



**EXECUTIVE COMMITTEE MEETING**  
Friday December 9, 2011

**WCIA OFFICES**  
320 Andover Park East, Suite 104  
Tukwila, WA 98188  
Phone: 206-575-6046

10:30 AM Call to Order/Self-Roll Call

**Consent Calendar:**

Approval of November Executive Committee Minutes  
Approval of November Expenditures  
Approval of November Claims Settlements

**Action Item(s)**

- By-Law Change, Resolution 223-11  
Vendor Contract Renewals
- Director Contract Renewal

**Executive Session:**

Claims Settlements

**Director's Report:**

- 2012 Liability Program Renewal
- 2012 Property Program Renewal
- Continuation Committee Claim for Damages
- Full Board Travel Reimbursements

**Buffet Lunch Provided by WCIA**

## EXECUTIVE COMMITTEE MEETING

November 10, 2011

WCIA Offices – Tukwila, WA

### MEMBERS PRESENT:

Brenda Heineman, Auburn; Tony Piasecki, Des Moines; Stan Strebel, Pasco; Allen Johnson, Arlington, Arlene Fisher, Cheney and Jim Reinbold, Chelan.

### OTHERS PRESENT:

Lew Leigh, Executive Director; Mark Bucklin, Counsel; Jill Marcell, Treasurer/Deputy Director; Tina Smith, Authority Secretary; Eric Larson, Deputy Director-Underwriting; Ann Bennett, Deputy Director-Claims/Litigation; Patti Crane, Member Services Manager; Lisa Roberts, Risk Services Manager; Reed Hardesty, Senior Claims Adjuster; Jason Barney, Senior Claims Adjuster; Gordy Van, Senior Claims Adjuster and Debbi Sellers, Senior Risk Management Rep..

### COMMITTEE ABSENCE LOG:

**July:** J. Caulfield; J. Burbidge; T. Piasecki.

**August:** J. Reinbold

**October:** B. Heineman

**November:** J. Burbidge; P. Schmidt

**MEMBERS TARDY:** J. Caulfield, Mountlake Terrace

### CALL TO ORDER:

President T. Piasecki called the meeting to order at 10:30 a.m. and began with a self-roll call.

### *Motion*

B. Heineman moved to excuse the absences of J. Burbidge and P. Schmidt. A. Johnson seconded. The motion passed unanimously.

### CONSENT CALENDAR:

### *Motion*

J. Reinbold moved to approve the consent calendar; S. Strebel seconded. The motion passed unanimously.

### ACTION ITEM(S):

- **New Membership: City of Ellensburg**

L. Leigh explained to the committee Ellensburg is looking for more sophisticated coverage. The City has very little litigation and has a very active and involved management team. They are centrally located between Chelan and the lower Yakima Valley.

J. Caulfield arrived at 10:33 a.m.

They would like to join on a pre-member basis and not bring in a local broker. Their interest in joining WCIA brings up underlying questions of what direction our growth is going and how it might impact other pools. As other pools lose members, their loss development and rates will be impacted to cover their remaining members.

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WCIA typically will not accept members from other pools until they have officially given notice to their current pool. However, at some point other pools may also have to reevaluate their structure as they continue to lose larger members.

A. Johnson commented it was a good position for WCIA to be in when members are choosing WCIA for service over price. A. Fisher added the Ellensburg city attorney contacted her asking about the services provided by WCIA as Ellensburg and Cheney are very similar in their operations and business.

T. Piasecki asked what services Ellensburg would receive and what would they pay for them. Leigh stated Ellensburg would receive training and pre-defense review, but would not pay anything unless they default on the Interlocal Agreement (ILA). This allows WCIA to pre-position the member as a solid risk when they do begin to share risk..

### *Motion*

J. Reinbold moved to approve Ellensburg for pre-membership on January 1, 2012 and, subject to fulfilling the Interlocal agreement, full membership on January 1, 2013; A. Fisher seconded. The motion passed unanimously.

### • **Proposed By Law Change**

L. Roberts gave the committee input on how the attendees in Richland liked the satellite full board meeting. Members appreciated the shorter drive and said they would do it again; they liked the venue with a more intimate setting. However, they did stress that if we continued with webcast meetings they would want the Full Board to be able to actually see them and would like to have the ability to ask questions and vote.

M. Bucklin asked how many members were in attendance and Roberts stated there were eight. Those members did see a good portion of the training and all of the director's report so the important messages were well received.

Counsel asked about the cost for the experiment; board secretary T. Smith stated the cost was approximately \$6,500, less than budgeted, due to the smaller attendance and reduced facilities in Richland. However, to provide the members with the type of interaction they want could potentially bring the total costs to \$10,000 and would increase with each additional satellite location. T. Piasecki asked if the total number included travel for the WCIA staff and the secretary confirmed that it did.

J. Caulfield asked if in the future a city could host the satellite locations instead of a hotel; the secretary confirmed she had spoken to Richland about that possibility but it would depend on the ability to reserve a dynamic IP address that would not be affected by any outside internet 'traffic.'

B. Heineman asked if there would have been a quorum with the 8 attendees and asked if there would have been a quorum had their attendance counted. The secretary stated they were still 12 short of the quorum number, even with the satellite attendees. Heineman expressed

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disappointment in the small attendance for the cost, and felt it showed how truly disinterested members are in attending the Full Board Meetings.

A. Johnson asked A. Fisher, especially with Ellensburg now as a member, if there was a way to utilize the universities. A. Fisher stated the city does have their own fiber network they could utilize. B. Heineman added the bigger question is whether there would be attendance.

S. Strebel asked how many different members were in attendance at the satellite location and L. Roberts stated there were approximately 5, including pre-member West Richland. Members from Richland suggested we utilize the K20 network through the school districts.

M. Bucklin added there were legal considerations for future satellite meetings. The current Interlocal and By-Laws do not allow for members' attendance to count or to vote. To make changes to the Interlocal would require approval by every member's council. The By-Laws can be amended by the Full Board to change necessary definitions in order to accommodate satellite meetings. Changes to the Interlocal could be a major task.

L. Leigh added the last time the Interlocal was changed in 1991 it took a year and a half to complete. He also stressed that several members would have to reconsider their membership and open up the pool to challenges. Staff is willing to pursue this. If we continue with the satellite locations, more site requests could occur and raise the cost to as much as \$30,000. The director suggested the idea of expanding the Annual meeting to a two-day event with overnight stays and extra training, which is popular with the county pool.

Counsel offered another suggestion to get around the Interlocal language. An argument could be made to define "presence" as a satellite location in the By-Laws. However, if it was ever challenged it could negate any actions taken from that point forward.

J. Caulfield stated he would not be in support of changing the By-Laws or ILA. However, as far as the off-site meetings, the committee should encourage participation by the membership, and not just the delegates and alternates. He stressed that the ILA tasks the membership with a duty to attend. A. Johnson concurred and questioned if it is worth the expense to plug into a meeting if members cannot vote. This still does not solve the quorum issue.

J. Reinbold asked how many of the satellite attendees would have come over the pass if the satellite meeting was not available; L. Roberts stated all of them would have traveled because they had to meet their COMPACT requirement.

Sensing the committee was not interested in a By-Law change for the satellite meeting, Bucklin stated there would be another potential By-Law change to consider in December regarding authorization for the committee to make budget amendments mid-year without going to the Full Board. Counsel asked the committee to consider proposing unlimited changes, or up to a specific dollar amount. L. Leigh added a dollar amount should be large enough to cover any potential catastrophes that could occur in the fourth quarter of the budget year when resources are thin.

Caulfield returned to the Full Board quorum issue stressing every member agreed to come to the board meetings, demanding a level of accountability and responsibility. He suggested perhaps

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evaluating which members consistently are not attending all the Board meetings over the last few years and have the President address them directly.

T. Piasecki added that attendance is also a budgetary issue for some members and if WCIA can assist with part of that, either through reimbursing for mileage or other compensation, it would send a message to the members that the committee understands.

The committee took a recess at 11:15 a.m. and returned at 11:25 a.m.

Piasecki was not in favor of changing the Interlocal Agreement, but would like to explore good incentives to encourage members to come to meetings. J. Marcell suggested to him during the break an idea of sharing mileage costs with the membership or reimbursement for an overnight stay for members traveling more than a certain number of miles. He tasked staff to come up with some ideas the committee could consider. L. Leigh added it could get difficult if there is not a bright line of how to treat the members fairly. The President felt the goodwill gesture would be valuable and stressed he was not advocating abandoning further pursuit in satellite meetings.

M. Bucklin observed the consensus of the committee was to not change the By-Laws for satellite meetings, but asked for guidance from the committee on the change to address budget amendments. L. Leigh suggested a limit of \$500,000 or a number that would accommodate a large natural disaster. T. Piasecki suggested the committee have authority up to \$1 million with a super-majority vote. J. Caulfield felt \$1 million was a better percentage to the overall budget. Piasecki agreed; A. Johnson and B. Heineman felt Counsel should craft language that is specific to accommodate an extraordinary disaster.

### EXECUTIVE SESSION

#### *Motion*

B Heineman moved to enter executive session for 15 minutes to discuss claims and litigation per RCW 42.30.110, paragraph (i); S. Strebels seconded. The committee entered executive session at 11:34 a.m. and returned from executive session at 11:49 a.m.

#### *Motion*

A. Johnson moved to approve amounts for claim settlements discussed in executive session; J. Caulfield seconded. The motion passed unanimously.

