



Greater Tompkins County Municipal Health Insurance Consortium

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“Individually and collectively we invest in realizing high quality, affordable, dependable health insurance.”

AGENDA Governance Structure Committee March 25, 2018 – 5:00 P.M.

Heyman Conference Room, Old Jail- **Call-in Option Available**

1. Welcome (5:00)
2. Changes to the Agenda (5:02)
3. Approval of 2/20/19 minutes (5:05)
4. Review of Initial Draft of What the Consortium would look like within SWSCHP's Article 47 Model (5:07)
5. Discussion of Action Steps, Direction for Consultants, and Information Desire for Next Meeting (6:00)
6. Adjournment (6:30)

Next Meeting: April 17, 2019 @ 5 PM

**Governance Structure Committee
Minutes – Draft
February 20, 2019
Legislature Chambers**

Present: Bud Shattuck, Judy Drake, Chuck Rankin, Eric Snow, Lisa Holmes, John Fracchia,
Present by Phone: Kevin Williams, Steve Thayer (excused at 5:55 p.m.), Greg Pellicano
Excused: Jim Bower, Ed Fairbrother
Absent: Olivia Hersey

Call to Order

Mr. Rankin, Chair, called the meeting to order at 5:07 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes – January 16, 2019

By consensus, the minutes of January 16, 2019 were accepted as presented.

Review of Communications with Legal Counsel

Mr. Rankin referred to responses from John Powers, Consortium Legal Counsel, to questions raised at the last meeting. The Committee discussed the February 12, 2019 communication from Mr. Powers to Mr. Barber in which he addressed the SWSCHP model.

Ms. Holmes said at the last meeting there was discussion of moving to a smaller and more representative model of governance and how those representatives would be chosen. In this model it states that “the Governors shall select from themselves an Executive Committee” and there aren’t provisions for how those would be chosen. Mr. Rankin suggested it could be more defined and suggested there could be a representative of each county, at least one town and village representative, and labor. Mr. Shattuck commented that having three of these seats for each of the contiguous counties would bring to board to 21 plus labor; Ms. Holmes said there could be a single representative from each of these (i.e. one County, one town, one village).

Ms. Drake asked what size Board members of the Committee feel would be a reasonable size; suggestions ranged from 7 to 15 members. Ms. Drake spoke in favor of a range of 11 to 15 members and noted the need to have members serve on committees. Mr. Rankin questioned if it would be critical to have a representative of a town and/or village. Mr. Shattuck said he could support an open election of members and said it would likely result in those who have time to commit to the Consortium being elected to serve.

Mr. Shattuck suggested an alternative option for adding labor seats to the Board could be looking at those municipalities that join that have a labor union and basing a formula on that instead of a percentage of everyone. Ms. Drake recommended there be a set number of seats for labor and suggested two that would be selected from an election model of the whole. She also suggested there be an annual election of officers and that the rates be voted on by the Board and not all of the participants.

Mr. Fracchia said he doesn’t disagree with the concept but suggested there may be some questions that need further research. He said in Mr. Power’s letter he cites that the Comptroller does not weigh in on what is being proposed and there seems to be a sense that

the representative of a municipality should be someone with some responsibility in terms of fiduciary care of the municipality's pledged funds. He asked if the Comptroller's Office should directly be asked the question before getting too far into the process. He also called attention to the SWSCHP model being grandfathered and asked whether there could be some latitude that the Consortium as a more recent entity might not get. Ms. Holmes commented that the language she read concerning being grandfathered pertained to labor representation on the Board. Mr. Fracchia said although there is a chance the answers would not be ones the Committee would like to hear it may be worth asking these questions. Ms. Drake spoke of her experience working with DFS and said they need to be presented with something to comment on. Mr. Fracchia suggested the first place to ask a question would be of the Comptroller.

Mr. Shattuck commented that since the Consortium has already approached Mr. Powers and he has provided information the Committee should look at how the MCA can be changed and look at how things can be changed into the Article 47, and then push a proposal to DFS with a request for an opinion of whether or not it would be acceptable.

Ms. Drake spoke of 5-G question and said on the PERMA Board each municipality has a person who is authorized to vote at the annual meeting and a proxy can be assigned; therefore, there is representation at the annual meeting. Mr. Fracchia said this could hinge on whether the annual meeting would be enough and whether the business conducted at the annual meeting covers the idea that any other business is essentially representative.

