

**WASHINGTON COUNTIES RISK POOL
EXECUTIVE COMMITTEE**

MINUTES

**8:00 A.M., Wednesday, July 27, 2005
Red Lion Hanford House Hotel, Richland**

ATTENDANCE:

President – Rose Elway, Grays Harbor County Management Services/Budget/Insurance Director
Secretary/Treasurer – Randy Watts, Whatcom County Chief Civil Deputy Prosecuting Attorney

Committee Members –

* Toni Gilbert, Clallam County Safety/Training Specialist

Neva Corkrum, Franklin County Commissioner (8:55)

Mike Shelton, Island County Commissioner (9:10)

Dennis Hadaller, Lewis County Commissioner (9:45)

Si Stephens, San Juan County Auditor

Leon Long, Spokane County Risk Manager/Geiger Corrections Center Director

Jay Winter, Walla Walla County Human Resources/Risk Manager

Broker – Mike Croke, Senior Vice President (Willis of Seattle, Inc.)

Risk Pool Staff –

Vyrle Hill, Executive Director

David Goldsmith, Member Services Manager

Susan Looker, Claims Manager

WELCOME and ROLL CALL: President Rose Elway called the meeting to order at 8:20 a.m. by welcoming all to the Summer Conference and noting that a quorum was present.

APPROVAL:

Agenda: The meeting proceeded according to the draft agenda. No objections were expressed.

Minutes: Leon Long moved to approve the minutes of the June 30th meeting at SeaTac; the motion was seconded by Randy Watts and passed.

Vouchers: Randy Watts moved to approve Voucher Approval Request No. 05-05, more specifically Administration check numbers 13158 through 13216 totaling \$92,575.90 with transfers in the amount of \$35,837.13 and Claims check numbers 16020 through 16145 totaling \$1,304,803.84; the motion was seconded by Toni Gilbert and passed.

Financial Report: Vyrle Hill and Si Stephens presented the Pool's Q3/2005 (third quarter) financial reports. They noted the effects of the recent Discover Re recoveries and the reductions that would occur if the associated 2004 retroactive assessment were substantially repealed. Si moved approval of the third quarter financial reports as presented; the motion was seconded by Randy Watts and passed.

REPORTS, DISCUSSION and ACTION:

Finance Committee: Chair Si Stephens noted that the committee had met telephonically Friday (July 22nd) and at the Conference location yesterday (July 26th) in Richland to review and discuss several financial matters... the 2005-06 Actuarial Rate-Setting Report, including the new experience modification factors; the status of the 2004 Retroactive Assessment; revising the (Financial Management) Travel Policies being proposed; the proposed 2005-06 Administrative Budget, Salary Schedule and Work Plan(s); the funding options proposal developed by PricewaterhouseCoopers; and the draft 2005-06 deposit premiums. The committee is recommending: a) Acceptance of the 2005-06 Actuarial Report; b) Collection of the amount of unrecoverable legal fees (estimated to be not more than \$130,000) with next year's deposit premiums, and Repeal of the balance of the 2004 retroactive assessment; c) Approval of the revised 2005-06 administrative budget totaling \$1,111,568 that incorporates the Salary Schedule and staffing and work plan revisions being proposed; d) using "Funding Option 2" (moving up to an 85% confidence level), but increasing the term to maybe as much as five years so the annual increase is reduced to about five percent; and e) using the premium calculation methodologies developed by PwC along with the timelines and rules applied in past years for member corrections, notifications, adjustments and deposit premium payments.

Leon Long moved to recommend approval of the Travel Policy revisions; the motion was seconded by Si Stephens and passed. Si moved to recommend approval of the proposed 2005-06 administrative budget, salary schedule and staff work plans; the motion was seconded by Leon and passed. Si moved to recommend approval of Funding Option 2 with the term extended so the annual overall increase approximated 5% and using the premium calculation methodologies from PwC with notification, billing and payment provisions following immediate past years; the motion was seconded by Randy Watts and passed.

Nominating Committee: President Rose Elway announced that Mike Shelton, Dennis Hadaller, Toni Gilbert, Diane Oberquell and Keith Goehner had asked to be nominated to fill the four Executive Committee positions for 3-year terms beginning October 1st; Si Stephens declined. The committee agreed to advance the five names to the Board as nominees. Rose also noted that Randy Watts should be nominated for President and Steve Clem was willing to serve as Secretary/Treasurer. Again, the committee agreed to advance their names to the Board as nominees for the officer positions.

Personnel Committee: Vyrle Hill noted that he would like to withdraw the proposal to minimally revise the Personnel Policy at this time and to work through and with the Personnel Committee during the next several months to prepare the extensive revision needed for consideration during the autumn or winter Board meeting. The committee agreed.

Underwriting Committee: The previously unresolved ORV Park/Racing Facilities matter (item 10) was further discussed. Language revisions being suggested by Co-chair Steve Clem and supported at least as an interim fix by coverage counsel R. Dykstra (SFC) was reviewed. Si Stephens moved to recommend approval of the coverage document with the several amendments supported during the prior meeting and the new "vehicle racing event" language, as well as the revisions being proposed to the Claims Administration and Claims Database Policies; the motion was seconded by Leon Long and passed.

Broker's Report: Mike Croke presented the results of their efforts to renew the WCRP reinsurance/excess insurance program for Year R (2005 - 2006) following the previous years' format. Swiss Re would continue to provide the \$400,000 x \$100,000 (\$229.28/MWH) and \$250,000 x \$250,000 reinsurance layer (\$99.70/MWH), and C.V. Starr would continue to provide the \$4,500,000 x \$500,000 layer (\$1,898,200). The \$5 million x \$5 million reinsurance layer (\$398,000) would continue to be provided by Everest Re (70%), but C.V. Starr would

replace Swiss Re for the other 30%. Finally, Lexington would continue to provide the \$10 million x \$10 million excess liability (\$303,025), and agreed to provide an additional \$5 million (\$102,400 for all 28 member counties) as a county option (\$50,000 minimum total premium of \$50,000 with individual county rates depending on size from \$1,000 to \$15,000 plus).

Mike also reported that two proposals were received for the combined and enhanced Washington Counties Property Program, Lexington Insurance Company (\$1,323,454) and Affiliated FM Insurance Company (\$1,213,031). The committee consensus was to present and recommend that property become a Pool program.

Staff Reports – Claims: Susan Looker reported that Swiss Re had recently conducted its audit of the Pool's claims with favorable results and a few compliments. She also reported on two cases that will be argued before the Supreme Court in September.

Future Meetings: Vyrle Hill referenced Mason County's appeal of the coverage denial decision. The committee members present agreed to meet Friday, August 26th at SeaTac and hear the coverage appeal in addition to the regular business needing attention.

The committee expressed its support of the Pool's presence during the WSAC 99th Annual Conference September 19-23, 2005 in Vancouver and sponsorship of a break like past years.

With no other business, the meeting was adjourned at 10:25 a.m.

MINUTES APPROVED this 26 day of August, 2005.



President

Attest: 

Secretary/Treasurer