

**WASHINGTON COUNTIES RISK POOL
EXECUTIVE COMMITTEE MEETING MINUTES
9:30 AM, Friday, March 12, 2010
Radisson Gateway Hotel Seattle-Tacoma Airport, SeaTac, Washington**

ATTENDANCE:

President – Jay Winter – Walla Walla County Personnel / Risk Manager

Secretary/Treasurer – Marilyn Butler – Skamania County Risk Manager

Executive Committee Members –

Keith Goehner, Director – Chelan County Commissioner

Steve Clem – Douglas County Prosecuting Attorney (*at 10:20 AM*)

Rose Elway – Grays Harbor County Director of Management Services & Budget

Mark Abernathy, Director – Kitsap County Risk Manager

Lee Grose – Lewis County Commissioner

Andrew Lampe, Okanogan County Commissioner

Steve Bartel – Spokane County Risk Manager

Tammy Devlin, Thurston County Risk Manager

Randy Watts, Whatcom County Chief Civil Deputy Prosecuting Attorney

Vyrle Hill – WCRP Executive Director (*ex-officio*)

Risk Pool Staff –

Susan Looker – Claims Manager

David Goldsmith – Member Services

Jill Lowe – Loss Control Coordinator

Others –

Michael Croke, Area Senior Vice President – Arthur J. Gallagher RMS, Inc.

Call to Order, Welcome, Roll Call and Agenda: President Winter called the meeting to order at 9:32 a.m., welcomed all attendees and announced that he could verify visually that a quorum of the committee persons were present. K. Goehner moved and M. Butler seconded for the approval of the meeting agenda as circulated; *the motion passed unanimously by voice vote.*

Minutes: L. Grose moved and M. Abernathy seconded for approval of the minutes of the November 4, 2009 Executive Committee meeting as presented; *the motion passed unanimously by voice vote.*

Vouchers: R. Watts moved and S. Bartel seconded for approval of Voucher Approval Request No. 10-02, more specifically check numbers 3319 through 3715 (administrative) and 28768 through 29493 (claims) totaling \$13,901,768.51 with transfers of \$222,589.63; *the motion passed unanimously by voice vote.*

Fixed / Capital Assets: L. Grose moved and R. Watts seconded to recognize the Quit Claim Deed recorded December 11, 2009 in favor of the Pool for the Franjo Beach property located in Mason County and establish the asset value at \$150,000. Staff reminded the meeting participants that the property, which is more specifically described as Lot 10, Block 1, Franjo Beach as per plat recorded in Vol. 4 of Plats, p. 105, records of Mason County, Washington, was acquired via resolution of a Mason County liability case in late 2002 and had been the subject of a recent fraud investigation / audit and the basis for criminal proceedings against the Pool's former claims manager for absconding the property. Staff also reported that a Quiet Title action is waiting court scheduling. *The motion passed unanimously by voice vote.*

A. Lampe then moved and M. Butler seconded to approve Disposition of Assets Request No. 10-01, to proceed with the disposal of the Franjo Beach property by legal means, and to establish the minimum bid amount of \$150,000. *The motion passed unanimously by voice vote.*

Finally, M. Abernathy moved and M. Butler seconded to establish property disposal rules precluding WCRP directors, alternate directors and Pool staff from participating in the property

auction, and to sell the Franjo Beach property for cash the day of the sale to the highest bidder with a bid exceeding the minimum amount. *The motion passed unanimously by voice vote.*

Claims Settlement Authorizations: K. Goehner moved and R. Watts seconded for approval of Settlement Confirmation No. 3.12-10, more specifically Williams/Gould v. Kitsap County, Miller/Western Materials v. Walla Walla County and Casteel v. Lewis County. [NOTE: Due to the appearance of fairness concerns, M. Abernathy abstained from voting upon the Kitsap County matter, J. Winter abstained from voting upon the Walla Walla County matter, and L. Grose abstained from voting upon the Lewis County matter when the settlement authorities were earlier sought and approved via polling conducted electronically. *The motion passed by voice vote with M. Abernathy dissenting.*

State Risk Manager Report: LGSI Program Administrator Stuber was unable to attend. A copy of the recently-revised WAC 82.60 was provided and discussed briefly.

Consultant Reports: With no existing contractual relationship, there was no actuary report.

Producer (Broker of Record) M. Croke noted that he and associate E. Miser would be attending the AGRIP Spring Conference later this month and the RIMS Annual Conference in late April to continue with earnest the underwriting process for the WCRP programs for Py2011. He also noted the claims administration review meetings with ACE and CHARTIS / Lexington being scheduled in New York in mid-April.

WCRP Business Model Task Force Report: Chair Goehner provided a brief summary of the task force's participation and efforts. He noted that the several presentations and suggestions made were much appreciated and most informative. They were referred to as "truly eye-opening" to some. Chair Goehner thanked D. Goldsmith for assuming the recorder's role for the task force, and then yielded to Mr. Goldsmith to share a PowerPoint presentation summarizing the task force's report and its conclusions and recommendations.

Steve Clem joined the meeting at 10:20 a.m.

President Winter recessed the meeting at 10:35 and reconvened the meeting at 10:40 a.m. with Executive Director Hill briefly sharing some insurance program and loss / surplus charts.

D. Goldsmith continued with the task force presentation. S. Clem suggested that a show cause hearing process before the executive director / executive committee be considered in place of the infraction / violation notice with two-tiered appeal process that is included as one of the case handling recommendations in the task force report.

A. Lampe moved and M. Butler seconded to express support of the Task Force Report and its recommendations; *the motion passed unanimously by voice vote.*

President Winter recessed the meeting at 11:38 a.m. for lunch and reconvened in regular session at 12:07 p.m.