Mr. Williams said he continues to not support allowing proxies; however, he has experience working in another model that allows for written ballots to be sent in. He said although there is a Board of Directors everyone is a member and can participate as much or as little as they want. He referred to the communication from Mr. Powers and said it's unclear whether moving in any direction would work. He also agreed with Ms. Drake's suggestion of preparing a proposal for DFS to consider.

There was discussion of representation and municipalities feeling like there is a connection between the Consortium and a municipality. Ms. Drake said she sees a role of the Executive Director or Consortium staff to be getting information out to municipalities. She recognized Mr. Williams and Mr. Shattuck for wanting to find a way for a municipal representative to be involved and said it will be important to have a strong committee structure behind the Board of Directors. Other issues raised that would need to be addressed was term limits and whether the membership of the Executive Committee would be who would populate the standing committees. It was also noted that anyone, regardless of whether or not they are a voting member, could attend meetings and communicate any issues or concerns.

Mr. Thayer was excused at this time.

Mr. Rankin asked for suggestions on how many members the Committee felt should serve on a representative model board and how they would be elected. Mr. Shattuck suggested starting with 11 with the possibility of increasing based on future members. Ms. Drake said a size should be chosen based on what the right size of the organization should be even with growth. She doesn't think any municipality coming in should have any expectation that they are going to change how the governance structure is set up.

During discussion of a model that included the following representation: 7 (1 from each county), 1 labor, 1 at-large, and the Chief Fiscal Officer, Ms. Drake referred to the model used by PERMA and said they call for nominations and those who are interested submit their interest. An election ballot goes out after the receipt of nominations.

Ms. Drake referred to Mr. Powers' response and said thought needs to be given to how much should be outlined in the MCA and how much could be outlined in bylaws which could describe the process for becoming a Director. She said by being able to include this type of language in bylaws it will ease the process. Ms. Drake commented that DFS requires that revisions to the MCA be voted on by every participant; therefore, changes should be made as infrequently as possible. *There was consensus that the MCA be simplified to the greatest extent possible and that an opinion be sought on what specifications can be left out of the MCA and included in bylaws.*

Ms. Holmes asked if the Committee has reached a point where it could begin to draft a new MCA. Ms. Drake said because of the discussions and education that is taking place through the work of this Committee that it would make sense for this Committee to eventually take on the task of reviewing the MCA.

Mr. Shattuck suggested taking suggestions offered at this meeting and presenting it to Mr. Powers for an opinion. Those suggestions include things such as having a 15-member Board that would meet annually, having voting paper ballots for those who cannot attend, to change the structure to include nominating committees to determine who would be on those, and to include an assumption of who would be on the Board. He added that he would prefer open membership on the Board with membership not restricted to a particular group.

Mr. Williams asked if Tompkins County, as the originating County, should have more weight as others. Ms. Drake said Tompkins County can always respond with nominations if it wants to have representation on the Board. She added that the bylaws could always include language that states positions such as the Treasurer would be from Tompkins County.

There was consensus to place the ideas suggested for which there was consensus on into a document for members to review and comment on. Ms. Drake suggested gathering bylaws from other groups such as NYMIR, PERMA, and SWSCHPs that could be reviewed by the Committee as well.

Mr. Snow said also he thinks items such as term limits and how a turnover in elected officials would be handled should be addressed. Mr. Williams spoke of outlining the separation in what the membership would vote on versus the Board of Directors. He gave an example and said he would expect would be included in the bylaws would be hiring of the Executive Director and that the Board of Directors would hire for the position without the input of the entire membership.

Next Meeting

Some members are unable to attend the next regularly scheduled meeting on March 20th. The Committee will be polled to see if there would be a date that would work better.

Adjournment

The meeting adjourned at 6:23 p.m.

