

June 22, 2004

**WASHINGTON COUNTIES INSURANCE FUND
BOARD OF TRUSTEES MEETING**

MINUTES

Tuesday, June 22, 2004
Sheraton Hotel
Tacoma, Washington

THOSE PRESENT:

Max Benitz, Benton County Commissioner (Executive Chair)
Dwight Robanske, Columbia County Commissioner
Dean Burton, Garfield County Commissioner
Max Golladay, Kittitas County Commissioner
Richard Graham, Lewis County Commissioner (Chair)
Pat Hamilton, Pacific County Commissioner
Dan Cothren, Wahkiakum County Commissioner
Dave Carey, Walla Walla County Commissioner
Jerry Finch, Whitman County Commissioner (Vice Chair)
Dick Toft, Island county HR Director
Kitty Wallace, WCIF Executive Director
Rita Fanning, WCIF Deputy Director

OPENING OF MEETING: Commissioner Richard Graham opened the meeting at 10:00 am and welcomed all board members.

APPROVAL OF MINUTES of March 18, 2004. Motion was made by Pat Hamilton and seconded by Max Benitz to approve the minutes as presented. Motion carried.

FINANCIAL REPORT. Rita Fanning remarked that financial statements will be presented when the 2003 audit is done which should be soon. It has been delayed due to scheduling conflicts. She reported that WCIF reserves are at \$3,510,000 as of the end of 2003. The retiree subsidy program has accumulated \$484,000 to date and continues to support the under age 65 retirees. Kitty reminded the board that the retiree program reserve is part of the \$3,510,000 overall reserve number.

WCIP POOL UPDATE. Rita presented the May 31st tracking report with a balance of \$1,479,000 which is far ahead of May 2003. This balance is viewed as a contingency or emergency reserve for the pool. The IBNR (Incurred But Not Reported) liability reserve remains constant at \$2.6 million.

Rita reported that the pool's current large claims are:
13 claims over \$20,000 but under \$50,000
7 claims over \$50,000 but under \$110,000
2 claims over \$110,000

LEGAL UPDATE/WITHDRAWING MEMBERS/SELF INSURED POOL. Kitty reported that a Motion for Summary Judgement has been filed in connection with the Snohomish Health District withdrawal, and the judge's decision will be made by August 13, 2004. The amount owing is \$363,000, but the amount requested (including legal fees) is approx. \$560,000.

Kitty reminded the board that Asotin County (withdrawal date 12/31/02) also owes an assessment, however, that situation will not be further addressed until the SHD case is finalized in August. Kitty also reported that another small employer in Grays Harbor County is in a deficit position of approximately \$200,000. That employer withdrew as of December 31, 2003.

KING COUNTY ORDINANCE. Kitty discussed the King County Ordinance #14823 and advised the board that several WCIF/WCIP member employers operate in King County and provide services to the county of King. Those employers must offer domestic partners coverage to their employees in the future or King County will not renew contracts with them. Those employers will be forced to find coverage elsewhere if WCIF does not approve the coverage for 2005. They could remain with the self insured pool (where domestic partners coverage has been approved), but Kitty suggested that they probably will not do so. If they must search for other coverage, they will most likely place all of their benefits with another group or insurance company.

2005 RENEWAL PROJECTIONS. Kitty provided a heads-up on the expected rate increases for 2005 for all benefits.

CIGNA Life – No increase

Vision Service Plan – No Increase

Willamette Dental - No Increase

Washington Dental Service – 5 or 6%

Group Health Options – Under 10%

WCIP Medical – Under 10%

EXECUTIVE DIRECTOR RETIREMENT. Kitty Wallace distributed a personal letter which announced to the board her desired retirement date of May 31, 2005.

CONSULTING AND MARKETING SERVICES – RECOMMENDATIONS BY INTERVIEW PANEL. Kitty outlined the recommendation of the interview panel that the contract for consulting services be continued with Aaron Pollock of Marsh USA. She further recommended that the contract be renewed for one year with a 30 day termination clause. She remarked that going out for RFP accomplished the goal of determining that the cost of marketing by a consulting firm is prohibitive. She asked the board to consider allowing her to look for a part time marketing person.

Motion was made by Max Golladay and seconded by Pat Hamilton that the board move into executive session for discussion of consulting services and employee issues. Motion carried.

Motion was made by Max Benitz and seconded by Max Golladay to renew the consulting services agreement with Aaron Pollock for one year with a 30 day out clause. Motion carried.

Motion was made by Pat Hamilton and seconded by Dave Carey to authorize Kitty to hire a part time marketing person with a small base salary plus commission. Motion carried.

BENTON COUNTY LETTER OF WITHDRAWAL. Max Benitz explained to the board the reasons for the county having submitted a Notice of Intent to Withdraw from the Washington Counties Insurance Pool. He applauded the efforts of the Benton County Employee Insurance Committee that came together to investigate the marketplace. The committee did extensive research and interviews as well as a comparison of WCIF/WCIP, PEBB, and UEBT.

Max commented that 90% of Benton County employees have families. The pressure from unions and courthouse employees alike has been for cheaper full family coverage. He also remarked that approval of domestic partners coverage by the WCIP Board was an issue in the decision to submit a letter of intent to withdraw.

SEARCH FOR EXECUTIVE DIRECTOR. The board asked Kitty to prepare a job description and advertisement for the position of Executive Director for presentation to the WCIF Board at the September 16 meeting. The goal would be to advertise for the position with a 30 day window of receipt for applications. The Executive Committee should proceed vigorously to hire a replacement by January 1, 2005, which would allow Kitty several months to orient and train the person before her targeted departure date of May 31, 2005.

Motion was made by Pat Hamilton and seconded by Dean Burton to adjourn the meeting.
Motion carried.

ADJOURNMENT. Meeting was adjourned at noon.

MINUTES APPROVED (Date)

Richard Graham, Chair

Jerry Finch, Vice Chair

FUTURE MEETINGS IN 2004:

Thursday, September 16, 2003 – 2005 Renewal Meeting/Radisson Hotel at SeaTac
8:00 TO 9:30 – WCIP Board
9:30 to Noon – Insurance Advisory Committee
12:30 to 2:00 – WCIF Board

Thursday, November 18, 2004 – 9:00 am to Noon - Red Lion at Columbia Center/Kennewick

WCIF Board Minutes
June 22, 2004 – Page 3