

**Governance Structure Committee
Minutes – APPROVED
June 17, 2020 – 3:30 p.m.
Remote Meeting via Zoom**

Present: Chuck Rankin, Judy Drake, Lisa Holmes, Eric Snow, Ed Fairbrother, Steve Thayer, Jim Bower (arrived at 3:40 p.m.)
Vacancy: 1 (seat previously held by Greg Pellicano)
Absent: Bud Shattuck, Kevin Williams
Staff and Others: Elin Dowd, Executive Director; Don Barber, Consultant; Steve Locey, Rob Spenard, Locey & Cahill; Michelle Cocco, Clerk of the Board; Debra Meeker, Administrative/Computer Assistant

Call to Order

Mr. Rankin, Chair, called the meeting to order at 3:34 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of Minutes – May 21, 2020

It was MOVED by Ms. Drake, seconded by Mr. Snow, and unanimously adopted by voice vote by members present by videoconference, to approve the minutes of May 21, 2020 as presented. MINUTES APPROVED.

Recommendations to the Department of Financial Services (DFS)

Ms. Dowd reviewed information provided to the Committee including two responses from the Department of Financial Services. In addition to asking for clarification on items in the MCA (Municipal Cooperative Agreement), Adrian Pope of DFS also replied to her on the Consortium's Certificate of Authority. With regard to the MCA the information was reviewed by several Consortium representatives as well as legal counsel. Ms. Dowd said it appears DFS will honor the Consortium's request to expand to 16 counties and has recommended that the MCA be amended to include this.

Ms. Dowd reviewed the document provided to the Committee containing proposed responses to the DFS and Consortium recommendations and narratives, based on feedback from legal counsel supporting each of the recommendations, and areas where it is being recommended that there be pushback on DFS.

Ms. Dowd said DFS made no comments about the Executive Committee Bylaws or the proposed ways the Consortium is planning to streamline operations. She said MCA Section A3 is a big issue and at this point she isn't aware of any alternative to what DFS is advising.

Mr. Locey expressed frustration if the Consortium has to amend the agreement every year upon acceptance of a new municipality. He said although he doesn't know about the legality of this suggestion, he asked if it would be possible to get boards to approve the agreement and authorize their CEO to approve future amended agreements if the only change is to the list of Participants. It is a long and burdensome process to require all municipalities to approve an amended agreement each year.

It was the consensus of the Committee to direct Ms. Dowd to send the letter that was prepared to DFS along with a red-line copy as soon as possible.

There was discussion of what to send to the Board of Directors. Ms. Drake commented that the Board will need to give approval to send a final draft MCA to Participants and said this could wait to go to the Board but no later than the August meeting.

Ms. Drake shared concerns expressed by Mr. Locey and said she is very concerned with having to take the MCA back to municipalities every year for approval upon accepting a new municipality. She questioned what the Consortium is asking for DFS approval and said DFS is currently receiving the Consortium resolution accepting a municipality; therefore, it's approval has not been sought up to this point. Mr. Locey and Mr. Barber reviewed Article 47 and advised they each do not believe DFS approval is required.

Ms. Drake said she would agree that the information is submitted to DFS but suggested "for approval" be removed.

Ms. Drake asked if language could be added to Section T that if such change to the agreement is only in Participants that it does not constitute the need for legislative bodies to approve an amended agreement. Ms. Drake said she proposed this originally with Mr. Powers and would need to revisit that conversation.

Ms. Drake suggested and members were supportive, of having a phone conversation with Ms. Pope and Mr. Youngs of DFS to discuss these concerns prior to submitting the response.

Ms. Drake noted that the phrase specifying the Secretary maintains all records is in two sections of the document. Ms. Dowd will look into this.

Changes to MCA to Receive Certificate of Authority

Mr. Locey spoke concerning the DFS requests relating to the Consortium's Certificate of Authority and provided an overview of areas that were responded to:

- They have requested information on where large losses are coming from. Mr. Locey said the Consortium is community rated and that information is not currently tracked. A look is taken at regional data to explore whether there is adverse risk.
- Expanding territory has not impacted benefits being provided and there has been no need to address benefits due to the addition of municipalities outside of Tompkins County.
- Projections and how they were built into long-term forecast: Projections are based on known factors. It is not practical to do budget forecasting based on specific growth.
- With regard to allowing school districts to become future participants, school districts fit the definition of a municipal corporation and are already allowed to join. Many are already in a consortium within their region.

Doing an analysis based on where members are going for services versus doing an analysis county by county. With regard to being asked if it is possible to get data from Excellus; Mr. Locey said in their own community rating model the Blues don't have a variance and have made no adjustment with the municipalities that are currently in the Consortium. He will bring this up with the Blues.

There was consensus to reply back to the Department of Financial Services with comments made at this meeting being incorporated into the response.

Mr. Locey spoke to incorporating a deadline and said part of the communication with DFS involves the timing needed to go through a municipal process prior to January 1.

Mr. Barber said the concern about adding new participants came from DFS approximately three years ago but DFS did not respond to communications from the Consortium; they have waited until the MCA was up for renewal.

There was consensus that there is urgency in order to have an agreement in place by January 1st; therefore, the Board needs to take action no later than at its August meeting.

Recommendation

Ms. Drake suggested having the Board of Directors approve the MCA as presented and delegate authority to the GSC to make final changes and circulate to Participants for approval by each governing body. Mr. Barber said there isn't an official role that the Board has; therefore, delegating authority is well within the Committee's authority. There was consensus to proceed in this manner.

Next Meeting

If there is feedback received from DFS and a need, the Committee will be reconvened.

Adjournment

The meeting adjourned at 4:38 p.m.