Don's Notes/Reflections after reading GS 02202019 Minutes

Items GSC found consensus:

1. Representative Governance Model (Board of Governors -BoG- for clarification from current Board of Directors -BoD)
2. Size of BoG- 11-15
3. BoD meets annually
4. No change in BoD composition (except possibly Labor- that decision process left to MCA committee)

Questions needing more discussion

1. Composition of BoG
2. How Governors are elected
3. Voting process for BoD when only one meeting
4. Term limits/Process for Orderly Succession
5. If Governor is no longer able to serve due to election of other municipal decisions
6. Description of Standing Committees and composition if committee members
7. Process for keeping Directors informed and up-to-date of BoG actions/activities

Action steps:

1. Ask DFS for a process to receive legal opinions on changes to GTC Gov Structure
2. Develop list of items required to be in MCA
3. Develop list of items desire in Bylaws
4. Develop questions for OSC around qualifications for Directors and run them by DFS
5. Send communication between Barber and Powers around NYMIR model to GSC (sorry I overlooked attaching them to agenda packet but it was clear from committee remarks that I had- attached)

Comments-

1. Labor is currently based on % of premium paid in. We will need to develop a good reason to change. With the BoG model, labor would still hold positions on BoD and (hopefully) BoG
2. Ms. Drake's comment on BoG setting rates is contrary to Powers recommendation and possibly Art 47- I can do more research on this
3. I concur with Ms. Holmes comment on the grandfathering of SWSCHP's. It is my understanding that the grandfathering process took a bit of time, with give and take between SWSCHP's and DFS to bring SWSCHP's agreement into compliance as far as possible with Art 47. I believe the SWSCHP's Benefits Committee was the negotiated role for labor since plan oversight model was already established.
4. PERMA, NYMIR, etc – we need to discover under which articles of NYS Insurance Law these cooperatives find legal authority and review for similarity to Art 47
5. Powers has opined that proxy voting is NOT allowed under Art 47- see attached

Dear John,

Thank you so much for your analysis of the statute pertinent to the questions Steve asked about Consortium governance. I have a couple of follow-up questions.

Question #1:

MCA- It would be my understanding that our MCA could be changed by mutual agreement of our partners if the amended language (according to Section T of the MCA) was in compliance with Article 47 and 5-G.

5-G: I am familiar with NYMIR, also a 5-G whereby municipal corporations pool property and casualty risk. They have a model whereby the Governing Board is elected by the municipal partners. (I have attached the Subscriber Agreement for your reference.) Would this model of the municipal partners electing a Board of Governance meet requirements of 5-G in your opinion?

Question #2 Comment: we fully expect DFS review and comment on any changes to MCA. The anticipated problem is they tend to shy away from providing a review until the amended language has been accepted by all municipal partners.

Question #3 Comment: The Consortium had one municipal rep (Town of Enfield) that was not a municipal official during their 2nd audit and they did not cite this as a condition that needed to be rectified. It turned out that this person lost interest over time and the Town of Enfield was not being represented. They changed their representation to an elected official. Since then, that person has left public office and is not a municipal official yet still serves as the Town of Enfield's rep. NYMIR did not require that the persons serving on the Board of Governors was an elected official, but they did require that they be an appointed official, like "Risk Manager".

Question #4

MCA can be change according to Section T.

5-G: Referring back to NYMIR: Recognizing the NYMIR structure differences: Municipal partners can vote by proxy at the Annual meeting where the Board of Governors are elected (a simple majority of municipal partners must be present or have sent in a proxy to hold the vote). At the BoG level, proxies are not allowed.

Thank you in advance for sharing your thoughts on these reflections. By the way NYMIR has close to 900 members.

Sincerely,

Dear Don:

1. I don't find that a municipal *Domestic Reciprocal Insurer* created under Article 61 of the Insurance Law is sufficiently analogous to an Article 5-G municipal cooperative. Under the NYMIR, the "board of governors" is actually an "advisory committee" as that term is defined in § 6101(a) not a board of directors. The Subscriber Agreement is also governed by Article 61 and is not equivalent to an Article 5-G joint service agreement, so I am not sure that is an apt analog to our MCA. Notably, Article 61 of mandates that members of the advisory committee must be

“officers or directors” of a subscriber. In any event, your NYMIR does not provide any authority that would lead me to change any of the opinions set forth in my recent correspondence.

The concept of a *representative* board that is a subset of the total number of municipal participants, who will presumably establish premium equivalent rates to be assessed to municipalities that have no affiliated board member, while potentially more efficient—is still a dicey proposition from a legal and policy-based standpoint. We may want to look to other ways to adjust our governance process to overcome the inefficiencies created by our increasing size.

