

Homosassa Special Water District

Regular Meeting

June 15, 2015

A regular meeting of the Board of Commissioners of Homosassa Special Water District was held on Monday June 15, 2015 at the Water District office located at 7922 W Grover Cleveland Blvd. Homosassa, FL.

Present were:

Commissioner Sipos	Commissioner MacRae
Commissioners Wilcox	Commissioner Perry
Commissioner Jeeves	Carole Barice (Attorney)
David Purnell (HSWD Superintendent)	Teresa Olds (HSWD Staff)
Tami Jo Watson (HSWD Staff)	Vince Christian (Regions Bank)
John Wilcox (Guest)	

Commissioner Sipos called the meeting to order at 4:00 PM.

1) Additions, Corrections, Deletions of Regular Meeting Minutes of May 18, 2015.

Commissioner Jeeves made a motion to accept the minutes as presented. Commissioner Wilcox seconded the motion. Vote yes. Motion carried.

2) Public Input

A) Ms. Labree (Adjustment due to leak)

Commissioner Jeeves made a motion to approve the adjustment. Commissioner Wilcox seconded the motion. Vote yes. Motion carried.

B) Ms. Appell (Adjustment due to leak)

Commissioner Jeeves made a motion to deny the request for a leak adjustment since it does not meet all requirements. Commissioner Sipos seconded the motion. Vote yes. Motion carried.

C) Letter to the Board (Mr. Seibert)

Discussion

Letter was read on record.

Commissioner Sipos: Thank you Caitlin and I don't think.

Commissioner Wilcox: I have some statements to make.

Commissioner Jeeves: Didn't we have a discussion with Jody on this situation with the hospital and individuals, didn't we have a situation where she came up with the final solution that we couldn't discriminate that all the commissioners have to be covered.

Teresa Olds: No, They all do not have to be on it. Mr. Bitter was never on it. He only had life insurance portion.

Commissioner Perry: He didn't have any, either, anything?

Teresa Olds: He only had the life insurance portion.

Commissioner Wilcox: I find it interesting that Mr. Seibert had been a Commissioner for 24 years. He was on a board that voted to give the Commissioners insurance. Now he is suggesting that to allow the Commissioners to receive insurance is contrary to statute. So I would ask you, I assume coming into this that the board had vetted this and determined that it is not considered compensation. Because our charter does outline \$200.00 a month compensation so I asked our attorney to look into this and make sure we are honoring the statutes.

Attorney Carole Barice: If it pleases the Board I have looked into it. Do you want me to wait and talk about it later?

Commissioner Sipos: Personally I think this letter has been read. That it should be, That he made his ideas known and that we should carry this information into the budget meeting.

Commissioner Wilcox: This is public input; He is not here to discuss his own input. I think it is important that we address what he has presented to the Board and Public Input. He is suggesting that we are not honoring statutes, which is a pretty serious allegation. That this Board is essentially embezzling. I think it is important that our attorney address this. I also think that it is interesting that for someone who has served on this Board for 24 years. who had the opportunity to make these changes during his 24 years of service elected not to and now that he was not re-elected, that he is making suggestions that he never made for his

time on the Board. I have listened to the meeting minute for the last 12 months and he never made a motion asking for these things. So I think this letter is highly hypocritical.

When you are transcribing these meeting minutes, I want you to transcribe this discussion verbatim. I think it is important that we address these allegations that he is making. So as you were saying you said you looked into this insurance?

Carole Barice: I did look into it. I had an opportunity to speak with Mr. Perry as well about the insurance. The first thing is whether the insurance coverage exceeds the compensation provided for which it is \$200.00 per month in the statute and I don't believe it does, I think historically the Board has received it and it has been over the \$200.00. If that were the case then it always would have been a violation. I don't believe it is, I checked with a couple of other governmental entities that do provide insurance to their Board members. They do not consider it as income as well. Now on the back of the W-2 form now there is a box 12 where the employer pays Health Insurance, There is also a block DD where you fill in the amount where the employer has paid for the Insurance. This is not income this amount is required to be reported, it is not considered income to the employee, it is only for reporting for the Health Care Law.

