

WASHINGTON COUNTIES INSURANCE FUND/POOL
COMBINED BOARD MEETING MINUTES

Thursday, November 16, 2006
Red Lion Hotel
Richland, Washington

BOARD MEMBERS PRESENT:

George Trott, Wahkiakum County Commissioner, WCIF Chair
Alan Crankovich, Kittitas County Commissioner
Dean Burton, Garfield County Commissioner
Dave Carey, Walla Walla County Commissioner
Jerry Finch, Whitman County Commissioner
Ken Oliver, Pend Oreille County Commissioner
Paul Eichenberg, Spokane Library District, WCIP President
Sandy Ward, Behavioral Health Resources

Absent: Dwight Robanske, Columbia County Commissioner
Max Benitz, Benton County Commissioner
Jeff Rasmussen, Cowlitz County Commissioner
Mac McDowell, Island County Commissioner
Pat Hamilton, Pacific County Commissioner
Rich Graham, Lewis County Commissioner
Elaine Croteau, Kitsap County Health District
Belinda Price, Olympic Area Agency on Aging

OTHERS PRESENT:

Larry Grove, Lewis County Alternate
Larry Larson, Island County Alternate
Nadya DeGrande, Cowlitz County Alternate
Mark Fukuhara, WCIF Executive Director
Rita Fanning, WCIF Deputy Director
Krista Whitaker, WCIF Benefits Manager
Rich Park, Timberland Regional Library
Cotton Sears, Raymond James Financial Services
Eric Johnson, WSAC Assistant Executive Director
Joe Thiermann, Lindquist LLP
Kathleen Glass, Lindquist LLP
Lisa Hogland, Moss Adams LLP
Will Norris, Moss Adams LLP

I. OPENING OF MEETING, INTRODUCTIONS & WELCOME

Chair George Trott opened the WCIF Board meeting at 9:05 am and President Paul Eichenberg opened the WCIP Board meeting immediately thereafter. Everyone present introduced themselves.

II. PRESENTATIONS BY MEDICAL CLAIMS AUDIT FINALISTS

Separate presentations were made by representatives of the two finalists, Lindquist LLP and Moss Adams LLP followed by a question and answer session. Afterwards, Board members discussed the merits of each firm and key differences between their proposals.

Motion was made by Larry Larson and seconded by Nadya DeGrande that Moss Adams LLP be selected to conduct the WCIP claims audit at the fee listed in their written proposal. Motion carried unanimously.

III. APPROVAL OF MINUTES

The WCIP Board of Trustees and the WCIF Board of Directors reviewed the draft minutes for the meeting held on September 14, 2006.

Motion was made by Jerry Finch and seconded by Ken Oliver that the WCIF minutes for September 14, 2006 be approved as submitted. Motion carried unanimously.

Motion was made by Larry Larson and seconded by Dave Carey that the WCIP minutes for September 14, 2006 be approved as submitted. Motion carried unanimously.

IV. ELECTION OF 2007 OFFICERS

Mark Fukuhara explained that Dwight Robanske will move from WCIF Vice Chair to Chair and Belinda Price will move from WCIP Vice President to President effective January 1, 2007. Therefore, it was necessary to elect a WCIF Vice Chair and WCIP Vice President effective January 1, 2007.

Motion was made by Dave Carey and seconded by Larry Larson to nominate and approve Mac McDowell as Vice Chair for the WCIF effective January 1, 2007. Motion carried unanimously.

Dean Burton nominated Dave Carey as WCIP Vice-President effective January 1, 2007 and Ken Oliver moved that nominations be closed. Motion carried unanimously and Dave Carey was elected via unanimous consent.

V. EXECUTIVE DIRECTOR REPORT (see written reports)

Mark Fukuhara went over his written reports and provided the following updates: went over a revised 2007 meeting schedule showing a change in the November meeting date due to a conflict with WSAC's annual meeting; the lawsuit against Grays Harbor PDA will be filed before the end of the year; the initial Symetra renewal proposal shows an increase of the individual stop loss amount from \$120,000 to \$150,000 in order to keep premiums level as approved by the WCIP Board in August 2006; moved the effective date of all our various liability insurance coverages to August 2 which will streamline the renewal process and raised the deductible on 2 coverages but still have an overall increase in premiums of \$5,000 for 2007; negotiated a monthly fee of \$9,500 with Garner Consulting that includes travel costs; provided an update on marketing activities including 2 new WCIF employers, Port of Vancouver and Eastside Fire & Rescue; explained that it is currently the time to get flu shots but the recent Board approval to cover flu shots rendered by out-of-network providers at 100% is not effective until January 1, 2007; and explained that Zenith Administrators can process WCIP medical and prescription drug claims so there is no coinsurance or copays collected by LEOFF1 retirees at time of service, issue monthly reports showing these extra payments which we can use to collect reimbursement from disability boards and the resultant administrative ease would benefit the retirees and the employers.