2. I get it—but during the last go around DFS took a very pedantic and exacting view of what should or should not be in the MCA. It would be nice to have them bless in advance any changes before we go to the trouble of the complicated amendment process.
3. I don’t think we should rely single on a single anecdotal example of DFS not objecting to a non-affiliated board member as an indication of their view on the permissibility of such a practice. It is more likely that they were not focusing on the issue. With respect to the NYMIR, the applicable statute—Article 61—requires the advisory board member to be an “officer” of the municipality. This may or may not be an elected official—but it certainly more than a mere employee.
4. Article 68 expressly permits proxy voting at the annual meeting of the subscribers. No such permission exists in Article 47 or Article 5-G.

Best,

John

John,

Thank you for this feedback. At this point, it appears that this paragraph from this most recent email is the meat of our work.

“The concept of a *representative* board that is a subset of the total number of municipal participants, who will presumably establish premium equivalent rates to be assessed to municipalities that have no affiliated board member, while potentially more efficient—is still a dicey proposition from a legal and policy-based standpoint. We may want to look to other ways to adjust our governance process to overcome the inefficiencies created by our increasing size.”

My interpretation of your comment of the policy-based standpoint for dicey-ness is developing a representative structure when all the current partners have a voice, and this is codified in our MCA.

From the legal side, it appears that Article 47 does allow the municipal partners to determine the composition and number of the governing board. The wrinkle is the Comptrollers Opinion that stated an officer of each municipal partner “should” form a part of any board overseeing a municipal cooperative.

I’d like to explore with you where we might go from here to recommend a framework of the Governance Structure to work within. You did suggest looking at other ways. I’m eager to learn your ideas of other ways.

This memo is a first attempt to put into a comprehensive

The overall vision for the alternate governance structure we've been homing in on is: Directors chosen by each municipal partner along with the current format for labor directors (recognizing the labor director component could be changed, but we will put that aside for the time being) will meet annual to conduct business required of them by Article 47 (Appendix 1) plus elect an Executive Committee to handle all the other facets of directing and protecting the Consortium.

The Organizational structure (shown graphically in Appendix 2) still has the Board of Directors with ultimate authority and the Board made up of a Director from each municipal partner and labor. The Executive Committee reports to the Board. The Board creates the Advisory Committees. The current Standing Committees remain in place and are populated by Board resolution. One additional Standing Committee is created and empowered by the Board: Director Development and Nomination Committee.

The Executive Committee will elect from its members its leadership (President, Vice-President, and Secretary). The Treasurer and CFO are appointed by the Board. The President, Vice-President, and Secretary are provided the same authority and responsibility as current MCA conveys to Chair, Vice-Chair, and Secretary. The Executive Committee establishes Bylaws which remain in effect with succeeding Executive Committee but may be amended as needed. Rough draft of Bylaw content (Appendix 3) is for illustration purposes as the first Executive Committee would consider these items and more and develop the Executive Committee Bylaws.

The Board will determine term limits of the Executive Committee members, the concept of staggered terms, and the number of Directors serving on the Executive Committee would have a minimum of eight (8): President, Vice-President, Secretary, CFO, Chairs of Audit & Finance, Owing Your Own Health, Director Development and Nomination, and Joint Committee on Benefit Plan Structure and Design committees. In the event of needing a tie breaker, an at-large Director could be added making 9. A larger number of Directors serving on the Executive Committee would be satisfied by additional At-Large Directors.

Because the Board is already large and poised to become larger, communication and education is important topic for discussion now and with the new Executive Committee for their Bylaws. The new Governance Structure needs to address gaining a quorum from an ever-growing number of Directors as proxy voting is not allowed. The Consortium currently allows and accommodates remote attendance of Board meeting, which meets the spirit of NYS law. I think the newly created Director Development and Nomination committee could be charged with continually working on this need.

