



## Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590  
www.tompkinscountyny.gov/hconsortium • consortium@tompkins-co.org

*"Individually and collectively we invest in realizing high quality, affordable, dependable health insurance."*

### Board of Directors Meeting March 22, 2018 – 6:00 pm – Sprole Conference Room

Tompkins- Cortland Community College, Bahar Drive, Dryden, NY

#### New Director Orientation @4:30 p.m. - same venue

1. Call to Order
2. Approval of November 16, 2017 Minutes (**VOTE**) (6:00)
3. Changes to the Agenda:
4. Chair's Report: (6:05) J. Drake
  - a. Meeting Location
  - b. Appointments: Ann Rider – Audit and Finance Committee (term expires 12/31/19)
5. Report from the Executive Committee (6:10) J. Drake
  - a. **Resolution:** Wellness Consultant Resolution (codify email vote)
  - b. Executive Committee - Future meetings to include Committee Chairs
6. Executive Director's Report (6:15) D. Barber
  - a. DFS Communications & HCRA tax
  - b. Annual Education Retreat
  - c. Newsletter feedback
7. Report from Consultant (6:20) S. Locey
  - a. Financial update
  - b. 1095 Federal Forms, Retiree Rx Subsidy Refund
  - c. Year End audits and JURAT R. Snyder
8. Report from Joint Committee on Plan Structure and Design (6:35) O. Hersey
  - a. Committee membership vacancies, attendance, quorum
  - b. Meeting Topics: Opioids & Metal plan actuarial value
9. Report from Audit and Finance Committee (6:45) S. Thayer
  - a. Stop Loss Insurance (Res. Approved by A&F 12/19/17)
  - b. **Resolution:** Adopt Change in Catastrophic Claims Reserve Fund
  - c. **Resolution:** Adoption of Online Enrollment Policy
  - d. **Resolution:** Investment Policy
10. Report from Owing Your Own Health Committee (7:05) T. Schiele
  - a. Wellness Consultant Request for Proposals update
11. Report from Website Committee (7:10) T. Schiele
12. New Business (7:15)
13. Adjournment (7:20)

Next Meeting: June 28, 2018



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Draft 11-22-2017

### Board of Directors

November 6, 2017 – 6:00 p.m.

Tompkins County Health Department – Rice Conference Room

#### **Municipal Representatives: 20**

Steve Thayer, City of Ithaca  
John Fracchia, Town of Caroline  
Mack Cook, City of Cortland  
Judy Drake, Town of Ithaca  
Charmagne Rungay, Town of Lansing  
Eric Snow, Town of Virgil  
David Schenck, Town of Springport  
Ann Rider, Town of Enfield  
Amy Guereri, Tompkins County  
Gary Hatfield, Town of Moravia

Gary Mutchler, Town of Scipio  
Tom Brown, Town of Truxton  
Rordan Hart, Village of Trumansburg  
Chuck Rankin, Village of Groton  
Tom Adams, Town of Marathon (arrived at 6:05 p.m.)  
Kristen Case, Village of Homer  
Luann King, Town of Cincinnatus  
Peter Salton, Village of Cayuga Heights  
Alex Patterson, Town of Aurelius  
Don Scheffler, Town of Groton (excused at 7:12 p.m.)

#### **Labor Representatives: 1**

Olivia Hersey, 1<sup>st</sup> Labor Representative and Joint Committee on Plan Structure & Design Chair

#### **Excused: 7**

Kathrin Servoss, Town of Dryden  
Richard Goldman, Town of Ulysses  
Jim Bower, 2<sup>nd</sup> Labor Representative  
Alvin Doty, Town of Willet

Laura Shawley, Town of Danby  
Bud Shattuck, Village of Union Springs  
Michael Murphy, Village of Dryden

#### **Absent: 4**

Tim Farrell, 5<sup>th</sup> Labor Representative  
John Malenick, Town of Montezuma

Doug Perine, 4<sup>th</sup> Labor Representative  
Jim Doring, Town of Preble

#### **Vacant: 1**

3<sup>rd</sup> Labor Representative

#### **Others in attendance:**

Don Barber, Executive Director  
Rick Snyder, Treasurer

Kevin Williams, Town of Homer

#### **Call to Order**

Ms. Drake, Chair, called the meeting to order at 6:01 p.m.

#### **Approval of Minutes of May 25, 2017**

It was MOVED by Mr. Schenck, seconded by Ms. Rider, and unanimously adopted by voice vote by members present, to approve the minutes of September 28, 2017 as submitted.  
MINUTES APPROVED.

**Changes to the Agenda**

The following changes were made to the agenda:

Addition: Resolution No. - Appointment to the Appeals Committee

Withdrawn: Resolution No. – Authorization to Develop RFP – Medical Claims Administrator

**Chair's Report**

Ms. Drake provided an update on the meeting that was recently held with Senator James Seward and said it was a very good meeting that ended with a request from the Senator for clarification of the talking points raised during the meeting. She said he was supportive of the Consortium having a better line of communication with the Department of Financial Services (DFS) and suggested that a meeting be held with Troy Oechsner, Deputy Superintendent for the Department. Mr. Barber clarified the talking points and they have been sent to DFS.

Mr. Fracchia commented that he thought the Senator was very receptive to how the Consortium is different from typical insurance companies and what some of the barriers are to replicate the model elsewhere. Mr. Salton agreed and said the Senator did not feel this is a political issue but an issue of common sense and financial prudence.

Mr. Cook said in addition to talking about communication with DFS a request was also made for legislative changes in the upcoming session for a waiver for the Consortium to fund the Healthcare Reform Tax in the amount of \$900,000.

Ms. Drake said she made a presentation on the Consortium at the Department of State's 3<sup>rd</sup> Annual Innovative Conference and one of the panelists was Troy Oechsner. She spoke to him briefly after the presentation and he requested additional information and was in favor of setting up a phone conference to begin discussions. Efforts are being undertaken to facilitate this.

**RESOLUTION NO. 022-2017 – ESTABLISH MEETING SCHEDULE - 2018**

Mr. Barber distributed a list of actions taken annually by the Consortium to inform discussion of having a reduced number of meetings during the year. Mr. Salton said he was uncomfortable reducing the number of meetings to four as originally proposed. He spoke of the work done by committees and believes the Board benefits from hearing updates. Mr. Barber noted all minutes are posted on the Consortium's website and it was agreed that Directors will receive minutes of the Audit and Finance Committee throughout the year. Mr. Barber suggested an option of having a webinar-type meeting in the summer to provide budget-related information. It was suggested this schedule which reduces the number of Board meetings from six to five could be revisited late in 2018.

MOVED by Mr. Fracchia, seconded by Ms. Hersey, and unanimously adopted by voice vote by members present.

