



## 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 May 15, 2019 – 5:00 P.M. Legislature Chambers (**Call-in Option Available**)

1. Welcome (5:00)
2. Changes to the Agenda (5:02)
3. Approval of 4/25/19 minutes (5:03)
4. Discussion and Input from Legal Counsel on Alternative Governance Model & Bylaws (5:05)
5. Review of Initial Draft of Sections of MCA Impacted by the Alternate Model (5:30)
6. Discussion of Action Steps, Direction for Consultants, and Information Desire for Next Meeting (5:50)
7. Adjournment (6:00)

Next Meeting: June 19, 2019 @ 5 PM

**Governance Structure Committee  
Minutes – Draft  
April 17, 2019 – 5 p.m.  
Legislature Chambers**

Present: Bud Shattuck, Judy Drake, Chuck Rankin, Kevin Williams, Greg Pellicano, Eric Snow, Don Barber, Elin Dowd

Present by Phone: Steve Thayer (excused at 5:56 p.m.), Steve Locey

Excused: Jim Bower, Ed Fairbrother, Olivia Hersey, John Fracchia

**Call to Order**

Mr. Rankin, Chair, called the meeting to order at 5:00 p.m.

**Changes to the Agenda**

There were no changes to the agenda.

**Approval of Minutes – March 25, 2019**

It was MOVED by Mr. Williams, seconded by Mr. Shattuck, and unanimously adopted by voice vote by members present, to approve the minutes of March 25, 2019 as presented. MINUTES APPROVED.

**Continued Review/Review of Draft Bylaws**

Mr. Locey said in thinking about what would work since the last meeting in terms of what would be acceptable to the Department of Financial Services and what changes would need to be made to the Municipal Cooperative Agreement, he developed a list of concerns for the Committee to consider. He spoke of the election of officers and recommended minimizing the number of changes to the MCA as well as ease the process of approval by each of the municipalities. Currently, there is language in the MCA whereby the Board of Directors elects the officers of the Consortium and thinks DFS may not support having the officers chosen by a small subset of the Board as opposed to every municipality being represented in that decision. He suggested that no change be made to this section in the MCA and that the primary change relate only to the description of the Executive Committee. He also suggested that an action to remove someone from the Executive Committee should be an action of the Board of Directors, consideration be given to appointing alternates.

Mr. Shattuck raised a concern with placing the responsibility of removing someone to the Board of Directors as that would present the situation in a very large forum when it could be contained within the Executive Committee and dealt with expediently. Mr. Locey agreed that keeping in a smaller subset would help but a situation would be awkward in any regard.

Mr. Barber noted that Article 47 does not give specific direction to appointing officers; however, the Jurat requires signatures of the officers. Municipalities have become accustomed to electing the Consortium's officer; a proposal to take that away would require municipalities to relinquish that ability; Mr. Barber said that might be hard for some to accept. Ms. Drake said the current proposal includes a Nominating Committee that could bring forth a full slate of members of the Executive Committee that could include a list of positions tied to them. She and others agreed with Mr. Locey's suggestion to minimize the number of changes that need approval by DFS.

At this time the Committee resumed review of the existing bylaws. Changes agreed to have been incorporated and follow-up items noted.

*It was noted that Article II, Section 2 (Terms) needs further review including a discussion of term limits.*

Ms. Drake spoke of the amount of work that falls under the responsibility of the Audit and Finance Committee and suggested that consideration be given to creating an operations committee that could take on some of the operational responsibilities of the Consortium. Mr. Barber agreed with this recommendation and said that could be done without waiting for this process to be complete.

Ms. Drake commented that during a discussion she recently had with John Powers, legal counsel for the Consortium, he was clear that there are responsibilities the Board cannot delegate. Those responsibilities included budget adoption, setting premium rates, and plan design. It was suggested that prior to a vote by the Board of Directors that in addition to communicating budget information throughout the year, that a budget webinar could be scheduled once a budget proposal is developed. This would be an opportunity to get input from Directors prior to formal action being taken to adopt the budget.