### DIRECTOR'S REPORT:

L. Leigh informed the committee that the State Auditor has been at WCIA. He felt the new WAC appears to be helping the audit process. There is now a joint pool advisory board to replace a governor-appointed committee that was eliminated. The previous committee created the new WAC; this group is looking at such issues as the power of cease and desist orders. There will likely be no agreement among the directors so the State Risk Manager will make a final decision. Leigh would like to eventually see all pools' loss reserves certified. The group is slowly moving toward improving best practices for pools in the state.

Regarding the property program, staff can submit for the committee's consideration several ideas to address concerns. One suggestion is the use of appraisers or property engineers and adding

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only certain buildings meeting specific criteria. Staff could also consider property engineering and cover only demolition costs or limited values, not actual replacement value, on certain properties.

Staff could also bring in a consultant to discuss the viability of some of our buildings and clean up the property schedules across the membership. These issues could be added to the 5-year plan for services. The current philosophy is to be generous to the membership for their first party losses. In many cases, WCIA is more generous than the industry, though that can be adverse to reinsurance underwriting. Our actual replacement cost is very attractive to most members. However, E. Larson warns the property deductible could also increase and push WCIA to handle more of the losses. Leigh requested the committee give staff direction on this issue.

A. Johnson stated the WCIA property program is very unique in the pooling industry. He stressed it is important to address this and that any underwriting criteria should be best practice and not arbitrary. L. Leigh stated the typical standard is COPE (Construction, Occupancy, Prevention, Exposure), but it could be helpful to have an expert present ideas to add validity to this decision.

Recommendations could be made to members on how they could list their property more effectively and what is in their best interest. Staff could evaluate the level of replacement value; the committee may see appeals from the membership and would need to accept that as part of these decisions.

Having no other business the meeting adjourned at 12:07 p.m.

Respectfully Submitted: \_\_\_\_\_



Authority Secretary

Approved on: \_\_/\_\_/2011

Attested by: \_\_\_\_\_

WCIA President

Invoice Approval Listing  
November-11

<u>Date</u>	<u>Number</u>	<u>Vendor Name</u>	<u>Invoice Description</u>	<u>Amount</u>
11/02/2011	27380	Outsourced Information Systems	843 · Risk Management Consulting	225.00
11/02/2011	27381	Marriott Business Services	831 · Ex. Comm./Board Meetings	5,607.41
11/02/2011	27382	AT & T	805 · Telephone	684.60
11/02/2011	27383	Jared Burbidge	835 · Ex. Committee Transportation	54.06
11/02/2011	27384	Jim Reinbold	835 · Ex. Committee Transportation	421.02
11/02/2011	27385	Courtyard by Marriott	831 · Ex. Comm./Board Meetings	679.86
11/02/2011	27386	American Bankers Insurance Company	755 · Ins. Exp. - Specialized Program	640.00
11/02/2011	27387	City of Pasco	835 · Ex. Committee Transportation	314.40
11/02/2011	27388	Costco Membership	817 · Dues/Conferences/Subscriptions	250.00
11/02/2011	27389	Turner Kugler Law, PLLC	733 · Pre-Defense Review	838.35
11/02/2011	27390	Rebecca Dean, PLLC	733 · Pre-Defense Review	9,850.13
11/02/2011	27391	Marsh USA, Inc.	755 · Ins. Exp. - Specialized Program	34,113.00
11/02/2011	27392	Marsh USA, Inc.	752 · Ins. Exp.-Fidelity	300.00
11/02/2011	27393	Menke Jackson Beyer & Elofson, LLP	733 · Pre-Defense Review	1,277.50
11/02/2011	27394	Keating, Bucklin & McCormack, PS	733 · Pre-Defense Review	26,084.40
11/02/2011	27395	Summit Law Group	733 · Pre-Defense Review	17,179.19
11/03/2011	27396	Phillip C. Baber, CPA	723 · Financial Services	1,998.75
11/03/2011	27434	Evergreen Adjustment Service, Inc.	731 · Claims Administration	15,000.00
11/03/2011	27435	Law, Lyman, Daniel, Kamerrer & Bogdanovic	733 · Pre-Defense Review	4,066.00
11/03/2011	27437	Michael & Alexander, PLLC	733 · Pre-Defense Review	5,439.22
11/03/2011	27438	Costco	801 · Supplies	267.73
11/09/2011	27439	Lewis Leigh	807 · Transportation/Per Diem	154.56
11/09/2011	27440	Maria Orozco	807 · Transportation/Per Diem	25.00
11/09/2011	27441	City of Lacey	841 · Member Training/Seminars	2,500.00
11/09/2011	27442	City of Chehalis	841 · Member Training/Seminars	250.00
11/09/2011	27443	City of University Place	841 · Member Training/Seminars	350.00
11/09/2011	27444	City of Bainbridge Island	841 · Member Training/Seminars	50.00
11/09/2011	27445	City of Issaquah	841 · Member Training/Seminars	50.00
11/09/2011	27446	City of Mountlake Terrace	841 · Member Training/Seminars	1,000.00
11/09/2011	27447	City of Othello	841 · Member Training/Seminars	1,000.00
11/09/2011	27448	City of Walla Walla	841 · Member Training/Seminars	750.00
11/09/2011	27449	City of Sumner	841 · Member Training/Seminars	1,750.00
11/09/2011	27450	Grays Harbor 911	841 · Member Training/Seminars	470.00
11/09/2011	27451	PenCom	841 · Member Training/Seminars	595.00
11/09/2011	27452	Skagit 911	841 · Member Training/Seminars	750.00
11/09/2011	27453	City of Bothell	841 · Member Training/Seminars	1,000.00
11/09/2011	27454	City of Ocean Shores	841 · Member Training/Seminars	750.00
11/09/2011	27455	Jimmy John's	831 · Ex. Comm./Board Meetings	261.43
11/09/2011	27456	Evergreen Safety Council	841 · Member Training/Seminars	400.77
11/09/2011	27457	wedu, Inc.	729 · Consulting Services	22,000.00
11/09/2011	27458	FedEx Kinko's	801 · Supplies	1,846.93
11/09/2011	27459	Lisa Thatcher	729 · Consulting Services	1,500.00
11/09/2011	27460	Century Link	805 · Telephone	409.80
11/09/2011	27461	Consolldated Technology Services	831 · Ex. Comm./Board Meetings	123.14
11/09/2011	27462	Nexxpost	803 · Postage	38.83
11/09/2011	27463	Sprint	805 · Telephone	24.03
11/09/2011	27464	Diamond Communications, Inc.	805 · Telephone	661.93
11/09/2011	27465	American Data Gaurd	801 · Supplies	85.00
11/09/2011	27466	Specialty Coatings Plus, Inc.	825 · Records Retention	244.53
11/09/2011	27467	FedEx	803 · Postage	133.12
11/09/2011	27468	Snohomish County	607 · Seminar Revenue	75.00

11/09/2011	27469	Jim Webber	733 · Pre-Defense Review	4,136.20
11/09/2011	27470	Expert Investigations, Inc.	733 · Pre-Defense Review	4,334.62
11/09/2011	27471	Rebecca Dean, PLLC	733 · Pre-Defense Review	4,361.40
11/09/2011	27472	First Choice	801 · Supplies	42.50
11/09/2011	27473	Insight	879 · Computer/Equipment	3,050.99
11/09/2011	27474	Hedeem & Caditz, PLLC	843 · Risk Management Consulting	2,040.00
11/09/2011	27475	Washington State Dept. of Printing	801 · Supplies	136.25
11/09/2011	27476	Koegen Edwards LLP	843 · Risk Management Consulting	5,087.50
11/09/2011	27477	Stafford Frey Cooper	843 · Risk Management Consulting	337.50
11/09/2011	27478	Michael & Alexander, PLLC	841 · Member Training/Seminars	4,140.00
11/09/2011	27479	Menke Jackson Beyer & Elofson, LLP	733 · Pre-Defense Review	5,807.97
11/09/2011	27480	Law, Lyman, Daniel, Kamerrer & Bogdanovic	841 · Member Training/Seminars	7,923.07
11/09/2011	27481	Keating, Bucklin & McCormack, PS	841 · Member Training/Seminars	64.60
11/09/2011	27482	Summit Law Group	843 · Risk Management Consulting	2,375.00
11/15/2011	27501	American Bankers Insurance Company	755 · Ins. Exp. - Specialized Program	9,181.00
11/18/2011	1	Bank of America	807 · Transportation/Per Diem	1,691.24
11/28/2011	27483	City of Port Angeles	841 · Member Training/Seminars	2,000.00
11/28/2011	27484	City of Richland	835 · Ex. Committee Transportation	500.00
11/28/2011	27485	City of Othello	841 · Member Training/Seminars	925.00
11/28/2011	27486	Multi Agency Communications Center	841 · Member Training/Seminars	750.00
11/28/2011	27487	City of Moses Lake	841 · Member Training/Seminars	425.00
11/28/2011	27488	City of Fife	841 · Member Training/Seminars	750.00
11/28/2011	27489	City of Walla Walla	841 · Member Training/Seminars	1,050.00
11/28/2011	27490	City of Clarkston	841 · Member Training/Seminars	603.00
11/28/2011	27491	Shelton Metropolitan Park District	841 · Member Training/Seminars	50.00
11/28/2011	27492	City of Shelton	841 · Member Training/Seminars	50.00
11/28/2011	27493	City of Fife	841 · Member Training/Seminars	1,735.00
11/28/2011	27494	City of Mill Creek	841 · Member Training/Seminars	150.00
11/28/2011	27495	City of Battle Ground	841 · Member Training/Seminars	400.00
11/28/2011	27496	City of Olympia	841 · Member Training/Seminars	1,225.00
11/28/2011	27497	SnoCom	841 · Member Training/Seminars	750.00
11/28/2011	27498	Benton Co. Emergency Services	841 · Member Training/Seminars	750.00
11/28/2011	27499	Crystal Springs	801 · Supplies	202.71
11/28/2011	27500	Evergreen Adjustment Service, Inc.	731 · Claims Administration	15,439.35
11/28/2011	27502	First Choice	801 · Supplies	91.71
11/28/2011	27503	Convey Compliance Systems, Inc.	801 · Supplies	232.97
11/28/2011	27504	Specialty Coatings Plus, Inc.	825 · Records Retention	21.00
11/28/2011	27505	MailFinance	813 · Leased Equipment	1,511.10
11/28/2011	27506	State Auditor's Office	725 · Audit Services	5,453.40
11/28/2011	27507	ISCEBS	817 · Dues/Conferences/Subscriptions	215.00
11/28/2011	27508	Olbrechts & Associates, PLLC	841 · Member Training/Seminars	1,312.50
11/28/2011	27509	Marsh USA, Inc.	752 · Ins. Exp.-Fidelity	150.00
11/28/2011	27510	Marsh USA, Inc.	753 · Ins. Exp.- Property	673.83
11/28/2011	27511	Keating, Bucklin & McCormack, PS	733 · Pre-Defense Review	11,640.81
11/28/2011	27512	Summit Law Group	733 · Pre-Defense Review	20,616.55
11/28/2011	27513	Debbi Sellers	807 · Transportation/Per Diem	65.49
11/28/2011	27514	Allen Johnson	835 · Ex. Committee Transportation	153.99
11/28/2011	27515	Jim Reinbold	835 · Ex. Committee Transportation	371.07
11/28/2011	27516	Tanya Crites	807 · Transportation/Per Diem	355.54
11/28/2011	27517	Friedmund Jackson Tardif Benedict Garratt	721 · Legal Services	250.00
11/29/2011	27518	Museum of Flight	831 · Ex. Comm./Board Meetings	560.00
11/29/2011	27519	FedEx	841 · Member Training/Seminars	113.13
11/29/2011	27520	AT & T	805 · Telephone	681.76
11/29/2011	27521	Maria Orozco	807 · Transportation/Per Diem	258.80
11/29/2011	27522	Hedeem & Caditz, PLLC	843 · Risk Management Consulting	4,140.00
11/29/2011	27523	Doug Selix	843 · Risk Management Consulting	2,029.93
11/29/2011	27524	Law, Lyman, Daniel, Kamerrer & Bogdanovic	843 · Risk Management Consulting	6,057.00
11/29/2011	27525	Summit Law Group	843 · Risk Management Consulting	6,225.00

