

**MONTANA
ASSOCIATION OF
COUNTIES**

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**BOARD OF DIRECTORS
Thursday, June 8, 2006
MACO Conference Room
Helena, MT
10:00 a.m. – 5:00 p.m.**

MINUTES

MEMBERS PRESENT

Officers

- | | |
|---|---|
| <input checked="" type="checkbox"/> Doug Kaercher, President | |
| <input checked="" type="checkbox"/> John Prinkki, 1 st Vice President | <input checked="" type="checkbox"/> Bernie Lucas, District #9 |
| <input checked="" type="checkbox"/> Cynthia Johnson, 2 nd Vice President | <input checked="" type="checkbox"/> Paddy Trusler, District #10 |
| <input checked="" type="checkbox"/> Allan Underdal, Fiscal Officer | <input checked="" type="checkbox"/> Bill Carey, District #11 |
| <input checked="" type="checkbox"/> Greg Chilcott, Urban Representative | <input checked="" type="checkbox"/> David Schulz, District #12 |
| <input checked="" type="checkbox"/> Bill Kennedy, Past President | |

District Chairs

Association Representatives

- | | |
|--|---|
| <input checked="" type="checkbox"/> Richard Dunbar, District #1 | <input checked="" type="checkbox"/> Leo Gallagher, Attorneys |
| <input checked="" type="checkbox"/> Mark Rehbein, District #2 | <input type="checkbox"/> Pam Castleberry, Clerk and Recorders |
| <input checked="" type="checkbox"/> Joan Stahl, District #3 | <input checked="" type="checkbox"/> Marilyn Hollister, Clerks of Court |
| <input checked="" type="checkbox"/> Art Kleinjan, District #4 | <input type="checkbox"/> Richard Brown, Coroners |
| <input checked="" type="checkbox"/> Arnie Gettel, District #5 | <input checked="" type="checkbox"/> Gary A. Olsen, Magistrates |
| <input checked="" type="checkbox"/> Carl Seilstad, District #6 | <input type="checkbox"/> T. Gregory Hintz, Sheriff & Peace Officers |
| <input checked="" type="checkbox"/> Maureen Davey, District #7 | <input type="checkbox"/> Stephanie Downs, Treasurers |
| <input checked="" type="checkbox"/> Mike Murray, Designee for
Ed Tinsley, District #8 | <input checked="" type="checkbox"/> Karla Christensen, School Superintendents |

OTHERS PRESENT: MACo Executive Director, Harold Blattie;
MACo Associate Director, Sheryl Wood
MACo Publications Officer, Marie McAlear

1. Approval of Minutes – February 13, 2006:

The motion to approve the minutes of February 13, 2006, was seconded and passed.

2. MACo/NACo Committee Appointment/Representative Policy:

President Kaercher announced that he had made an effort to reduce MACo committee travel expenses by limiting membership in each committee to ten people, and by reducing appointments to NACo Steering Committees. Several of the appointments that were reduced were subsequently restored due to the securing of sponsorships. MACo Committee and NACo Steering Committee appointments are at the discretion of the President of MACo. Representatives of other organizations such as the Coalition of Forest Counties and Oil, Gas and Coal Counties will also be appointed, as long as the costs associated with travel are paid by the respective organizations.

3. NACo Travel Reimbursement Policy:

First Vice President John Prinkki, Carbon County, announced that the MACo travel and reimbursement policy for MACo committee members would be clarified, allowing travel costs to be refunded only if the travel has been approved by the MACo President and/or Executive Director beforehand. President Kaercher described a previous incident of a committee members travel completed before MACo knew about it and he felt this was another way to keep travel budget contained. Commissioner Murray suggested a newsletter article so all committee members would know of the change.

Bill Carey, District 11 Chair, Missoula County moved to approve the revised Travel Policy regarding committee travel was seconded and passed.

Executive Directory Harold Blattie added that he appreciates the decision because he was often in an awkward position in regards to the approval of committee travel.

4. Personnel Policy and Procedures:

Executive Director Blattie announced the MACo Personnel Policy to be a work in progress. Some modifications had been approved by the Board at the Midwinter Conference bring it into alignment it with current state and federal statutes. It is anticipated that additional modifications will be presented for consideration at the MACo Annual Conference.