Mr. Barber will revisit and adjust the document he prepared outlining areas of the MCA that will need revision based on the creation of this model.

It was suggested that Mr. Barber and Ms. Dowd speak with Mr. Snyder and Mr. Thayer to get recommended language to address unanticipated discretionary expenses in Article VII – Operating Budget.

With regard to Article IX – Indemnification it was suggested that insurance be verified.

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

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**ARTICLE I**

**PURPOSE**

The Municipal Cooperative Agreement (MCA), Paragraph F of the 2020 Amendment to the Municipal Cooperative Agreement 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 granted in the MCA.

**ARTICLE II**

**MEMBERS, QUALIFICATIONS, TERMS OF OFFICE**

Section 1. The Executive Committee of GTCMHIC shall consist of at least eleven (11) but no greater than fifteen (15) members. The size of the Executive Committee may be increased or decreased by the Board of Directors at any Annual Meeting.

*Section 2. Terms of Executive Committee Members shall be staggered such that, as much as practicable, one-third of the Executive Committee shall be elected at each Annual Meeting of the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors "Board of Directors". Thereafter, at each Annual Meeting of the Board of Directors, the successors to members of the Executive Committee shall be elected for three (3) year terms. Except that one Director is the Chairperson of the Joint Committee on Plan Structure and Design ("Joint Committee"), which is elected by members of the Joint Committee on Plan Structure and Design 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 Board of Directors at the Annual Meeting.

Section 5. Quorum of the Executive Committee shall be the simple majority of the full Committee (half plus one).

### **ARTICLE III**

#### **OFFICERS**

Section 1. At the Organizational meeting of the Executive Committee to be held in October, 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, Nominations, Claims and Appeals Committees, 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 Executive Committee will serve for \_\_\_ one-year terms, and the Secretary will succeed to Vice Chair and the Vice Chair will succeed to Chair.

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

### **ARTICLE IV**

#### **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 V**

### **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 or by any two Committee members.

Section 6. Dates for the Executive Committee meetings will be stated during the Board of Directors' Annual meeting of the year. Meeting dates of the Executive Committee 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 VI**

### **COMMITTEES**

Section 1. The Executive Committee shall operate with five standing committees as defined and described below. 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.

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: The Joint Committee shall review all prospective Board actions in connection with the benefit structure and design of the Plan(s), and shall develop findings and recommendations with respect to such matters.

Section 4. Owning Your Own Health Committee: \_\_\_\_\_.

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

Section 6. Claims and Appeals Committee:

## **ARTICLE VII 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 four (4) 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 of up to ten percent (10%) on discretionary expenses shall require the approval of the Executive Committee upon the recommendation of the Audit and Finance Committee.

## **ARTICLE VIII**

### **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 IX**

### **POLICY ADHERANCE**

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

## **ARTICLE XI**

### **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.

### **Adjournment**

There was consensus to engage Mr. Powers at this point in the process. Ms. Drake will notify him of the next meeting date and check his availability.

The meeting adjourned at 6:25 p.m.

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

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**ARTICLE I**

**PURPOSE**

The Municipal Cooperative Agreement (MCA), Paragraph F of the 2015 Amendment to the Municipal Cooperative Agreement 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 granted in the MCA.

**ARTICLE II**

**MEMBERS, QUALIFICATIONS, TERMS OF OFFICE**

Section 1. The Executive Committee of GTCMHIC shall consist of at least eleven (11) but no greater than fifteen (15) members. The size of the Executive Committee may be increased or decreased by the Board of Directors at any Annual Meeting.

Section 2. A full slate of Executive Committee members shall be elected from its Directors at each Annual Meeting of the Greater Tompkins County Municipal Health Insurance Consortium Board of Directors "Board of Directors". One Director seat shall be filled by the Chairperson of the Joint Committee on Plan Structure and Design ("Joint Committee"), which is elected by members of the Joint Committee on Plan Structure and Design 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 Board of Directors at the Annual Meeting.

