

**Governance Structure Committee
Minutes – Approved
June 23, 2017
Legislature Chambers**

Present: Kevin Levine, Olivia Hersey, Paula Younger, Rich Goldman, Mack Cook, John Fracchia, Judy Drake, Bud Shattuck (arrived at 4:12 p.m.)

Guests: Don Barber, Executive Director; Steve Locey, Consultant (via conference call)

Call to Order

Mr. Barber called the meeting to order at 3:34 p.m.

Approval of Minutes – June 23, 2017

It was MOVED by Ms. Younger, seconded by Mr. Goldman, and unanimously adopted by voice vote, to approve the minutes of the June 23, 2017 meeting. MINUTES APPROVED.

Governance Structure Committee Structure – Chair Selection

Mr. Barber said his role as Executive Director is to support the Board of Directors and the process for making decisions and suggested the Committee select a Chair. Mr. Fracchia offered and members were supportive of him assuming the position of Chair.

Identified Governance Structure Issues to Address

Mr. Barber reviewed the following list of issues that were identified at the last meeting:

- Labor Representation on Governing Board
- Compliance with Article 47
- Weighted Voting
- Decision making process
- Balancing partner ownership with ability/desire to participate in decision making
- Process to provide operation's information to partners
- Finding a balance for those partners that don't have time to get involved with those partners that do

Article 44

Mr. Locey explained Article 44 is an Employee Welfare Trust Fund that operates differently than Article 47 under the New York State Insurance Law. The biggest difference from a governance structure is there is a Board of Trustees and there needs to be a management structure with 50% labor and 50% management. The only difference between the Erie 1 BOCES Program and the East End Health Plan is how they select representatives to the Board of Trustees. In the Erie 1 Program their Board of Education and management personnel select representatives to the Board and their labor organizations select representative for the labor side. They meet a couple of times each year to review information but don't have the ability to make policy or vote on anything. The East End Health Plan has a collective group that meets periodically and all the schools and labor groups select their representatives. In both cases it is 50/50 with no requirement to be a certain number and no strict rules on how they are selected. The Erie 1 Program is 5 and 5 and the East End Health Plan is 7 and 7. Mr. Locey expressed concern that when looking at different models he would want to make sure that no one feels they are not being represented.

Mr. Goldman suggested the present percentage split of 85/15 (85-management; 15-labor) could be maintained under a different representative model thereby reducing the total number of representatives for both management and labor. Mr. Locey said that could be done but would need to include a way to structure labor representatives with a similar model to what has been approved by the State. Mr. Barber said as the Consortium has grown the ability to fill the labor Director seats has become difficult. There was a brief discussion of whether the use of a proxy would be acceptable Mr. Locey recalled advice from the Consortium's legal counsel that the Board of Directors could not have proxies. Mr. Locey said Article 47 says there needs to be needs to be a governance board and the Municipal Cooperative Agreement needs to describe what they do and how they are selected.

Mr. Fracchia asked if the total number of participants could be divided and each group choose a representative of those entities. Mr. Locey said this would be acceptable as long as it was defined in the Municipal Cooperative Agreement.

It was stated that the total number of participants could reach 133; however, if any of the municipalities within contiguous counties were to create a consortium that would reduce that number. Ms. Drake suggested looking at what size is manageable and would continue to be manageable as the Consortium grows.

Mr. Fracchia suggested looking at: what the capacity should be regardless of the governance structure; and what is the tipping point of where it would become unsustainable.

Mr. Goldman asked if there would be a tipping point of members or if the governance structure the overriding thing that would handle any future growth. Mr. Locey said he thinks it is more dependent on whether things are in a stable or volatile situation. If there are a lot of financial pressures people tend to show up for meetings and when things are going well people get disinterested. The bigger issue could be logistical issues related to holding meetings. He said if the governance structure is changed it will require approval of all municipalities.

Mr. Fracchia asked if there has been a consistent problem with the Board of Directors being unable to reach quorum at meetings. Mr. Barber said it has not; however, he spends a considerable amount of time ahead of meetings to make sure they are attending and as the Consortium grows that will require more time. He referred to comments made by Mr. Shattuck at the meeting that small municipalities have been working with a broker and have done nothing more than buy a product that is passed along to someone else. Most of those individuals have full-time jobs and do not have time to commit to another board.

Mr. Goldman said he spoke with his town board members and they didn't feel they needed a representative and would be fine with a delegate approach as long as everyone who has similar interests are represented.

Mr. Fracchia suggested a reasonable next step could be to bring this information to the municipalities to explain the Consortium is looking at options that would address their needs and ask to them to weigh in how they would feel if there was a representative relationship. He suggested that they be informed as to how much the Consortium has grown and what that means logistically and potential problems with that.

They should be provided with:

- options that are being considered including going to a representative model where they would have the ability to help elect a representative under a structure to be determined. This should include information on how it is currently structured.

- a request to respond with their opinions as well as what they felt their board would like to see, or whether they have any concerns that could be used as discussion points;

Mr. Cook suggested including a sample of what the model could be, such as that a town and village incorporated within that town being one representative unit; towns that have a nexus in size and geographical connection would be a model. Ms. Drake said there is also the NYMIR (New York State Municipal Insurance Reserve) and SWSCHP (State-wide Schools Cooperative Health Plan) models that are in existence that are working. She said it makes sense adding municipalities but Tompkins County started this and is still the largest entity within the Consortium's base and it will be important to hear from the City and the County. There was a brief discussion of possible options for weighted voting options to keep within the spirit of the current Agreement, such as having permanent seats for employers over a certain size,

Mr. Locey suggested cutting the number of Board meetings back to a couple a year when critical decisions need to be made and to delegate to committees some of the more routine decisions of the Consortium.

Mr. Shattuck arrived at this time.

Mr. Locey said he is gathering information to show the savings in terms of tax levy for each of the smaller municipalities to show what they would be paying in a community-rated environment; reminding them of how much the Consortium means to them from a financial standpoint and that they have an obligation to attend meetings that could happen less frequently may also be helpful.

Mr. Cook said it would make sense to delegate responsibilities to committees and spoke of the matters that have been taken up by the Audit and Finance Committee. He said many of those items could have been enacted by the Committee without adversely impacting the Consortium's operations. Mr. Barber noted the committees would need to be populated by Directors.

Ms. Hersey spoke of the importance of finding a number of meetings that would keep people engaged but not overwhelming them with meetings. Mr. Fracchia suggested there could be a stipulation that in order to get the benefits of the Consortium committee participation isn't voluntary.

In response to a question regarding what the Board is required to do Mr. Locey said Article 47 states that the Board has to meet at least one time per year, approve plans and benefits, approve agreements for contract administrators, Stop Loss insurance, all of which could be done once or twice per year. There is no restriction on the number of Directors or how they are selected.

Mr. Cook summarized two model the Board could be presented with: geographical/logical consolidated representation model and a model of how to empower committees and the scope of that empowerment with a corresponding reduction of reduction in the number of Directors required to attend meetings or a reduction in the frequency of Board meetings. Mr. Barber questioned how small municipalities would be informed if they are not participating in the process; Ms. Hersey said a mechanism would need to be developed that would support informing those municipalities that would want to be informed.

Next Steps

In preparation of the next meeting Mr. Barber will frame the background and questions that will be asked of representative governments that can be presented at next week's Board meeting. Members will be provided with a draft of information and asked to comment back to Mr. Barber by e-mail. Following that step, a Survey Monkey will be produced based on the information.

Next Meeting

The next meeting was scheduled for August 18th at 3:30 p.m. in Legislature Chambers.

Adjournment

The meeting adjourned at 4:44 p.m.