

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

Thursday - Friday, November 5 and 6, 2009
Red Lion Columbia Center, Kennewick, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County:	Linda Reimer, Clerk of the Board – Alt. Director
Benton County:	Melina Wenner, Human Resources/Risk Manager – Director Bryan Perry, Safety/Training Coordinator – Alt. Director (<i>Thursday</i>) Ryan Brown, Chief Civil Deputy Prosecuting Attorney (<i>Friday</i>)
Chelan County	* Keith Goehner, Commissioner – Director
Clallam County:	Marjorie Upham, Human Resources/Risk Manager - Director Melissa Turner, Safety Training Officer – Alt. Director
Clark County:	Mark Wilsdon, Risk Manager – Director
Columbia County:	Drew Woods, Public Works Director – Director (<i>Friday</i>)
Cowlitz County:	Clyde Carpenter, Risk Manager - Director
Douglas County:	* Steve Clem, Prosecuting Attorney/Coroner – Director (<i>Thursday</i>) Thad Duvall, Auditor – Alt. Director
Franklin County:	Bob Koch, Commissioner – Director (<i>Friday</i>) Ryan Verhulp, Chief Civil DPA/Risk Manager – Alt. Director
Garfield County:	Dean Burton, Commissioner – Director
Grays Harbor County:	* Rose Elway, Director, Management Services/Budget – Alt. Director Dale Gowan, Central Services Director – Alt. Director
Island County:	<i>Not represented</i>
Jefferson County:	David Alvarez, Chief Civil Deputy Prosecuting Attorney – Alt. Director
Kitsap County:	* Mark Abernathy, Risk Manager – Director Tim Perez, Risk Management Specialist (<i>Thursday</i>)
Kittitas County:	Lisa Young, Human Resources Manager/Safety Officer – Director
Lewis County:	* Lee Grose, Commissioner – Director Harry Green, Risk Manager – Alt. Director Paulette Young, Safety Officer – Alt. Director
Mason County:	Lynda Ring Erickson, Commissioner – Director Ross Gallagher, Commissioner – Alt. Director (<i>Thursday</i>)
Okanogan County:	* Andrew Lampe, Commissioner – Director Nanette Kallunki, Risk Manager (<i>Thursday</i>)
Pacific County:	Bryan Harrison, Administrative Officer - Director
Pend Oreille County:	Laura Merrill, Commissioner – Alt. Director
San Juan County:	Adina Cunningham, Deputy Director of Administration – Alt. Director
Skagit County:	<i>Not represented</i>
Skamania County:	* Marilyn Butler, Risk Manager – Alt. Director, Secretary/Treasurer
Spokane County:	* Steve Bartel, Risk Manager - Director
Thurston County:	* Tammy Devlin, Risk Manager – Alt. Director
Walla Walla County	* Jay Winter, Personnel/Risk Manager – Director, President
Whatcom County:	* Randy Watts, Chief Civil Deputy Prosecuting Attorney - Director
Yakima County:	Larry Peterson, Senior Deputy Prosecuting Attorney – Director
Washington OFM:	Shannon Stuber, LGSI Program Administrator
WSAC:	Eric Johnson, Executive Director (<i>Thursday</i>)
Broker Services:	Mike Croke, Senior Area Vice President – AJGRMS, Inc. (<i>Thursday</i>) Liz Miser, Area Vice President – AJGRMS, Inc.
Actuary Services:	Kevin Wick, Managing Director – PricewaterhouseCoopers LLP (<i>Friday</i>)

WCRP Staff: Vyrle Hill, Executive Director
David Goldsmith, Member Services Manager
Jill Lowe, Loss Control Coordinator
Sue Colbo, Accounting/Auditing Officer
Claire Thompson, Administrative Assistant
Susan Looker, Claims Manager
Candy Drews, Sr. Claims Analyst (*Thursday*)
Mike Cook, Claims Analyst (*Thursday*)
Tammy Cahill, Claims Representative (*Thursday*)
Lisa Daly, Claims Assistant (*Thursday*)

PRE-WORK SESSION DISCUSSION/ORGANIZATION REVIEW: Member Services Manager David Goldsmith led a pre-work session discussion of the results of the 2009 Membership Survey and an Organizational Review, beginning at 12:45 pm on November 5, 2009.

