

WASHINGTON COUNTIES INSURANCE FUND/POOL  
BOARD MEETING MINUTES

Thursday, March 20, 2008  
Red Lion Hotel  
Richland, Washington

BOARD MEMBERS PRESENT:

Mac McDowell, Island County Commissioner, WCIF Chair  
Dean Burton, Garfield County Commissioner, WCIF Vice Chair  
Dwight Robanske, Columbia County Commissioner, WCIF Executive Chair  
Max Benitz, Benton County Commissioner  
Neva Corkrum, Franklin County Commissioner  
Alan Crankovich, Kittitas County Commissioner  
Richard Graham, Lewis County Commissioner  
Jon Kaino, Pacific County Commissioner, WCIP Vice President  
Laura Merrill, Pend Oreille County Commissioner  
Dave Carey, Walla Walla County Commissioner, WCIP President  
Jerry Finch, Whitman County Commissioner  
Belinda Price, Olympic Area Agency on Aging  
Paul Eichenberg, Spokane County Library District  
Sandy Ward, Thurston Behavioral Health Resources  
Rich Park, Timberland Regional Library

ABSENT:

Kathleen Johnson, Cowlitz County Commissioner  
George Trott, Wahkiakum County Commissioner

OTHERS PRESENT:

Melina Wenner, Benton County Alternate  
Lisa Heinrich, Columbia County Alternate  
Nadya DeGrande, Cowlitz County Alternate  
Rosie Rumsey, Franklin County  
Larry Larson, Island County Alternate  
John Garner, Garner Consulting  
Cotton Sears, Raymond James  
Rick Dickman, VEBA  
Mike Shelton, WCIF Executive Director  
Krista Whitaker, WCIF Director of Benefits & Sales  
Kathi Rauch, WCIF Finance Director  
Leanna Olive, WCIF Senior Account Executive

I. OPENING OF MEETING

Chair Mac McDowell opened the WCIF Board meeting at 9:00 am. Dave Carey opened the WCIP Board meeting immediately thereafter. Everyone present introduced themselves.

## II. APPROVAL OF MINUTES

The WCIF Board of Trustees and WCIP Board of Directors reviewed the draft minutes for the meeting held on September 13, 2007 and November 8, 2007.

Corrections to be made to WCIP minutes for September 13, 2007 meeting. Currently the minutes read Larry Grove, Pacific County and it is being changed to Larry Grove, Lewis County.

Mike Shelton explained that there was an additional correction made to the September 13, 2007 meeting minutes. A motion cannot be made during executive session and that correction has been made.

Mike explained that there was a WCIF meeting on July 6, 2007 and the minutes for that meeting were not kept. The majority of the meeting was in executive session. The minutes for the WCIF July meeting will be distributed at the WCIF/WCIP Board meeting on August 14, 2008 to adopt as submitted.

Motion made by Rich Park and seconded by Rich Graham that the WCIF/WCIP minutes for September 13, 2007 and November 8, 2007 be approved as corrected. Motion carried unanimously.
---

## III. EXECUTIVE DIRECTOR REPORT/MARKETING REPORT (written reports were distributed)

Mike Shelton provided the following written documents and/or updates:

- Cherie Sablan is no longer employed with the WCIF. The position will remain vacant until the Accounting Department needs further assistance.
- AON Consulting responded to the Pending Insurance Claim against Mark Fukuhara and stated that they submitted the claim to their insurance carrier for payment. Blue Cross Blue Shield of Illinois stated that they authorized the check on February 20, 2007 and it was supposed to be issued directly to the provider; however, as of Tuesday, March 18, payment had not been received. We will follow up to ensure that payment of the claim in the amount of \$112,150.10 is made. Written recommendations from WCIF attorney for arbitrations is available upon request. Mike will inform the board via e-mail when the outcome is final.
- Washington Counties Risk Pool letter of interest in the purchase of WCIF current space/building, appraisal of current space, proposal and estimate for the purchase of the new building in the amount of \$672,850 net after sale proceeds of existing space is applied to the purchase price, and a map of the new space/building that WCIF is requesting approval for since the current space is not adequate.

