

**WASHINGTON COUNTIES RISK POOL
ANNUAL (BOARD OF DIRECTORS) WORKSHOP and MEETING
MINUTES**

Thursday – Friday, July 31 – August 1, 2008
The Enzian Inn, Leavenworth, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County: Linda Reimer, Clerk of the Board – Alt. Director *(Thursday)*
Benton County: Bryan Perry, Safety & Training Coordinator – Alt. Director
Chelan County: *Keith Goehner, Commissioner – Director / President
Clallam County: Marge Upham, HR Director – Director
*Toni Gilbert, Safety/Training Officer – Alt. Director
Clark County: Mark Wilsdon, Risk Manager
Columbia County: Drew Woods, Public Works Director – Director
Cowlitz County: Claire Hauge, OFM Director – Alt. Director
Douglas County: *Steve Clem, Prosecuting Attorney/Coroner – Director *(Thursday)*
Thad Duvall, Auditor – Alt. Director *(Friday)*
Franklin County: *Neva Corkrum, Commissioner – Director
Ryan Verhulp, Chief Civil Deputy Prosecuting Attorney – Alt. Director
Garfield County: Dean Burton, Commissioner – Director
Grays Harbor County: Bob Beerbower, Commissioner – Director
*Rose Elway, Director, Management Services/Budget – Alt. Director
Island County: Betty Kemp, GSA Director – Alt. Director
Jefferson County: David Alvarez, Chief Civil Deputy Prosecuting Attorney – Alt. Director
Kitsap County: *Mark Abernathy, Risk Manager – Director / Secretary-Treasurer
Kittitas County: Alan Crankovich, Commissioner – Director
Lewis County: Lee Grose, Commissioner – Director *(Thursday)*
Paulette Young, Safety Officer – Alt. Director *(Friday)*
Mason County: Ione Siegler, Budget & Finance Director/Risk Manager – Alt. Director
Okanogan County: Andrew Lampe, Commissioner – Director
Pacific County: Bryan Harrison, County Administrative Officer – Director *(Thursday)*
Pend Oreille County: Laura Merrill, Commissioner – Director
San Juan County: Adina Cunningham, Deputy Director of County Administration – Alt. Director
Skagit County: Billie Kadrmas, HR / Risk Manager – Alt. Director
Skamania County: Marilyn Butler, Administrative Services Director – Director
Spokane County: * Steve Bartel, Risk Management Supervisor – Director
Thurston County: *Diane Oberquell, Commissioner -- Director
Tammy Devlin, Risk Manager – Alt. Director
Diana Townsend, HR Manager
Walla Walla County: *Jay Winter, Personnel / Risk Manager – Director
Whatcom County: *Randy Watts, Chief Civil Deputy Prosecuting Attorney – Director
Yakima County: Ron Zirkle, Prosecuting Attorney – Director

Washington OFM: Shannon Stuber, LGSJ Program Administrator

Actuary Services: Kevin Wick, Managing Director – PricewaterhouseCoopers LLP *(Thursday)*

Broker Services: Mike Croke, Senior Area Vice President – AJGRMS, Inc.
Liz Miser, Area Vice President – AJGRMS, Inc.
Derek Karamatic – AJGRMS, Inc.

Insurance Reps: Rich Vincelette, ACE Public Entity (Philadelphia) (*Friday*)
Merle Shapiro, ACE Public Entity (San Francisco) (*Friday*)
Leslie Conti, AIG Branch Manager (Seattle) (*Friday*)
Bob Penny, AIG Specialty Excess (San Francisco) (*Friday*)
Cheri Semanate, NW Risk Specialists / AIG (Seattle) (*Friday*)

WCRP Staff: Vyrle Hill, Executive Director
Sue Colbo, Accounting/Auditing Officer
David Goldsmith, Member Services Manager
Jill Lowe, Loss Control Coordinator
Susan Looker, Claims Manager
Mike Cook, Claims Analyst (*Thursday*)
Tammy Cahill, Claims Representative (*Thursday*)