11/29/2011	27526	Correctional Industries	801 · Supplies	246.38
11/30/2011	27563	Lisa Knaption	807 · Transportation/Per Diem	511.14
11/30/2011	27564	Jennifer Lawson	807 · Transportation/Per Diem	41.07
11/30/2011	27565	Tiffany Woods	801 · Supplies	12.57
11/30/2011	Payroll	Payroll Transactions	Personnel Services	144,675.52
11/30/2011	Payroll	Payroll Transactions	Personnel Benefits	47,418.52
		<b>Total Operating Fund Expenses</b>		<u>\$ 503,090.37</u>
11/30/2011	Claims	Claims Payments Made	November	<u>1,602,441.28</u>
		<b>Total November Expenses</b>		<u>\$ 2,105,531.65</u>

Jim Marcell  
 Jim Marcell, Treasurer

Lew Leigh  
 Lew Leigh, Executive Director

Approved by the Executive Committee/Board of Directors:

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Tony Piasecki, President



**Washington Cities Insurance Authority**  
**Budget Comparison-General Administration**  
 January through November 2011

Accrual Basis

	Jan - Nov 11	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Expense</b>				
701 · Personnel Services	585,751.67	656,000.00	-70,248.33	89.3%
711 · Personnel Benefits	179,484.38	205,000.00	-25,515.62	87.6%
713 · Vehicle Allowance	4,950.00	5,400.00	-450.00	91.7%
721 · Legal Services	35,453.77	74,000.00	-38,546.23	47.9%
723 · Financial Services	17,355.00	18,750.00	-1,395.00	92.6%
725 · Audit Services	6,962.80	20,000.00	-13,037.20	34.8%
727 · Actuarial Services	31,000.00	31,000.00	0.00	100.0%
729 · Consulting Services	86,966.52	148,000.00	-61,033.48	58.8%
735 · State Risk Mngmt Audit	11,734.40	11,900.00	-165.60	98.6%
801 · Supplies	20,570.32	32,000.00	-11,429.68	64.3%
803 · Postage	7,432.51	12,200.00	-4,767.49	60.9%
805 · Telephone	12,410.62	14,500.00	-2,089.38	85.6%
807 · Transportation/Per Diem	12,257.28	12,500.00	-242.72	98.1%
813 · Leased Equipment	6,197.43	6,250.00	-52.57	99.2%
814 · Software/License Fees	23,947.30	25,100.00	-1,152.70	95.4%
815 · Repairs and Maintenance	10,449.59	10,800.00	-350.41	96.8%
817 · Dues/Conferences/Subscriptions	14,800.16	15,250.00	-449.84	97.1%
819 · Printing	5,632.73	18,250.00	-12,617.27	30.9%
831 · Ex. Comm./Board Meetings	23,353.11	23,500.00	-146.89	99.4%
835 · Ex. Committee Transportation	15,304.66	13,100.00	2,204.66	116.8%
879 · Computer/Equipment	7,497.84	3,000.00	4,497.84	249.9%
<b>Total Expense</b>	<b>1,119,512.09</b>	<b>1,356,500.00</b>	<b>-236,987.91</b>	<b>82.5%</b>

**Washington Cities Insurance Authority**  
**Budget Comparison-Member Services**  
 January through November 2011

Accrual Basis

	<u>Jan - Nov 11</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Expense</b>				
701 · Personnel Services	515,289.78	575,700.00	-60,410.22	89.5%
711 · Personnel Benefits	156,010.09	192,500.00	-36,489.91	81.0%
801 · Supplies	21,305.32	30,000.00	-8,694.68	71.0%
807 · Transportation/Per Diem	46,395.65	44,400.00	1,995.65	104.5%
817 · Dues/Conferences/Subscriptions	2,358.00	5,800.00	-3,442.00	40.7%
841 · Member Training/Seminars	355,847.20	450,000.00	-94,152.80	79.1%
843 · Risk Management Consulting	228,328.18	212,000.00	16,328.18	107.7%
<b>Total Expense</b>	<u>1,325,534.22</u>	<u>1,510,400.00</u>	<u>-184,865.78</u>	<u>87.8%</u>

**Washington Cities Insurance Authority**  
**Budget Comparison-Claims Administration**

January through November 2011

Accrual Basis

	<u>Jan - Nov 11</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Expense</b>				
701 · Personnel Services	489,707.80	549,500.00	-59,792.20	89.1%
711 · Personnel Benefits	180,009.69	199,750.00	-19,740.31	90.1%
731 · Claims Administration	303,107.89	511,395.00	-208,287.11	59.3%
733 · Pre-Defense Review	845,225.26	725,000.00	120,225.26	116.6%
801 · Supplies	1,530.03	3,200.00	-1,669.97	47.8%
807 · Transportation/Per Diem	7,681.37	11,500.00	-3,818.63	66.8%
817 · Dues/Conferences/Subscriptions	564.00	5,100.00	-4,536.00	11.1%
825 · Records Retention	3,087.81	4,500.00	-1,412.19	68.6%
<b>Total Expense</b>	<u>1,830,913.85</u>	<u>2,009,945.00</u>	<u>-179,031.15</u>	<u>91.1%</u>