**BOARD OF DIRECTORS  
2018 Meeting Schedule**

March 22

June 28

August 23

September 27 – Annual Meeting (set rates)

Board of Directors  
November 16, 2017

December 13

Meeting time: 6:00 p.m. to 8:00 p.m.  
Rice Conference Room  
55 Brown Road  
Ithaca, New York 14850

\* \* \* \* \*

**RESOLUTION NO. 023-2017 - APPOINTMENTS TO AUDIT AND FINANCE AND OWNING YOUR OWN HEALTH COMMITTEES**

MOVED by Ms. Rider, seconded by Mr. Rankin, and unanimously adopted by voice vote by members present.

RESOLVED, That the Board of Directors hereby approves the following appointments to Consortium Committees:

Audit and Finance Committee - Two-Year Terms to Expire 12/31/2019

Chuck Rankin  
Olivia Hersey  
Rordan Hart

Owning Your Own Health Committee - Three-Year Terms to Expire 12/31/2020

Leslie Moskowitz – Municipal Representative  
Debby Kelley – Municipal Representative  
Bev Chin - Community Health and Wellness representative

\* \* \* \* \*

**RESOLUTION NO. 024-2017 – APPOINTMENT TO APPEALS COMMITTEE**

MOVED by Mr. Rankin, seconded by Ms. King, and unanimously adopted by voice vote by members present.

WHEREAS, an appeals process is required by the New York State Department of Financial Services (formerly the New York State Insurance Department), and

WHEREAS, the Consortium formed an Appeals Committee in 2010 and in 2013 developed a process and information that would serve as a guide for subscribers to appeal that includes links to State forms and Third Party Medical Claims Administrator forms, and Prescription Benefit Drug Manager forms, and

WHEREAS, if a covered person is not satisfied with an appeal determination regarding a claim that does not relate to a medical necessity or experimental/investigational services denial, the covered person may request a claim review by the GTCMHIC Appeals Committee by filing a written request for review, and

WHEREAS, there is currently one vacancy on the Committee which meets on an as-needed basis, now therefore be it

RESOLVED, That Olivia Hersey be appointed to the membership of the Appeals Committee for no set term.

\* \* \* \* \*

**Report from the Executive Committee**

Ms. Drake, Chair, reported the Committee met and discussed committee structure and a suggestion that will be made next year to the Audit and Finance Committee is to restructure the Committee to provide for another member to Chair the Committee. Another suggestion is to increase membership of the Executive Committee to include the Chair from each of the other Consortium committees. In addition to reviewing the Executive Director's work plan, the Committee also discussed succession planning for the Executive Director and Administrative Clerk roles and will continue that discussion.

**RESOLUTION NO. 025-2017 - ELECTION OF OFFICERS FOR 2018**

MOVED by Mr. Mutchler, seconded by Mr. Schenck, and unanimously adopted by voice vote by members present.

WHEREAS, the Nominating Committee has proposed a slate of Officers to the Board of Directors at the November 16, 2017 meeting, now therefore be it

RESOLVED, That the Board of Directors elects the following individuals to serve from January 1, 2018 through December 31, 2018 in the roles as follows:

- Chairperson - Judith Drake
- Vice Chairperson – Rordan Hart
- Chief Fiscal Officer – Steve Thayer
- Secretary – Chuck Rankin
- Treasurer – Richard Snyder

\* \* \* \* \*

**Report from Executive Director**

Mr. Barber reported on communications with the Department of Financial Services and said he is hopeful that Ms. Drake's conversation with Troy Oechsner, Deputy Superintendent for the Department, will create a respectful and consistent contact within the Department. He said there was a communication from the Department concerning the Jurat and information not being completed properly. Mr. Snyder was able to supply additional information to bring the Consortium into compliance for the filing.

Mr. Barber reported on CanaRX and said since the program has been offered by the Consortium there have been 16 prescriptions filled. Currently there are 476 prescriptions that qualify that are not being accessed through the program. A quarterly notice will be sent to members who have qualifying prescriptions to make them aware of this opportunity.

Mr. Mutchler asked if there is a way to better communicate this opportunity to employees. Mr. Barber said information cannot come from the Consortium but he will include information again in the December Newsletter and will speak with CanaRx and ProAct about potential ways to inform members of this.

**Financial Report**

Mr. Barber reported on behalf of Mr. Locey who was not in attendance and stated as of the end of September revenue was up 4.4% with 1.3% due to increased membership and a large portion due to the receipt of prescription drug rebates. Medical and pharmaceutical claims are 8.5% below budget and the year-to-date net income is \$2.9 million compared the budgeted

amount of -\$1 million. Mr. Barber said the Consortium has had good financial results to this point of the year and he will keep Directors informed as information become available through the end of the year.

**Audit and Finance Committee Presentation of Resolutions and Report**

**RESOLUTION NO. 026- 2017 - AUTHORIZATION TO CONTRACT WITH INSERO & CO.  
FOR THE PROVISION OF FINANCIAL AUDITING  
SERVICES – FISCAL YEARS 2017, 2018, AND 2019**

Mr. Thayer said a Request for Proposals was issued and three responses were received. Following a review of the qualifications and costs of each of the responses, Insero, being the lowest bid by a significant amount, has been recommended to receive the bid award.

MOVED by Mr. Thayer, seconded by Mr. Fracchia, and unanimously adopted by voice vote by members present.

WHEREAS, by Resolution No. 21 of 2015 directed the Consortium’s Executive Director to establish a process in 2017 to seek proposals for external auditing services for the fiscal years ending December 31, 2017, 2018, and 2019, and

WHEREAS, upon recommendation of the Executive Director and Consortium Treasurer, the Audit and Finance Committee authorized the inclusion of auditing the Consortium’s financial records as a separate component in the County’s Request for Proposals for financial auditing services, and

WHEREAS, responses to the Request for Proposals relating to the auditing of financial records for the Consortium were evaluated by the Executive Director and Consortium Treasurer and results presented to the Audit and Finance Committee, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Chair of the Board of Directors is hereby authorized to sign a contract with Insero & Co to perform financial auditing services, which include certification that the officers have implemented Board adopted procedures for the Consortium, for the fiscal years ending December 31, 2017, 2018, and 2019, with an option to extend the contract for 2 additional years.

\* \* \* \* \*

**RESOLUTION NO. 027-2017 – AUTHORIZING CONTRACT EXTENSION FOR ACTUARIAL  
SERVICES - ARMORY ASSOCIATES – 2019**

MOVED by Mr. Thayer, seconded by Mr. Salton, and unanimously adopted by voice vote by members present.