WCRP 20th ANNIVERSARY RECOGNITIONS: During the Thursday luncheon, Executive Director Vyrle Hill led the WCRP 20th Anniversary Service Recognition. He provided a brief historical review of the formative years of the Pool and acknowledged the thirty Washington counties that have participated and its past presidents. Past President Frank Bishop shared in the 20-year tribute to the Pool telephonically. Several individuals were acknowledged for their exceptional attendance led by Rose Elway, Marilyn Butler, Neva Corkrum, Steve Lowe, Marge Upham and Betty Kemp having made at least 50% of all the board meetings-to-date. Several others' tenure (years with the Washington Counties Risk Pool) were recognized including: Marge Upham (Clallam), Rose Elway (Grays Harbor) and Marilyn Butler (Skamania) with twenty years each; Melina Wenner (Benton) joining the fifteen year group with Neva Corkrum, Steve Lowe, Jay Winter and Betty Kemp; Toni Gilbert (Clallam), Clyde Carpenter (Cowlitz) and Gary Rowe (Skagit) each joining the ten year group with Claire Hauge, Ione Siegler, Randy Watts, Ron Zirkle and Dean Burton; and Keith Goehner (Chelan), Steve Clem and Thad Duvall (Douglas), and Bryan Harrison (Pacific) each joining the five year group with Bob Beerbower, Tammy Devlin, Diane Oberquell, Linda Reimer, Debra Van Camp and Mark Abernathy. Mr. Hill was acknowledged for twenty years of association with the Pool as well.

CALL TO ORDER / WELCOME: WCRP President Keith Goehner called the Board of Directors' work session to order Thursday, July 31, 2008 at 1:45 p.m. and welcomed all in attendance.

REPORTS AND RECOMMENDATIONS:

- **Broker's Report:** AJGRMS' Mike Croke and Liz Miser shared a PowerPoint presentation for the Washington Counties Risk Pool's Property & Casualty Renewal Program. The initial focus was the optional joint property program, and included two Washington maps – one highlighting the 27 WCRP member counties that were/were not WCPP participants, and one highlighting the 8 counties that marketing attention is being directed towards. They briefly discussed the December 2007 storm/flooding event that affected 8 WCPP counties with anticipated losses totaling \$8 million. Their WCPP renewal recommendations were to remain with the Lexington Insurance Company (AIG) with a "just-reduced" premium of \$2,261,512 (excl. taxes and fees) based upon the estimated Total Insured Values of \$2,388,080,290, or a composite rate of \$0.094782 per \$100 value. They also noted two coverage options that the insurer has offered: 1) a "green construction upgrade" endorsement for \$75,000 additional premium; and 2) a \$50 million increase in both the earthquake and flood sub-limits for \$100,000 additional premium.

Mike and Liz then presented their WCRP Joint Self-Insurance Liability Program reinsurance and excess insurance renewal recommendations for 2008-09. They noted that they were again successful in negotiating an additional year with ACE for the primary reinsurance layer, but with a

\$50,000 LEXIPOL support payment added to the \$50,000 annual loss control support payment. The "corridor" (aggregated annual stop loss) amount would remain the same at \$1,825,000. They reported that AIG is offering to renew the second (and former third) reinsurance layer and the (Lexington Insurance Company) \$10MM x \$10MM excess insurance with 5% premium reductions as well as the (Lexington Insurance Company) optional \$5MM x \$20MM excess insurance with no premium adjustment. During their summarization, they extended a reminder that the (AIG) reinsurance policy includes a \$250,000 per occurrence Public Response endorsement and noted that a \$50,000 AD&D for member counties' employees' estates had been added. They concluded their presentation with a Washington map highlighting the WCRP member counties participating in the "optional" excess insurance layer along with a worksheet reflecting the premiums for those counties not presently participating should they decide to purchase the optional layer of coverage. They responded to a few questions about the coverage and the renewals of the programs' policies.