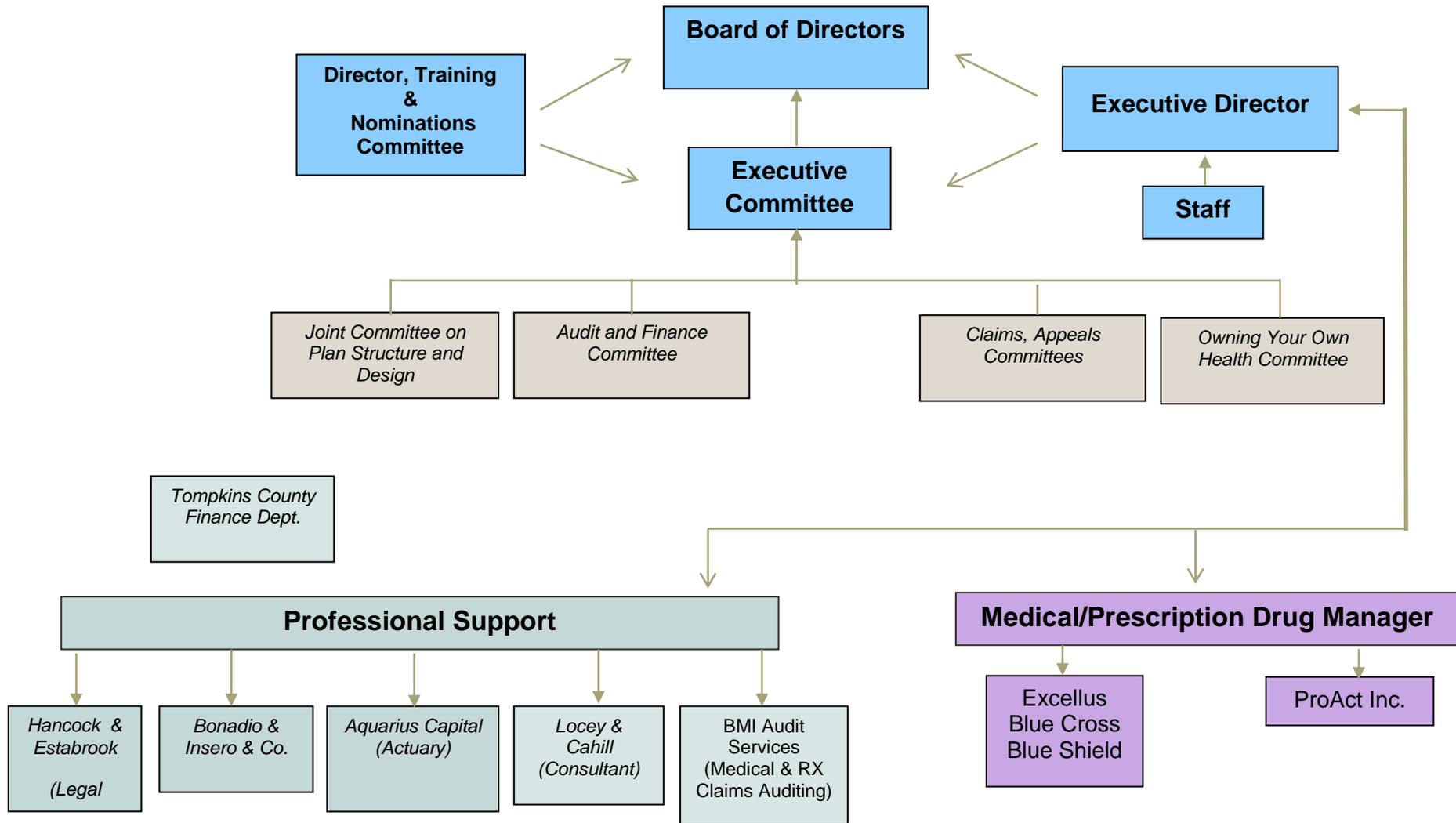
My takeaway of the legal path is that Article 47 is quite clear that there can be a representative governance structure. It is 5-G that creates the cloudiness. Is this correct? If so, what pathway could we use to get clarity about the potential conflict in direction? Is it advisable to ask either State Comptroller or Atty General for such a clarification? Should we engage DFS legal staff in this potential conflict? If it were a representation decision that all 39 Consortium members adopted, through signing the MCA, would that satisfy the 5-G Opinion even though it removed each municipality from direct oversight, but still an annual vote for the representatives that make those decisions?

I have attached the MCA for SWSCHP, a cooperative started before 1993 and then grandfathered as an Article 47. It appears they do comply with the Compt Op but have created an Executive Committee with broad powers to handle much of the operations.