WHEREAS, the Greater Tompkins County Health Insurance Consortium issued a Request for Proposals for Actuarial Services on January 4 2016, and

WHEREAS, by Resolution Nos. 004 and 009 of 2016 approved an option to extend the contract with Armory Associates for the years 2017, 2018, and 2019, and

WHEREAS, Resolution No. 11 of 2017 authorized an extension of the contract for only the years 2017 and 2018, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That an extension of the contract with Amory Associates by amended to include 2019.

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**RESOLUTION NO. 028-2017 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES:  
STOP LOSS INSURANCE**

Mr. Barber distributed information on Stop Loss insurance that the Consortium is required to have under Article 47. He explained that when risks are pooled together money can be saved and said an opportunity has become available to reduce the Consortium's Stop Loss costs. NYSAC has developed a Stop Loss model that would take the profit part that the private sector sees out of the middle layer which can save money for local governments that are fully insured. There currently are four counties in addition to the Consortium that have been approached about starting this initial cooperative. He said the counties that are interested are looking at the savings they can achieve over time as well as the shared services credit.

Mr. Barber said the Consortium's legal counsel has expressed two concerns about this. The first is whether this structure will work under Article 47 and NYSAC has asked the Department of Financial Services to provide an opinion on how this model works with Article 47 and Article 70 of the New York State Insurance Law. The other issue is that the model talks about the captive layer and transparency in how the funds are being used and how they are being sent back if there are rebates or an assessment coming forward. Mr. Barber said a governance committee made up of all the original partners is being proposed; however, language has not been finalized. The Consortium's legal counsel is concerned that the current contract as written does not clearly state the role of the governing board.

Mr. Barber spoke of the money that can be saved and said since 2011 the Consortium has paid \$3.5 million in premium to High Mark Insurance Co. for Stop Loss insurance and in 2016 they paid \$2 million in claims. The captive layer would take the current \$450,000 deductible and adding another \$500,000 and putting it into the captive layer. When the deductible is raised it assumes more risk and therefore, reduces premium and has been a standard practice of the Consortium. In addition to the potential for saving money the cooperative would also provide data analytics on the Consortium's specific de-identified high claims that would allow for the Consortium to develop strategies and know what is happening with high cost claims as well as collaborate with other partners if there are initiatives to work on with other partners.

Mr. Barber said there is only one of the insurance bidders (Berkley) that is interested in doing this. Recognizing that the Consortium will not know by January 1<sup>st</sup> whether it can enter due to the question relating to Article 47, Berkley has submitted a bid and is willing to provide Stop Loss insurance regardless of whether it has the captive layer. Mr. Barber said Mr. Locey would like to re-evaluate the deductible and the actuary has been engaged to help with that; therefore, at this time there is not enough information to move forward.

Mr. Barber explained the resolution contains two components; the first is a Stop Loss policy and the other is a captive agreement. The Stop Loss policy is through Berkley and works like regular Stop Loss. Within that there is a ceded layer that is the captive layer and the premiums that are paid to Berkley are given to the captive layer to cover the risk that is assigned to that. He described how the process would work and said the \$500,000 layer of each one of the partners is a risk-taking entity that needs to be properly reserved. The Consortium would have to put up \$152,000 that could be placed in the Consortium's Catastrophic Claims Reserve. These are funds that can stay with the Consortium but need to be committed in the event there is an assessment. This would be the total amount of the

assessment and could not be more. If the number of high claims were to pierce that layer and use up all of the funds the most the Consortium would have to contribute would be this amount. Claims that exceed that layer would be covered by the Berkley, the Stop Loss carrier. At the end of the year if there are funds left over the governing board could determine whether it wanted to retain the funds within the captive or return the funds to municipal partners on a prorated basis.

Mr. Barber said the Board is not being asked to make a decision on this at this time; however, this does play a role in the decision about a Stop Loss carrier. If this moves forward a full presentation will be made to the full Board of Directors. It was clarified that at the December Audit and Finance Committee meeting a decision will be made on the Stop Loss carrier for 2018 and not the captive.

Mr. Salton questioned if it would be possible to move to Berkley mid-year. Mr. Barber said Excellus or Highmark have not been asked about changing-out mid-year if Berkley wasn't initially selected but he will look into this.

MOVED by Mr. Thayer, seconded by Mr. Schenck, and unanimously adopted by voice vote by members present.

WHEREAS, the Consortium must select Stop Loss insurance, as required by Article 47 of New York State Insurance Law, and

WHEREAS, the Consortium has received quotations to provide Specific and Aggregate Stop-Loss Insurance for 2018, and

WHEREAS, the quotes were not received in sufficient time for the Consortium's Consultant and Executive Director to analyze the differences between the three products and conduct follow-up conversations with the applicants for such items as aggregate Stop-Loss quoted premium vs risk, options available for lasered High Cost Claimant, "follow form" experience with Excellus, etc., now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Audit and Finance Committee directs the Plan Consultant, Locey & Cahill, LLC and the Executive Director to develop comparison data for these Stop-Loss carriers: Highmark, Excellus, and Berkley,

RESOLVED, further, That the Plan Consultant, Locey & Cahill, LLC and the Executive Director report the status of their findings to the Board of Directors at the November 16, 2017 meeting,

RESOLVED, further, That in the event that the Board of Directors determines that it does not have enough information to make a decision on Stop-Loss carrier for 2018 at this meeting, then the Audit and Finance Committee recommends the Board of Directors authorizes the Chairperson, Executive Director, and Audit & Finance Committee to finalize the negotiations relative to the underlying terms, conditions, and costs of the policy within the requirements of Section 4707 of the New York State Insurance Laws and the cost must be no greater than what was included on the 2018 GTCMHIC Budget adopted by the Board of Directors at their September meeting,



RESOLVED, further, That should the negotiated policy terms produce the condition that changes be made to Consortium Reserves, then those reserve changes would be made by the Board of Directors at a subsequent meeting,

RESOLVED, further, That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of the policy.

\* \* \* \* \*

**RESOLUTION NO. 029-2017 - AUTHORIZATION TO CONTRACT WITH THIRD PARTY  
ADMINISTRATOR - EXCELLUS BLUE CROSS BLUE  
SHIELD**

MOVED by Mr. Thayer, seconded by Mr. Mutchler, and unanimously adopted by voice vote by members present. Ms. Drake thanked Mr. Barber for his work with Excellus, particularly with regard to the online enrollment issue.

