

**DULUTH JOINT POWERS ENTERPRISE TRUST  
BOARD OF TRUSTEES MEETING MINUTES  
Wednesday, October 12, 2011**

**Board Members Present:** Rick Ball, David Montgomery, Dan Russell, Brian Ryks

**Board Members Absent:** None.

**Others Present:** Barb Akervik, Amy Diedrich, Keely Downs, Terri Fitzgibbons, Kim Hall, Steve Hanke, Tom Maida, Ryan Morris, Terry Johnson, Marie Lassman, Alison Lutterman, Cliff Tanner, Wayne Parson, Randy Overby, Don Douglas

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Chair Montgomery called the meeting to order at 9:34 a.m. Montgomery stated if anyone in attendance would like to address the board they may do so.

**Approval of Minutes:** The September 14, 2011, Minutes were considered. Motion to approve by Russell and seconded by Ryks. **Vote:** Motion passed unanimously (4-0).

**Treasurer's Report**

- Claims increased for the month of September as follows: Medical (13%), dental (6%), and drug (6%).
- Future reports will include additional information such as number and types of visits to illustrate why costs are increasing.
- The 13% increase in medical claims costs is higher than the national average. Diedrich explained claims are cyclical and it's difficult to correlate reasons for this. For the 2011 year-end analysis Montgomery would like to see more in-depth data so Trustees have a better understanding of what's driving costs.
- The fund balance at close of September is \$351,798.56.

**New Business**

- Scheduling Meeting Dates for 2012.
  - Montgomery reviewed the draft meeting dates and changes were made to accommodate input and schedules. A 2012 regular meeting date list will be finalized and distributed.

**Other Business**

- Premium Setting.
  - A document was handed out entitled Calculation of Approved 2012 Premiums – Medical & Drug.

- Russell proposed matching Health Partner's annual contribution of \$50,000 to Wellness funding. Hall stated we can certainly consider this as the wellness programs are developed.
- Increasing the \$2 million maximum lifetime benefit was discussed. The premium for this cost changes annually. Currently the stop loss covers costs from \$400,000 to \$2 million. All trustees are in favor of increasing this to \$5 million.
- CBIZ predicts a 10% increase in health care costs for 2012 for the City of Duluth. Average premium increases in the public sector have been at 5.5% over the past seven years.
- Trustees discussed the importance of a healthy reserve fund balance coupled with the desire to not impose too large of a premium rate increase. The projected fund balance at the end of 2011 is \$4.8 million.
- Russell cannot envision an increase of more than 15%; Ryks concurred and proposed considering a two or more year increase. Montgomery agrees the increase should be no more than 15% but is against smaller multi-year increases. The City cannot change premiums mid-year. Diedrich reminded Trustees that even with a 15% increase, the fund is still in a spend-down as costs are projected to increase a total of 26% for 2012.
- Determination of a reasonable reserve was discussed. To maintain a three month reserve, the increase would have to be 20%.
- Motion to approve Resolution **JPE 1011-19** for a 15% medical premium rate increase for 2012 by Russell seconded by Ball. **Vote:** Motion passed unanimously (4-0).
- Russell proposed a health fair for employees and offered DECC space for such. Hall thanked him and indicated an annual health fair has been discussed. Montgomery iterated a robust wellness plan will be beneficial to the fund.

Next meeting: Wednesday, February 1, 2012, at the Duluth Airport Authority Board Room at 10:30 a.m.

The meeting adjourned at 11:26 p.m. (Montgomery, Russell)

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