

**DULUTH JOINT POWERS ENTERPRISE TRUST
BOARD OF TRUSTEES MEETING MINUTES
Wednesday, September 14, 2011**

Board Members Present: David Montgomery, Dan Russell, Brian Ryks

Board Members Absent: Rick Ball

Others Present: Barb Akervik, Amy Diedrich, Keely Downs, Terri Fitzgibbons, Cookie Gilmore, Kim Hall, Steve Hanke, Tom Maida, Randy Overby

Chair Montgomery called the meeting to order at 10:38 a.m.

Approval of Minutes: The July 20, 2011, Minutes were considered. Motion to approve by Russell and seconded by Ryks. **Vote:** Motion passed unanimously (3-0) (Ball Absent).

Treasurer's Report

- Montgomery asked how the format of the Treasurer's Report is being received. It was agreed that the Trust would like to see more graphical representations in the financials and the current fund balance.
- Medical claims have been running a little high the past several months. This is a fairly new plan with Health Partners. The increase for July is 10%. Russell asked if we budgeted for a 6% increase and that was confirmed.
- Drugs costs have held better than medical claims. It's an approximate 3% increase.
- Russell asked about the actual fund balance and if it's the same terminology as the reserve. Montgomery confirmed and believes the balance is approximately \$6 million.

New Business

- Approval of amended bylaws to incorporate addition of officers: Vice Chair, Assistant Secretary, Assistant Treasurer.
 - Montgomery reviewed the amended bylaws.
 - Motion to approve Resolution **JPE 0911-17** to amend bylaws by Ryks, seconded by Russell. **Vote:** Motion passed unanimously (3-0) (Ball Absent).
- Delta Dental 2012 Premiums
 - Diedrich stated CBIZ recommends holding the rates at no increase. CBIZ will monitor 2011 data to ensure the ratios are appropriate and may consider changes for 2012.

- o Hanke stated the contract with Delta expires at the end of 2011 and renews automatically if we do not give notice. The extension would be for one year.
- o Ryks asked if CBIZ is comfortable with the ratios. Diedrich stated one more year of data will be helpful prior to any changes.
- o Diedrich stated CBIZ is still negotiating with Delta as the Joint Powers Enterprise's ASO (Administrative Services Only). Diedrich is confident we can hold these rates comfortably.
- o Montgomery believes it's beneficial to consider a selection process periodically for our dental provider. Diedrich concurred and indicated there are several providers but not all of them are large enough to provide as competitive service agreements and contracts.
- o Motion to approve Resolution **JPE0911-18** for 0% rate increase for Delta Dental in 2012 made by Russell seconded by Montgomery. **Vote:** Motion passed unanimously (3-0)(Ball Absent).

Montgomery suspended New Business to move to Other Business

Other Business

- A mechanism for those who wish to communicate with the Board was discussed.
 - o Montgomery stated City labor bodies were promised input into the JPE Board and suggested representatives from each union be designated.
 - o Ryks asked who the Board is accountable to, and Hanke stated there is no legal obligation to open the meeting to the public; however, the Trustees can give permission for persons to address the Board.
 - o Ryks stated at the Airport Authority those who wish to speak have to contact the Authority in advance to get on the agenda.
 - o The consensus was that agenda items would be solicited prior to the agenda being finalized. Maida concurred this would be aligned with their labor agreement.

New Business (continued)

- Preliminary Premium Setting Discussion
 - o Diedrich stated in previous years there have been no medical premium increases in order to spend down the reserves. A 14.5% increase would be necessary to stop spending down the reserve at this time. The trend of increases is at an additional 8% nationally but is at approximately 10% in Duluth.
 - o Russell confirmed Diedrich meant a 14% increase, but with the drug costs lower, it would be more like 12%. Diedrich confirmed.
 - o Montgomery stated we have approximately five months of claim reserves.
 - o Diedrich reviewed the document entitled "Projection for 2012 Medical Renewal." It was agreed that corrected and additional data will be provided to Trustees.

- o Russell asked about rate setting and reserves historically. Montgomery explained the reserves were quite high for some years and in the past two years began to draw down. The issue now is that participants are accustomed to 0% increases.
- o Ryks asked what the recommendation is for rates. Montgomery explained there are several factors in determining premiums. Diedrich tends to be conservative especially with public entities and particularly in this case because the City is responsible for shortfalls.
- o Russell stated a 3% or 4% increase over a number of years would be easier for his employees than a 10% or 12% increase in one year. He also expressed concern about such an increase right after the Trust has been formed.
- o Russell stated the DECC can change rates mid-year; Montgomery confirmed the City cannot.
- o Montgomery stated rates must be set by October 15. The projections won't change substantially within the next month.
- o Diedrich explained medical cost trends are projected to be artificially flat for the next three years. Russell indicated even if we kept increases moderate for three years, we could dip below a comfortable reserve level.

Next meeting: Wednesday, October 12, 2011, at the Duluth City Hall Room 303 at 9:30 a.m.

The meeting adjourned at 12:00 p.m. (Montgomery, Russell)

Minutes respectfully submitted by,
Terri Fitzgibbons
Executive Assistant
City of Duluth