Associate Director Sheryl Wood described the current configuration of the Policy to be in three parts: the staff personnel policy and procedure manual, operational policies, and position descriptions. In other organizations, the Director is given the authority to manage staff, within budget authority. With separate position descriptions, the Director has more ability to match position descriptions to the actual duties and responsibilities. Requests for new positions and/or additional budget authority were submitted to the Board for approval. Director Blattie reported that the current administrative assistant hiring process is an example of the time involved in getting the position filled, because the Board had to approve proposed modifications to the position description. Doug Kaercher stated that with the dollar value for the administrative assistant, no one is applying, so there is a need to tweak the job description, but it's not necessary to bring it to the Board. The Board needs to let management deal with it.

President Kaercher further stated that with the dollar value for the administrative assistant, no one is applying, so we need to tweak the job description, but we don't need to bring it to the Board. We need to let management deal with it. The Executive Director and the Associate Director job descriptions would still be established, modified and approved by the Board.

Commissioner Johnson asked if the operational policies would be included with personnel policies or with operations. Director Blattie responded that some operation policies could be attached to the personnel policy as exhibits or have references from one to the other, but we would keep operational policies separate. One item on the "to do" list is the task to compile other operational and board policies to have a complete record and index of all policies adopted.

Mark Rehbein, Richland County, District 2 Chair, moved to separate the operating and board policies and position descriptions from the personnel policy. The motion was seconded and passed.

5. Administrative Assistant Search Status:

Director Blattie reported that the search for an Administrative Assistant has not yet been successful. The announcement was posted on Job Service, where it was posted for a week and two applications were received. It was felt this was not a large enough applicant pool, so the position was re-opened, listed with Job Service and an ad placed in the local paper. Two more applications were received, but both requested more than the approved salary range. The supplement question dealing with research was deleted, along with the requirements for Job Service testing, and references to an hourly rate were deleted and the salary was posted as negotiable "depending on qualifications and/or experience". It began advertising last Sunday and will run for three days this week. Helena is in a very tight employment market and its possible that any notion of hiring someone in that \$9 to \$11 range just won't happen.

Paulette Dehart: Clerk and Recorder, Lewis and Clark County, stated that they have positions in Lewis and Clark County that would do similar work with no requirements starting at \$10.40.

Director Blattie stated that an alternative plan of combining two positions could be considered if we are unable to find an individual suitable for our needs. Currently, the Association operating fine with current staff absorbing some of the additional duties in the interim, but phone answering with some employees working flexible hours make late afternoons hard to cover. As we move into staffs scheduled summer vacations, there may be a need to hire a temporary to answer phones.

Gary Olson encouraged Director Blattie to hire someone to be on the phones, even if it's a high school person. Counties just want to talk to a person and leave a message. Mark Rehbein advised that they use job shadowing a lot and it is effective. Paddy Trusler commented that MACo is competing against other high-wage areas in state. This might be a good time to hire a high school person.

6. County Leadership Institute Report:

Cynthia Johnson, MACo 2nd VP, reported that attending the County Leadership Institute was an incredibly valuable opportunity to experience being a leader and to learn to cause change to happen, even if you aren't comfortable in the role. The purpose of the Institute is to help people to become more effective leaders. The primary instructor was author Mardi Luns of "Leadership on the Line". His main point was that leaders must acknowledge themselves as having a role in any situation. There were 24 in the group, and each participant could ask uncomfortable questions of people they didn't know. The schedule for the Institute was full; there were only three hours outside the courses of free time. Cynthia reported that she personally paid all costs to attend the Institute. If MACo were to offer a contribution to assist an individual to attend, MACo could have a return on its contribution by having the individual do a workshop with some of the exercises at a membership meeting. The candidate needs to have a personal financial commitment but MACo could encourage developing leadership skills with a small contribution. One example of an exercise is a self-survey to determine management abilities and how the abilities fit with the rest of world and with other managers - "Which of 16 types am I and how does that relate to rest of world"?

If someone knows what another person is like and what they are like, then they can collaborate or work together better.