In terms of Mr. Perry the issues was can you go ahead and pay for his Medigap Insurance Plan at \$305.00 a month instead of the \$850.00 a month for the BCBS policy that is offered. I spoke to the Insurance agent Jesse, daughter of Jody, while she said she is not all that knowledgeable about it. They think it could be taxable. It could be a penalty you know a violation on Affordable Health Care if we were to do it that way. She sent me some circulars, I looked thru all of those and it would appear that is not really the case for this, It would be for a different situation; those penalties are if the employer is paying off the employee. Instead of getting Insurance you know that kind of thing. But I wanted to really make sure so I actually put in a call, an anonymous call into IRS. Because they have a bunch of circulars and everything else and it seemed pretty clear on what they were saying. But I wanted to make sure before I said anything. So I placed a call and talked to a fellow, one of the attorneys for the IRS. Today he called me back. I told him I represent a small governmental entity. I did not bother to say who or anything else. I said who provides Health Care Insurance coverage for the Board members as well as its employees. It is approximately \$850.00 per month for that coverage. There is one board member that does not want to take that coverage, but currently has coverage thru AARP-Medigap/United Health Care. If it is Medigap? Then it is not a violation, it specifically says, that Medigap is accepted with no penalties. It is an accepted coverage thru employers. You have to get proof that he is using the money for the Medigap coverage or you can pay it directly one way or another. So in terms of it being a Board decision obviously is what you would do in terms of whether that would create any violations of law. I think it is clearly stated that it does not violate the law and that the Board can do that and it is actual a savings to the Board of \$550.00 a month. If the Board decides to do that in terms of whether insurance itself violates your charter, the statute if it did, then it has been violated all along. I don't believe it does and checking with other governmental entities that provide the same type of insurance for their Board members they do not call it as income. The IRS Regulations also says it is not considered income. That is what I came up with.

Commissioner Jeeves: I have VA Insurance I would object to the three commissioners that do not need. The difference is with the VA with having the BCBS which I had United Health Care prior. With this you have an option to choose your doctor, with the VA you can't. So the difference is I would want to keep the BCBS because it does give me better options even though I have a Veteran Benefit.

Commissioner Perry: It doesn't to me because I get my regular Medicare and I pay \$305.00 a month for the AARP/Medigap, It gives me better coverage than this program would. So it does not make sense to me to switch to BCBS, because it would not help me it would hurt me. So I am basically saying I won't take it but I would be saving the District \$550.00 a month, which adds up over a year. I am just saying lets be fair about this.

Commissioner Sipos: I agree, Now that we have researched this and I think as long as the District is paying by writing the check for your Insurance.

Commissioner Perry: I can show you every month it is deducted automatically from my checking account. Which is a matter of fact where my check is already deposited from H.S.W.D.

Commissioner Wilcox: I think her statement was that it might be best that instead of paying you the extra compensation that we pay your Medigap directly. Because we need proof that it is going toward this and only this. Correct?

Attorney Carole: Yes.

Commissioner Wilcox: So rather you doing your direct deposit that the District directly pay it.

Commissioner Perry: Makes no difference to me.

Commissioner Sipos: Yes, that would be a better paper trail.

Attorney Carole: You would have to make arrangement to have it paid not directly from your checking account but directly from the district.

Commissioner Perry: I can do that I am sure there is a way to do that.

Attorney Carole: According to the IRS guy it didn't really matter. Whether he paid and gave us proof like he was saying. Showing the checking account with this Medigap taken out or we pay it directly. So that wouldn't matter one way or another.

Commissioner Sipos: As long as we have a paper trail.

Attorney Carole Barice: That is right that is what has to happen.

Commissioner Sipos: Even if we pay you, We need something on a monthly basis saying this is what we are paying you for.

Commissioner Perry: I can get a letter from AARP that says what they are charging me every month.

Attorney Carole Barice: No, Actually every month it would have to be deducted. One thing is you will be supplying your checking account to show it being paid and it becomes public record at that point. It might be better to have the district pay them directly rather than exposing your checking account to public record.

Commissioner Perry: OK

Attorney Carole Barice: But anyway there is way to coordinate this, you call your agent or whomever you deal with and coordinate with Teresa.

Commissioner Perry: Cool.

Attorney Carole Barice: That is a decision of the Board. I just wanted you to know the policy. OK?

Commissioner Wilcox: So I know you checked with IRS, I know our Insurance policy said about with that the Board has to be all or nothing, so is that not correct?