- **Actuary's Report:** PricewaterhouseCoopers' Managing Director Kevin Wick briefed the attendees on the report entitled "Actuarial Review of Loss Rates for Pool Year 2009" that his firm had prepared and submitted earlier in July. He noted that they projected an 11.1% overall increase in the 2009 liability loss rates for the Pool's \$100,000 retention. He also noted that indications were for General Liability and Employment Practices Liability rate increases of 16% and 19% respectively, with an Automobile Liability rate decrease of 20%. He noted a change in the method used to calculate deductible factors that accounted for a majority of the change in the \$10,000 deductible rates due to consistently higher loss rates for the group of \$10,000 deductible members. He briefly reviewed experience ratings and the unbalanced modification factors in the report, but noted that he understood these adjustment methodologies for future years would be examined with the Finance Committee during the year upcoming. Finally, Mr. Wick reviewed the liability program premium calculation worksheet(s) for Py2009 with input from Executive Director Hill.
- **Finance Committee:** Chair Clem informed the attendees that minutes of the actions from the Committee's July 18th teleconference were located under Tab 17. He then asked Executive Director Hill to present the quarterly financial reports. Mr. Hill noted that the reports for the 2nd and 3rd quarters of PY2008 were included in the meeting packets, and further noted that the 2nd quarter's reports were approved earlier by the Executive Committee. He briefly presented the 3rd quarter reports, noting that Net Assets (Members' Equity) had grown to nearly \$6.37 million and that the Assets to Liability Ratio computed for the State Risk Manager remained quite high at 1.80.
- **Nominating Committee:** Chair (WCRP President) Goehner noted that the terms for four Executive Committee positions, those of Diane Oberquell, Rose Elway, he and Toni Gilbert, would expire this coming September 30th and replacements were needed. He further noted that replacements for President and Secretary-Treasurer for 2008-09 were also needed.

He reported that the Nominating Committee met during the July 9th and 31st Executive Committee meetings to consider nominees for the forthcoming vacancies. The Committee chose to recommend Lee Grose (Lewis County Commissioner), Phil Bakke (Island County Commissioner), Rose Elway and himself as nominees for the four Executive Committee positions. He then thanked Diane Oberquell and Toni Gilbert for their Executive Committee service, noting that they chose not to seek reelection. He also thanked those expressing interest in these positions that were not being recommended at this time. He also reported that, keeping with general practice, Mark Abernathy is being recommended as the nominee for President and that Jay Winter was the Committee's nominee recommendation for Secretary-Treasurer.

- **Personnel Committee:** Chair Tammy Devlin noted that the committee hadn't anything to report upon, but was willing and eager to assist as and when needed.
- **Risk Management Committee:** Chair Steve Bartel reported upon the several items the Committee has been working on including: the Skid-Car program and surveying to determine continued

participation levels and desired cost allocation methodologies; the Committee's involvement plans with and the summary report from the Risk Exposure Assessments presently being conducted; and development of insurance level suggestions and evaluation criteria for risks being transferred (via contracting).

- **Underwriting Committee:** Co-chairs Marilyn Butler and Randy Watts called attention to Tab 18 (minutes of the Committee's June 25th teleconference) and briefed the attendees on the proposed refinement to Paragraph 1.A of the Joint Self-Insurance Liability Policy Coverage Form that supports the action during the spring meeting to include coverage for Public Records Act violations. Committee members Steve Clem and Ron Zirkle again spoke upon the pros and cons of recognizing this coverage. Several other board members spoke in opposition of such coverage and others still spoke in favor of such.
- **Claims Report:** Claims Manager Susan Looker shared a PowerPoint entitled *Claims and Reserves as of July 2008* that addressed claims frequency (by year and by 5-year intervals) and type, claim costs (severity) since the establishment of the Pool and averages by claim type, as well as information about the Pool's largest losses.
- **Membership Compact Compliance Audits:** Member Services representative David Goldsmith presented the assignments and timelines as well as the index (matrix) that were requested additions during the spring meeting when the 2008 Strategic Plan was approved. He also reported upon the efforts underway to develop and implement a web-based Property Inventory Management System.
- **Loss Control Report:** Loss Control Coordinator Jill Lowe distributed her Loss Control Report, which included a summary of the training classes conducted from April through July and noted that 25 member county Risk Exposure Assessment meetings had been completed. The report also included a brief list of upcoming activities. Then, Jill presented the WCRP Public Records Policy being proposed. An in-depth discussion followed.
- **Py2009 Budget:** Mr. Hill reviewed the summary of the Py2008 budget projections and estimates. He noted the year-end Net Assets of nearly \$6.0 million for 2008 and \$6.6 million for 2009, but cautioned that they will likely change when the year-end reserving and program renewal amounts are posted. He then reviewed the proposed Py2009 Administrative Budget and its staffing plan and the Salary Schedule for 2008-9 that totaled nearly \$1.8 million with the 3.2% COLA that was computed in accordance with the provisions in the Pool's Personnel Policy.
- **WCPP Py2009 Premium Calculation Formula:** Noting that the only a couple of participating counties had submitted their updated Schedules of Values for the upcoming year, Mr. Hill presented the "preliminary" property program apportionment analysis for Py2009 and its methodologies and formulas. He noted that the worksheet uses the same premises as those used for the distribution of the Py2008 premiums.