**AP Expense Distribution**

**320 - WASHINGTON CITIES INSURANCE AUTHORITY**

For Cash Account : All  
From Earliest To 10/31/2011

<u>GL Account</u>				<u>Invoice</u>	<u>Check</u>		
<u>Vchr</u>	<u>Vendor</u>	<u>Description</u>	<u>No.</u>	<u>No.</u>	<u>Amount</u>	<u>Account Total</u>	
<b>4610-0000 Exterior R&amp;M</b>							
01889	ALLFI - ALLIED FIRE & SECURITY	RPR DOOR 06/16	1050004	011626	\$164.25	\$164.25	
<b>4635-0000 HVAC Contract</b>							
01896	PSREF - PSR MECHANICAL	ALARM MON 07/2010-06/2011	SV15405	011634	\$547.50	\$547.50	
<b>4665-0000 Light Fixtures &amp; Bulbs</b>							
01909	PALAM - PACIFIC LAMP & SUPPLY CO	55 LAMPS/2 BALLASTS	574016	011641	\$366.73	\$366.73	
<b>4675-0000 Fire Alarm Contract</b>							
01894	E2SYS - E SQUARED SYSTEMS LLC	FIRE MON 1011-1211	113-M28	011632	197.10		
01907	CASAL - CASCADE ALARM & SIGNAL CC	2011 BACKFLOW CERTIFICATION	37434	011639	\$262.80	\$459.90	
<b>4680-0000 Fire Alarm Phone Line</b>							
01892	CENLI - CENTURYLINK	ALARM LINE 0929-1029	10-5751189	011630	\$165.12	\$165.12	
<b>4700-0000 Janitorial Contract</b>							
01891	CEDBU - CEDAR BUILDING SVC, INC	JANIT MAINT/SPLS 0911	39728	011629	\$1,923.44	\$1,923.44	
<b>4705-0000 Janitorial Supplies</b>							
01891	CEDBU - CEDAR BUILDING SVC, INC	JANIT MAINT/SPLS 0911	39728	011629	\$343.09	\$343.09	
<b>4715-0000 Window Washing</b>							
01898	PUGWI - PUGET SOUND WINDOW MAIN	EXT WINDOW CLEANING	8015	011636	\$480.00	\$480.00	
<b>4720-0000 Int. Landscape Contract</b>							
01906	BETCO - ELIZABETH D. KEANE	INT PLANT MAINT 1011	AND103011	011638	\$191.62	\$191.62	
<b>4730-0000 Ext. Landscape Contract</b>							
01895	GRECO - GREENWAY COMM L LANDSC/LAND	MAINT 1011	27733	011633	\$651.53	\$651.53	
<b>4740-0000 Parking Lot Sweeping</b>							
01890	CAIPR - CAIN'S PARKING LOT SVCS	SWEEPING-0911	23838S	011628	\$131.40	\$131.40	
<b>4765-0000 Trash Removal</b>							
01899	ALLW2 - ALLIED WASTE SERVICES 183	TRASH RMVL 0911	2611546	011627	\$225.09	\$225.09	
<b>4775-0000 Electricity</b>							
01897	PUGSO - PUGET SOUND ENERGY	ELEC/GAS 0824-0923	10-1964670	011635	\$2,441.06	\$2,441.06	
<b>4785-0000 Natural Gas</b>							
01897	PUGSO - PUGET SOUND ENERGY	ELEC/GAS 0824-0923	10-1964670	011635	\$141.25	\$141.25	
<b>4790-0000 Water &amp; Sewer</b>							
01893	CITTU - CITY OF TUKWILA	WTR/SWR 0816-0914	10-140420	011631	\$840.69	\$840.69	
<b>4880-0000 Property Management Fee</b>							
01908	JSHPR - JSH PROPERTIES, INC	MGMT FEE 1011	103111	011640	\$1,750.00	\$1,750.00	
<b>5066-0000 Building Communications</b>							
01900	COMCA - COMCAST	DATA SVCS-100 1009-1108	10-471031	011637	59.95		
01901	COMCA - COMCAST	DATA SVCS-102 1009-1108	10-0471049	011637	64.90		
01902	COMCA - COMCAST	DATA SVCS-104 1009-1108	10-471056	011637	194.81		
01903	COMCA - COMCAST	DATA SVCS-205 1009-1108	10-471023	011637	64.90		
01904	COMCA - COMCAST	DATA SVCS-250 1009-1108	10-471007	011637	64.90		
01905	COMCA - COMCAST	DATA SVCS-270 1009-1108	10-471015	011637	\$64.90	\$514.36	
<b>5135-0000 Tenant Reimburse Expense</b>							

**AP Expense Distribution**

320 - WASHINGTON CITIES INSURANCE AUTHORITY

For Cash Account : All  
From Earliest To 10/31/2011

GL Account

<u>Vchr</u>	<u>Vendor</u>	<u>Description</u>	<u>Invoice No.</u>	<u>Check No.</u>	<u>Amount</u>	<u>Account Total</u>
01901	COMCA - COMCAST	DATA SVCS-102 1009-1108	10-0471049	011637	\$297.19	\$297.19
<b>Distribution Total</b>						<b>\$11,634.22</b>

**Account Summary**

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
4610-0000	Exterior R&M	164.25	
4635-0000	HVAC Contract	547.50	
4665-0000	Light Fixtures & Bulbs	366.73	
4675-0000	Fire Alarm Contract	459.90	
4680-0000	Fire Alarm Phone Line	165.12	
4700-0000	Janitorial Contract	1,923.44	
4705-0000	Janitorial Supplies	343.09	
4715-0000	Window Washing	480.00	
4720-0000	Int. Landscape Contract	191.62	
4730-0000	Ext. Landscape Contract	651.53	
4740-0000	Parking Lot Sweeping	131.40	
4765-0000	Trash Removal	225.09	
4775-0000	Electricity	2,441.06	
4785-0000	Natural Gas	141.25	
4790-0000	Water & Sewer	840.69	
4880-0000	Property Management Fee	1,750.00	
5066-0000	Building Communications	514.36	
5135-0000	Tenant Reimburse Expense	297.19	
1010-0000	CASH-OPERATING		
		11,634.22	11,634.22 ✓

*Jill Marcell*  
Jill Marcell, Treasurer

*Lew Leigh*  
Lew Leigh, Executive Director

Approved by the Executive Committee/Board of Directors

\_\_\_\_\_  
Date

\_\_\_\_\_  
President



**Vendor Contract Renewal**

**Background:**

The Executive Committee annually reviews, modifies, and approves vendor service contracts for firms providing professional services to WCIA.

Where applicable, the service provider contract form has been standardized, requiring specific contract terms. The form is consistent with the State Risk Manager pool audit requirements and with the AGRIP pool accreditation guidelines. The current Risk Manager will also allow engagement letters to document minimum requirements in lieu of contracts to satisfy the new WAC.

The number of contracts required by the State Risk Manager’s Office still only applies to major pool functions. The Authority also enters into other, single issue contracts (i.e. Riskmaster). During the WAC creation process, Washington pools continued to successfully resist annual RFP processes for every contract, despite aggressive vendor input.

Each Washington pool must demonstrate, as an audit requirement, that its Board annually performs a transparent member and industry process for each contract renewal. This action item meets that requirement. The following contracts are attached for Committee review.

<b>Contract</b>	<b>Vendor</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>Proposed 2012</u></b>
Authority Counsel	Keating, Bucklin & McCormack	\$232/hr	\$237/hr	\$245/hr
Lobbyist	Thatcher, Inc.	\$1325/mth	\$1500/mth	\$1500/mth
Insurance Broker	Marsh USA	\$360k/yr	\$360k/yr	\$350k/yr
Actuarial Service	PricewaterhouseCoopers	\$28.5/yr	\$31k/yr	\$32.5/yr
Claims Services	Evergreen Adjustment Service	\$94/hr	\$94/hr	\$95.5/hr

**Discussion:**

The Authority desires long-term, stable relationships with each service provider, and in return has received a customized work product, specific to our changing needs, i.e. Evergreen can provide hard-to-find property adjuster services within an expanded self-insurance aggregate. Marsh provided an earthquake model, and AIG-issue leadership. The lobbyist increase reflects a new offensive role as well as the usual defense for several bills in a lobbying rather than just a monitoring role. The above contracts are all on a continuing, multiple-year basis.

Each scope of work section has been written broadly to allow for mid-year service changes, i.e. actuarial property SIR projections. Other terms protect the Authority, such as ownership of the work product, indemnification, etc. The CPA and actuary now use engagement letters, which is approved in the WAC language. An exception clause in the actuary engagement letter solves last year’s concern over public disclosure requests of their work product.

Anticipated increases in compensation were previously approved during the budget process. The real cost of each service is controlled by the degree of service required, or by volumes created by the membership. Staff attempts to modify rates by assigning certain volumes to itself, or limiting assignments to only partial functions.

**Recommendation:**

Approval of the contract language terms and expenses for each of the above vendors.

**PROFESSIONAL SERVICES AGREEMENT**  
**LEGAL SERVICES**

THIS AGREEMENT made and entered this day by and between **Washington Cities Insurance Authority**, a municipal corporation under the laws of the State of Washington, 320 Andover Park East, Suite 104, Tukwila, WA 98188, hereinafter referred to as "**WCIA**", and **Keating, Bucklin & McCormack, INC., P.S.**, a Washington corporation, 4141 Seafirst Fifth Avenue Plaza Building, 800 Fifth Avenue, Seattle, Washington 98104, hereinafter referred to as "**Counsel**";

**WITNESSETH**

WHEREAS, WCIA desires to obtain legal services which will ensure that its officers and directors are knowledgeable in regard to WCIA's responsibilities and obligations as a self-insuring organization; and

WHEREAS, Counsel desires to perform the necessary legal services for WCIA;

NOW THEREFORE, in consideration of the agreements contained herein, the parties do mutually agree as follows:

**I SCOPE OF WORK**

- A. Provide legal advice, assistance, representation to the Board, the WCIA Executive Director or any WCIA employee when so empowered by any of the above agents of WCIA.
- B. The services to be provided by Counsel shall include but not be limited to: Acting in a legal advisory capacity to the Board on WCIA activities; review WCIA contracts, agreements and documents; review legal status in regard to existing and proposed WCIA activities, and periodic attendance at Board meetings upon request by the Board and to act as Attorney for WCIA in such matters and proceedings as directed by WCIA.
- C. Counsel agrees to appoint Mark R. Bucklin to act as the principal attorney to perform this Agreement on behalf of the Counsel.

**II COMPENSATION**

- A. For providing services as generally set forth in this Agreement, WCIA agrees to pay Counsel the sum of Two Forty-Five Dollars (\$245.00) per hour.
- B. Counsel may bill WCIA for payment for services on a monthly basis. All bills presented to WCIA shall identify the work performed and the hours worked. Each bill shall be submitted to WCIA one week prior to the end of each month and shall be due and payable in full within thirty (30) days of receipt by WCIA.

- C. Counsel agrees to maintain legal professional errors & omissions liability insurance throughout the duration of this Agreement and to provide WCIA with a certificate of insurance demonstrating the insured status of Counsel. Such insurance shall contain coverage for any neglect, errors and omissions of Counsel. Counsel agrees to immediately notify WCIA in the event of any cancellation of said insurance.
- D. Counsel shall not assign or subcontract this Agreement or any work thereunder with any other person or organization without the prior written consent of WCIA.