Commissioner Murray stated that their county feels the concept is valuable and useable with all department heads, counties, schools, etc. President Kaercher reported that the Executive Board discussed using MACo dollars to send people to workshops like this, and asked if MACo could set up a scholarship fund of \$500-\$1000 for members to apply to go to one of these institutes. Commissioner Chilcott felt this would encourage furthering our abilities as elected officials. Commissioner Trusler agreed and asked that this be tied back to the Association with a workshop or session.

No action was taken.

7. District Meetings/Nominations Update:

Executive Director Blattie and Associate Director Wood reported on the District meetings held in May.

Most district chairs were selected at the recent district meetings, but districts could wait until August meetings. He reported the results of elections held at the District meetings:

Dist	Chair	Vice Chair	Exp	Note
1	Richard Dunbar	Dave Rienhardt	07	(2 yr)
2	* Will Elect in August		08	(2 yr)
3	* Will Elect in August		08	(2 yr)
4	Harvey Worrall	Russ Tempel	07	(1 yr)
5	Arnie Gettel	Ben Ober	07	(1 yr)
6	Carl Sielstad	Bob Goffena	07	(2 yr)
7	Maureen Davey	Chad Fenner	08	(2 yr)
8	Tom Lythgoe	Mike Murray	08	(2 yr)
9	Bernie Lucas	Jim Durgan	08	(2 yr)
10	Paddy Trussler	Rita Windom	07	(2 yr)
11	Judy Stang	Alan Thompson	08	(2 yr)
12	Tom Rice	Suzy Browning	08	(2 yr)

Thus far, there are three nominations for Second Vice President, with nominations to remain open until the closing general session at the annual conference.

1. Lance Olson, Cascade County, nominated by Districts 4 and 5
2. Jean Curtiss, Missoula County, nominated by Districts 10 and 11
3. Mike McGinley, Beaverhead County, nominated by Districts 8, 9 and 12

MACo 1st VP John Prinkki apologized for not attending district meetings but there was a conflict with the Meth conference. He stated the importance of MACo officers attending district meetings.

President Kaercher reported that he was also at the Meth Conference, representing MACo on a panel presentation, but planed to be at the August meetings. His observation was that members often assume from annual conference proceedings that ideas are the same statewide, but when Board members attend District meetings, they learn that they are all different. Different things are more important in different areas of the state. He encouraged Board members to attend district meetings other than their own.

Associate Director Wood reported that there were several resolutions adopted at district meetings:

Summer Youth Employment Training Program: The Resolution as proposed had been amended to add minimum wage language and requesting program oversight be moved to DPHHS from Labor. The program is to be state funded and managed, so MACo cannot designate who is to manage the program, but can make a recommendation.

Grey Wolf Management: Requests enforcement of state management policies and more communication with local governments and landowners.

Airport Authorities: The Airport Authority has taxing authority, but has refused to allow county representation on the board. *Note: The Board asked that the Resolutions Committee determine if this is a local or statewide issue.*

E-911 cost and recovery: Supporting legislation to add a fee to cellular phone bills to add GPS coverage for cell phones to facilitate Phase II of E-911.

Mail Ballots: Currently, mail ballots are not allowed in federal elections. This would enable counties to have the option of holding mail ballot elections in primary and general elections.

Aging Services: The resolution is to support The Aging Services and Older Montanan's Trust Fund. A letter from to Governor Schweitzer was proposed previously, to support \$3M in the state budget for the trust fund. It was discovered the funding was not in the Governor's proposed budget so the letter was not sent.

The Resolutions Committee will meet June 23 to begin organizing for annual conference.

8. Future Meetings Update:

Director Blattie and Associate Director Wood reported on upcoming meetings through the end of December.

Director Blattie reported that the Education and Conference Planning Committees met and decided to change the Commissioner Certification process to include one week after November elections and then one full week the following December, rather than in conjunction with other MACo conferences. Attendance has been difficult to track.

Director Blattie reported that summer district meetings will need to be held in time for resolutions to be properly prepared for the annual conference. We will need to work out a schedule, perhaps at the end of August. Commissioner Stahl asked if it was possible to have district meetings at the beginning of the Annual Conference. Director Blattie responded that it was not possible in a pre-legislative year, because of the time needed to prepare resolutions to present to the full membership. Our Bylaws require they be sent to members at least 10 days prior to the Annual Conference. Commissioner Johnson asked if we could hold meetings just for resolutions. Director Blattie responded that that had been done before, but it was very expensive to pay the travel costs, etc.