Membership Survey results, a few observations from the responses received:

- It appears the size of the county makes a difference in the satisfaction level of the member.
- There is a lot of satisfaction with loss control services.
- Most are pleased with broker services.

County visit results, a few more observations:

- Most counties felt that the change in coverage layers regarding public records requests was a negative, or "take away."
- There was concern over costs and where in the coverage the increases were occurring.
- Some counties want to have greater input into management of their claims.

As part of the Strategic Management Objectives, and partly due to the responses received from the Membership Survey and county visits, does our delivery model make sense for all members? David led a discussion of this question.

The comments centered on several major issues. First, even though three counties have sent letters indicating they will be reviewing other insurance options and may be leaving the Pool, the letters were not prompted by dissatisfaction with Pool services but rather by the unexpectedly large increases in premiums and also the need to review insurance costs in general. Larry Peterson (Yakima) and Mark Abernathy (Kitsap) indicated their counties were not unhappy with Pool services, but felt duty-bound to explore other options due to costs. Steve Bartel (Spokane) mentioned the same reasons, with the addition of a second issue-that of litigation cost and control. He indicated he has sufficient staff to handle claims, yet Spokane County, as part of the Pool, has the administrative costs to bear.

David asked Mike Croke if it was possible to offer a dual track program to our members. Mike Croke answered in the affirmative. There are a lot of options that could be explored.

After considerable discussion, and many comments by the members, Vyrle Hill, Executive Director, commented the business of insurance is changing; he indicated the Pool needs to explore the idea of change. He reminded the members that the Board of Directors would vote on this question during the meeting to be held on November 6, 2009.

CALL TO ORDER / WELCOME: WCRP President Jay Winter called the Board of Directors' Work Session to order Thursday, November 5, 2009 at 3:00 p.m. and welcomed all in attendance.

REPORTS AND RECOMMENDATIONS:

Standing Committee Reports:

- **Finance:** Mr. Hill reviewed the preliminary Fy2009 financial statements, commenting the Pool has pulled back from the deficit situation of Fy2004. The Pool is approaching the 98% confidence level. These statements were provided for information only, as they are preliminary in nature.
- **Personnel:** Chair Tammy Devlin indicated the committee recommended approval of the Administrative Assistant job description.
- **Risk Management:** Chair Steve Bartel noted the committee received a letter from Philip Morley requesting changes in the Membership Compact related to certification of the Risk Manager, or a designated position. The committee agreed to recommend the requested change. On a second item, the committee recommended some simple changes in the Scholarship Program. The committee also recommended some "clean up" changes to the Risk Management Policy.
- **Underwriting:** Co-chair Randy Watts indicated the committee had not met and there was no report.

STAFF REPORTS:

- **Claims:** Susan Looker, Claims Manager, reported 975 new claims had been received during the last year, 501 were closed, 474 remain open. She also noted that 162 claims are being reported to reinsurers. Regarding training for claims staff, Lisa Daly attended the CSC (Riskmaster) conference in Florida; Mike Cook attended the RIMS conference; Candy Drews went to LIRB in Connecticut; Tammy Cahill is attending a series of 2-hour classes from Council Litigation Management, and the Thurston County claims meetings; Susan is also looking at the LIRB information.
- **Loss Control:** Jill Lowe, Loss Control Coordinator reported 17 risk managers have now completed Advanced Risk Manager Certification, and she anticipates that number will not increase appreciably in the future. She presented a training compilation and commented that all training classes have received good reviews from attendees. She has completed nine Phase II Risk Assessments, with five more scheduled.
- **Member Services:** David Goldsmith, Member Services Manager, reported all the county visits have been completed, and they were also able to visit one non-member county. He will be attending the WSAC conference on November 18 and 19 at the Doubletree in SeaTac, and possibly the WAPA conference in December in Seattle.
- **Administration:** Vyrle Hill, Executive Director, noted the Executive Committee approved a contract amendment with Hirons & Associates for a second round of property appraisals. At least 10% more appraisals will be accomplished. He asked members to send emails ASAP to him, or David Goldsmith, to identify sites they wished to be appraised.