### **III TERM**

This is an annual Agreement which shall become effective on January 1, 2010 and shall be automatically renewed thereafter on January 1st of each succeeding year without further action of the parties, but subject to termination or renegotiation of terms and conditions (exclusive of compensation) at the request of either party if such party gives advance notice not less than sixty (60) days prior to the end of any calendar year of its intent to renegotiate or terminate the Agreement. If neither party gives written notice of intent to cancel or renegotiate the Agreement before sixty (60) days prior to the end of each calendar year, then the Agreement and all its terms shall be automatically renewed and binding upon the parties for the succeeding calendar year.

Written notice of any change or renegotiation of *Compensation* only must be given to WCIA no later than August 1.

### **IV NOTICE**

Any notice required or permitted to be given under this Agreement shall be sufficient if given in writing and sent by registered or certified mail the WCIA or Counsel at the addresses first set forth above or to any other address of which written notice of change is given.

### **V WAIVER**

The waiver by Counsel or WCIA of the breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any subsequent breach by either party or prevent either party from thereafter enforcing any such provision.

### **VI AMENDMENTS**

This Agreement sets forth all of the terms, conditions, and agreements of the parties relative to the subject matter hereof and supersedes any and all such former Agreements with respect to the same; and any and all such former Agreements are hereby terminated and of no further force and effect upon the execution and delivery hereof. There are no terms, conditions or agreements with respect hereto, except as herein provided and no amendment or modification of this Agreement shall be effective unless reduced to writing and executed by the parties.

**VII ASSIGNMENT**

Counsel may not assign or transfer, in whole or in part, its interest in this Agreement without the express written consent of WCIA.

Additionally, the Parties agree that if Counsel uses any additional individuals to provide those services set forth in Scope of Work herein, Broker shall advise WCIA in writing of such individuals, and shall additionally provide a resume of such individual's qualifications.

**VIII CANCELLATION**

This Agreement may be terminated at the will of either party at any time by at least ten (10) days written notice given in accordance with the *Notice* section this Agreement. If this Agreement is terminated, Counsel shall be entitled to compensation for work completed as set forth in *Scope of Work* herein, but only as much compensation as can be justified by actual and reasonable time and expense of Counsel to date of termination. In the event of termination of this Agreement, WCIA shall be entitled to and shall receive all reports, documentation and/or work product generated by this Counsel as of the date of termination.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first above written.

WASHINGTON CITIES INSURANCE AUTHORITY

\_\_\_\_\_  
Anthony Piasecki, President

\_\_\_\_\_  
Date

KEATING, BUCKLIN & McCORMACK, INC., P.S.

\_\_\_\_\_  
Mark Bucklin

\_\_\_\_\_  
Date

**PROFESSIONAL SERVICES AGREEMENT**  
**LOBBYIST SERVICES**

THIS AGREEMENT made and entered this day by and between **Washington Cities Insurance Authority**, a municipal interlocal under the laws of the State of Washington, 320 Andover Park East, Suite 104, Tukwila, WA 98188, hereinafter referred to as "**WCIA**", and **Lisa Thatcher, d/b/a "Thatcher, Inc."**, a Washington partnership, 522 North E Street, Tacoma, WA 98403, hereinafter referred to as "**Thatcher**";

**WITNESSETH**

WHEREAS, WCIA desires to retain Lisa Thatcher as a lobbyist to monitor and to lobby assigned issues.

AND WHEREAS, Thatcher will be engaged in implementing a program of one-on-one contact with legislators and State officials to accomplish the assignments given to her by WCIA.

AND WHEREAS, Thatcher desires to perform these activities for WCIA and WCIA wishes to have them performed by Thatcher.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

**I. SCOPE OF WORK**

The contemplated work will include lobbying, cooperation with Association of Washington Cities lobbyists and staff, and reporting of current matters of interest to WCIA. Thatcher will take direction from WCIA through its Executive Director and/or its President or their designee. Thatcher will represent WCIA's interests before the Washington State Legislature and officials of the Washington State government on subject matters as follows:

- A. Issues affecting the operation and maintenance of the Group Insurance Program such as WCIA presently administers.
- B. Legislation which, if passed, could be detrimental to the future plans and operations of WCIA.
- C. Legislation amending or changing tort liability law in the State of Washington and group self-insurance of workers' compensation insurance.

**II. COMPENSATION**

- A. The WCIA will retain Thatcher on a monthly retainer of one thousand fifteen hundred and no/100's dollars (\$1,500.00) per month which includes any out of pocket expenses. Additionally, WCIA will pay pre-arranged and pre-approved expenses for any travel outside the Puget Sound area. Payment vouchers shall be submitted by Thatcher to WCIA in a timely manner for her monthly retainer.
- B. The monthly retainer to be paid by WCIA to Thatcher as set forth above is for the services Thatcher is to provide as specified under *Scope of Work* of

this Agreement. The parties contemplate that there may be special occasions when specific pieces of legislation of interest to WCIA will require direct lobbying effort on its behalf. WCIA may engage Thatcher to perform such lobbying efforts only upon the express authorization of the WCIA Executive Director.

When such express authorization by the WCIA Executive Director has been given to Thatcher, she shall be compensated, in addition to a monthly retainer as specified in the *Compensation* Section Paragraph A for an additional amount up to One Thousand dollars (\$1,000.00) per month for such direct lobbying efforts. Thatcher shall submit a detailed monthly statement of billing for such special lobbying efforts demonstrating the lobbying efforts to be compensated at the specified rate. Such billing shall be payable net thirty (30) days. The Executive Director may, at her discretion, authorize only a specified number of months or dollars to be expended on any specific special lobbying effort. Any authorization for special lobbying efforts by Thatcher made by the Executive Director shall be reduced to writing in letter form to Thatcher with a copy to be maintained by the Executive Director for WCIA.

### III. TERM

This is an annual Agreement which shall become effective on January 1, 2009 and shall be automatically renewed thereafter on January 1st of each succeeding year without further action of the parties, but subject to termination or renegotiation of terms and conditions (exclusive of compensation) at the request of either party if such party gives advance notice not less than sixty (60) days prior to the end of any calendar year of its intent to renegotiate or terminate the Agreement. If neither party gives written notice of intent to cancel or renegotiate the Agreement before sixty (60) days prior to the end of each calendar year, then the Agreement and all its terms shall be automatically renewed and binding upon the parties for the succeeding calendar year.

### IV. PROVISIONS

- A. Thatcher shall be responsible for filing all necessary Public Disclosure forms except the filings required by an employer of lobbyists.
- B. Thatcher shall, not without prior written approval of the WCIA, either during the term of this Agreement or at any time thereafter, directly or indirectly disclose or give to any person, firm, corporation, agency or political subdivision of the state or of the federal government or anyone else any information acquired in the performance hereunder (including but not limited to the material described in *Ownership of Documents*).
- C. Thatcher agrees to not accept or perform any lobbying activities on behalf of any other client during the term of this Agreement which requires Thatcher to lobby for or advocate positions contrary to interests of WCIA. Thatcher shall exercise her best efforts on behalf of WCIA at all times during the performance of this Agreement.
- D. This Agreement shall be binding upon and inure to the benefit of any successors or approved assigns.

**V INDEMNIFICATION**

Thatcher agrees to defend, indemnify and hold harmless WCIA and its member cities from and against any and all claims, suits, judgments and demands whatsoever, including, without limitation, costs, litigation expenses, counsel fees and liabilities with respect to any injury to any person or persons whomsoever, or damage to property of any kind by whomsoever owned, arising out of or caused or claimed to have been caused in whole or in part by the separate acts, errors or omissions of Thatcher or any persons directly or indirectly employed by Thatcher shall be performing pursuant to this Agreement unless such liability arises out of the sole negligence of WCIA.

**VI OWNERSHIP OF DOCUMENTS**

All correspondence, papers, documents and materials received or developed by Thatcher in the course of performing the duties herein or as an incident thereto, shall immediately upon receipt, preparation or acquisition become the exclusive property of the WCIA unless otherwise specifically agreed in writing, with the exception that a file copy of all work involved in the project may be retained by Thatcher.

**VII NOTICE**

Any notice required or permitted to be given under this Agreement shall be sufficient if given in writing and sent by registered or certified mail to WCIA or Thatcher at the addresses first set forth above or to any other address of which written notice of change is given.

**VIII WAIVER**

The waiver by Thatcher or WCIA of the breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any subsequent breach by either party or prevent either party from thereafter enforcing any such provision.

**IX AMENDMENTS**

This Agreement sets forth all of the terms, conditions, and agreements of the parties relative to the subject matter hereof and supersedes any and all such former Agreements with respect to the same; and any and all such former Agreements are hereby terminated and of no further force and effect upon the execution and delivery hereof. There are no terms, conditions or agreements with respect hereto, except as herein provided and no amendment or modification of this Agreement shall be effective unless reduced to writing and executed by the parties.

**X INDEPENDENT CONTRACTOR**

The Parties intend that an independent contractor relationship will be created by this Agreement. WCIA is interested only in the results that could be achieved and the conduct and control of all services will be solely with Thatcher. No agent, employee, servant or otherwise of Thatcher shall be deemed to be an employee,

agent, servant, or otherwise of WCIA for any purpose, and the employees of Thatcher are not entitled to any of the benefits that WCIA provides for WCIA employees. Thatcher will be solely and entirely responsible for her acts and the acts of her agents, employees, servants, subcontractors or otherwise, during the performance of this Agreement.