After the announcement of the plans for and directions to the evening's 20th Anniversary Social and Dinner, President Goehner adjourned the Thursday work session at 4:40 p.m.

WELCOME & CALL TO ORDER: WCRP President Keith Goehner called the 2008 Annual Meeting to order Friday, August 1, 2008 at 9:06 a.m. Given the new representatives, round-the-table introductions were conducted. There were 45 meeting attendees with all but Adams and Pacific Counties represented.

AGENDA: President Goehner asked, but no modifications to the preliminary agenda were requested.

MINUTES: President Goehner asked for approval of the minutes of the spring meetings (March 27-28, 2008). David Alvarez moved for approval of the minutes as circulated. The motion was seconded by Diane Oberquell and approved by voice vote.

President Goehner then noted that the minutes of the March 27, May 28 and July 9, 2008 Executive Committee meetings were included in this meeting's packet for review. There were no questions or comments regarding the minutes of the recent Executive Committee meetings.

QUARTERLY FINANCIAL REPORTS: Executive Director Hill reminded everyone that the financial reports for the second and third quarters of Py2008 had earlier been presented to and approved by the Executive Committee. Details of the third quarter's reports were discussed during Thursday's workshop. Randy Watts moved to confirm the Executive Committee's approvals of the Q2- and Q3-2008 Financial Reports. The motion was seconded by Diane Oberquell and passed by voice vote.

NOMINATIONS: President Goehner reported that nominations would be considered for the four positions on the Executive Committee with 3-year terms commencing October 1, 2008. Marilyn Butler moved and Marge Upham seconded, to accept the Nominating Committee's report and place the names of the four persons being recommended (Lee Grose, Phil Bakke, Rose Elway and Keith Goehner) into nomination. The motion carried by voice vote. Mark Wilsdon the moved and Diane Oberquell seconded, to nominate Thurston County Risk Manager and Alternate Director Tammy Devlin. Thad Duvall moved and Randy Watts seconded, to close the nominations for the WCRP Executive Committee. The motion carried by voice vote.

President Goehner appointed Randy Watts, Susan Looker and Marilyn Butler as the election counting board.

OVERSIGHT & ASSOCIATED REPORTS

State Risk Management Division: Local Government Self-Insurance Program Administrator Shannon Stuber was introduced. She then shared a PowerPoint presentation about pooling activities in the state. She noted that she had examined the operations of several of the pools including the WCRP since assuming her position late last year. She found all to be in order. She complimented the Pool for its membership involvement and the staff for the extent of membership assistance they are providing.

Broker's Report: AJGRMS' Mike Croke presented the insurance renewal summary from Thursday's work session. Again, the significant recommendations included:

- Washington Counties Property Program – Lexington Insurance Company will renew the program at a premium of \$2.26 million (plus fees and taxes) based upon Total Insured Values of \$2.388 billion.
- Joint Self-Insurance Liability Program –
 - ACE Public Entity (\$0.4MM x \$0.1MM) will roll its reinsurance agreement over still another year, will maintain the \$50,000 loss control/claims support payment and will include \$50,000 to support member counties' participation in the LEXIPOL system for the same \$1.635 million premium;
 - AIG Specialty Excess (\$9.5MM x \$0.5MM) will renew the reinsurance agreement with a 5% premium reduction (\$2.062 million); and
 - Lexington Insurance Company (\$10.0MM x \$10.0MM and \$5.0MM x \$20.0MM option) will renew the "following form" excess insurance agreements with a 5% basic program premium reduction and no change in the premium for the optional program (\$281,127 and \$80,400 respectively, plus taxes and fees).

Insurer Acknowledgements: President Goehner, after thanking them for their assistance with the 20th Anniversary Social and Dinner, offered time for insurer comments. Leslie Conti introduced herself, Cheri Semanate and Bob Penny as the representatives from AIG/Lexington. Rich Vincelette then introduced Merle Shapiro and himself as the representatives of ACE Public Entity. Each made comments about their program(s) and expressed their appreciation for being allowed to be a part of the Pool's operations.