Section 5. Quorum of the Executive Committee shall be the simple majority of the full Committee (half plus one).

**ARTICLE III**

**OFFICERS**

Section 1. At the Annual Meeting, the board shall elect from its Directors a Chairperson, Vice Chairperson, Chief Fiscal Officer and Secretary who shall serve for a term of one (1) year or until their successors are elected and qualified. These officers will be selected from the slate of Directors elected to



serve on the Executive Committee. Any vacancy in an officer's position shall be filled at the next meeting of the board.

Section 2. At the Organizational meeting of the Executive Committee to be held in October, the Executive Committee shall select from amongst their members a Chairpersons of Standing Committees: Audit and Finance, Operations, Owning Your Own Health, Nominations, Claims and Appeals Committees, 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 Executive Committee will serve for threeone-year terms, and the Secretary will succeed to Vice Chair and the Vice Chair will succeed to Chair.

Section 3. The Chair serves ex-officio on all committees, shall count toward a quorum and is empowered to vote.

#### **ARTICLE IV**

##### **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.

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##### **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 or by any two Committee members.

Section 6. Dates for the Executive Committee meetings will be stated during the Board of Directors' Annual meeting of the year. Meeting dates of the Executive Committee 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.

## **ARTICLE VI COMMITTEES**

Section 1. The Executive Committee shall operate with six (6) standing committees as defined and described below. Committee 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.

Section 2. Audit and Finance Committee: Responsible to assist the Board in its oversight of: the integrity of the financial statements of the Consortium; the Consortium's compliance with legal and regulatory requirements; and the independence, qualifications, and performance of the Consortium's independent auditors (Auditors); the financial aspects of the Consortium, including review of: annual budgets; periodic review of financial results; evaluation of transactions that are material to the organization's business; review of business and risk insurance policies, and actuarial studies to determine premium levels; and review and approval of investments and investment plans; enterprise risk management and compliance assessment and review; and oversight of all audits, internal and external, of Consortium operations

Section 3. Operations Committee: The Operations Committee is responsible for oversight of Consortium operations and the overall well-being of the organization. The Operations Committee may recommend changes to practices, policies and procedures that will improve the efficiencies of the organization.

Section 4. Joint Committee on Plan Structure and Design: The Joint Committee shall review all prospective Board actions in connection with the benefit structure and design of the Plan(s), and shall develop findings and recommendations with respect to such matters.

Section 5. Owning Your Own Health Committee: Identify and recommend processes to promote a culture of preventative health care, support benefit clerks in that outreach to member employees and

retirees, coordinate wellness activities with our claim's administrators and community associates.

Section 6. Nominations and Engagement Committee: The Nominations Committee, shall be elected at the Board of Directors Annual Meeting to serve a term of one year. This committee will assist the Executive Committee in engaging Directors in finding meaningful ways to contribute to the organization especially through the consideration of succession and long-term planning.

Section 7. Claims and Appeals Committee: The Claims and Appeals Committee will hear all appeals that come to the Board of Directors for action and recommend a determination to the Board. This Committee will also monitor claims data and trends.

## **ARTICLE VII OPERATING BUDGET**

Section 1. 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 2. 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.

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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 4. Budget Implementation

The administration of the annual budget is the 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 for discretionary expenses or unexpected expenses not in the budget, greater than a 10% change for any line item, shall require the approval of the Executive Committee upon the recommendation of the Audit and Finance Committee.

## **ARTICLE VIII**

### **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 IX**

### **CONDUCT AND CONFLICT OF INTEREST POLICY**

Executive Committee members are bound by their membership to follow GTCMHIC Code of Conduct and Conflict of Interest Policy while performing their duties and we expect all Executive Committee members to avoid any personal, financial or other interests that might hinder their capability or willingness to perform their responsibilities.