WHEREAS, the Greater Tompkins County Municipal Health Insurance Consortium (GTCMHIC) is a self-insured municipal cooperative health benefit plan operating pursuant to a Certificate of Authority issued by the New York State Department of Financial Services pursuant to Article 47 of the New York State Insurance Law, and

WHEREAS, Section E Paragraph 11 of the current GTCMHIC Municipal Cooperative Agreement defines the actions to be taken by the GTCMHIC Board of Directors to include the approval of contracts with third parties for the furnishing of goods and services, and

WHEREAS, following a collaborative negotiation process and discussions within the Audit and Finance Committee, it has been determined to be in the Consortium's best interest to continue its relationship with Excellus Blue Cross Blue Shield for the administration of the Consortium's medical claims, and

WHEREAS, Excellus has agreed to add the attached Memorandum of Understanding to the 2017 Amendment of our 2013 Administrative Service Agreement (ASC) to provide agreed actions going forward for online enrollment that provide timely feedback to those Consortium employers submitting online applications, and

WHEREAS, Excellus has agreed to amend Section 6.7 of the 2017 Amendment of our 2013 Administrative Service Agreement (ASC) as follows:

*Excellus BCBS may, from time to time, enter into arrangements with its Participating Providers that are designed to drive improvements in the cost and quality of health care delivery within its service area. Such arrangements may include risk-sharing programs whereby Participating Providers are paid compensation and other remuneration for achieving certain performance targets, as well as other programs that may result in associated vendor fees and providers receiving compensation for implementing quality infrastructure or meeting certain quality, performance or operational goals. The payments described in this section may be included as a claims expense or as a separate amount charged by Excellus BCBS to Employer. Excellus BlueCross BlueShield will provide Employer with an explanation of the basis on which such fees and charges were allocated to Employer. In the event these payments exceed actual program costs, Excellus BCBS may credit such excess funds to Employer or, if funds are not credited, then Excellus BlueCross BlueShield will apply such excess funds to quality improvement programs that benefit Employer's Members.*

and

WHEREAS, Excellus has provided assurances that it will provide the Consortium annual updates on the above referenced Provider Performance Improvement Programs, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors hereby accepts the amendment to Section 6.7 of the ASC,

RESOLVED, upon the recommendation of the Audit and Finance Committee, the Board of Directors hereby accepts the attached Memorandum of Understanding regarding Online Enrollment, and further,

RESOLVED, the Board of Directors authorizes the Chairperson to sign a three (3) year renewal Administrative Services Contract with Excellus BlueCross BlueShield for Medical Claims Administration with fees of \$35.63 PMPM for 2018 (3%), \$36.87 PMPM for 2019 (3.5%), and \$38.17 PMPM for 2020 (3.5%).

\* \* \* \* \*

**RESOLUTION NO. 030-2017 - AUTHORIZATION TO PURCHASE INSURANCE POLICIES:  
ERRORS AND OMISSIONS, AND DIRECTORS AND  
OFFICERS LIABILITY COVERAGE**

MOVED by Mr. Thayer, seconded by Mr. Fracchia, and unanimously adopted by voice vote by members present. It was noted that the rates will need to be adjusted for the three new additional Directors.

WHEREAS, it is the desire of the Board of Directors to ensure liability coverage for the Consortium, the Board of Directors personally and professionally, and the participating municipalities, now therefore be it

RESOLVED, upon recommendation of the Plan Consultant, Locey & Cahill, LLC, the Tompkins County Risk Manager and the Audit and Finance Committee, That the Consortium shall purchase coverage for these policies from the following for the period January 1, 2018 thru December 31, 2018:

- Errors and Omissions Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon);
- Directors and Officers Liability Insurance with the Darwin Group at \$1,000,000 limit with \$25,000 retention (placed by insurance agent Haylor, Freyer and Coon)

RESOLVED, further, That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of each policy.

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Mr. Thayer, Chair, said the Committee's December agenda will include Stop Loss and an update on the prescription drug claims audit update.

### **Report from the Owing Your Own Health Committee**

Mr. Barber reported on behalf of Ted Schiele, Committee Chair, who was unable to attend, and said the Committee has been looking at utilization data and has found that 90% of the Consortium's subscribers used the healthcare system last year and 70% of them had some form of preventive health care which is a very high percentage compared to Excellus' book of business. They were also able to identify for 2016 and 2017 that 80% of subscribers had a primary care physician. One area that fell very short (27%) was the number of members who received an annual physical. The Committee will be developing an action plan for the Consortium and bringing it forward.

### **Report from the Joint Committee on Plan Structure and Design**

Ms. Hersey, Chair, reported the Committee met last in October and canceled its November and December meetings. The Committee continues to discuss the need for more labor representation. Ms. Drake commented that she had a discussion with Scott Futia, CSEA Deputy Director of Contract Administration, Health Benefits about this and he understood and indicated he was open to having discussion of the formula. Mr. Barber said at the January 4 meeting there will be a presentation on from Excellus, ProAct, and the local provider network on the opioid crisis. He encouraged Directors to attend and said it will be videotaped.

### **Report from the Government Structure Committee**

Mr. Fracchia, Chair, reported the Committee met a few weeks ago and discussed the feedback received from the Board. It confirmed that there isn't significant interest in making major changes to the current governance structure at this time. The Committee focused on the recommendation to the Executive Committee to consider slightly reducing the number of meetings held during the year. One of the concerns was when there are fewer meetings there can be less engagement and people feeling out of the loop. There was discussion about strategies for capturing information such as videotaping and a suggestion was also made to build in a social component to the annual retreat that would provide an opportunity outside of the meetings to have discussions. The Committee also discussed the importance of having labor participation at committee meetings and at Board meetings. Mr. Fracchia said the Committee felt that rather than disbanding at this time that its work be placed on pause as there may be a need to re-examine the structure as additional members join.

Mr. Barber asked Directors to submit ideas on additional ways information can be shared in addition to being made available on the website and through the Newsletter. Committees will also be asked to consider the composition of their membership and such things such as whether there should be a geographic component. Mr. Barber said he will explore options to build a social component into the retreat or Board meetings as he feels this is good way to build trust within a group. He also welcomed feedback on the change in the layout of the room for the meetings.

### **Website Committee**

Mr. Barber reported the Committee has been meeting monthly. The Committee had engaged the idea of doing an RFP; however, after speaking with the County's Information Technology Director, determined it would likely result in a significant escalation in pricing. Also, because the County already works with eGov there are resources in place to support any needs the Consortium may have. He said anyone who has an interest in providing feedback on the

website will be provided with opportunities throughout the process to do so. Mr. Fracchia stressed the importance in Committee receiving feedback.