Director Blattie and Associate Director Wood reported on other items that were discussed during the spring district meetings:

The NACo Nationwide Deferred Compensation Agreement has been extended three times, and now goes through June 30, 2006. There are two agreements--one for marketing and one for royalties. MACo will earn revenue from each agreement. Provisions of the Marketing Agreement allow for different levels of participation in marketing the program. Currently MACo qualifies for the highest level of marketing assistance so we will earn the highest rate of return. The Royalty Agreement will earn revenue based upon the volume of investments. These are a significant source of revenue for MACo.

In Districts 4 and 5, State Senator Black is sponsoring a renewable grant for Chester. The district passed a motion to request MACo write a letter of support for the project.

Harold Blattie discussed an Idaho Association of Counties publication, "Idaho Public Lands--Facts and Figures" and asked if MACo should consider purchasing one for each Montana county, or if MACo should consider doing a Montana version. There was general consensus that we should investigate the cost of doing our own.

It was reported that Jane Jelinski, Director of the Local Government Center at MSU is finishing an updated "Montana Counties on the Move", and is performing the drafting at no cost to MACo. We have budgeted to publish a limited number of hard copies and will also put it online. This is a good handbook about county government. Commissioner Prinkki asked if public lands publication be folded into this document. Director Blattie responded that it could be considered, and that he would check with Jane Jelinski to see what her thoughts might be.

Associate Director Wood reported on a recent meeting that was called by representatives from the Western Counties Alliance, during the Governor's Emergency Preparedness Conference in Billings. MACo cautions counties to investigate this group and their intentions and activities thoroughly before joining. MACo suggests that counties carefully consider how it will affect our work with Congress. The benefits received for the \$7500 membership dues are limited, as this group will focus on two land use proposals only. They have stated they would work with state associations, but MACo had not had contact from them. When asked if they had the support and/or endorsement from NACo, WIR and/or the Coalition of Forest Counties, they responded no. Some western congressional delegates formed this group. When asked if Montana congressmen supported, they responded that they didn't "not support it".

Commissioner Murray stated that MACo pays dues for two people to serve on the WIR Board of Directors, which is backed up by full time staff at NACo to lobby Congress. Essentially only a few Utah counties belong to this new organization. Your MACo/NACo dues already pay for a WIR membership. At the moment, the NACo staff representative working with them.

9. President's Scholarship Award Presentation:

PRESENTATION OF SCHOLARSHIP

President Kaercher introduced and presented a \$500 MACo scholarship to Andrew Dusek, a recent graduate of Havre High School. Attending the Board meeting with Andrew were his parents, Douglas and Cheryl, his sister and his aunt. Andrew plans to attend the University of Montana to study broadcast journalism.

Morgan Gatzemeier, North Star High School in Hingham, received the \$1,000 Scholarship but was unable to attend the Board meeting.

10. Classification and Compensation Study Report:

Director Blattie and Associate Director Wood reported on the completion of the Classification and Compensation study. The purpose of the study was to look at salary levels and compare MACo salaries to the Helena market for both public and private sectors. By establishing a range for the salary of each of our staff positions we will have a better tool to consider all of the variables related to setting actual salaries, such as specific duties and essential functions along with additional education or skills above the minimum requirements for a position.

At this time, the Board convened in Executive Session to review the results of the recent classification and compensation study.

11. MACo Pins:

MACo PINS

Per previous Board discussions, the MACo logo-pin design was sent to Montana Silversmith's to produce a permanent gift source for visiting dignitaries. This could be used instead of books, artwork, etc. The design and die cost is \$500, with individual pin costs to be about \$10 each. It is anticipated that county officials would be interested in purchasing these so that MACo could earn back the investment for design.

Commissioner Davey reported that Montana Silversmith's had informed her that our current cloisonné pins would cost about \$0.25 each. The new pins would be custom-crafted by Montana Silversmiths, so would be more expensive. They would not be used for "trading".

Commissioner Dunbar voiced a concern that it would take a couple hundred pins to recover the \$500 set-up fee. Commissioner Johnson stated that once the pin design is complete, it could then be used for any other type of silver item produced by Montana Silversmiths. MACo would own the design and artwork so could also use it for other purposes. Commissioner Kennedy commented that MACo could order anything out of the Montana Silversmiths catalogue and have the MACo emblem on it. Yellowstone County is bidding to host the WIR conference again, and these would be great gifts to give from MACo.

