the Board's fall meeting; Diane Oberquell seconded. *Motion passed.*

Job Descriptions. Ron Zirkle addressed the Executive Director's job description, and moved for approval subject to changing "Executive Committee" to "appropriate committees" in item 11. Diane Oberquell seconded. *Motion passed.*

Ron Zirkle then moved that, beginning immediately, new employees and newly promoted employees date for step increment eligibility shall be the anniversary of their hire date instead of October 1st as previously used, but that current employees shall retain current practice; that is, their step increment eligibility date is October 1st. Diane Oberquell seconded. *Motion passed.*

- b) Claims Handling Policies and Procedures.** Underwriting Committee Co-chair Steve Clem presented the consolidated policy and noted the committee recommended approval with the exclusion of section D.5. He noted the policy was consistent and now flows in one document, and that there are no changes in current policies or how the policies are handled. He mentioned the excluded section is complicated and is not being recommended, and is still under revision by the Underwriting Committee. He restated that the Committee recommends that the Board adopt the "Claims Handling Policies and Procedures" as proposed up to but not including Section D.4. Marilyn Butler seconded. After continued discussion for clarification, President Watts called for a vote. *Motion passed.*
- c) Joint Self-Insurance Liability Document for PY 2007.** Steve Clem then presented the draft of the document noting the reasoning for the changes, then answered questions. The Underwriting Committee recommends Board review, Steve said. Neva Corkrum asked, isn't the issue that a county be protected against events at attractive nuisances not sanctioned by the county? Yes, Steve said. He mentioned the Committee's recommended addition to section 7.C and its exclusion of proposed section S, noting that the Committee would like to work through that language more. President Watts called for a motion. Ron Zirkle moved to approve the draft excluding section S and David Alvarez seconded. *Motion passed with one nay.*
- d) (i) Operational (Administrative) Budget and (ii) Work Plan.** Vyrle introduced the item while Sue Colbo handed out revisions made since the previous day's Board Workshop convened. Vyrle presented the recommendations of the Executive Committee as:
- Item 1: Salary grid placements and COLAs – Approve with the salary grid earlier adopted and time-in-grade placements.
 - Item 2: Senior Claims Analyst – Approve position.
 - Item 3: Claims Assistant – Deny new part-time position.
 - Item 4: Loss Control Analyst – Deny new position.

- Item 5: Executive Director – Extend contact three years to May 2010.
- Item 6: Employee Benefits – Approve allowance factor increase from 36 to 40%.
- Item 7: Travel – Approve the itemized increases.
- Item 8: New Headquarters – Approve contingency for start-up costs.
- Item 9: Training – Approve enhancements.
- Item 10: Professional Services (Claims) – Approve requested increase.
- Item 11: Capital Outlays – Approve requests for item 2; deny those for item 4.

Vyrle said he would provide the Board a complete summary of the Executive Committee recommendations. Mike Shelton moved for approval of the administrative budget recommended by the Executive Committee and presented by the Executive Director totaling \$1,372,795; the motion was seconded by Diane Oberquell. With no further discussion, the *motion passed*.

(ii) Work Plan. Vyrle noted that the Executive Committee had concerns about the loss-control emphasis in the proposed work plan. With the Board's consent, Vyrle suggested that changes be brought back for Board consideration later. Jay Winter moved for postponement of this item until the Board's fall meeting, and Mike Shelton seconded. *Motion passed.*

- e) **Member County Deposit Premiums.** Craig Scukas reviewed three potential deposit premiums allocation options. After discussing the merits of the options and again reviewing the Pool's projected financial position, Leon Long moved to hold the PY2007 total premiums at the same level as PY2006; Diane Oberquell seconded. Mike Shelton noted the importance of competitive pricing in recruiting new counties. *Motion passed.*

Mike Shelton moved for approval of the last three bullets in the list of recommended actions for Item 10e referring to the premiums deadlines and late fees; Leon Long seconded the motion. With no further discussion, the *motion passed*.

f) Future Meetings

Vyrle reviewed five Central Washington-area options listed as potential sites for the 2007 WCRP Summer Session that had been prepared by staff per the Board's request. After brief Board review and discussion, David Alvarez moved to hold next year's conference at the Enzlan Inn in Leavenworth again. David Zeretzke seconded. *Motion passed with one nay.*


Other: Harry Green acknowledged that the upcoming October Board Meeting would be Lewis County Commissioner and WCRP Director Dennis Hadaller's last with the Pool Board as he is not seeking re-election for Commissioner.

Steve Clem recognized Ron Zirkle again for his tenure on the Executive Committee and as a Pool officer, and noted the many hours he knew Ron had spent advising the Pool Board and its committees over the years, noting that at times this requires a very demanding schedule in addition to regular duties.

Steve then recognized Randy Watts for his exemplary term in the presidency. Steve presented Randy with a certificate and a wall plaque in recognition of his leadership.

Hearing no further business, President Watts adjourned the 2006 Annual Meeting at 11:50 a.m.

MINUTES APPROVED this 26th day of October, 2006.



 President

Attest: 

 Secretary/Treasurer