Attorney Carole Barice: No, I spoke to Teresa about that and I spoke with Jesse as well, previously there was a Board Member that didn't want it and it was still ok. I think what Teresa said was that if all of the Board members opt out then you can't opt back in later. But if one Board Member opts out or two opts out that's OK. I guess maybe they can opt back in later on. But if all the Board members opts out. Then that provision in the policy lapses because after it was grandfathered in according to their greater knowledge, I guess, But the grandfather would be lost and Teresa you can correct me if I am wrong.

Teresa: That's all correct, When Jody 1st came and put the Board on Insurance, BCBS gave special permission for the Board to be on the Insurance Policy. They grandfathered them in. So it's like she explains every year: If you guys do away with the Board BCBS Insurance, You can never go back and get it again. So that's all she tried to explain. But one can decide not to have it or two can decide not to have it. It doesn't matter like I said Jim Bitter for years never carried medical He only carried the Life portion. So if they all decide to do away with it. You can never go back and get it again thru BCBS.

Commissioner Wilcox: So when they were here I am sorry to belabor the point. Because we did have a long discussion, what I believe from the talk was that all the Board everyone would have the same Insurance policy and couldn't have different insurance policies.

Commissioner Sipos: Thru BCBS.

Commissioner Wilcox: But we can have a different Insurance Policy thru a different provider entirely?

Commissioner Sipos: Sure.

Attorney Carole Barice: Well I have to give you a caveat. I am not an Insurance attorney or IRS attorney. I can certainly go to exhaustive research but I did spend quite a bit of time doing what I did to find out. I was certainly assured by this guy that I spoke with who is apparently one of the authorities that this is not an issue. What they are saying is that for Medicare/Medigap this is a supplemental insurance that is considered acceptable to the government for the Affordable Healthcare Act. What the concern as I understood it (I am playing catch up here) that was expressed by the insurance agent was that you could be fined by the government if you tried to circumvent the Affordable Healthcare Act. That if all the members are covered by your policy then you're not circumventing it. But if you wanted to start paying a Board Member to go get their own or they have these deposit accounts that can be paid off or bought off that would be considered a violation of the health care act and then potentially facing a violation of \$100 a month or \$100 a day would kick in that was the real concern. But the way the law was written it says that it's ok if you want to go ahead and allow an employee to get Medicare/Medigap Supplemental Insurance. That is not a violation of the law it is perfectly fine. That's what I looked into is there are some health spending accounts where employers just give employees money and say figure it out on your own and apparently that may not comply, that might be the evasion of the act.

Commissioner Wilcox: OK

Commissioner Jeeves: Where do we stand?

Teresa Olds: I need a motion for that please?

Commissioner Sipos: OK, So I will make a motion that we pay the Medigap for the Commissioners that are on Medicare, who do not want to participate in BCBS policy. Does that sound right?

Commissioner Perry: Do you want to put in the motion how it is paid directly by the District to the supplemental Insurance Agent. I don't know how specific you want to get.

Commissioner Sipos: I don't think we need to get that specific.

Commissioner Perry: I seconded the motion.

Commissioner Sipos: Anymore discussion on this? I also want to say I am not 65 yet. So I don't qualify for Medicare/Medigap.

Commissioner Perry: The Number 3 is not correct.

Commissioner Wilcox: He is aging you.

Commissioner Jeeves: We are not talking about any differences in payments are we?

Commissioner Sipos: No, this will not affect those of us on BCBS. All we are saying is that say when I become 65 and I decide that I can get better Insurance thru United Health Care than what I am with this BCBS policy.

Commissioner Jeeves: You are talking about compensation of difference.

Commissioner Sipos: Yes, I could say I can get mine for \$300.00 a month and save the Board \$500.00 a month and this is what I would like to do.

Commissioner Jeeves: The \$500.00 would go back to the Board.

Commissioner Sipos: Back in our pocket.

Commissioner Wilcox: What I would like for us to do is to table this motion? I would like for us to send an email to our Insurance personnel that came here. I feel like they expressed that this is not acceptable. Based on discrimination practices, I am not sure if you were here for those sessions.

Attorney Carole Barice: I was here two meetings ago when they were talking about it to Jody's daughter Jesse. Jody was not here.

Commissioner Wilcox: Jody expressly told you that it would be ok for us to do.

Attorney Carole Barice: No, She didn't, she thought while she is not an expert on it. She sent me some information from the insurance company that it would be a violation. She couldn't say for sure and she said I don't know for sure but this is the risk I see and that's why I pursued it then. At that point in time to look at what she sent me as well as to look at what the IRS Revenue rulings and circular and everything else were on it and I contacted the reference person and spoke to that individual. So that is all I can say. Like I said Jody and her Daughter while not professing to be experts on it say as best as they can figure out it could be a violation and that is there position.