**RESOLUTION NO. 031-2017 – AUTHORIZATION TO ENTER INTO CONTRACT WITH DISCOVER EGOV FOR WEBSITE DEVELOPMENT SERVICES**

WHEREAS, the Consortium’s website was initially created in 2011 for the purpose of hosting meeting information that could be accessed by its Directors and committee members, and

WHEREAS, the website has evolved into being a resource for access to information by subscribers, municipal members, prospective members, and others, and

WHEREAS, a Website Committee was formed to review site content and structure and has recommended a full redesign of the site, including divesting from the Tompkins County website, and

WHEREAS, the Committee has considered several options for development and support that included consultation with the Tompkins County Director of Information Technology Services, and

WHEREAS, the Committee has reviewed a Scope of Work and cost proposal for redevelopment, hosting, and technical support for the Consortium’s website submitted by Discover eGov, now therefore be it

RESOLVED, on recommendation of the Website Committee, That the Board of Directors hereby authorizes the Consortium to enter into a contract with Discover eGov for website services for an initial cost of \$3,850 (50% at signing; 25% at project mid-point; 25% on delivery); and for ongoing support and management at an annual cost of \$600/year.

\* \* \* \* \*

**Expressing Appreciation to Retiring County Administrator, Joe Mareane**

The Board of Directors extended its sincere appreciation and best wishes to Joe Mareane, County Administrator, for all he has done for the Consortium. It was noted that he was instrumental in getting the Consortium started and its success is due in large part to Mr. Mareane and his commitment of County staff.

**Adjournment**

The meeting adjourned at 7:25 p.m.



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### **RESOLUTION NO. – 2018 – AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS (RFP) FOR WELLNESS CONSULTANT**

WHEREAS, through an electronic poll conducted on January 2, 2018 a majority of Directors supported a recommendation of the Owing Your Own Health Committee to develop a Request for Proposals (RFP) for a Wellness Consultant, now therefore be it

RESOLVED, That the Board of Directors retroactively authorizes the development of a Request for Proposals for a Wellness Consultant to work approximately 40 hours per month to complete the following scope of work:

1. Plan, coordinate, direct and evaluate all Consortium wellness programs and operations to ensure the Consortium's vision of a culture of preventative health care are conducted efficiently and effectively and in accordance with the Board's direction.
2. Develop point of contact with each municipal partner and, at least semi-annually, make site visits and connection with subscribers.
3. Support municipal partners in developing wellness policy and implementing worksite wellness programs.
4. Conduct outreach to all subscribers regarding wellness information and program opportunities and facilitate enrollment.
5. Stay abreast of wellness initiatives locally, statewide and nationally. Share that information with municipal partners and recommend Consortium-wide wellness initiatives.
6. Seek opportunities to collaborate with other employers in our area and our TPA's on wellness programs.
7. Attend and support all meetings of the Owing Your Own Health Committee.
8. Provide Wellness content for Consortium website, newsletter, and other subscriber outreach material.

RESOLVED, further, That the developed Wellness Consultant RFP packet must be approved by a majority vote of the Audit and Finance Committee before it is released to the public,

RESOLVED, further, That the Consortium is not bound to award the RFP, but is seeking proposals for further discussion.

\* \* \* \* \*

**Specific Stop Loss Insurance**

Mr. Locey said three competitive quotes were received for Specific Stop Loss insurance, particularly at the lower deductible levels. Quotes were also received for higher levels as he and Mr. Barber felt that the deductible could easily be increased by \$50,000 to \$500,000 and this would reduce the Consortium's expense by \$100,000 for any of the carriers. He reviewed the quotes received from each of the carriers and recommended the Catastrophic Claims Reserve be increased from \$1.3 million in 2017 to \$2 million for 2018 which would allow for the deductible to be increased without exposing the Consortium to any financial harm for any potential catastrophic claims.

Mr. Locey addressed the Captive cell protected cell proposal and a suggestion made that the Consortium consider moving to it mid-year and said he recommends whatever decision is made relative to Stop Loss that it be for all of 2018. He believes there are still unanswered questions and more information that needs to be gathered and recommends this continue to be explored for 2019. He spoke of an un-named individual who has been labeled as "lasered" due being a unique high claims risk and the deductible levels contained in each quote for this individual.

Mr. Barber addressed questions related to the protected cell and said if the Consortium were to express interest in joining it could not do so until the Department of Financial Services gives its approval. Mr. Locey responded to a question relating to deductible and reserve levels for other groups and said he had done research and couldn't find a statistical model that could be used. He has requested information from Excellus on large loss information on what they have experienced and said two of Locey and Cahill's groups experienced individuals with claims that exceeded \$2 million this year.

Following a lengthy discussion of the proposals submitted and the issues relating to the deductible levels, risk, and the captive it was MOVED by Mr. Cook, seconded by Mrs. Shawley, and unanimously adopted by voice vote by members present, to approve the following resolution:

**RESOLUTION OF THE AUDIT AND FINANCE COMMITTEE - AUTHORIZATION TO PURCHASE STOP LOSS INSURANCE**

WHEREAS, the Consortium must select stop loss insurance, as required by Article 47 of New York State Insurance Law, and

WHEREAS, the Board of Directors has delegated responsibility for determining 2018 Stop Loss carriers to the Audit and Finance Committee, and

WHEREAS, the Audit and Finance Committee has considered to variations of Stop Loss insurance models and level of deductible, now therefore be it

RESOLVED, That the Audit and Finance Committee directs the Board Chairperson to execute a contract with Highmark Life Insurance Company that contains these terms,

RESOLVED, further, That the Stop Loss contract will have a deductible of \$600,000,

RESOLVED, That the Audit and Finance Committee recommends that the Board of Directors increase the Catastrophic Claims Reserve from \$1,350,000 to \$2,000,000,

RESOLVED, further That the Plan Consultant is directed to provide the Administrative Clerk of the Consortium with a copy of said policy.

\*\*\*\*\*



## Greater Tompkins County Municipal Health Insurance Consortium

125 East Court Street • Ithaca, New York 14850 • (607)274-5590  
www.healthconsortium.net • consortium@tompkins-co.org

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

### **RESOLUTION - INCREASING CATASTROPHIC CLAIMS RESERVE AMOUNT**

WHEREAS, the Consortium must select stop loss insurance, as required by Article 47 of New York State Insurance Law, and

WHEREAS, the Board of Directors has delegated responsibility for determining 2018 Stop Loss carriers to the Audit and Finance Committee, and

WHEREAS, the Audit and Finance Committee has considered to variations of Stop Loss insurance models and level of deductible, now therefore be it

WHEREAS, the Audit and Finance Committee directed the Board Chairperson to execute a contract with Highmark Life Insurance Company that set the 2018 deductible at \$600,000, and

WHEREAS, it is prudent fiscal responsibility to increase the Catastrophic Claims commensurate with the increased liability of more risk retention for claims, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors increases the Catastrophic Claims Reserve from \$1,350,000 to \$2,000,000.