Commissioner Murray moved, to approve the project and to approve spending \$500 as the set-up fee. The motion was seconded and passed.

12. Other Business:

MACo Executive Director Evaluation Report

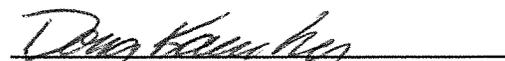
Director Blattie chose not to go into Executive Session. Doug Kaercher handed out a summary of the Executive Director evaluations and noted that 32 commissions responded, with two received after the deadline. Those two are not included in the summary. He said that the originals are available upon request. The Executive Board reviewed the evaluation and expressed the belief that Blattie has continued our level of great respect. Some comments included in the responses were: "We applaud him and know he will work on those areas mentioned", and "We think he has developed a good staff."

Karla Christensen, representing County Superintendents of Schools expressed that their organization was pleased that Executive Director Blattie had Associate Director Sheryl Wood attend their state meeting. They have felt that they were not a part of MACo for some time and their members viewed her attendance as a very positive change.

At this time, the MACo Board of Directors meeting was adjourned. The Board of Directors reconvened in a joint session with the JPIA and JPA Trustees for Final Budget Adoption.

Approved this 24th day of September, 2006.


Harold Blattie, MACo Executive Director


Doug Kaercher, MACo President

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**Joint meeting of MACo Board of Directors,
MACo JPA Trustees, and MACo JPIA Trustees
Thursday, June 8, 2006
MACO Conference Room
Helena, MT**

The purpose of joint meeting was to adopt the 2006 - 2007 Budgets.

FINAL BUDGET ADOPTION

Present were the MACo Board of Directors, (member attendance earlier noted), the JPA Board of Trustees (MACo Executive Board) and the JPIA Trustees, including those on the MACo Executive Committee, Ted Coffman, Carl Sielstad and Mike Murray, JPIA Chair. Also participating by phone was Carol Brooker, JPIA Trustee.

Patti Grosfield, MACo Fiscal Officer, presented financial statements for the three entities and explained some of the financials between and among the insurance trusts and MACo.

For the MACo Budget, she reported expenditures of 87% of budget as of June 6, 2006. Income had reached 100% of the budget with another month to go before the end of the fiscal year.

For JPIA, compared to this time last year, premiums are up \$550,000 and investment income is up \$100,000. Claims expense is higher because there were some very expensive claims paid at the beginning of the year. The property appraisal process completed this year was an extra expense, but the re-insurance charges are lower and are now based on appraised values, rather than estimates. This will be recovered in premium costs being lower for reinsurance.

For JPA, the report covered to the end of December 2005, showing increases of \$330,000 in premiums and a decrease of \$71,000 in investment income. December data is the most current available at this time due to outstanding issues related to medical cost review payments to Corvel Corp. The budget is on an October fiscal year, differing from JPIA and MACo, with the current budget on track.

Analysis shows that bringing claims in-house was a very positive action. The 2006 budget is coming in less than anticipated. For 2007, the total budget is estimated at \$552,000. This includes one-time fees for software and MMIA fees to host our claims computer programs. These fees should eventually go away. The 2007 budget would have been \$965,000 if we had stayed with the same provider. Even with the transition costs, budgets are much lower by bringing claims in-house..

QUESTIONS:

Bernie Lucas: Will insurance trusts continue to help pay for original building?

Harold Blattie: The Trusts will continue to pay operation and maintenance on this building (because some staff will be housed here) at a rate of 1/3-1/3-1/3. The Trusts are not renting from MACo, but as equal owners are sharing in owner costs. The new building will be completely owned by the insurance trusts. Most of the operational costs included in the budget for the new building are split evenly between the trusts, however some line items are based upon a split in the number of claims processed for each trust.

Paddy Trusler: Do we budget for depreciation?

Patti Grosfield: Yes, we budget a transfer into building reserves annually to save for major improvements and renovations that will be needed in the future on the original building. This will be the same for the new building. An example of major repairs is last year's parking lot improvements. The buildings are set up on a 39 1/2 year depreciation schedule for our financial statements, not for budgets, because it is not an actual cash transaction. For budget purposes, we budget reserves in-lieu of depreciation.