Commissioner Wilcox: I understand it might not be a violation Affordable Care act or IRS practices but it might still be a violation under discriminatory practice. We're saying Board Members over a certain age. That is why we clear from that discussion.

Attorney Carole Barice: I see what you are saying, I don't think age discrimination, what it is basically allowing if the're of a certain age to opted out and to go with medicare instead and with their Medicare supplement that's really the persons choice itself. We're not discriminating saying well if you reach a certain age then we're not going to pay \$850.00 for you any longer you have to go get this Medigap. We're not saying that. We are saying we are going to give you \$850.00 policy if you want it. If however you want to opt out & opt

into something that is acceptable to IRS well that's acceptable. So it would not be discrimination unless somebody was in the \$850.00 said I am being discriminated against.

Commissioner Wilcox: We had such an exhaustive conversation with them being present and they were so adamant about this not being permissible. I just want to send an email to them saying this is the proposed motion and see if they object. That way at the next meeting we can vote to get Commissioner Perry his Insurance. That is what I proposed.

Commissioner Jeeves: I make a motion that we second the chair.

Teresa Olds: We already have a motion on the table.

Attorney Carole Barice: It has been seconded.

Commissioner Sipos: Is there any more discussion?

Commissioner Sipos: So do we need to bring Commissioner MacRae up to snuff on this.

Commissioner MacRae: Give me the reader digest version.

Commissioner Sipos: The reader's digest version is that Carol extensively researched the Insurance on whether we can pay the Medicare/Medigap Insurance that Commissioner Perry has saving us so that he will not be using BCBS. He would like us to pay his insurance at \$305.00 a month, which he will submit paperwork to us. This will save the District \$550.00 a month

Commissioner MacRae: Who requested that research?

Commissioner Perry: I did.

Commissioner Sipos: Carole has found that since Insurance is not considered income. She has talked to the IRS and our Insurance people who are still not really sure on what the laws are. But that IRS assured her that Commissioner Perry's compensation for his go between Insurance is still lawful. Did I miss anything?

Commissioner MacRae: So in other words we would be in our legal rights to pay?

Commissioner Perry \$500.00 a month.

Commissioner Sipos: No.

Commissioner Perry: No.

Commissioner Sipos: We pay his \$306.00 bill for his Insurance.

Commissioner Jeeves: Well that is not in the motion?

Commissioner MacRae: What is the motion?

Commissioner Sipos: That we pay.

Attorney Carole Barice: The motion was?

Commissioner Sipos: Read the motion to me.

Tami Jo Watson: Commissioner Sipos made a motion that H.S.W.D. will pay the Medicare/Medigap Insurance for Commissioner Perry since he doesn't want to participate in the BCBS policy saving the District \$550.00 a month.

Commissioner Wilcox: Amend the motion to read any Board Member.

Teresa Olds: Commissioners who have Medicare and don't want to Participate in BCBS.

Commissioner Perry: There by saving the District \$550.00 a month.

Commissioner MacRae: That's admirable. What did I remember something that our Insurance lady Jody told us. I don't know if this is germane to this topic but I thought it was.

Commissioner Sipos: That's what Commissioner Wilcox is saying too. She would like to send an email to Jody about that. I thought Jody was very you know "it might be, but it might not be" attitude. So I don't really think she really knows. I think Carole has done more research on the other aspect whether it's lawful or not by going to the IRS. She also talked to Jessie with the Insurance Company and she wasn't sure.

Commissioner Wilcox: Shouldn't we talk to Jody? And that's all I am asking is to talk to Jody.

Commissioner MacRae: So what's the downside, sorry to interrupt you.

Commissioner Jeeves: There is no downside the Board would pick up additional money.

Commissioner MacRae: You don't understand what I am saying, my point is _____.

Commissioner Perry: I have a time frame to opt in or opt out.

Commissioner MacRae: What is that time frame?

Teresa Olds: Today. The time frame is today June 15 is the enrollment date.

Commissioner Sipos: That kind of changes things?

Commissioner MacRae: I don't want to do anything to get the District in trouble. To have somebody say I am not sure and the other person say it is all good. I would want to hear from that other person – no offense.

Commissioner Sipos: All in favor?

