

WASHINGTON COUNTIES INSURANCE FUND/POOL
COMBINED BOARD MEETING MINUTES

Wednesday, January 18, 2006
Radisson Hotel at SeaTac
Seattle, Washington

BOARD MEMBERS PRESENT:

Dwight Robanske, Columbia County Commissioner, WCIF Vice Chair
Dean Burton, Garfield County Commissioner
Alan Crankovich, Kittitas County Commissioner
Pat Hamilton, Pacific County Commissioner
Ken Oliver, Pend Oreille County Commissioner
George Trott, Wahkiakum County Commissioner, WCIF Chair
Dave Carey, Walla Walla County Commissioner
Jerry Finch, Whitman County Commissioner
Sandy Ward, Behavioral Health Resources
Elaine Croteau, Kitsap County Health District
Paul Eichenberg, Spokane Library District, WCIP President
Belinda Price, Olympia Area Agency on Aging, WCIP Vice President

Absent: Max Benitz, Benton County Commissioner
Jeff Rasmussen, Cowlitz County Commissioner
Mac McDowell, Island County Commissioner
Rich Graham, Lewis County Commissioner

OTHERS PRESENT:

Commissioner Dean Cummings, Pend Oreille County Alternate
Commissioner Gregory Tompkins, Walla Walla County
Dick Toft, Island County Alternate
Larry Grove, Lewis County Alternate
Jay Winter, Walla Walla County Alternate
Nadya DeGrande, Cowlitz County Alternate
Mark Fukuhara, WCIF Executive Director
Rita Fanning, WCIF Deputy Director
Krista Whitaker, WCIF Benefits Manager
Frank Campbell, WCIF Marketing Executive
Kirk Andonian, Berg Andonian, Benefits Consultant
Joe Berg, Berg Andonian, Benefits Consultant

I. OPENING OF MEETING

Vice Chair Dwight Robanske opened the WCIF Board meeting at 1:02 pm and President Paul Eichenberg opened the WCIP Board meeting immediately thereafter. Introductions were made by everyone present.

II. WCIP Annual Meeting - Elections (taken out of order)

Paul Eichenberg explained that there was a vacancy due to Alex Duncan and her alternate, Art Wuerth, leaving employment at Timberland Library. Elaine Croteau from Kitsap County Health District was present at the meeting and interested in serving on the WCIP Board of Directors. Rita Fanning explained that Elaine had previously served on the Board when the WCIP was first created and therefore had been contacted to see if she was available and willing to serve again.

Motion was made by Dean Burton and seconded by Dave Carey to nominate Elaine Croteau to complete the term of Alex Duncan which ends December 31, 2006. Motion was made by Dean Burton and seconded by Jerry Finch to close the nominations. Motions carried unanimously.

Paul Eichenberg explained that there was a need to elect someone to be the WCIP Vice President. Mark Fukuhara mentioned that he had talked with Mac McDowell and although he could not attend the meeting today, had expressed interest in being considered for the office. After some discussion on responsibilities of the office, Belinda Price also expressed interest in being a candidate for Vice President.

After written ballots were collected and tallied by staff, Paul Eichenberg announced that Belinda Price had been elected as WCIP Vice President.

III. APPROVAL OF MINUTES

The WCIP Board of Trustees reviewed the draft minutes for the meeting on September 15, 2005.

Motion was made by Jerry Finch and seconded by Dean Burton that the WCIP minutes for September 15, 2005 be approved as submitted. Motion carried unanimously.

The WCIF Board of Directors reviewed the draft minutes for the meeting on November 18, 2005.

Motion was made by Dave Carey and seconded by Alan Crankovich that the WCIF minutes for November 18, 2005 be approved as submitted. Motion carried unanimously.

IV. EXECUTIVE DIRECTOR REPORT (see written reports)

Mark Fukuhara requested that we amend the agenda and have the Marketing Report first. After the Marketing Report, Mark gave an overview on several items in his written report. In addition, he announced that he would be going to a NACO Health

Symposium with Bill Vogler, WSAC Executive Director, from April 12-14 in Austin, Texas; the IRS reduced the mileage reimbursement rate to 44.5 cents per mile effective January 1, 2006; mail order generic prescription drug copays had been lowered from \$25 to \$15 for all WCIP plans with fixed dollar copays (i.e., the Affordable Plan copay remains at 50%); and a coordination of benefits provision was added to the Value Plan to make it consistent with the other 3 WCIP medical plans. Mark also went over additional handouts listing the 2006 Board of Trustees/Directors and their alternates, 2006 meeting schedule, and a comparison of medical plan enrollment from December 2005 to January 2006. He pointed out that for the first time since 2002, enrollment in WCIP medical plans exceeded enrollment in Group Health medical plans, gave probable reasons for the change, and explained why he believes this trend should continue in the future.