Carl Sielstad: On the budget sheet, do we only show what we know is coming in for revenue?

Harold Blattie: Yes, we use only actual known revenues or when an exact amount is not known, we use conservative amounts as anticipated revenue. An example is the MACo budget for NACo Travel could not cover costs for all those who want to participate. So we have secured sponsorships for some of the travel costs. The Department of Commerce pays for sponsorship for midwinter conference and for travel for Mike McGinley on the NACo Community and Economic Development Committee. The Department will continue to do that. The Secretary of State sponsors Allan Underdal on the NACo Finance and Intergovernmental Affairs Committee. Participation on this steering committee is advantageous for the Secretary of State, so they gave funds to pay for costs. The new Memorandum of Understanding with the Department of Labor and Industry will reimburse travel for Cynthia Johnson on the NACo Labor & Employment Steering Committee, who will then report to State Workforce Board. For our anticipated Revenue in the budget document we only include known amounts in this area. However other sponsorships are estimated based upon the prior year revenue. This is part of larger undertaking to develop sponsorship, affiliate memberships, etc., and market MACo to entities that want access to our organization. Idaho brings in \$100,000 a year in sponsorships.

Carl Seilstad: What about these increases in expenditures in some cost centers?

Patti Grosfield: Those are pass-through dollars in the MACo budget because the trust will pay those items. The 500 and 600 budgets are different because we now have position restructuring and we don't have vacancy savings in the MACo budget because the Trust Transition Administrator position has been eliminated. The big change from FY06 to FY07 is bringing claims in-house. To get a true picture of the costs for FY- 06, we need add in funds that were spent to ASC because this is not reflected in the budget as those TPA service costs were paid directly from the Trusts rather than through the MACo budget. Vacancy savings was retirement, with Gordon no longer being paid by MACo in 06, but rather through trust fund.

Dave Reinhardt: Will 900 fund go away?

Harold Blattie: It will not be in the FY07 budget. Gordon's assignment for this year was in three parts: to get health care trust going, to bring claims in house and to get the new building up and going. He has successfully completed all of these. After June 30, I will have more day-to- day responsibility to complete building, more interaction with claims administration staff and periodic meetings with health care trust staff.

Allan Underdal, MACo Fiscal Officer, Toole County: We were using this as a biennial budget; so there is a project expenditure deficit due to expenditures exceeding anticipated revenues in 2007. This would turn around in 2008. Legislative costs, which are every other year, account for the difference. The largest legislative cost is travel — increased budget authority for committees, officer travel and asking people to come in to testify. When county officials come to testify, the county will typically pay the cost; but if MACo asks an official to testify, then they will pay the travel costs for hotel and per diem as well as mileage.

Harold Blattie: The budget for NACo travel costs has been increased to replenish travel budget authority for Connie Eissinger. While serving as WIR President, NACo paid the majority of her travel costs. Now that she is no longer the WIR President, MACo will need to budget for her travel as a WIR Board member, as we did previously.

The budget also reflects an increase in costs for the Midwinter meeting because Disaster and Emergency Services is no longer helping to pay part of the expenses. The objective is to have registrations cover the costs of the conference, to at least break-even. Question: Now that DES is no longer selecting the site for the midwinter conferences in non-legislative years, how would the Board like to select for non-legislative midwinter locations?

Joan Stahl suggested Conference Planning Committee review counties' proposals and make the selection. Allan Underdal stated that we would prefer to know expenses such as meeting room charges, meal charges and other associated costs beforehand. Mark Rehbein commented that a county should negotiate that before they bid. We should do like we do the annual--a county put costs together before presenting to Karen.

No action was taken. The discussion was referred to the Conference Planning Committee for their recommendation.

Executive Director Blattie requested consideration of increasing the respective budgets to incorporate staff recommendations for individual employee salary adjustments due to the completion of the Compensation and Classification Study.

As was discussed at district meetings, the compensation/classification study may lead to adjustments in the budget as presented. The management recommendation includes moving salaries for all employees to 80% of the mid-point of the range for each position.