Mr. Hill also reported that the fraud audit was completed and charges were levied against a former Risk Pool employee, A. Johnson. He noted there was no absolute way to be sure this would not happen again, however, internal controls had been changed to reduce the likelihood of another instance. Restitution has been ordered, and some small amounts have been received. The Pool is attempting to quiet the title, and quit claims have been obtained. The Pool may receive the property in a few months.

Mr. Hill brought a supplemental budget request to the attention of the members. This request is for a vehicle replacement. The Executive Committee recommended this budget request be approved.

The Pool needs service provider selection direction. Mr. Hill noted the Executive Committee recommended the membership authorize formal consultant solicitations for actuarial services and for independent claims auditing services.

President Winter thanked all committee members and staff members for their work.

Steve Bartel commented on the Public Records Officer Training and Certification class he recently completed in Spokane. He said it was "the best class he's been to in a long time. Ramsey Ramerman is the top dog!" Linda Reimer also spoke highly of the same class. They both highly recommended the class to the membership.

ADJOURNMENT: President Winter adjourned the Thursday work session at 4:30 p.m.

CALL TO ORDER / WELCOME: WCRP President Jay Winter called the 2009 Autumn Board of Directors Meeting to order Friday, November 6, 2009 at 8:35 a.m. and welcomed all in attendance. All members but Island and Skagit Counties were represented. President Winter reminded members that only one vote per county, either Director or Alternate, could be made. Executive Director Hill noted the per diem rates for the location of the meeting.

AGENDA: Larry Peterson moved for approval of the proposed agenda; Mark Abernathy seconded; the motion passed without dissent.

MINUTES: Rose Elway moved for approval of the minutes of the Summer Board of Directors Meeting (July 31, 2009) at the Enzian Inn, Leavenworth, Washington. Marilyn Butler seconded; the motion passed without dissent.

It was noted the Executive Committee Meeting minutes of July 29, 2009, were contained in the conference materials.

ACTUARY'S REPORT: Kevin Wick, Managing Director, PricewaterhouseCoopers, presented an Actuarial Review of Losses and Reserves, as of September 30, 2009. He noted approximately \$13.1M in losses are outstanding in the Pool layer, which includes case reserves, incurred but not reported, corridor, and unallocated loss adjustment expense reserves. The overall liability is decreasing a small amount, if the corridor is not taken into account.

Kevin discussed WAC 82-60-03001, a solvency test with two prongs.

1. Primary assets greater than unpaid claims estimated at the expected level.
2. Primary and secondary assets greater than unpaid claims estimated at the 70% confidence level.

He demonstrated the Pool's position with respect to both of these solvency tests with several graphs in his presentation. He also indicated Ms. Stuber from the State Risk Manager's Office would speak further about this new WAC and how its requirements would impact the Pool.

Larry Peterson moved to accept the Actuary Report presented by Kevin Wick; Lee Grose seconded; the motion passed without dissent.

PRODUCER'S (BROKER) REPORT: Liz Miser reported on their activities during the process of renewal. She noted the ACE funds have been received in their office (for last year) and she will be sending them on to the Pool. Mark Abernathy moved to accept the broker's semi-annual report; Rose Elway seconded and the motion passed without dissent.

OFM-LGSIP (STATE RISK MANAGER) REPORT: Shannon Stuber thanked everyone for allowing her to participate in the meeting. She reported there are new proposed rules to replace temporary guidelines, the result of numerous meetings between 12/07 and 2/09, expected to be filed in December and be adopted to become effective January 1, 2010. The rules will allow them to step back a bit and rely on more expert reports. They anticipate it will take a few years for pools to come into compliance with the new rules, which will take into account the quality of a pool's assets, which they hope will improve liquidity and solvency.

RECESS: President Winter recessed the meeting at 9:42 a.m. and reconvened at 9:58 a.m.