Your thoughts please on the SWSCHP model and the value/advisability and time to pursue 5-G/Article 47 differences on representation.

Thanks so much

Don



Pursuant to Article 47 of the New York State Insurance Law (“Article 47”) and the current Municipal Cooperative Agreement (“MCA”), The Greater Tompkins County Municipal Cooperative Health Insurance Consortium (“GTCMHIC”) Board of Director is responsible for the management, control and administration of the GTCMHIC and the Plan(s) which includes, but may not be limited to the following:

1. Taking all necessary actions to ensure that the GTCMHIC maintains its Certificate of Authority in accordance Article 47 and operates in accordance with Federal Laws, New York State Laws, and the MCA.
2. Establishing administrative guidelines for the efficient operation of the GTCMHIC.
3. Establishing the frequency, time, and place of regular Board meeting.
4. Approving municipal corporations seeking admission into the GTCMHIC consistent with the current MCA and Article 47, including any financial regulations associated with entry into the GTCMHIC.
5. Electing annually a Chairperson, Vice Chairperson, Chief Fiscal Officer, and Secretary and filling of any mid-year vacancies in said officer positions.
6. Designation of the Treasurer and any other internal support personnel needed for the efficient operation of the GTCMHIC’s operations.
7. The development of the plans of benefits provided by the Consortium, including preparation of the plan documents and summary plan descriptions consistent with §4709 of Article 47.
8. Designation of the bank(s) or trust company(ies) in which funds are to be deposited. Said bank(s) or trust company(ies) must be located in New York and must be duly chartered under Federal and New York State Laws.
9. Establishing joint funds to finance all plan expenditures, including claims, reserves, surplus, administration, stop-loss insurance and other expenses.
10. Approve the annual budget for the GTCMHIC in accordance with the requirements of Article 47 and based on industry principles.
11. Audit receipts and disbursements of the Consortium and provide for independent audits, and periodic financial and operational reports to Participants in accordance with N.Y. Ins. Law § 4705(e)(1).
12. Establishing the premium equivalent rates for each plan of benefits offered on a community-rating methodology filed with and approved by the superintendent.
13. Determining any assessments to be paid by the Participants when actual losses (benefits paid out, administrative expenses, and reserve and surplus requirements) exceeds the aggregate amount held in the plan's joint funds.
14. Authorizing the refund, if any, of amounts not needed for reserves and surplus as required by Article 47 and/or anticipated expenses in the plan's joint funds to participating municipal corporations.

15. Retaining surplus funds or a portion thereof, as described above, and apply such amounts in preparing the plan's budget for the following year.
16. Entering into agreements with contract administrators or other service providers who are qualified, to receive, investigate, recommend, audit, approve or make payment of claims under the GTCMHIC benefit plans in accordance with the MCA and Article 47.
17. Contracting for actuarial, audit, consulting, and other administrative and support services as required by the MCA and/or Article 47.
18. Purchasing stop-loss insurance in accordance with the requirements of Article 47.
19. Filing of Quarterly and Annual Reports to the NYS-DFS in accordance with Article 47.
20. Determine any share of surplus or deficit owed to or owed from a Participant withdrawing from the GTCMHIC.
21. Determine any share of surplus owed to or owed from the Participants due to the dissolution of the GTCMHIC.
22. Expulsion of a Participant who has acted in bad faith or in a fraudulent manner.

**BY-LAWS
OF THE
EXECUTIVE COMMITTEE
GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE
CONSORTIUM**

ARTICLE I

PURPOSE

The Municipal Cooperative Agreement (MCA), adopted _____ of the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) creates the Executive Committee with the powers and duties to conduct business operations for the Consortium, pursuant to the responsibilities grant in the MCA.

ARTICLE II

MEMBERS, QUALIFICATIONS, TERMS OF OFFICE

Section 1. The Executive Committee of GTCMHIC shall consist of _____ members. The size of the Board may be increased or decreased by Directors at any Annual Meeting, provided that there shall in no event be fewer than nine members.

Section 2. Terms of Executive Committee Members shall be staggered such that, as much as practicable, one third of the Board shall be elected at each Annual Meeting of Subscribers. Thereafter, at each Annual Meeting of Subscribers, the successors to members of the Board shall be elected for three (3) year terms. Except that one Director is the Chairperson of the Joint Committee on Plan Design and Structure, which is elected my members of the Joint Committee as established by the Municipal Cooperative Agreement.