President Goehner thanked the insurer representatives for their services to the Pool and again for their hospitality.

Actuary's Report: Steve Bartel moved and Diane Oberquell seconded, to confirm the Executive Committee's acceptance of the "Actuarial Review of Loss Rates for Pool Year 2009" and its recommendations. The motion passed without dissent by voice vote.

NOMINATIONS (continued): President Goehner reported that Rose Elway, Lee Grose, Tammy Devlin and he had received the four highest vote tallies and were thus elected to fill the four positions on the Executive Committee effective October 1st.

President Goehner then reported that nominations would be considered for WCRP President for the one-year term commencing October 1st. Randy Watts moved and Diane Oberquell seconded, to accept the Nominating Committee's recommended nomination of Mark Abernathy. The motion passed without dissent. Mr. Watts then moved and Steve Bartel seconded, to close the nominations. Ms Oberquell then moved and Mr. Bartel seconded, to cast a unanimous ballot in favor of Mark Abernathy. The motion passed without dissent by voice vote.

Finally, President Goehner reported that nominations would be considered for WCRP Secretary-Treasurer for the one-year term commencing October 1st. Marilyn Butler moved and Diane Oberquell seconded, to accept the recommendation of Jay Winter as a nominee. The motion passed without dissent. Randy Watts moved and Diane Oberquell seconded, to close the nominations for Secretary-Treasurer and cast a unanimous ballot in favor of Jay Winter. The motion passed by voice vote.

POLICIES & OPEATIONAL ELEMENTS FOR PY2008

WCRP Public Records Policy: David Alvarez moved and Jay Winter seconded, to approve the draft policy presented during Thursday's work session. After further discussion, they withdrew their motion and second. Mark Abernathy then moved and Steve Bartel seconded, to accept the draft policy as the interim guidelines and direct this matter for further review by the Underwriting Committee. The motion passed by voice vote.

Strategic Plan Revisions and Annual Work Program: Jay Winter moved and Mark Wilsdon seconded, to approve the assignments and timelines amendments to and the index for the 2008 Strategic Plan with the inclusion of claim reporting guidelines being formulated and instituted as SMO 8.6. The motion passed. Bob Beerbower the moved and Billie Kadmas seconded, to defer the Annual Work Plan to the Autumn Meeting. The motion passed.

Joint Self-Insurance Liability Document: The Underwriting Committee was directed to develop the necessary policy language when the Board approved including coverage for Public Records Act actions during the spring meeting. The Committee proposes to add section 1.A.5 to read "Penalties imposed under RCW Chapter 42.56, the Public Records Act." and to renumber the prior section 1.A.5 as 1.A.6.

Mark Wilsdon moved and Steve Bartel seconded, to exclude Public Records Act penalties from consideration as "monetary damages" and thus coverage under the JSILP coverage form. Comments favoring the motion were expressed by Mr. Wilsdon and Mr. Bartel. The minutes of the spring meeting were referred to for clarification of the board's intent and action. Comments opposing the motion were expressed by Ron Zirkle with rebuttal comments from Steve Bartel and Mark Wilsdon. Several others commented including Toni Gilbert, Susan Looker, Diane Oberquell and Rose Elway. A roll call vote was taken after an inconclusive voice vote and two attempts with physical demonstration of support. The roll call, conducted Executive Director Hill and monitored by President Goehner, resulted in 12 votes for the motion with 13 against. The motion failed.

Ron Zirkle then moved and Drew Woods seconded, to adopt JSILP Coverage Form with the proposed additional language. Another roll call vote was required which resulted in 16 votes favoring the motion and 9 votes in opposition. The motion passed.

RECESS: Due to the need for timely check outs, President Goehner recessed the meeting at 10:25 and reconvened at 10:50 a.m.

Renewal of Insurance Programs: Diane Oberquell moved and Steve Bartell seconded, to accept the Broker's insurance coverage renewal recommendations. Discussion followed regarding the available property program options. Neva Corkrum moved and Marge Upham seconded, to amend the motion to include accepting both property program enhancements. Ms Corkrum commented further in support of the motion. The amendment passed with a "physical showing" that revealed 14 votes for and 9 against the amendment. The amended motion then passed by voice vote.