POLICIES AND OPERATIONAL ELEMENTS:

- **Competitive Solicitation for Pool Service Providers Amendments:** Larry Peterson moved to authorize formal consultation solicitations, both for independent actuarial services and for independent claims auditing services, by the Executive Committee; David Alvarez seconded and the motion passed without dissent. President Winter asked those who were interested in the solicitation process to contact him, or Mr. Hill.
- **Administrative Assistant Job Description:** Lee Grose moved to approve the job description for Administrative Assistant; Marilyn Butler seconded and the motion passed without dissent.
- **Membership Compact, Risk Control Practices:** Steve Bartel moved to accept the changes to read, "Obtain WCRP certification for the Risk Manager, or the position designated to have the functional responsibility for risk management, within two years of appointment. If the position certified is other than the Risk Manager, that position shall report and be accountable directly to the Risk Manager in the organization's structure." The motion was seconded by Mark Wilsdon and passed without dissent.
- **Scholarship Program:** Randy Watts moved to accept the changes recommended by the Risk Management Committee; Steve Bartel seconded. Larry Peterson commented that he would like to use some scholarship funds to travel to training opportunities. Jill Lowe commented use of scholarship funds for travel was not categorically excluded. The motion passed without dissent.
- **Risk Management Policy:** Steve Bartel moved to make the recommended revisions to the Risk Management Policy; seconded by Lee Grose; motion passed without dissent.
- **Py2010 Supplemental Budget:** Lee Grose moved to approve the Py2010 Supplemental Budget request for a replacement vehicle; Randy Watts seconded and the motion passed without dissent.
- **Underwriting for Public Records Requests:** Randy Watts asked to clarify the record regarding coverage for public records requests. He noted the underwriting committee discovered most pools did not cover this item. Lee Grose commented he would rather exclude coverage than deal with a coverage dispute with an insurer regarding this issue later.

ORGANIZATIONAL REVIEW: Steve Bartel moved that the Pool look at potential business model options to see what might be more efficient and supply the needs of all the members. Lee Grose seconded. After some lengthy discussion, Steve Bartel restated the motion to authorize the President to form a task force to examine the Pool's business model, identify issues and determine the available options, reporting through the Executive Committee to the Board by Spring 2010, and to authorize funds to study business model options. Lee Grose seconded the restated motion. The restated motion passed by voice vote with one discernable dissent.

LEGISLATIVE CONCERNS: The members have concerns about joint and several liabilities, costs related to public records requests, the law that dictates seat belt usage cannot be used to determine liability, and Growth Management Act update deadlines. Larry Peterson moved to send a letter, signed by the President and Executive Director, to county lobbying organizations to

promote changes in the Public Records Act. Lee Grose seconded; and the motion passed without dissent.

FUTURE MEETINGS:

Spring 2010 Conference: The conference will be held in Roslyn at the Suncadia Lodge on March 24-26, 2010. Mr. Hill noted a session will be added to future conferences for member Prosecuting Attorneys and/or Chief Civil Deputy Prosecuting Attorneys to increase communications and understandings regarding claims administration requirements and practices. Larry Peterson moved, and Steve Bartel seconded the Spring 2010 Conference dates and locations; the motion passed without dissent.

Summer 2010 Conference and Annual Meeting: The membership indicated at the last meeting they wanted to meet at Ocean Shores, however, the cost is substantially higher than meeting in central Washington. The Enzian in Leavenworth is available. Mark Abernathy moved to revise the earlier motion made at the Summer 2009 meeting to meet in Ocean Shores, to instead meet in central Washington with the exact location and dates to be determined by Pool staff. Lee Grose seconded the motion and it passed without dissent. Mr. Hill noted the most likely dates will be July 28-30, 2010, but with the week earlier (July 21-23, 2010) an option.

President Winter announced Keith Goehner will chair the task force to look at pool business model options.

Lee Grose moved to adjourn the meeting; Dean Burton seconded; the motion passed without dissent.

President Winter adjourned the meeting at 11:12 a.m.

MINUTES APPROVED this 26th day of March, 2010.

Jay Winter
President

Attest: Marilyn G Butler
Secretary/Treasurer