The study gives us four options:

- 1). Adopt the salary budget as presented (COLA included);
- 2) Adopt the salary budget with COLA and management recommendations;
- 3) Adopt the salary budget with COLA and longevity;
- 4) Adopt the salary budget with COLA, longevity and the management recommendations.

With the last proposal (COLA + longevity + management recommendations), the effect would be a reduction in the MACo budget of approximately \$4,500, an increase in the JPA budget of approximately \$12,500 and an increase in the JPIA budget of approximately \$12,500. The reduction in the MACo budget comes from reallocation of the Finance Officers salary to 1/3 being paid by each entity. All of the options include only the actual salary cost. Added employer costs for items such as FICA and Unemployment are not included because they have not yet been calculated. They would be calculated and included in the final amounts in the budget.

Murray moved to adopt option 4, COLA + longevity + management recommendations for the MACo budget. The motion was seconded.

Discussion followed:

Mike Murray: I ask Patti to track her time so that we know what is really happening, so that we are not making an arbitrary decision on 1/3-1/3-1/3 split. Then next year's budget could reflect reality.

Greg Chilcott: I would like to consider a month to get an idea. I trust staff to know.

Patti Grosfield: Since claims are in-house, my added duties are more centered on the insurance trust work.

Joan Stahl: Does this motion make longevity continue every year?

Harold Blattie: It would become part of the total compensation program. This is a one-year look because we have more work to do on the bigger picture. Next year, you can

make a change in direction. For now, it's a one-year deal with the anticipation that it would continue, but the Board can change that approach. Once we have been able to move all employees into the salary ranges, longevity can be incorporated into where each employee's salary fits within the range.

Mark Rehbein: For the pools, even though there seems to be \$500,000 savings, there are hidden costs. The staff is doing work we didn't anticipate they would be doing.

Harold Blattie: Actuarial analysis will begin showing the savings, which would then indicate lower rates.

Mark Rehbein: There were expenses paid by ASC that we didn't, so now we may have to cover them.

Ted Coffman: Some of those funds went for ASC profit.

Carl Seilstad: So, this is \$4,500 savings in MACo, with \$25,000 added on to trusts.

Harold Blattie: Yes. Note that health insurance stays the same and the shift shown is for salaries only. There will be added costs for social security, Medicare, longevity, etc.

Mike Murray: The goal in the insurance trusts is always not to have a premium increase.

Paddy Trusler: Will services increase?

Harold Blattie: Increased services and reduced overall costs was the objective of bringing claims in-house.

Harold Blattie: We need three votes--one for the MACo budget, one for the JPA budget and one for the JPIA budget. If one fails, they all fail.

Mike Murray: I made my motion for the MACo budget.

Joan Stahl: If Patti's salary is arbitrary, then we need to change it before we vote.

Doug Kaercher: Mike Murray suggested we should study it and then make changes.

Joan Stahl: If this is done, will the budget be changed.

Doug Kaercher: If left 50-25-25, MACo would see a big increase. Any change would be for future years, based upon the study we earlier discussed.

Mark Rehbein: If Patti's changes, why wouldn't Harold's change?

Harold Blattie: My allocated time is not being changed, even though I'm taking over more duties with finishing the building. Next year I might come back with a clearer idea of my time. I didn't think about the change of my time when Gordon is gone when we were putting this year's budget together.

MACo President, Doug Kaercher called for the vote on the MACo Budget. The Motion passed with three dissenting votes.

JPA Chair, Doug Kaercher then called for the vote on the JPA Budget. The motion to accept the JPA budget as presented, was seconded and passed by the JPA Board of Trustees.

JPIA Chair, Mike Murray then called for the vote on the JPIA Budget. The motion to accept the JPIA budget, with Harold and Patti to study their time allotments between MACo and the insurance trusts, was seconded.

Motion carried with Trustee Carl Sielstad voting no.

Executive Director, Harold Blattie expressed his thanks to the Board and Trustees for approval of the respective budgets and noted that the Trustees will need to consider the structure for providing insurance services to members, such as staff level, types of staff, etc. In this year's budget process, members of the insurance trusts were included on the MACo Budget Committee. It was agreed by consensus that for future budget cycles, that the three entities should meet together again.

The meeting was adjourned.

Approved this 24th day of September, 2006.


Harold Blattie, MACo Executive Director


Doug Kaercher, MACo President