- State Risk Manager recommended that we regularly go out to bid for Consulting/Broker services so that will be done.
- A memo outlining a wellness program. There are issues that will impact the 2009 budget if enacted. Industry wide standard supports belief that wellness programs are effective in reducing overall costs. Studies show for every \$1 spent, \$5 is saved. Recommended budget for wellness in 2009 is \$250,000. Possibly hire a wellness coordinator and gear wellness program toward entire membership of WCIF/WCIP, not just those applying for grants.
- Skamania County contacted WCIF late January and wanted to terminate membership effective February 1, 2008. WCIF informed Skamania County that they must give 30 days notice and the earliest they could terminate membership was March 1, 2008. Skamania County requested we ask for an exception and approve termination February 1, 2008. They have life insurance only.

Motion was made by Alan Crankovich and seconded by Dwight Robanske that WCIF adhere to the rules and require Skamania County to provide 30 days notice to terminate their agreement with the WCIF. Motion carried unanimously.

- Underwriting guidelines currently reads to hold IBNR and contingency reserves in a separate trust account and not to comingle the funds. The WCIF has not done this since the inception of the reserve. Major investments portfolio is with Raymond James. The financial statements currently state that we are able to support the IBNR but underwriting policy states this should be in a separate Trust Account. We have not gotten complaints from State Risk Manager or Auditor. WCIF is asking the board to make a decision to either change the language in the underwriting guidelines to allow the IBNR and contingency reserves in the same account as other funds, or open a separate account for the IBNR and contingency reserves and begin operating the accounts as specified in the underwriting guidelines. Upon approval from the board, the rewritten underwriting guidelines would be provided at the August 14, 2008 meeting.

Motion was made by Jerry Finch and seconded by Neva Corkrum that new underwriting guidelines be changed with new language and brought back to the WCIF/WCIP boards on August 14, 2008. Motion carried unanimously.

- WCIF/WCIP's current accounting firm is Bliss & Skeen. They filed an extension in May for 2006. They did not file a second extension causing both WCIF and WCIP's tax form to be filed late. The IRS seems to be cooperative in waiving the penalties for the WCIP; however, they may not waive penalties for the WCIF because we have other issues with the IRS that have never been resolved. The IRS is showing the following unresolved issues:
  - 1997 4<sup>th</sup> quarter 941 tax forms were not received by the IRS
  - 2001 form 990 was not received by the IRS

Kathi Rauch, WCIF Finance Director, stated that WCIF/WCIP does not have good records because they were shredded, disposed of, or are inaccessibly stored; therefore, the WCIF is on a 30 day reporting requirement with the IRS. These are all closed issues so there will be no penalties assessed but our history with the IRS indicates that we don't have good reporting with them making it difficult to deal with current issues.

Penalties apply to both the WCIF and the WCIP in the amount of \$9,200 each.

Commissioner Dwight Robanske questioned if we hired an accounting firm to file our taxes. Kathi Rauch explained that firms should file extensions if taxes aren't filed. Bliss & Skeen stated that someone at the WCIF told them not to file it. After communicating the penalties with Bliss & Skeen they "miraculously found" an extension and asked Mike Shelton to sign it. Mike believes the extension was false and refused to sign it stating that it was a false document. Commissioner Mac McDowell agreed that we shouldn't sign it but that Bliss & Skeen should pay the penalty fees. Also questioned, where are WCIF copies of the files from 1997 and 2001? Kathi Rauch explained that she believed we had done it but the IRS lost the files and because of our poor record keeping we are not able to find them. They show that \$13,000 in taxes were paid by the fund in the 4<sup>th</sup> quarter of 1997, they simply don't have the report to support that. Mike Shelton stated that there is no final resolution but they will continue to work on these issues.

It was suggested that we submit an RFP for a new accounting firm. The cost to file taxes is between \$500 and \$700 per organization.