#### **XI SEVERABILITY**

If any provision, or any portion thereof, contained within this Agreement is held to be unconstitutional, invalid, or unenforceable, the remainder of this Agreement or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

#### **XII CONSTRUCTION**

In any dispute regarding the interpretation or enforcement of this Agreement, the laws of the State of Washington shall be applied to its interpretation. The parties further agree that the jurisdiction and venue for any lawsuit regarding the interpretation or enforcement of this Agreement shall be the King County Superior Court of the State of Washington. In any lawsuit brought by either of the parties seeking interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover as part of any judgment the reasonable attorney's fees and costs incurred by said party in pursuing or defending such litigation.

#### **XIII ASSIGNMENT**

Thatcher may not assign or transfer, in whole or in part, her interest in this Agreement without the express written consent of WCIA.

Additionally, the Parties agree that if Thatcher uses any additional individuals to provide those services set forth in Scope of Work herein, Thatcher shall advise WCIA in writing of such individuals, and shall additionally provide a resume of such individual's qualifications.

#### **XIV CANCELLATION**

This Agreement may be terminated by either party upon giving sixty (60) days written notice to the other party. In the event of a cancellation by either party, services provided by Thatcher to the WCIA shall be paid by the WCIA upon submission of an invoice voucher. Unpaid monthly services by Thatcher shall be paid pro rate if there is early termination of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first written below.

WASHINGTON CITIES INSURANCE AUTHORITY

\_\_\_\_\_  
ANTHONY PIASECKI, President

\_\_\_\_\_  
Date

THATCHER, INC.

\_\_\_\_\_  
LISA THATCHER, owner

\_\_\_\_\_  
Date

APPROVED AS TO FORM:

\_\_\_\_\_  
MARK R. BUCKLIN, Authority Counsel

\_\_\_\_\_  
Date



October 24, 2011

Mr. Lew Leigh  
Executive Director  
Washington Cities Insurance Authority  
320 Andover Park East, Suite 104  
Tukwila, WA 98188

Dear Mr. Leigh,

This engagement letter confirms that Washington Cities Insurance Authority ("you" or "Client") have engaged PricewaterhouseCoopers LLP ("we" or "us" or "PwC") to perform the services described below.

### **Scope of Our Services**

You are engaging us to provide the following services (the "Services"):

1. **Net Reserves.** We will provide an actuarial estimate of loss and loss adjustment expense reserves as of December 31, 2011 for the liability coverage provided by WCIA for losses incurred through December 31, 2011. Estimates will be provided net of excess insurance and both gross and net of member deductibles.
2. **Confidence Level Analysis of Reserves.** A measure of the variability of the net loss and loss adjustment expense reserves will also be estimated using a confidence level analysis. This analysis will include estimated reserves at various confidence levels (including 80%).
3. **Indicated Rates.** Indicated rates will be calculated for 2013. These indications will be based on estimated net loss costs (losses per worker hour exposure) and incorporate projected operating expenses as well as an offset for expected investment income. The projected operating expenses and expected investment income rate will be provided by the Client.
4. **Confidence Level Analysis of Loss Rates.** A measure of the variability of the net loss costs will also be estimated using a confidence level analysis.
5. **Deductible Factors.** Indicated deductible factors to be applied to final rates will be estimated for available member deductible options.
6. **Member Assessments.** Assessments for each member will be calculated based on the current experience rating plan and the overall rate level change selected by WCIA.
7. **Gross Reserves.** We will provide an actuarial estimate of loss and loss adjustment expense reserves as of December 31, 2011 gross of excess insurance.

We expect to deliver draft reserve results in April 2012. After final worker hour exposures by member are provided by Client, we will update our analysis and deliver a draft report. We will meet with Client, as necessary, to discuss the findings. After Client makes a final rating decision, we will finalize and issue the report.



## **Deliverables**

We expect to provide you with deliverables including the following: draft reserve results, draft report, and final report. We may prepare some deliverables in conjunction with you that will be intended to be treated solely as your own, and will not be represented as having been prepared by PwC. You will review such deliverables, revise them as you deem appropriate, approve them prior to your use and take full responsibility for their content.

You will own all deliverables except as follows: we own our working papers, preexisting materials and any general skills, know-how, processes, or other intellectual property (including a non-client specific version of any deliverables) which we may have discovered or created as a result of the Services. You have a nonexclusive, non-transferable license to use such materials included in the deliverables for your own internal use as part of such deliverables.

In addition to deliverables, we may develop software or electronic materials (including spreadsheets, documents, databases and other tools) to assist us with an engagement. If we make these available to you, they are provided "as is" and your use of these materials is at your own risk.

## **Use of Deliverables**

PwC is providing the Services and deliverables solely for Client's internal use and benefit pursuant to a client relationship exclusively with you. The Services and deliverables are not for a third party's use, benefit or reliance, and PwC disclaims any contractual or other responsibility or duty of care to others based upon these Services or deliverables or advice we provide. Except as described below, Client shall not discuss the Services with or disclose deliverables to any third party, or otherwise disclose the Services or deliverables without PwC's prior written consent.

If Client's third-party professional advisors (including accountants, attorneys, financial and other advisors), in providing advice or services to Client, have a need to know information relating to our Services or deliverables and are acting solely for the benefit and on behalf of Client, Client may disclose the Services or deliverables to such professional advisors provided that such advisors agree: (i) that PwC did not perform the Services or prepare deliverables for such advisors' use, benefit or reliance and PwC assumes no duty, liability or responsibility to such advisors, and (ii) to not disclose the Services or deliverables to any other party without PwC's prior written consent. Third-party professional advisors do not include any parties that are providing or may provide insurance, financing, capital in any form, a fairness opinion, or selling or underwriting securities in connection with any transaction that is the subject of the Services or any parties which have or may obtain a financial interest in Client or an anticipated transaction.

Client may disclose any materials that do not contain PwC's name or other information that could identify PwC as the source (either because PwC provided a deliverable without identifying information or because Client subsequently removed it) to any third party if Client first accepts and represents them as its own and makes no reference to PwC in connection with such materials.

PwC recognizes that Client is a public entity and may be subject to requests under a public record disclosure statute. In the event such a request is made under a public record statute, Client will promptly notify PwC of such request so that PwC can take any action permitted by law to withhold disclosure of the information, if it so desires. Unless otherwise required by a public record disclosure statute, Client agrees not to provide PwC's deliverables to third parties or give assurance to others based upon the Services provided in violation of this provision.

## **Confidentiality**

"Confidential Information" means non-public information that a party marks as "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in



nature. All terms of this engagement letter, including but not limited to fee and expense structure, are considered confidential. Confidential Information does not include any information which (i) is rightfully known to the recipient prior to its disclosure; (ii) is released to any other person or entity (including governmental agencies) without restriction; (iii) is independently developed by the recipient without use of or reliance on Confidential Information; or (iv) is or later becomes publicly available without violation of this engagement letter or may be lawfully obtained by a party from a non-party. Each party will protect the confidentiality of Confidential Information that it receives from the other party except as required by applicable law, statute, rule, regulation or professional standard, without the other party's prior consent. If disclosure is required by law, statute, rule or regulation (including any subpoena or other similar form of process), or by professional standards, the party to which the request for disclosure is made shall (other than in connection with routine supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide the other party with prior prompt written notice thereof and, if practicable under the circumstances, allow the other party to seek a restraining order or other appropriate relief.

### **Our Responsibilities**

We will perform the Services in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants and the Actuarial Standards of Practice promulgated by the Actuarial Standards Board.

### **Your Responsibilities**

Our role is advisory only. You are responsible for all management functions and decisions relating to this engagement, including evaluating and accepting the adequacy of the scope of the Services in addressing your needs. You are also responsible for the results achieved from using the Services or deliverables, and it is your responsibility to establish and maintain your internal controls. You will designate a competent member of your management to oversee the Services. We expect that you will provide timely, accurate and complete information and reasonable assistance, and we will perform the engagement on that basis.

### **Fees and Expenses**

Our fee is based on the time required by our professionals to complete the engagement. Individual hourly rates vary according to the experience and skill required. We estimate our fees to be \$32,500.

PwC also will bill Client for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and internal per-ticket charges for booking travel. Invoices are due within 15 days of the invoice date.

### **Termination and Dispute Resolution**

Either party may terminate the Services by giving notice to that effect.

Any unresolved dispute relating in any way to the Services or this engagement letter shall be resolved by arbitration. The arbitration will be conducted in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution then in effect. The arbitration will be conducted before a panel of three arbitrators. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort. It shall also have no power to award damages inconsistent with the Limitations of Liability provisions below. You accept and acknowledge that any demand for arbitration arising from or in connection with the Services must be issued within one year from the date you became aware or should reasonably have become aware of the facts that give rise to our alleged liability and in any event no later than two years after any such cause of action accrued.



This engagement letter and any dispute relating to the Services will be governed by and construed, interpreted and enforced in accordance with the laws of the State of New York, without giving effect to any provisions relating to conflict of laws that require the laws of another jurisdiction to apply.

### **Limitations on Liability**

Except to the extent finally determined to have resulted from our gross negligence or intentional misconduct, our aggregate liability to pay damages for any losses incurred by you as a result of breach of contract, negligence or other tort committed by us, regardless of the theory of liability asserted, is limited in the aggregate to no more than the total amount of fees paid to us under this engagement letter. In addition, we will not be liable in any event for lost profits, consequential, indirect, punitive, exemplary or special damages. Also, we shall have no liability to you arising from or relating to third-party hardware, software, information or materials selected or supplied by you.