Section 3. Each Director shall have one vote to be cast for the election of a member of the Executive Committee.

Section 4. In the event that a vacancy occurs on the Executive Committee more than 45 days prior to any Annual Meeting of Directors, then the Executive Committee may appoint a successor to serve until the following Annual Meeting. Any unexpired balance of the term of such vacant position shall then be filled by vote of the Subscribers at the Annual Meeting

Section 5.

ARTICLE III

OFFICERS

Section 1. The Executive Committee shall select from amongst their members a Chairperson, Vice Chair, and Secretary, Chairpersons of Standing Committees: Audit and Finance, Owning Your Own Health, and Nominations Committee, and such other officers as the Executive Committee shall, from time

to time, create through amendment to these By-Laws. Such officers shall be chosen at the Organizational Meeting to serve for one-year terms. As a “rule of thumb” for succession of officers of the Board of Governors, officers will serve for ____ one-year terms, and the Secretary will succeed to Vice Chair and the Vice Chair will succeed to President.

Section 2. The Chair serves ex-officio on all committees, shall count toward a quorum and is empowered to vote.

ARTICLE IV

REMOVAL

Section 1. Any Executive Committee member may be removed, for cause, by a vote of a majority of the Executive Committee then in office, at any special meeting of the Executive Committee called for that purpose. The Executive Committee of the GTCMHIC shall remove any member of the Executive Committee found untrustworthy and not of good repute by the Superintendent of Insurance of the State of New York.

Section 2. In the event that the GTCMHIC shall for any reason cease to grant insurance to a signatory to the MCA whose representative is a member of the Executive Committee, such person shall automatically cease to be a member of the Executive Committee.

Section 3. In the event any member of the Executive Committee shall have ____ consecutive (either Executive Committee or Committee) absences, the Executive Committee may consider placing an item on the next Executive Committee agenda for discussion concerning potential removal from the Executive Committee.

ARTICLE V

RESIGNATION, VACANCY

Section 1. Any Director may resign from office at any time by delivering a resignation in writing to the Chair of the Executive Committee, and the acceptance of the resignation, unless required by its terms, shall not be necessary to make the resignation effective.

Section 2. Should any member cease to be an officer, employee, or appointee of the governing body or chief elected as appropriate of the Municipality they represent, they shall automatically cease to be a member of the Executive Committee and the resulting vacancy shall be filled as provided in Article II, Section 4.

ARTICLE VI

RULES OF PROCEDURE

Section 1. The Chairperson shall preside at all meetings and, in his or her absence, the Vice-Chair shall preside.

Section 2. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business. Physical presence or videoconferencing participation is required.

Section 3. The Executive Committee shall act in all cases by a vote of a majority of the fully constituted Executive Committee.

Section 4. The Executive Committee shall have at least four (4) quarterly meetings each year, including the Annual Meeting of the Board of Directors.

Section 5. Special meetings may be called by the Chair, as needed, and shall be called when requested in writing by a majority of the Executive Committee.

Section 6. Dates for the Executive Committee meetings will be determined during the Annual meeting of the year. Notice of Board meetings will be published on the GTCMHIC website.

Section 7. Notice of special meetings may be delivered to each member of the Executive Committee or given orally, in person or by telephone or email, one (1) day prior to the date of such special meeting or may be mailed to the business or home address of each member of the Executive Committee at least three (3) days prior to the date of such special meeting. Waivers of notice may be signed prior to, at or subsequent to any such meeting, by any member failing to receive a proper notice. At such a special meeting no business shall be considered other than as designated in the notice, but if all the members of the Executive Committee are present at the special meeting, with or without notice thereof, any and all business may be transacted at such special meeting.