V. MARKETING REPORT (see written reports)

Frank Campbell recapped marketing activities in 2005, summarized new enrollment which totaled approximately 350 employees, and went over the list of employers that had decided to offer eligibility to domestic partners and their dependent children. He explained major reasons for our success as well as for employers deciding not to switch to the WCIP. In particular, he acknowledged that recent changes by the WCIP and WCIF Boards have allowed us to expand the universe of employers eligible to join the WCIF/WCIP, plan design improvements distinguished us from competitor plans or brought us up to their levels, the ability to work with brokers gained us access to employers who previously had not considered us, and governance changes eliminated prior roadblocks for employers to move to the WCIP.

VI. BENEFITS CONSULTANT REPORT (see written report)

Kirk Andonian explained that after reviewing updated claims history, he was happy to report that the WCIP's 8.67% overall rate increase for 2006 has proven to be adequate. He also explained that meetings had been held recently to look further into potential new products including long term care, long term disability and worksite benefit programs. After some discussion by Board members, Kirk explained that further information would be presented at the March Board meeting including their firm's recommendation of which products should be pursued via RFPs. The intent is to have recommended benefits and rates presented at the WCIF renewal meeting in September for implementation effective January 1, 2007.

Kirk also summarized the Symetra renewal which ended up better than expected and resulted in a 6.6% increase in rates. He also gave an overview of the major factors involved in reinsurance and the fact that the renewal proposal is received in November, several months after we must present and approve rates for our various WCIP medical plans. Due to this discrepancy in timing, reinsurance rates are estimated and incorporated in the monthly premium rates. The individual stop loss limit was increased from \$110,000 to \$120,000. With this added risk on the WCIP, our rates with Symetra were reduced as appropriate.

Joe Berg gave an overview of the benefit changes we will be considering for 2007, including a consumer driven health plan. Joe and Kirk will give an overview of these potential changes at the Insurance Advisory Committee meeting on March 16. He also gave an overview of LEOFF1 retirees' claims risk and the importance of ensuring that they are enrolled in Medicare Part B.

VII. INVESTMENT POLICY (see written report)

Rita Fanning explained that the WCIP had not previously had an investment policy or engaged an Investment Manager. Since the WCIF will be choosing an Investment Management firm at its March meeting, she hopes that the WCIP will decide to use the same firm. As a public nonprofit organization, the WCIP is required to invest in only fixed investments. The draft investment policy was similar to the WCIF investment policy except that the WCIF recently decided to invest up to 20% of its portfolio in equities since it is a private nonprofit and may invest in equity markets.

Larry Grove made several suggested wording changes including changing "total portfolio" to "portfolio" and comparing performance with the LGIP without any reference to a particular time period.

Motion was made by Dave Carey and seconded by Elaine Croteau to approve the WCIP investment policy as presented with the changes suggested by Larry Grove. Motion carried unanimously.

VIII. 2006 WELLNESS GRANTS (see written report)

Krista Whitaker gave an overview of what had been presented at the WCIF Board Meeting in November and went over the handout that described the wellness grant proposals received thus far. Letters will be going out to employers by the end of January informing them of their 2006 wellness grants. In many cases, the grants are lower than last year because we are hoping for more participation and awards after the ACE Meeting in April. At the ACE Meeting, we will conduct training and also provide several programs that any employer can easily implement. If there are WCIP employers that do not submit for wellness grants then their allocated monies will be distributed among the employers that did submit wellness grant proposals.

There was discussion on the efficacy of wellness programs, what activities are effective, inappropriate use of funds in prior years, how to measure return on investment, importance of reducing costs in order to minimize premium rate increases, and other matters.

IX. OFFICE PURCHASE JOINTLY WITH WCRP (see written reports)

Mark Fukuhara gave an overview regarding the comparison of the current lease with purchase of space at Mottman Plaza. The WCIF will purchase a total of 1,947 square feet which includes shared space (i.e., lobby and conference rooms) with the WCRP. An

additional 800 square feet of contiguous space will be purchased as contingency for possible future growth by one or both organizations with the cost shared equally. Given the current demand for office space in Olympia, the additional space could be leased out at a rate that would more than cover the cost of purchase.

Even with a conservative estimate of \$1.00 per square foot per month for recurring costs including association fees, insurance, janitorial services, security monitoring and funding the future maintenance costs of the building, the purchase cost was very close to the current cost of leasing. The total cost to purchase the building, casework, moving expenses, phone and other systems came out to \$471,000.

Motion was made by Pat Hamilton and seconded by Dave Carey to have staff proceed with purchasing office space jointly with the WCRP at a purchase price not to exceed \$471,000. Motion carried unanimously.

X. New Business or Announcements

Mark Fukuhara explained that the next Board meeting on March 16 will start at 8 am with presentations from the 2 finalists from the RFP for Investment Management Services followed by a joint WCIF/WCIP Board Meeting from 9 am to 10:15 am. We will then move into an adjacent room and conduct the Insurance Advisory Committee meeting from 10:30 am to 1:30 pm which will include lunch.

XI. ADJOURNMENT

The meeting was adjourned at 3:08 pm.

MINUTES APPROVED March 16, 2006 by WCIF and WCIP Boards

/s/

George Trott, WCIF Chair

/s/

Dwight Robanske, WCIF Vice Chair

/s/

Paul Eichenberg, WCIP President

/s/

Belinda Price, WCIP Vice President