

January 20, 2005

**WASHINGTON COUNTIES INSURANCE FUND/POOL
COMBINED BOARD MEETING**

MINUTES

Thursday, January 20, 2005
The Prime Hotel at SeaTac

THOSE PRESENT:

Dwight Robanske, Columbia County Commissioner
Dean Burton, Garfield County Commissioner
Mac McDowell, Island County Commissioner
Richard Graham, Lewis County Commissioner
Pat Hamilton, Pacific County Commissioner
George Trott, Wahkiakum County Commissioner
Dave Carey, Walla Walla County Commissioner (Vice President)
Jerry Finch, Whitman County Commissioner
Paul Eichenberg, Spokane County Library
Jena Thrasher, Timberland Regional Library
Dick Toft, Island County HR Director
Jay Winter, Walla Walla County HR Director
Kitty Wallace, WCIF Executive Director
Rita Fanning, WCIF Deputy Director
Krista Whitaker, WCIF Benefit Specialist
Frank Campbell, WCIF Marketing Executive
Aaron Pollock, Marsh USA Benefits Consultants

OPENING OF MEETING: Commissioner Jerry Finch opened the WCIF Board meeting at 8:05 am. Commissioner Dave Carey opened the WCIP Board meeting immediately thereafter. Once introductions were made, Kitty Wallace presented Commissioner Dean Burton a memorial clock in recognition for his service as WCIP President. Kitty also thanked Commissioner Richard Graham for serving as WCIF Chair for the second time in his career. Richard remarked that working with such an excellent staff makes it all worthwhile.

MINUTES. Dave Carey remarked that he attended the November 18, 2004, WCIF board meeting in Kennewick but was not listed in the minutes.

APPROVAL OF WCIF MINUTES of November 18, 2004. Motion was made by Dean Burton and seconded by Pat Hamilton that the minutes be approved as corrected. Motion carried.

APPROVAL OF WCIP MINUTES of November 18, 2004. Motion was made by Paul Eichenberg and seconded by Dean Burton that the minutes be approved. Motion carried.

FINANCIAL REPORT. Rita Fanning presented the WCIP Tracking Report which indicates an ending balance in excess of \$2 million and IBNR fully funded. She reported that the WCIF budget was 96% expended by December 31, 2004.

STATE AUDIT. Rita reported that self insured pool exam by the Office of Risk Management is scheduled for February 24. The Washington State Auditor will audit both organization around the 1st of March

WCIF INVESTMENT REPORT AND POLICY. Rita presented a report by the investment firm of DADCO which indicated how poorly the bond market is doing. While DADCO continues to outperform the Local Government Investment Pool (LGIP), the report recommended that the board consider investing a portion of reserves in the equities market. Because that would involve a change in investment policy, Mac McDowell asked staff to check with the state auditor to determine if such investments are allowed.

Kitty suggested that a DADCO representative attend the March meeting to discuss in greater detail.

WCIP WITHDRAWAL AND ASSESSMENT UPDATE. Kitty presented a letter from Asotin County's attorney and a discussion followed in executive session. Following executive session, a motion was made in regard to strategy.

Motion was made by Mac McDowell and seconded by Jena Thrasher that a detailed letter be sent to Asotin County educating them about the various facets of the case. Motion carried.

WCIP UNDERWRITING GUIDELINES. Kitty Wallace reported on an argument made in the Snohomish Health District ("SHD") case. The attorney for SHD argued that the WCIP Underwriting Guidelines, in his opinion, had never been properly approved by the board. Kitty asked for a motion to clarify that it was the pool board's understanding in March 2002 that the Underwriting Guidelines were approved as of the March 14, 2002 board meeting. She also asked for a motion from the present board members.

Motion was made by Dean Burton and seconded by Rich Graham that it was the pool board's understanding in 2002 that the WCIP Underwriting Guidelines were approved at the March 14, 2002 board meeting. Motion carried with votes by those who were pool board members in 2002; Dean Burton, Richard Graham, Jena Thrasher, Mac McDowell, and Dave Carey.

Motion was made by Paul Eichenberg and seconded by Mac McDowell that it is the present pool board's understanding that the Underwriting Guidelines were approved in March 2002 and that they have not changed. Motion carried.

WCIF COVERAGE FOR DOMESTIC PARTNERS. WCIF Chair Jerry Finch asked the WCIF trustees to set aside their personal beliefs and consider the needs of the WCIF. He reminded the board that no employer will be required to offer domestic partners coverage.

Motion was made by Dave Carey and seconded by Pat Hamilton to deny coverage for domestic partners. Motion was defeated.

Motion was made by Mac McDowell and seconded by Dean Burton that the WCIF allow domestic partners coverage to be available for member employers who request it. Motion carried.

OFFICE LEASE AND DISCUSSIONS WITH WASHINGTON COUNTIES RISK POOL. Kitty remarked that she has had "building-sharing" discussions with David Goldsmith and Vyrle Hill, Co-Interim Executive Directors for the Washington Counties Risk Pool (WCRP). That organization is attempting to sell its present building and buy or build another that would house both their staff and the WCIF staff. WSAC has also been included in the discussion. While such projects move slowly, Kitty wanted the board to be thinking about the possibility of investing a portion of reserves in real estate/office building.

2005 MEETING CALENDAR. The calendar was reviewed and accepted.

March 17, 2005 – Insurance Advisory Committee and both boards - Spokane
August 18, 2005 – Rate Setting Meeting – SeaTac - WCIP Board Only
September 15, 2005 – Insurance Advisory Committee and both boards –SeaTac
November 17, 2005 – Kennewick – Both Boards.

ADJOURNMENT. Meeting was adjourned at 9:20 am in order to interview candidates for the position of WCIF/WCIP Executive Director.

MINUTES APPROVED (Date)

Jerry Finch, Chair WCIF
Dave Carey, President WCIP

George Trott, WCIF Vice Chair
Paul Eichenberg, WCIP Vice President

WCIF/WCIP BOARD MEETINGS IN 2005:

Thursday, March 17, 2005 – Insurance Advisory Committee and both boards - Spokane
Thursday, August 18, 2005 – Rate Setting - SeaTac
Thursday, September 15, 2005 – Insurance Advisory Committee and both boards –SeaTac
Thursday, November 17, 2005 – Kennewick – Both boards