Motion was made by Dean Burton and seconded by Richard Graham to allow the WCIF Executive Director to hire a new accounting firm and review the guidelines in place to ensure he does not exceed the policy in place. Motion carried unanimously.

- Mike Shelton is extremely pleased with the current staff. The turmoil that once existed is gone. The Account Executive staff is visiting all employer groups twice a year and well on our way with our first set of visits.
- Mike Shelton presented two plaques for the leadership roles with the Pool and Fund.
  - Belinda Price in recognition of WCIP President in 2007
  - Commissioner Dwight Robanske in recognition of WCIF Chair in 2007

There was discussion about selling the current WCIF building to the Risk Pool. Mike Shelton explained that the Risk Pool would buy the WCIF portion of the building. With board approval Mike will pay earnest money on new building.

Motion was made by Neva Corkrum and seconded by Max Benitz to allow the WCIF Executive Director to pay the earnest money on the new building. Motion carried with one opposed, Dwight Robanske.

Mike Shelton will distribute a list of expenses for the building at the August 14, 2008 board meeting.

Commissioner Dwight Robanske asked about the wellness budget and ideas about the program. Mike Shelton discussed ideas of a Wellness Coordinator and Trust wide program; however, he was not ready to make a recommendation. He will have recommendations and a budget for the program at the August 14, 2008 board meeting.

#### IV. BENEFITS CONSULTANT REPORT

John Garner went over 2007 employee enrollment, medical claims, and prescription drug claims. He discussed medical and prescription trends and indicated our plans are doing well so far in 2008. WCIF is looking at a short term disability plan for 2009.

#### IV. VEBA PRESENTATION

Rich Dickman explained what VEBA accounts are and distributed a list of current clients. It's not possible to add administrative or commission fees to the rates. The board does not want to endorse a product that will not have a return, therefore, did not make a motion.

#### V. INVESTMENT MANAGER REPORT

Cotton Sears gave an overview of WCIF investments. Interest rates have been reduced 3% by the Federal Reserve. Stock account is down 5% since January 2008. Bonds are doing well.

#### VI. FINANCIAL REPORT

Mike Shelton and Kathi Rauch submitted financial reports for 2007 year end. Mike explained that administration fees for Washington Dental Service and Group Health Options were not added to the rates as intended resulting in a substantial decrease in revenue originally expected.

#### VII. WELLNESS GRANT UPDATE

Krista Whitaker gave an update on the 2008 wellness grant program and stated that certificates will be distributed at the ACE meeting on April 22 and April 24.

#### VIII. NEW BUSINESS AND/OR ANNOUNCEMENTS

The next Board meeting will be August 14, 2008.  
Joint WCIF & WCIP Rate Setting Meeting  
Doubletree at SeaTac from 8:00 am to 2:00 pm

#### IX. ADJOURNMENT

The meeting adjourned at 12:00 pm.

X. RECONVENED

Scott Shoultz with UNUM presented Long Term Care and AGIS AssistGuide Information Services. Mike Shelton asked the board if they would endorse this product. It will be up to each employer to offer Long Term Care and on a voluntary basis. AGIS would help us communicate the product and offer guidance for members. We would split commissions with AGIS to administer the plan.

Motion was made by Jerry Finch and seconded by Paul Eichenberg to endorse UNUM as our Long Term Care carrier to offer groups on a voluntary basis. Also to hire AGIS AssistGuide Information Services to assist the WCIF/WCIP in communicating the plan. The commissions will be split between WCIF/WCIP and AGIS. Motion carried unanimously.

XI. ADJOURNMENT

The meeting adjourned at 3:00 pm.

MINUTES APPROVED March 20, 2008 by WCIF and WCIP Boards

---

\_\_\_\_\_  
Mac McDowell, WCIF Chair

\_\_\_\_\_  
Dean Burton, WCIF Vice Chair

\_\_\_\_\_  
David Carey, WCIP President

\_\_\_\_\_  
Jon Kaino, WCIP Vice President