Teresa Olds: Do you want me to call Jody?

Commissioner Jeeves: The motion is to research it?

Commissioner Sipos: No.

Commissioner MacRae: No, The motion is to make it so. I think you all have been discussing this. Just from the tail end of me hearing it. I do not believe Commissioner Jeeves understands what the motion is and obviously I am really sure now because he just said that he didn't. So he is voting on something that he does not understand. So either you guys did not convey it well enough for him to understand it.

Commissioner Wilcox: Tami Jo can you show him the written motion? You wrote down the motion correct?

Tami Jo Watson: Well it has been changed twice?

Commissioner Wilcox: Would it help to have Commissioner Jeeves read the motion?

Superintendent Purnell: Can we pause?

Meeting paused.

Teresa Olds: Jody Roxby is on the phone for discussion.

Discussion

Teresa Olds: Janice Saltmarsh is on the phone for discussion.

Discussion

Commissioner Jeeves: What is the motion right now?

Commissioner Sipos: I would like to amend the motion to read:

H.S.W.D. will pay the Medigap Insurance Policy for any Board member on Medicare that does not want to participate in BCBS Insurance Policy. The medigap cost should not exceed the cost of the BCBS Insurance Policy.

Commissioner Perry: I second that amended motion.

Teresa Olds: You need to make this a Policy for the Board Members?

Commissioner Sipos: Yes, Make this a Policy for the Board members.

Commissioner Perry: I second the change to add.

Commissioner Sipos: Discussion. All in favor? Commissioner Sipos, Jeeves, Wilcox and Perry Vote yes, Commissioner MacRae – Vote no. Motion carried.

3) Regions Bank Fees (Vince Christian-Regions Bank)

Discussion

Vince Christian listened to our commissioners speak on their concerns of the monthly expense we are being billed with doing Business with Regions. He said he would look into H.S.W.D. monthly billing items and see if he could lower cost on any of the items and get back with us.

4) George McDonald (Update on current & upcoming projects)

George McDonald was not present for this meeting. He called and mentioned the letter about the Halls River Project letter will be at the next Board Meeting to be signed.

5) Suncoast Parkway

Discussion

Superintendent Purnell, Attorney Carole Barice and Commissioner Sipos will attend the Suncoast Parkway meeting on June 16, 2015 at DOT.

Superintendent Purnell, Attorney Carole Barice, Commissioner Sipos and Teresa Olds will attend the Suncoast Parkway meeting at Lecanto High School June 25, 2015.

Commissioner Jeeves made a motion to approve the letter to be delivered to D.O.T. Commissioner Wilcox seconded the motion. Vote yes. Motion carried.

6) Attorney Report

Attorney Barice had nothing to report at this time.

7) 2014-2015 Budget Reports

Discussion

8) Staff Report

A) Banking Information

Discussion

B) Transfer Report

Discussion

C) Authorizing letter for Teresa Olds for Tax Collector's Office

Discussion

Teresa Olds needs letter for Tax Collector Office to keep on file that states that the Board has given her permission as Office Manager to sign on behalf of the District for vehicle tags for the Dump truck.

Commissioner Jeeves made a motion to approve this letter. Commissioner Perry seconded the motion. Vote yes. Motion carried.

9) Superintendent's Report

Superintendent Purnell's computer crashed and he cannot provide his discussion at this time. Computer people are working on it as we speak.

10) Reports to Board

- A) Shut off list**
- B) Adjustment Report**
- C) Yearly Timeline**
- D) 2015-2016 Goals**

11) Board Comments

2015-2016 Goals will be discussed at the July Board Meeting.

Commissioner MacRae made a motion authorizing Commissioner Sipos to attend the Suncoast Parkway meeting and speak on behalf of the Board. Vote yes. Motion carried.

12) Pay Bills/Adjournment

Commissioner Sipos made a motion to pay the bills and adjourn the meeting.
Commissioner Wilcox seconded the motion. Vote yes. Motion carried.

Homosassa Special Water District

Continuing Minutes from June 20, 2015

Jody Roxby on conference call:

Commissioner MacRae: Has she been warmed up to the topic?

Teresa Olds: Yes.

Commissioner MacRae: Jody what is your stand?

Jody: Well, here is the deal, I have talked to Teresa and have told you that this is not an Insurance issue. This is an IRS issue or Department of Labor issue. You are not subject to the Federal Law or Orisa.

