

**Governance Structure Committee
Minutes - APPROVED
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.