PwC is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of PwC, the "Other PwC Firms"). PwC may, in its discretion, draw on the resources of and/or subcontract to its subsidiaries, the Other PwC Firms and/or third party contractors and subcontractors, in each case within or outside of the United States (each a "PwC Subcontractor"), in connection with the provision of Services and/or for internal, administrative and/or regulatory compliance purposes. Client agrees that PwC may provide information PwC receives in connection with this engagement letter to the PwC Subcontractors for such purposes. PwC will be solely responsible for the provision of the Services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. The PwC Subcontractors, and theirs and PwC's respective partners, principals or employees (collectively the "Beneficiaries") shall have no liability or obligations arising out of this engagement letter. Client agrees to: (a) bring any claim or other legal proceeding of any nature arising from the Services against PwC and not against the Beneficiaries; and (b) ensure or procure that Client's consolidated subsidiaries or affiliates receiving services under this engagement letter who Client binds to this engagement letter by its signature ("Client's Subsidiaries") do not assert any such claim or other legal proceeding against PwC or the Beneficiaries. If any of Client's Subsidiaries receive Services under this engagement letter, Client agrees to provide a copy of this engagement letter to such Subsidiaries, and Client will notify them that although PwC Subcontractors may interact with them, the delivery of the Services is governed by the terms of this engagement letter (including the liability limitations herein), and Client's Subsidiaries should notify Client of any disputes or potential claims arising from the Services. PwC disclaims any contractual or other responsibility or duty of care to any other subsidiaries or affiliates. While PwC is entering into this engagement letter on its own behalf, this section also is intended for the benefit of each PwC Subcontractor.

### **Other Matters**

PwC is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Non-CPA owners will be involved in providing services to you now or in the future.

No party to this engagement letter may assign or transfer this engagement letter, or any rights, obligations, claims or proceeds from claims arising under it, without the prior written consent of the other party, and any assignment without such consent shall be void and invalid. If any provision of this engagement letter is found to be unenforceable, the remainder of this engagement letter shall be enforced to the extent permitted by law. If we perform the Services prior to both parties executing this engagement letter, this engagement letter shall be effective as of the date we began the Services. You agree we may use your name in experience citations and recruiting materials. This engagement letter supersedes any prior understandings, proposals or agreements with respect to the Services, and any changes must be agreed to in writing through an amendment to this letter or a change order.



By entering into this engagement letter you are binding your subsidiaries and affiliates to the extent that you have authority to do so. We disclaim any contractual or other responsibility or duty of care to any other subsidiaries or affiliates.

\* \* \* \* \*

We are pleased to have the opportunity to provide services to Washington Hospitals Workers Compensation Program. If you have any questions about this engagement letter, please discuss them with Craig Scukas at (206) 398-3585. If the Services and terms outlined in this engagement letter are acceptable, please sign one copy of this engagement letter in the space provided and return it to the undersigned. You may return the signed copy to me by mail or air courier to 1420 Fifth Avenue, Suite 1900, Seattle, WA 98101, by facsimile to my attention at (813) 637-4450 or attached as a pdf, jpeg or similar file type to an e-mail to me at craig.j.scukas@us.pwc.com.

Very truly yours,

PricewaterhouseCoopers LLP

By:

Craig J. Scukas  
Director

Brian A. Jones  
Principal

Date: October 24, 2011

**ACKNOWLEDGED AND AGREED:**

**Washington Cities Insurance Authority**

**Signature of client official:** \_\_\_\_\_

**Please print name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Approved as to Form:** \_\_\_\_\_

**PROFESSIONAL SERVICES AGREEMENT**  
**CLAIMS SERVICES**

THIS AGREEMENT made and entered this day by and between **Washington Cities Insurance Authority**, a municipal corporation under the laws of the State of Washington, 320 Andover Park East, Suite 104, Tukwila, WA 98188, hereinafter referred to as "**WCIA**", and Evergreen Adjustment Service, Inc. a Washington corporation, 9750 Greenwood Ave., Seattle, WA 98103, hereinafter referred to as "**Evergreen Adjustment Services**";

**WITNESSETH**

WHEREAS, WCIA maintains a partially self-insured plan to cover its property, auto and general liabilities; and EVERGREEN has agreed to perform certain services in connection therewith, as herein set forth:

NOW, THEREFORE, it is agreed as follows:

**I SCOPE OF WORK**

During the period or periods of this Agreement, EVERGREEN shall represent and act for WCIA in matters pertaining to the auto, property and general liabilities of WCIA. During the term hereof, EVERGREEN shall devote its best efforts in the conduct of its duties hereunder. Such duties shall be the following:

- A. Receive notice of and create files on each claim reported and maintain these files for WCIA. Each claim file shall be maintained on a current basis to reflect liabilities, value, recommended disposition, and desirability of risk.
- B. Investigate all claims submitted to EVERGREEN by WCIA to determine their liability and settlement value.
- C. Request timely payment of claims, in accord with payment procedures as established by WCIA. WCIA will be wholly responsible for providing payment as may be required for any claims assessed against it.
- D. Prepare documentation for defense of cases and assist selected legal counsel in preparation of cases for litigation, as assigned.
- E. Maintain and provide WCIA pertinent data on all claim payments.
- F. Engage field adjusters in appropriate locations sufficient to reasonably serve the adjusting requirements of WCIA and supervise the activities of such adjuster. All charges and expenses incurred by reason of the use of such adjusters shall be for the account of EVERGREEN, but any allocated expenses (as defined in Paragraph IV) and charges incurred with the approval of WCIA shall be for the account of WCIA.
- G. Promptly report to WCIA and city involved the status of claims in a timely manner.

**II TERM**

This is an annual Agreement which shall become effective on January 1, 2000 and shall be automatically renewed thereafter on January 1st of each succeeding year without further action of the parties, but subject to termination or re negotiation of terms and conditions (exclusive of

compensation) at the request of either party if such party gives advance notice not less than sixty (60) days prior to the end of any calendar year of its intent to re negotiate or terminate the Agreement. If neither party gives written notice of intent to cancel or re negotiate the Agreement before sixty (60) days prior to the end of each calendar year, then the Agreement and all its terms shall be automatically renewed and binding upon the parties for the succeeding calendar year.

### III. COMPENSATION

- A. In consideration of the services to be performed by EVERGREEN hereunder, WCIA shall pay EVERGREEN at a rate of ninety-five dollars and fifty cents (\$95.50) per hour plus sixty cents (\$0.60) per mile from the nearest EVERGREEN office location to the incident site, plus two dollars and fifty cents (\$2.50) per photograph. For Property Program services, WCIA shall pay Evergreen a Property Program rate of one hundred fifteen dollars (\$115.00) per hour plus sixty cents (\$0.60) per mile to the incident site, reasonable required lodging expenses, plus two dollars fifty cents (\$2.50) per photograph. Evergreen Property Program adjusters must be pre-approved by WCIA.
- B. WCIA reserves the right to determine the quantity and type of claims or suits to be handled in-house. Assignment of claims and losses to EVERGREEN will be at the sole discretion of WCIA.
- C. Attorney's fees, court and/or hearing costs, costs of depositions, documents and exhibits, witness and expert fees, medical and engineering appraisals, surveillance, photography and other incidental and special costs incurred to evaluate validity of claims shall be at the expense of WCIA.

### IV GENERAL PROVISIONS

- A. EVERGREEN shall have authorization to negotiate and settle claims not exceeding Thirty Thousand Dollars (\$30,000.00) without prior approval from WCIA. EVERGREEN, where possible, however, shall review all claims with WCIA prior to their settlement.
- B. All claims and related files generated by EVERGREEN as a result of its activity under this Agreement shall remain at all times the property of WCIA with the exception of any supporting data required by EVERGREEN to make such accountings to WCIA or excess insurers or reinsurers (if applicable) as are required in this Agreement. All such files will be available in the EVERGREEN Seattle Office for review and inspection by agents of WCIA for the statutory period.
- C. WCIA agrees during the term of this Agreement and for a period of one (1) year following its termination it will not employ any person employed by EVERGREEN during the term of this Agreement without the written consent of EVERGREEN.
- D. For purposes of interpretation of this Agreement it is understood and agreed by the parties that a claim has occurred when the incident, accident or event giving rise to the claim has occurred. The fact that the claimant may not report the claim until some subsequent time or that WCIA member or WCIA might not report it to EVERGREEN until some subsequent time does not change the meaning of when the claim occurred for purposes of this Agreement. Any claim which occurs during a calendar year in which this Agreement is in effect shall be administered and handled by EVERGREEN per the provisions of this Agreement and for the fee specified in *Compensation* or *Cancellation* sections of this Agreement.

- E. EVERGREEN agrees to not accept or perform any claims administration activities on behalf of any other client during the term of this contract which requires EVERGREEN to advocate positions contrary to interests of WCIA.
- F. EVERGREEN agrees to purchase and maintain during the course of this agreement professional liability insurance in an amount of not less than \$1,000,000 per claim. EVERGREEN agrees to furnish WCIA an insurance certificate evidencing the required insurance coverage. The insurance certificate shall provide WCIA a thirty (30) day notice of cancellation.

## **V INDEMNIFICATION**

- A. EVERGREEN shall annually provide to WCIA certificates of insurance and shall give WCIA and its members the option of being named as additional named insureds for the period of performance of this Agreement for "services provided to WCIA in the administration of WCIA and WCIA member claims or suits." The insurance to be provided and maintained by EVERGREEN for benefit of WCIA shall be in an amount not less than \$1,000,000 per occurrence covering general liability and errors and omissions. EVERGREEN must be fully bonded for the performance of its employees managing WCIA claims.
- B. In addition to the insurance requirements included as part of the specifications of this Agreement, EVERGREEN shall also defend, indemnify, and hold harmless WCIA and its member cities from and against any and all claims, suits, judgments and demands whatsoever, including without limitation, costs, litigation expenses, counsel fees and liabilities with respect to any injury to any person or person whomsoever, or damage to property of any kind by whomsoever owned, arising out of or caused or claimed to have been caused in whole or in part by the separate acts, errors and omissions of EVERGREEN or any subcontractor or other person directly or indirectly employed by EVERGREEN, while engaged in the performance of the work which EVERGREEN shall be performing pursuant to this Agreement, unless the liability was caused due to the sole negligence of WCIA.