This may become an IRS issue if the only thing that I see. If you give Mr. Perry money. Then that is considered income and maybe there is a way for it not to be income. But if it is income, Then it is income and your charter says \$200.00?

Commissioner Sipos: Jody

Teresa Olds: She might not be able to hear you. Hang on a minute Jody.

Commissioner MacRae: We are really not asking her for a comment on the Social Security issue.

Commissioner Wilcox: Right It is the Department of Labor issue?

Commissioner MacRae: What is your answer to the Department of Labor issue?

Jody Roxby: Department of Labor is not subject to ORISA.

Teresa Olds: ORISA is that a peneatly.

Carole Barise: No Orisa what she is talking about there is employment discrimination.

Commissioner MacRae: When it boils down to it, what are you saying?

Jody Roxby: Bottom line is I would speak to your accountant and see if your giving Mr. Perry money or paying for his Insurance is considered income, and if it is considered income then you have a Charter to think about. Because I believe your Charter says you can't make more than \$200.00 income. This has nothing to do with Insurance.

Commissioner Sipos: I have a question Jody alright?

Jody Roxby: Alright.

Commissioner Sipos: If we pay his Insurance, the bill is delivered to H.S.W.D address, and we pay it, Are we covered then?

Jody Roxby: That would be a question for the Accountant. What the government is trying to do is prohibit all of this. They don't want this to happen. As I explained, you are a Government group and you are not subject to ORISA. So I would say you have a little more leniency. If you were a Private group I would say don't do it. But since you're a government group ask, your accountant.

Commissioner MacRae: That's not what she said in the meeting.

Commissioner Wilcox: She said we are subject to ORISA that was my concern with the Department of Labor.

Commissioner Sipos: Jody, Rodney says that is not what you said in the meeting?

Commissioner MacRae: you said you were adamantly opposed it and said it couldn't be done.

Jody Roxby: No, Absolutely not. I said there were ways to do it but they were not suggested. But if you did it would be considered Taxable Income. I am sorry, I can't think of your name. The new Board Member stated that in your charter that you can't receive more than \$200.00 income this would be giving more money.

Commissioner Sipos: So in other words if we pay the Insurance, This would be OK.

Commissioner Jeeves: No, This would be Income.

Commissioner Sipos: No, We pay it for him.

Commissioner Jeeves: Directly from the office.

Commissioner Sipos: Yes.

Jody Roxby: I totally understand where you're at. I am not saying it's ok.

Commissioner Wilcox: I just want to

Jody Roxby: The bottom line. This is not an Insurance Issue; this is a Department of Labor and IRS Issue.

Commissioner Wilcox: I just want to clarify the Department of Labor section, this is Caitlin Wilcox, one of the Commissioners because we are a group of the Commissioners, because we are a government group and we are not subject to ORISA. We are allowed to treat Commissioner differently is that correct?

Jody Roxby: Yes.

Commissioner Wilcox: That was my only concern.

Commissioner Wilcox: Excellent, thank you so much Jody. Does anyone else have some questions? Thank you and you have a great day. You have answered all our questions.

Jody Roxby: Are you going to have a meeting? Do I need to be there?

Commissioner Jeeves: So now it becomes an accounting question?

Commissioner MacRae: Teresa is getting Janice Saltmarsh on the phone. Did you want to pull the second? Who seconded it?

Commissioner Sipos: Commissioner Perry?

Commissioner MacRae: Do you want to hold on to it and should we move on to something else?

Commissioner Sipos: Let's go back to Carole Barice our Attorney. Carole talked to the IRS, would you like to have her repeat?

Commissioner MacRae: At this point it doesn't matter to me but not at this point, but I will say you have something else in your packet that you

Teresa Olds: Janice is on the phone. Janice, please repeat what you told me.

Janice Saltmarsh: I do not think there is an Income tax issue with this Insurance. I cannot be 100% until I get back into the office to research it. Insurance isn't taxable. So if H.S.W.D. is paying the Insurance for him?

Carole did research this. It is not an IRS issue as long as the Board sets up a policy and can do this with it not to exceed Blue Cross Blue Shield.

Janice: I think that is a good idea. You pay the supplement company with a cap not to exceed.

Commissioner MacRae: Good bye Janice, Well I guess the information you have I am interested in hearing.

Commissioner Perry: If you would have been here on time, you would of already heard it all.