\*\*\*\*\*



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### **RESOLUTION NO. – 2018 - ADOPTION OF CONSORTIUM ONLINE ENROLLMENT POLICY**

WHEREAS, non-online subscriber enrollment has many opportunities for things to slip through the cracks and can result in delays due to the length of time between when a subscriber submits their enrollment change and when it is in the "system", and

WHEREAS, the Consortium's vision statement includes: *"The Consortium administers operations by collaborating with claims administrators, providers, and employee representatives in an effort to manage its costs, efficiencies, and success,"* and

WHEREAS, adopting a policy whereby all enrollment changes being submitted online complies with the Vision Statement and works in concert with the Excellus software system to optimize delivery of service, and

WHEREAS, Excellus has committed to process timelines for online enrollment, now therefore be it

RESOLVED, on recommendation of the Audit and Finance Committee, That the Board of Directors adopts the "Online Enrollment Policy" ensure all enrollment changes as soon as practicable will be done "online".



**ONLINE ENROLLMENT POLICY**  
**FOR**  
**GREATER TOMPKINS COUNTY MUNICIPAL INSURANCE CONSORTIUM**

**Article I**  
**Purpose and Objectives**

**A. Purpose**

The Greater Tompkins Municipal Health Insurance Consortium adopts the Online Enrollment Policy to ensure that hence forth all new enrollment, additions, deletions, and changes will be done online.

**B. Objectives**

The Consortium adopts this policy for two reasons:

1. It is important to our subscribers and their employer that each knows that enrollment changes are in the Excellus software system. Only the online process allows this notification to happen in a timely manner.
2. It is important that the municipal partners have a record of enrollment changes: for accurate invoicing by the Consortium and for communication between the municipal benefit managers/clerks and the subscribers in their group(s).

**Article II**  
**Consortium Staffing**

The Consortium recognizes that many of our partners would not have the occasion to use the online system on a frequent enough basis to feel comfortable accepting this mandated policy of only making online enrollment changes. Therefore, the Consortium will provide staff to conduct online enrollment for those municipal partners wishing that service with no fee.

**Article III**  
**Municipality Responsibility**

- A. To be clear, the Consortium is strictly providing a data entry function, NOT a human resource function. Municipal partners remain the direct contact with the subscriber. Therefore, the municipal partner is responsible for gathering all required information on the Excellus enrollment change form "SF FAP", ensuring its accuracy and completeness, and ensuring both the subscriber and the municipality have signed the Excellus enrollment change form" SF FAP". This *SF FAP form* is the information to be communicated to the Consortium and will be entered online.
- B. For all new family plan enrollments, the municipal employer is responsible for verifying the eligibility of dependents via the *Consortium's Dependent Certification Process*. Then signing and sending the *Dependent Eligibility Verification Form* to Consortium Enrollment along with form SF FAP.
- C. Municipal partners are free to conduct their own online enrollment. Process expectations are outlined in the *Excellus 2017 Memorandum of Understanding* (MOU). These same employers are also responsible for dependent verification of any newly added dependents to the plan.
- D. For any municipal partners using the Consortium's online enrollment data entry service, communicate the completed SF FAP form and the Dependent Verification Form to the Consortium through the Consortium's online web portal or fax: 607-274-5505.

If electronic submission is not possible, you may use mail but recognize an additional time lag built into this process.

US Mail: Greater Tompkins County Municipal Health Insurance Consortium  
Attn: Enrollment  
125 East Court Street  
Ithaca, New York 14850

- E. These applications will be handled with HIPAA compliance through the Consortium online enrollment portal. Paper records (fax and US Mail) will be digitized and retained for a period no less than required by the NYS Records and Retention Schedule.

**Article IV**  
**Confirming Municipal Online Enrollment Process**

All municipal partners must state in writing their *intention to make enrollments online*. Should a municipal partner wish the Consortium to provide their online data enrollment, the municipality will need to sign a **Release** so that Excellus can provide the Consortium with access to their account for online enrollment purposes.

**Article V**  
**Confirmation**

Once the enrollment application is received by the Consortium, the enrollment data will be submitted online within three (3) business days. Confirmation of enrollment will be sent back by the Consortium within 3 days of observing the change in the Excellus enrollment software.

**Article VI**  
**Contact**

All questions and information should be communicated to Consortium Enrollment. Phone (607) 274-5544, Fax (607)274-5505.



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### RESOLUTION NO.            – 2018 - ADOPTION OF GREATER TOMPKINS COUNTY MUNICIPAL HEALTH INSURANCE CONSORTIUM INVESTMENT POLICY

WHEREAS, Section E(9) of the Municipal Cooperation Agreement of the Greater Tompkins County Municipal Health Insurance Consortium (“GTCMHIC” or “Consortium”), provides that the Board of Directors of the Consortium shall “establish administrative guidelines for the efficient operation of the Plan”; and

WHEREAS, Section J(5) of the Municipal Cooperation Agreement provides that the “Chief Fiscal Officer may invest moneys not required for immediate expenditure in the types of investments specified in the General Municipal Law for temporary investments or as otherwise expressly permitted by the Superintendent”; and

WHEREAS, Section 4706(b) of the New York State Insurance Law provides that the Consortium’s “reserve funds and surplus account” may be invested “in obligations specified in the general municipal law or education law (as applicable) for investment of moneys in reserve funds or as otherwise expressly permitted by the superintendent”; and

WHEREAS, the Consortium desires to adopt a formal “Investment Policy” whose primary objectives in priority order, are: (1) to conform with all applicable federal, state and other legal requirements; (2) to adequately safeguard principal; (3) to provide sufficient liquidity to meet all operating requirements of the Consortium; and (4) to obtain a reasonable rate of return.

now therefore be it

RESOLVED, that the Audit and Finance Committee hereby recommends that Board of Directors:

1. Adopts the *Investment Policy for the Greater Tompkins County Municipal Health Insurance Consortium* (the “Investment Policy”) attached hereto as Exhibit “A”; and
2. Delegates to the Consortium’s Chief Financial Officer the authority to: (i) administer the Consortium’s investment program (the “Investment Program”) pursuant to the terms and conditions of the Investment Policy; and (ii) to develop, recommend, and oversee such written procedures as are necessary for the operation of the Investment Program in compliance with the Investment Policy and all applicable federal and state laws; such written procedures becoming effective only upon approval by the Board.

## EXHIBIT "A"

### INVESTMENT POLICY

FOR

### GREATER TOMPKINS COUNTY MUNICIPAL INSURANCE CONSORTIUM

#### Article I

##### Purpose and Objectives

A. The purpose of this Investment Policy (the "**Policy**") is to set forth the parameters within which the funds of the Greater Tompkins County Municipal Health Insurance Consortium (the "**Consortium**") are to be managed. In methods, procedures, and practices, the Policy formalizes the framework for the Consortium's investment activities that must be exercised to ensure effective and judicious management of its funds.