Dean Burton asked whether the Board meeting in March 2007 could be rescheduled due to a conflict for several Board members. After discussion, there was a consensus to schedule the WCIF/WCIP/IAC meeting for March 21 with strategic planning session continuing through noon on March 22.

Motion was made by Ken Oliver and seconded by Larry Larson that the Port of Vancouver and Eastside Fire & Rescue be accepted as new WCIF participating employers effective January 1, 2007. Motion carried unanimously.

Motion was made by Dave Carey and seconded by Dean Burton to approve Garner Consulting for providing benefit consulting services at a monthly fee of \$9,500 which includes travel expenses. Motion carried unanimously.

Motion was made by Dean Burton and seconded by Larry Larson to approve reimbursing members for flu shots rendered by out-of-network providers retroactively starting November 1, 2006 rather than waiting until January 1, 2007. Motion carried unanimously.

Motion was made by Larry Larson and seconded by Dave Carey to have Zenith Administrators pay 100% of the coinsurance and copays for LEOFF1 retirees enrolled in WCIP medical plans and provide reports which will be used to collect reimbursement for these additional payments from the respective employers. Motion carried unanimously.

VI. LEGISLATIVE UPDATE (see written report)

Eric Johnson, WSAC Assistant Executive Director, went over his written report which included updates on the Governor's Blue Ribbon Commission, Joint Long Term Care Task Force and legislation expected to be considered during the 2007 legislative session.

A recess was taken at 11:10 and the meeting was reconvened at 11:27 am.

VII. INVESTMENT MANAGER REPORT (see written report)

Cotton Sears gave an overview of his written report, explained that the WCIF and WCIP investments are doing very well and that the investment advisors are very optimistic about bond performance over the coming year. He also mentioned that the strong performance of the equity investments for the WCIF may cause it to comprise more than the 20% allowed by its investment policy which could require reallocation or potentially a change in the investment policy.

VIII. WCIF/WCIP FINANCIAL REPORTS (see written reports)

Rita Fanning gave an overview of the WCIF and WCIP financial reports for the period ending September 30, 2006. Due to projections of additional reserves that will be available for investment after the end of this fiscal year, there was discussion and agreement that we would be able to maintain equities at no more than 20% of our total WCIF portfolio.

Motion was made by Dean Burton and seconded by Larry Larson to accept the 3 rd quarter WCIF financial statements as submitted. Motion carried unanimously.

Motion was made by Jerry Finch and seconded by Dave Carey to accept the 3 rd quarter WCIP financial statements as submitted. Motion carried unanimously.

IX. WELLNESS GRANT METHODOLOGY AND BUDGET (see written reports)

Krista Whitaker briefly went over her written report on wellness grant expenditures for 2006 and methodology of distributing \$48,000 in wellness grants in 2007. In 2007, it is recommended that employers be provided funding for wellness grants based on enrollment in both WCIP and Group Health medical plans. If approved, the allocation will be based upon enrollment levels for January 2007.

Krista also explained the role incentives play in having people change their behavior which in turn will reduce medical claim expenses over the long run. The 2007 budget has \$20,000 to get us started with some incentives. Although the final determination of how the incentives will be used will be determined in conjunction with partners such as WorldDoc, Zenith and Cardium Health, we will definitely use them to encourage people in WCIP medical plans to complete health risk assessments.

Motion was made by Dave Carey and seconded by Dean Burton to approve \$48,000 in wellness grants and \$20,000 in incentives as submitted which will be included in the 2007 WCIF budget. Motion carried unanimously.

X. 2007 WCIF AND WCIP BUDGETS (see written reports)

Mark Fukuhara explained that a separate WCIP budget is being presented for the first time as required by the WCIP bylaws.

Motion was made by Jerry Finch and seconded by Dean Burton to approve the proposed 2007 WCIF Budget as submitted. Motion carried unanimously.

Motion was made by Dave Carey and seconded by Paul Eichenberg to increase the IBNR reserves by \$400,000 to \$3.0 million and approve the proposed 2007 WCIP Budget as submitted. Motion carried unanimously.

XI. NEW BUSINESS OR ANNOUNCEMENTS

Mark Fukuhara reminded everyone that the next Board meeting was rescheduled to be on March 21, followed by the IAC meeting which will include lunch, and then the WCIF and WCIP Board members will end with strategic planning in the afternoon. The strategic planning will continue the following morning.

X. ADJOURNMENT

The meeting was adjourned at 12:10 pm.

MINUTES APPROVED March 21, 2007 by WCIF and WCIP Boards

Dwight Robanske, WCIF Chair

Mac McDowell, WCIF Vice Chair

Belinda Price, WCIP President

Dave Carey, WCIP Vice President