Section 8. Consistent with the commonly accepted parliamentary rules for the conduct of business in small boards, the basic rules of procedure for meetings of the Executive Committee and its committees shall be as follows:

- A. Members must be recognized by the presiding officer before making motions and speaking.
- B. Informal discussion of a subject is permitted while no motion is pending.
- C. The presiding officer puts questions to a vote.
- D. The presiding officer may speak in discussion without leaving the chair.
- E. The presiding officer may make motions, and vote on all questions.
- F. Motions to close or limit debate may be entertained but shall require a two-thirds vote.
- G. Any parliamentary questions or points of order will be ruled on by the presiding officer, and that decision shall be final and binding on all members.
- H. May want to add more or delete except for a statement of agreed Parliamentary procedure

ARTICLE VII COMMITTEES

Section 1. The Executive Committee shall operate with four standing committees as defined and described below. Each committee shall be comprised of a minimum of three to seven members. Committees members will include Directors and other resource persons like Consortium CFO and Treasurer. Committees will work with Executive Director and any appropriate service providers to develop policies and any recommendations to be submitted to the Executive Committee. Chair shall serve as ex-officio on all committees and shall count toward a quorum and is empowered to vote.

Section 2. Audit and Finance Committee: responsible for investment portfolio, reinsurance, actuary projections, proposing premium rates, large claims, budget, all auditing operations, And

include the Consortium's Treasurer and CFO.

Section 3. Joint Committee on Plan Structure and Design: responsibilities stated in MCA.

Section 4. Owning Your Own Health Committee: _____.

Section 5. Nominations Committee: responsibilities stated in MCA. Committee members are elected by Board of Directors.

ARTICLE VIII OPERATING BUDGET

Policy Statement

The objective of the GTCMHIC operating budget is to provide for the insurance needs of its Subscribers and financial security to cover its liabilities. The budget must be carefully constructed to account for: projected claims, fees and taxes, funding of services provided by contractors and Third-Party Administrators, maintenance of statutory and other reserves, Stop-Loss insurance, and to reflect all major sources of revenue. The goal is to provide all parties with the necessary information for more effective planning and decision making.

Section 1. Budget Development

The Audit and Finance Committee shall be responsible for the development of an annual budget and 5-year pro-forma analysis.

The Executive Director shall have the overall responsibility for budget preparation.

The preliminary budget shall be designed to reflect the Executive Committee policy and objectives and be adopted by the Executive Committee

The Preliminary Budget is disseminated to the Board of Directors ___ weeks in advance of the Board of Directors Annual meeting along with a detailed narrative of each line in the budget and 5-year pro-forma analysis.

Section 2. Budget Approval

The budget for ensuing fiscal year shall be thoroughly reviewed by the Board of Directors before its final adoption. The budget shall be adopted by majority vote of the Board of Directors at its Annual meeting (in September).

Section 3. Budget Implementation

The administration of the annual budget is a responsibility of the Executive Director in consultation with Audit and Finance Committee, CFO, and Treasurer. Under the direction and control of the Executive Director and in consultation with the Treasurer as needed, funds may be expended within budgetary appropriations without prior approval of the Executive Committee. Extra budgetary expenditures in excess of _____ shall require approval of the Executive Committee.

Section 5. Budget Amendments

Budget transfers or amendments greater than _____ shall require the approval of the Executive Committee upon the recommendation of the Audit and Finance Committee.

ARTICLE IX INDEMNIFICATION

For all actions of the Executive Committee that fall within the scope of Executive Committee duties and responsibilities, GTCMHIC will defend and indemnify the Executive Committee or any individual Executive Committee member for any claims that may arise as a result of those duties.

ARTICLE X

TRAVEL AND EXPENSE REIMBURSEMENT

Section 1. Travel expenses as are actual, necessary and prudent, including but not limited to meals, lodging and transportation, shall be reimbursed upon proper documentation. Expenses shall be reviewed regularly by the Executive Director and any discrepancies shall be referred to the Chair.

Section 2. Whenever a member of the Executive Committee should travel to any meeting or training conference, and a family member should accompany them, any added costs associated with transportation shall be the responsibility of the member.

Section 3. Any fees for spousal registration and attendance at conference functions, including meals, shall be the responsibility of GTCMHIC.

ARTICLE XI

CONDUCT AND CONFLICT OF INTEREST POLICY

Executive Committee members must comply with GTCMHIC Code of Conduct and Conflict of Interest Policy and annual sign this policy.

ARTICLE XII

AMENDMENTS

These By-Laws may be amended or repealed only at a meeting of the Executive Committee for which at least ten (10) days written notice has been previously given to all of the members, and such notice expressly states that the meeting is called to consider certain amendments to the By-Laws of the Executive Committee in addition to such other regular business as may come before the Executive Committee.