B. This Policy applies to all moneys and other financial resources of the Consortium with regard to depositing and investing its assets, and the Policy shall represent the investment constraints of all invested assets.

C. The primary objectives for implementation of the Policy, in priority order, are: (1) to conform with all applicable federal, state and other legal requirements; (2) to adequately safeguard principal; (3) to provide sufficient liquidity to meet all operating requirements of the Consortium; and (4) to obtain a reasonable rate of return.

#### Article II

##### Delegation of Authority

A. Pursuant to Section J(5) of the Municipal Cooperation Agreement of the Consortium,<sup>1</sup> the Board of Directors of the Consortium (the "**Board**") may delegate certain responsibilities set forth herein to the Chief Fiscal Officer of the Consortium (the "**CFO**").

B. As set forth in Article II, Section (A) above, the Board hereby delegates to the CFO, the authority to administer the Consortium's investment program (the "**Investment Program**"), and to establish written procedures for the operation of the Investment Program consistent with this Policy, and all applicable federal and state laws<sup>2</sup>. However, any such written procedures shall become effective only upon approval by the Board.

#### Article III

##### Standards of Care

###### A. Prudence.

1. Each person responsible for managing and investing the Consortium's financial assets shall act in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances. When making investment and management decisions, the primary objectives for implementation of the Policy set forth in Article I, Section (C) above shall be considered.

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<sup>1</sup> See Section J(5) of the 2014 Amendment to the Municipal Cooperation Agreement.

<sup>2</sup> See Section 10 and 11 of the New York State (the "**State**") General Municipal Law, and Section 4706(b) of the State Insurance Law.

2. In making decisions regarding management and investment of the Consortium's financial assets, the following non-exclusive factors shall be considered, if relevant:

- i. general economic conditions;
- ii. the possible effect of inflation or deflation;
- iii. the role that each investment or course of action plays within the overall investment portfolio of the Consortium;
- iv. the expected total return from income and the appreciation of its investments;
- v. other resources of the Consortium;
- vi. the needs of the Consortium and the specific funds to make distributions and to preserve capital; and
- vii. an asset's special relationship or special value, if any, to the purposes of the Consortium.

B. Ethics and Conflicts of Interest. Officers, members, and employees of the Consortium involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the Investment Program, or that could impair their ability to make impartial investment decisions. Officers, members, and employees involved in the investment process shall disclose to the Consortium's Executive Director and the Board any material financial interests they have in financial institutions that conduct business with the Consortium, and shall further disclose any personal financial/investment positions that could be related to the performance of the Consortium's investment portfolio. Officers, members, and employees involved in the Investment Program shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Consortium; and shall be bound by the Consortium's Code of Ethics Policy.

#### **Article IV** **Suitable and Authorized Investments**

A. The following investments are permitted by the Policy:

1. U.S. Treasury & Government Guaranteed. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided that the Full Faith and Credit of the United States of America must be pledged to any such direct obligation or guarantee ("**Direct Obligations**").

2. Municipals. Obligations issued or guaranteed by any of the following:

- i. Obligations of the State; or
- ii. With the approval of the State Comptroller, obligations issued pursuant to Section 24.00 or 25.00 of the State Local Finance Law (i.e. Tax Anticipation Notes and Revenue Anticipation Notes), by any municipality, school district or district corporation in the State, other than the Consortium.

3. Time Deposits. Special time deposit accounts, or non-negotiable certificates of deposit ("CD") in a State "banking institution"<sup>3</sup> or federally chartered banks, savings and loans or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with State Law.

**Article V**  
**Investment Parameters**

A. Diversification. Investments of funds of the Consortium shall be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or specific sector. The diversification strategy shall be reviewed as frequently as circumstances require, but at least annually.

The following diversification parameters have been established:

Sector Type	Sector Max (%)	Issuer Max (%)	Ratings Requirement <sup>1</sup>	Max Maturity
US Treasury and Government Guaranteed	100%	N/A	N/A	10 Years <sup>2</sup>
Municipals	30%	5%	Top Three Ratings Categories	10 Years
Time Deposits and Certificates of Deposit	50%	FDIC Limit	N/A, so long as FDIC-guaranteed	5 Years
<sup>1</sup> By a Nationally Recognized Statistical Ratings Organization ("NRSRO")				
<sup>2</sup> Government guaranteed mortgage backed securities shall have a maximum weighted average life of 10 years				

B. Subsequent Credit Downgrades. In the event of a downgrade of a security below the minimum credit standards for a new investment of that security, the CFO shall evaluate the downgrade on a case-by-case basis, and promptly notify the Board and recommend a course of action. If the CFO and/or the Board has retained a professional investment advisor, the investment advisor shall promptly notify the CFO of any downgrade below the minimum credit standards and recommend a course of action.

**Article VI**  
**Investment Institutions**

A. All financial institutions and dealers with which the Consortium transacts business shall be creditworthy, and have an appropriate level of experience, capitalization, size and other factors that make the financial institution or the dealer capable and qualified to transact business with the Consortium.

B. The CFO shall evaluate the financial position of all financial institutions and dealers with which the Consortium transacts business, and maintain a listing of proposed depositories, trading partners, and custodians. Recent Reports of Condition and Income (i.e. call reports) shall be obtained for proposed banks, and security dealers that are not affiliated with a bank, shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as "primary dealers."

<sup>3</sup> As such term is defined in Section 9-r of the State Banking Law.

**Article VII**  
**Qualifications of Broker-Dealers**

A. The Consortium shall maintain a list of approved security broker-dealers selected by a process of due diligence, which process shall require all broker-dealer candidates to supply the following:

1. Audited financial statements demonstrating compliance with State and federal capital adequacy guidelines;
2. Proof of certification from the Financial Industry Regulatory Authority;
3. Proof of State Registration required by the State General Municipal Law;
4. Evidence of adequate insurance coverage; and
5. Certification and acknowledgement of having read, understood and agreeing to comply with this Policy.

B. Approved security broker-dealers may include primary dealers or regional dealers registered with the Securities Exchange Commission ("**SEC**") that comply with SEC net capital standards under Section 15c3-1 of the Securities Exchange act of 1934 (the "**Exchange Act**").

C. The Consortium is authorized to employ an external investment advisor that shall maintain its own list of approved and qualified security broker-dealers, subject to the same process of due diligence set forth in Article VII, Section (A) above.

**Article VIII**  
**Competitive Transactions**

A. To ensure that transactions meet best execution requirements, the Consortium has established the following procedures:

1. The CFO or the investment advisor, to the extent applicable, shall seek to obtain at least three (3) competitive bids or offers on any necessary contract related to the purchase and sale of investments; and
2. The CFO or the investment advisor, to the extent applicable, shall document any competitive bids, offers, or quotations received in reliance on this Article.