Commissioner MacRae; I apologize for that Mr. Perry but I wish I could of gotten here on time and the last thing I want to do is hold you up so if you could enlighten me on the information that you found out.

Carole Barise: I found out that other Government entities do provide Insurance to their Board Members. It is not consider Income on the back side of the w-2forms now there is a block line 12 DD Employer Insurance Payment this is where it gets reported to the government. But not taxed. If this was a violation to your Charter Then it would have been that way all along since the \$850.00 Insurance payment would of exceeded it. SO I don't think that this is the case and is not treated that way by other government entities. In terms of the IRS, However I did speak with Jody's daughter Jesse. She gave me some information that is released by Insurance Company's talking about the Affordable Health Care Act. It didn't say that it was a violation so I didn't see in there but I figured I better follow up. So then I actually went and did some research myself. Trying to find out if this would be a problem. It appears to me in all the circulars that I read I don't think it is a problem. I do not consider myself an expert in tax law or Insurance law so anyway I called IRS anomalously, There was a couple of names on the circular that said if you have questions Please call, So I did, I actually touched based with the one person whose

name was listed for the IRS concerning the Department of Justice. I ran it by him. I said I represent a small government entity. I didn't give names or anything, But I said who is providing insurance coverage for its employee's and also it's Board members. A plan thru BCBS at \$850.00 a month. We have one newly Elected board member who currently has Medicare and wants to stay with his AARP United Health Care Supplement. The real question is if the Board were to allow to pay for his supplemental would it be a violation to the Affordable Health Care Act and subject to penalties for the Agency? He said No it would not. That is accepted Health Coverage. It is not a violation, You would not have to worry about that. It is not income. I said can you give me a circular that say' that? He said no there is no such thing. He said what you have to do is put two sections of the law together. He gave me the two sections and he quold them verbatim, because he knew them and has answered this question before. So I said thank you and I have his name and phone number and that was a good as I could do. I went on line to look at those two sections of the law and it seems to say exactly what he seemed to say exactly what he said. It states it is not considered Income the BCBS Policy or Medigap it is not income to the employee so that's the information that I received and that's what I explained to the Board. I am not an expert on this either ensure of hiring a tax attorney to give you a formal opinion. I don't know what to tell you.

Commissioner MacRae: If it was a tax issue who would ultimately be responsible for that?

Carole Barise: The agency if could also be whoever receives it if it were a tax issue. Then it would be considered Income you would pay tax on it. The agency would be in violation of the Health Care Law. So that's who and further more you know everybody would be in violation of your charter.

Commissioner MacRae: That is what we are going back to if it isn't a tax problem with our Charter. So you say it wouldn't be construe as Income or we all have been in violation ever since we did it. Are we all in Violation?

Carole Barise: I don't believe so, other governmental entities provide Insurance and they are giving W-2 and not counting Insurance as an Income. As I said on the flipside of the W-2 it says what the employer paid for Health Care and it is not income.

Commissioner Wilcox: That has recently changed with the Affordable Health Care Act prior to year previous. The commissioner had insurance and there wasn't a space on the W-2 form.

Carole Barise: Right it wasn't on the back.

Commissioner Jeeves: Would it be income if you paid it directly?

Carole Barise: No, I don't believe so. I am giving you my opinion on it. No, it's not income if you paid it and they provide proof they paid and you reimbursed them.

Commissioner MacRae: Why is this different now then it was before to other Board members?

Teresa Olds: This has never come up before.

Commissioner MacRae: Did no one ever push the issue?

Teresa Olds: Who?

Commissioner MacRae: Well I didn't want to mention names.

Commissioner Sipos: Mr. Bitter.

Teresa Olds: Jim Bitter never wanted it he had insurance with VA. He only had life insurance coverage.

Commissioner Jeeves: I would like the motion reread?

Commissioner Sipos: I would like the motion to read:
The H.S.W.D. will pay Medigap supplemental Insurance for any Board Member on Medicare that does not want to participate in the BCBS Insurance. The medigap cost will not exceed the cost of BCBS.

Teresa Olds: And to make this Policy.

Commissioner Perry I second the amended motion.

Teresa Olds: Will you add employees to this policy?

Commissioner Wilcox: Let's limit this to Board Members now at this time.

Commissioner Perry: I second the amended motion.

Commissioner Sipos: All in favor Commissioner Sipos, Commissioner Jeeves,
Commissioner Wilcox, Commissioner Perry Yes,
Commissioner MacRae No. Motion carried.