## **VI NOTICE**

Any notice required or permitted to be given under this Agreement shall be sufficient if given in writing and sent by registered or certified mail to WCIA or EVERGREEN at the addresses first set forth above or to any other address of which written notice of change is given.

## **VII WAIVER**

The waiver by EVERGREEN or WCIA of the breach of any provision of this Agreement by the other party will not operate or be construed as a waiver of any subsequent breach by either party or prevent either party from thereafter enforcing any such provision.

## **VIII AMENDMENTS**

This Agreement sets forth all of the terms, conditions, and agreements of the parties relative to the subject matter hereof and supersedes any and all such former Agreements with respect to the same; and any and all such former Agreements are hereby terminated and of no further force and effect upon the execution and delivery hereof. There are no terms, conditions or agreements with respect hereto, except as herein provided and no amendment or modification of this Agreement shall be effective unless reduced to writing and executed by the parties.

**IX INDEPENDENT CONTRACTOR**

The Parties intend that an independent contractor relationship will be created by this Agreement. WCIA requires that proper claims handling be achieved by this Agreement. The conduct and control of services and field adjusters will be solely the responsibility of EVERGREEN. No officer, agent, employee or servant of EVERGREEN shall be deemed to be an officer, employee, agent or servant of WCIA for any purpose, and the employees of EVERGREEN are not entitled to any of the benefits that WCIA provides for WCIA employees. EVERGREEN will be solely and entirely responsible for its acts and the acts of its officers, agents, employees, servants or subcontractors, during the performance of this Agreement.

**X SEVERABILITY**

If any provision, or any portion thereof, contained within this Agreement is held to be unconstitutional, invalid, or unenforceable, the remainder of this Agreement or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

**XI CONSTRUCTION**

In any dispute regarding the interpretation or enforcement of this Agreement, the laws of the State of Washington shall be applied to its interpretation. The parties further agree that the jurisdiction and venue for any lawsuit regarding the interpretation or enforcement of this Agreement shall be the King County Superior Court of the State of Washington. In any lawsuit brought by either of the parties seeking interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover as part of any judgment the reasonable attorney's fees and costs incurred by said party in pursuing or defending such litigation.

**XII ASSIGNMENT, SALE OR BANKRUPTCY**

EVERGREEN may not assign or transfer, in whole or in part, its interest in this Agreement without the express written consent of WCIA.

Filing for bankruptcy (voluntary or involuntary) by EVERGREEN shall be grounds for immediate rescission of this Agreement at the sole option of WCIA.

Sale of majority of stock to another party or entity shall be grounds for immediate rescission of this Agreement at the sole option of WCIA.

Additionally, the Parties agree that if EVERGREEN uses any additional individuals to provide those services set forth in Scope of Work herein, EVERGREEN shall advise WCIA in writing of such individuals, and shall additionally provide a resume of such individual's qualifications.

**XIII CANCELLATION**

- A. Either party may terminate this Agreement for any reason upon sixty (60) days prior written notice; provided, however, in the event the EVERGREEN fails, at any time during the Agreement period, to maintain all necessary licenses, permits or certificates as required by this WCIA shall have the right to terminate this Agreement upon three (3) days' prior written notice.
- B. In the event that this Agreement is terminated, per the provisions of this Agreement, EVERGREEN will continue, at WCIA's option, to handle all claims which have occurred during any preceding calendar year including the calendar year leading up to the effective

date of termination, for one additional year from the date of termination, at the rate per hour and charge per mile in effect for the preceding contract period.

- C. After twelve (12) months from the date of termination of the Agreement, EVERGREEN will, at WCIA's option, continue to handle any claims designated by WCIA on a time and expense basis. Such time and expense costs will be paid quarterly by WCIA within twenty (20) days of receipt by WCIA of an audit statement from EVERGREEN.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day and year first written below.

WASHINGTON CITIES INSURANCE AUTHORITY

\_\_\_\_\_  
ANTHONY PIASECKI, President

\_\_\_\_\_  
Date

EVERGREEN ADJUSTMENT SERVICE, INC.

\_\_\_\_\_  
ELINORE TUCKER, Chief Executive Officer

\_\_\_\_\_  
Date

APPROVED AS TO FORM:

\_\_\_\_\_  
MARK BUCKLIN, Authority Counsel

\_\_\_\_\_  
Date

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**Extension of Executive Director's Personal Services Contract**

Background:

The Executive Director is employed through a personal service contract, reviewed annually by the Executive Committee and administrated by the Board President.

During the fourth quarter of each year, the Executive Committee measures personal achievement from a list of standardized criteria, personal and annual goals. This process determines the basis for further employment and any upgrades to the contract.

Contract changes are negotiated separate from the Authority's Pay and Compensation Plan. Other compensation adjustments and the standard employee benefits package, are approved by the Full Board in the annual budget process, and apply to this contract.

Discussion:

Using the executive session process, the Committee has approved a one-year extension to the Director's contract, using as a guide a recent salary and benefits survey from peer pools. Non-salary contract elements remain unchanged.

Recommendation:

Approval of year 2012 contract extension and authorization for signature by the Authority President.

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**Bylaw Change: Emergency Budget Amendment Authority**

Background

Year-end, unforeseen or emergency events may require amendments to the annual operating budget of WCIA initially adopted by the Full Board. The need to make such budget amendments on an expedited or emergency basis may make going back to the Full Board for such amendments impractical and/or untimely. The Executive Committee seeks limited authority to make necessary budget amendments during the budget year after initial approval of the annual WCIA operating budget has been initially approved by the Full Board.

The Executive Committee, through its recent liability and property insurance renewal processes with foreign and domestic insurance companies, has become aware of world and/or domestic events which have had the potential to impact WCIA. The Committee is concerned that the pool cannot timely protect itself except through the financial parameters of a Full Board budget amendment process. Examples of such events are the Japan earthquake/tsunami/nuclear events, November 2011 floods in Thailand and domestically the potential impacts to the pool's property and liability carriers from a similar AIG insurance company type of failure. Or, more commonly, unforeseen fourth quarter line item expenditures relating to member services. The Committee has expressed a desire to address the gamut of these events through the pool's equity balance. It tasked Authority Counsel to draft such By-Law amendments further authorizing usage of such funds, to address their declared emergencies.

Discussion

The attached By-Law amendment allows the Committee to declare an administrative budget emergency beyond the authorized Full Board annual budget and the current administrative process. The amendment anticipates additional powers of up to \$1 million cumulative annual limits without Board approval, and in excess of that amount with Full Board electronic media ratification. The Committee would further have the power to determine the parameters constituting an unforeseen event or an emergency. Any By-Law amendment would require the Full Board's approval at the next Full Board meeting.

Recommendation

Committee approval by motion recommending Full Board passage at its January 2012 meeting of Resolution 223-11 of enhanced By-Law powers allowing the Executive Committee to amend any annually approved Full-Board administrative budget in limited dollar amounts to respond timely to common or unforeseen events.

## RESOLUTION 223-11

### **A Resolution to establish emergency Executive Committee powers to conditionally amend the Full Board approved annual administrative budget.**

**WHEREAS**, occurrences precipitating from weather, cataclysmic events or foreign and domestic governmental or business industry actions have the ability to financially impact the Authority and may require prompt amendment of the annual operating budget, and

**WHEREAS**, currently the By-Laws of WCIA allows only the Board of Directors to pass operating budget amendments, and

**WHEREAS**, the Board of Directors agrees that in emergency or unforeseen circumstances bringing needed budget amendments to the Board of Directors for action may not be timely or practical under the in excess of a Full Board-approved budget, and

**WHEREAS**, the Executive Committee is best able to determine what constitutes an emergency or unforeseen event, requiring supplement and amendment of the current operating budget, in response to a single or an aggregate of multiple events in one year's operating budgetary period,

**Now therefore, be it resolved by the Board of Directors of the Washington Cities Insurance Authority that:**

The By-Laws of WCIA are hereby amended to add new powers to the Executive Committee in Section 12 (b)(16) granting to it limited authority to make amendments to the annual operating budget of WCIA after initial approval of the budget by the Board of Directors as specified in By-law Section 12(c)(9), said new By Law section to read as follows:

*12(b) Powers of the Executive Committee: The Executive Committee shall have the following powers and duties to act on behalf of the full Board:*

*16) Authority to approve amendments to the annual budget of WCIA, as adopted by the Full Board, due to unforeseen events and/or emergencies and to increase the total annual budget in amounts up to and including one million dollars (\$1,000,000.) without requirement of Full Board approval or ratification. Executive Committee budget amendments that would individually or cumulatively increase the total expenditures in the approved annual budget for any given fiscal year beyond the limit of one million dollars (\$1,000,000.) requires Full Board approval or ratification. If the Executive Committee declares there to be an emergency, it may pass budget amendments cumulatively exceeding one million dollars in any given fiscal year and may obtain emergency ratification for such amendments from the Full Board by a majority of the Members of the Full Board signifying their consent via electronic media messaging sent to the President who shall report and record the results of said electronic messages publicly at the next scheduled meeting of the Executive Committee.*

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Anthony Piasecki, President  
Washington Cities Insurance Authority

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Date