B. If the Consortium hires an external investment advisor as permitted by Article VII, Section C of this Policy, the advisor must retain documentation demonstrating compliance with this Article, to the extent it is applicable, and provide such documentation to the Consortium upon request.

**Article IX**  
**Securing Deposits and Investments**

A. All deposits and investments at a bank or trust company, including all demand deposits, certificates of deposit and special time deposits (hereinafter, collectively, the "**Deposits**") made by officers of the Consortium that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, including pursuant to a Deposit Placement Program in accordance with applicable law, shall be secured by:

1. A pledge of “**eligible securities**”<sup>4</sup> with an aggregate market value that is at least equal to the aggregate amount of the Deposits;
2. A pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of the Deposits;
3. An “**eligible surety bond**”<sup>5</sup> payable to the government for an amount at least equal to one hundred percent (100%) of the aggregate amount of the Deposits and the agreed-upon interest, if any, executed by an insurance company authorized to do business in the State, whose claims-paying ability is rated in the highest rating category by at least two (2) nationally recognized statistical rating organizations;
4. An “**eligible letter of credit**,”<sup>6</sup> payable to the Consortium as security for the payment of one hundred forty percent (140%) of the aggregate amount of the Deposits and the agreed-upon interest, if any. An “eligible letter of credit” shall be an irrevocable letter of credit issued in favor of the Consortium for a term not to exceed ninety (90) days, by a qualified bank (other than the bank where the secured money is deposited). A qualified bank is either one whose commercial paper and other unsecured short-term debt obligations (or, in the case of a bank which is the principal subsidiary of a holding company, whose holding company’s commercial paper and other unsecured short-term debt obligations) are rated in one (1) of the three (3) highest rating categories by at least one (1) nationally recognized statistical rating organization, or one that is in compliance with applicable federal minimum risk-based capital requirements; and/or
5. An irrevocable letter of credit issued in favor of the Consortium by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one (1) nationally recognized statistical rating organization, as security for the payment of one hundred percent (100%) of the aggregate amount of the Deposits, and the agreed-upon interest, if any.

## **Article X** **Safekeeping and Custody**

A. **Third-Party Safekeeping.** All investment securities purchased for or held as collateral on deposits or investments shall be held by an independent third-party safekeeping institution, such as a bank, trust company, or third-party custodial agent who may not otherwise be a counter-party to an investment transaction, selected by the Consortium (the “**Independent Safekeeping Institution**”), and subject to security and custodial agreements as follows:

1. Consistent with Section 10(3)(a) of the State General Municipal Law, the security agreement shall provide that eligible securities are being pledged to secure the Deposits together with agreed-upon interest, if any, and any costs or expenses arising out of the collection of the Deposits upon a default. It shall also provide the conditions under which the securities held may be sold, presented for payment, substituted or released and the events of default which will enable the local government<sup>7</sup> to exercise its rights against the pledged securities. Such agreement shall include all provisions deemed necessary and sufficient to secure in a satisfactory manner the local government’s interest in the collateral.

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<sup>4</sup> As defined in Section 10(1)(f) of the State General Municipal Law, and as further set forth in Schedule “A” attached hereto and made a part hereof.

<sup>5</sup> See State General Municipal Law Section 11(1)(g).

<sup>6</sup> See State General Municipal Law Section 11(1)(h).

<sup>7</sup> As such term is defined in Section 10(1)(a) of the State General Municipal Law.



2. The custodial agreement shall provide that the pledged securities will be held by the Independent Safekeeping Institution as agent of, and custodian for, a local government, and will be kept separate and apart from the general assets of the Independent Safekeeping Institution, and it shall also provide for the manner in which the Independent Safekeeping Institution shall confirm the receipt, substitution or release of the collateral. Such agreement shall further provide for the frequency of revaluation of collateral by the Independent Safekeeping Institution, and the substitution of collateral when a change in the rating of a security causes ineligibility pursuant to the State General Municipal Law.<sup>8</sup>

4. The security and custodial agreements shall also include all other provisions necessary to provide the Consortium with a perfected security interest in the eligible securities and to otherwise secure the local government's interest in the collateral, and may contain other provisions that the Board deems necessary.

B. Internal Controls. The CFO shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be designed to prevent the loss of funds arising from fraud, employee error, and misrepresentation by third-parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Consortium. The system of internal controls shall further provide a satisfactory level of accountability based upon records incorporating the description and amounts of investments, the fund(s) for which they are held, the place(s) where such funds are kept, and other relevant information, including dates of sale or other dispositions and amounts realized. In addition, the internal control procedures shall describe the responsibilities and levels of authority for key individuals involved in the Investment Program.

#### **Article XI** **Performance Standards/Evaluation**

A. Assets will be managed in accordance with the parameters specified within this Policy. Performance should be compared to a relevant benchmark or benchmark(s), at regular intervals, but at least on a quarterly basis.

B. Prior to any reporting period, a performance benchmark or benchmarks will be established by the Board. The benchmark(s) shall be reflective of the actual securities being managed and risks undertaken; and the benchmark(s) shall have a similar weighted average maturity and credit profile as the portfolio.

#### **Article XII** **Reporting/Disclosure**

A. The CFO shall prepare or have prepared an investment report each month, including a summary that provides an analysis of current investments (the "**Investment Report**"). The Investment Report shall be prepared in a manner that will allow the Board to ascertain whether investment activities during the reporting period have conformed to the Policy.

B. The Investment Report shall include, at a minimum, the following:

1. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;
2. Average maturity and duration of investments;
3. Maturity distribution; and

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<sup>8</sup> See Section 10(3)(a) of the State General Municipal Law.

- Average portfolio credit quality.

**Article XIII**  
**Review of Policy**

The Board shall review the Policy at least annually, within one hundred twenty (120) days of the end of the fiscal year, to reflect developments affecting the Consortium's finances and activities, and to ensure its consistency with the primary objectives set forth in Article I, Section (C) herein.

**Article XIV**  
**Policy Adoption**

This Policy is adopted by the Board this \_\_\_ day of \_\_\_\_\_, 2018.

## SCHEDULE “A”

### Schedule of Eligible Securities for Collateralizing Deposits and Investments in Excess of FDIC

Coverage <sup>9</sup>

<b>“Eligible Securities” for Collateral</b>	<b>For purposes of determining aggregate “market value,” eligible securities shall be valued at these percentages of “market value”:</b>
(i) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government-sponsored corporation.	100%
(ii) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank and the African Development Bank.	100%
(iii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.	100%
(iv) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of this State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.	100%
(v) Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.	100% if rated in the highest category; 90% for 2nd highest; 80% for 3rd highest.

<sup>9</sup> See State General Municipal Law Subsections (10)(1)(f)(i)-(iv) and (vii).