Budget with Administrative Details and Staff Salary Schedule: Executive Director Hill suggested considering only the administrative budget elements and deferring until the autumn meeting action on the overall budget so needed updates could be incorporated.

Bob Beerbower moved and Jay Winter seconded, to approve the recommended administrative budget elements for Py2009 totaling \$1,777,501. The motion passed by voice vote without dissent.

Member County Deposit Assessments: The worksheet(s) and methodologies for apportioning the Joint Self-Insurance Liability Policy deposit assessments were presented by Kevin Wick and discussed during Thursday's work session. Mark Abernathy moved and Diane Oberquell seconded to adopt the WCRP Premium Calculation for Policy Year 2009 Final Budgeted Premium schedule which a) maintains the overall member county Py2009 deposit assessments for the standard liability program the same as Py2007 and Py2008; and b) utilizes a computation methodology that addresses deductible credits, continuation of the Pool's \$100,000 SIR, the earlier agreed upon reinsurance and excess insurance program to be purchased, the actuary-computed experience modification factors, and an adjusted apportionment of the operating (administrative) budget element, etc. The motion carried by voice vote.

Steve Bartel then moved and Marge Upham seconded to set 5:00 p.m. Friday, August 15, 2008 as the deadline for the member counties' authorized representatives to notify the WCRP Executive Director in writing of any corrections to their exposure data, their deductible selections, and whether their counties wish to purchase the \$5 million optional layer of excess insurance coverage being offered. The motion carried without dissent by voice vote. Executive Director Hill reported that staff would make every effort to provide each county's invoices by the end of the next week (August 22nd).

Randy Watts then moved and it was duly seconded, to a) require each member county by September 30, 2008 to either pay their Py2009 deposit premium assessment in full, or if lesser 105% of their basic Py2008 deposit premium assessment with any remaining balance being paid by January 30, 2009; and b) charge interest on any unpaid deposit assessments balances remaining after the applicable deadline at the WCRP investment earnings rate obtained for the month of the applicable deadline. After some discussion, separation of the delinquency (investment) rate element from the motion was requested and approved. Two voice votes were conducted. Both the separated modification of the delinquency (investment) rate and the balance of the original motion passed with one vote in opposition.

Executive Director Hill suggested that since most of the Washington Counties Property Program participants hadn't yet submitted the final schedules of insured properties and values, approval of the apportionment methodology would be the prudent action at this time. Mark Abernathy moved and Billie Kadrmias seconded, to approve the methodology reflected in the "Preliminary" Py2009 Schedule of Values and Assessment Estimates presented and discussed during Thursday's work session and which incorporates this program's WCRP staff overhead and property appraisal allowances. The motion passed by voice vote.

Gavel Exchange: President-elect Abernathy presented WCRP President Goehner with a recognition wall plaque and certificate and thanked Keith for the exemplary leadership he demonstrated throughout

the year. President Goehner then expressed his thanks for being provided the opportunity to serve and shared a few other valedictory comments. President Goehner then formally passed the gavel onto President-elect Abernathy for the remainder of the meeting.

FUTURE MEETING


Attendees were reminded that the Autumn Conference would be held at the new Great Wolf Lodge in Grand Mound November 6-7, 2008. Mr. Abernathy then asked if there were any recommendations or suggestions for the 2009 spring and summer meetings.

Spring Conference: Returning to either the Skamania Lodge or the Vancouver Hilton in was suggested. Staff was asked to explore these options with assistance from Skamania and Clark Counties' representatives and report at the autumn meeting.

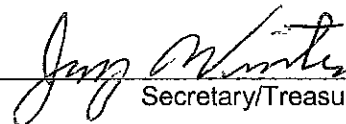
2009 Summer Conference and Annual Meeting: Central Washington was the expressed after some discussion. The new Suncadia Lodge in Kittitas County and Sun Mountain Resort in Okanogan County were suggested along with Lake Chelan and Leavenworth in Chelan County. Staff was asked to explore and report at a later meeting.

With the meeting's business concluded, it was duly moved and seconded to adjourn the meeting at 12:01 p.m. President-elect Abernathy adjourned the meeting.

MINUTES APPROVED this 7th day of November, 2008.



President

Attest: 

Secretary/Treasurer