Appeal Hearing: President Winter opened the hearing regarding Kitsap County's appeal of references in the reservation of rights issued by Pool staff for the *Woods View II, LLC and Darlene Piper v. Kitsap County, et al* matter – Pierce County Superior Court Cause No. 09-2-16487-3, then provided a brief summary of the circumstances that led him to schedule this non-coverage hearing as well as the process and procedures that would be followed. M. Abernathy presented an explanation of the underlying disagreement and argument on behalf of Kitsap County. He was asked and responded to some related questions. Claims Manager Looker then provided an explanation of processes used for evaluating claims initially and staff's basis for the reservations that were included in the February 18, 2010 letter being appealed. Executive Director Hill noted that he had reviewed the matter as Kitsap County requested but wasn't able to determine the staff error suggested by the county. Both parties were asked and responded to additional questions.

S. Clem moved and R. Watts seconded to direct that staff rewrite the letter in question: 1) to change the disconcerting sentence to read “To the extent there is a breach of contract claim included within the allegations in the Complaint or that is proven at trial, then such claim is not a covered claim and any damages arising out of that particular claim would not be covered;” and 2) to include references to both intentional acts and punitive damages as additional items for which the Pool’s rights are being reserved. The motion passed unanimously by voice vote except that M. Abernathy abstained from voting.

Standing Committees’ Reports

- **Finance:** Co-chairs Clem and Grose deferred to Executive Director Hill to very briefly present the First Quarter Py2010 financial reports. He noted that Net Assets had grown nearly \$1.25 million, enough to satisfy the initial (98%) confidence level restrictions in the Pool’s policies and leave nearly \$822,500 unrestricted. He also noted that only 20% of the operating (administrative) budget had been expended, and that the Assets to Liability Ratio in the SRM report had increased to 2.23. M. Butler moved and T. Devlin seconded to approve the 1Q-Py2010 Financial Reports; the motion passed unanimously by voice vote.

Executive Director Hill then reported that the State Auditor’s Office conducted an Exit Conference at the Pool’s headquarters on February 18th following the field examination of the Pool’s Py2009 operations. The SAO representatives reported there would be no findings or management letter recommendations included in the Py2009 audit reports. They did, however, recommend in the Exit Conference agenda that “the Pool establish procedures to increase transparency and document how the governing body votes.” S. Clem moved and L. Grose seconded to recommend that the SAO recommendation be ignored; the motion passed by voice vote with M. Abernathy dissenting.

- **Personnel:** Co-chair Devlin had nothing to report.
- **Risk Management:** Co-chair Bartel reported that the committee would be meeting during the upcoming Spring Conference prior to the board meeting to review loss runs and consider / suggest training options in accordance with SMO 1.4.
- **Underwriting:** Co-chairs Watts and Abernathy had nothing to report.

Executive Director Employment Agreement: Following a brief discussion regarding the executive director employment arrangements and the pending (May 31st) expiration of the existing amendment with Executive Director Hill, S. Clem moved and R. Elway seconded to work towards renewal of mutually acceptable employment terms and to further explore compensation (via Personnel Committee survey); the motion passed unanimously by voice vote.

Staff Reports:

- **Claims Manager Looker** reported that a brief executive session was needed to present and act upon a settlement request. President Winter asked that the remaining agenda items be addressed before proceeding with the requested executive session.
- Neither **Member Services Manager Goldsmith** nor **Loss Control Coordinator Lowe** had anything further to report.
- **Executive Director Hill** reported that the task force efforts had delayed initiating solicitation of qualifications and proposals for independent actuarial services. He asked that the agreement with PricewaterhouseCoopers be extended for another year (through December 2010) as proposed (total 2010 fees of \$40,000) since the Py2011 rate-setting analysis needs to commence very soon (early April). M. Butler moved and S. Bartel seconded to recommend that the Board approve the proposed 1-year contract extension with PricewaterhouseCoopers for independent actuarial services; the motion passed unanimously by voice vote. [NOTE: To clarify, the solicitation process is being initiated and will proceed with expectations that a firm will be selected by the Board later this year for a replacement contract that will commence January 1st].

Mr. Hill then asked for approval of a contract amendment with Hirons & Associates in response to both Benton County's recent addition to the property program and Clallam County's request to have all of its insured properties appraised and reported upon at the same time. He noted that Clallam County has offered to pay the additional \$10,000 in appraisal fees proposed to respond to the special request. K. Goehner moved and M. Butler seconded to authorize further amending the agreement with Hirons & Associates for (Phase 2) property appraisal services to incorporate the addition of Benton County and Clallam County's special request; the motion passed unanimously by voice vote.

Claims Settlement Authorization – Executive Session: Keith Goehner moved and M. Abernathy seconded to convene in executive session for an estimated five minutes to discuss and examine an existing litigation; the motion passed unanimously by voice vote. Recognizing that public discussion would impair the Committee's ability to conduct its business effectively and acting in accordance with the WCRP Bylaws and RCW 48.62.101, **President Winter moved the meeting into an estimated five minute executive session at 1:17 p.m.** after determining those present to be pertinent to this discussion. **President Winter then reconvened the meeting in regular session at 1:23 p.m.** A. Lampe moved and M. Butler seconded to support the settlement recommendation of the Claims Manager for the Marsh v. Pacific County matter; the motion passed unanimously by voice vote.

Adjournment: L. Grose moved and M. Butler seconded for adjournment at 1:28 p.m.; the motion passed unanimously by voice vote.

MINUTES APPROVED this _____ day of _____, 2010.

President

Attest: _____
Secretary/Treasurer