## **ARTICLE X**

### **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.

## MCA Sections for Revision with Ex Com Model & DFS Request in 2015

### A. PARTICIPANTS.

1. The Participants hereby designate themselves under this Agreement as the Greater Tompkins County Municipal Health Insurance Consortium (the "Consortium") for the purpose of providing health benefits (medical, surgical, hospital, prescription drug, dental, and/or vision) to those Enrollees that each Participant individually elects to include in the Greater Tompkins County Municipal Health Insurance Consortium Medical Plan(s) (the "Plan(s)").

2. The following Participants shall comprise the current membership of the Consortium (a) County of Tompkins; (b) City of Ithaca; (c) Town of Enfield; (d) Town of Caroline; (e) Town of Ithaca; (f) Town of Danby; (g) Town of Dryden; (h) Town of Ulysses; (i) Village of Cayuga Heights; (j) Village of Groton; (k) Village of Dryden; (l) Village of Trumansburg; (m) Town of Groton; (n) Town of Lansing; (o) City of Cortland; (p) Village of Homer; (q) Town of Willet, (r) Town of Virgil, (s) Town of Truxton, (t) Town of Marathon, (u) Town of Preble, (v) Town of Scipio, (w) Town of Springport, (x) Village of Union Springs, (y) Town of Cincinnatus, (z) Town of Aurelius, (aa) Town of Montezuma, (bb) Town of Newfield, (cc) Town of Homer, (dd) Town of Owasco, (ee) Village of Horseheads, (ff) Town of Bog Flats, (gg) Village of Freeville, (hh) Village of Lansing, (ii) Town of Niles, (jj) County of Seneca, (kk) Town of Sennett, and (ll) Town of Mentz. Membership in the Consortium may be offered to any municipal corporation within the geographical boundaries of the Counties of Tompkins, Cayuga, Chemung, Cortland, Tioga, Schuyler, and Seneca, provided however that, in the sole discretion of the Board (as defined below), the applicant provides satisfactory proof of its financial responsibility and is of the same type of municipal corporation as the initial Participants. Notwithstanding anything to contrary set forth in this Agreement, admission of new Participants shall not require amendment of this Section A(2). Membership shall be subject to the terms and conditions set forth in this Agreement, any amendments hereto and applicable law.

3. Participation in the Plan(s) by some, but not all, collective bargaining units or employee groups of a Participant is not encouraged and shall not be permitted absent prior Board approval. Further, after obtaining approval, any Participant which negotiates an alternative health insurance plan offering other than the plan offerings of the Consortium with a collective bargaining unit or employee group may be subject to a risk charge as determined by the Board.

4. Initial membership of additional participants shall become effective as soon as practical but preferably on the first day of the Plan Year following the adoption by the Board of the resolution to accept a municipal corporation as a Participant. Such municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon entry.

5. The Board, by a two-thirds (2/3) vote of the entire Board, may elect to permit additional municipal corporations located within the geographical boundaries set forth in Paragraph A(2) to become Participants subject to satisfactory proof, as determined by the Board, of such municipal corporation's financial responsibility. Such municipal corporations must agree to continue as a Participant for a minimum of three (3) years upon entry.

6. A municipal corporation that was previously a Participant, but is no longer a Participant, and which is otherwise eligible for membership in the Consortium, may apply for re- entry after a minimum of three (3) years has passed since it was last a Participant. Such re-entry shall be subject to the approval of two-thirds (2/3) of the entire Board. This re-entry waiting period may be waived by the approval of two-thirds (2/3) of the entire Board. In order to re- enter the Consortium, a municipal corporation employer must have satisfied in full all of its outstanding financial obligations to the Consortium. A municipal corporation must agree to continue as a Participant for a minimum of three (3) years upon re-entry.

## E. ACTIONS BY THE BOARD

1. Subject to the voting and quorum requirements set forth in this Agreement, the Board is required, in accordance with NY Insurance Law Article 4705, to take action on the following matters:

- a. A. In accordance with N.Y. Ins. Law § 4705(d)(5), to approve an annual budget for the Consortium, which shall be prepared and approved prior to October 15<sup>th</sup> of each year, and determine the annual premium equivalent rates to be paid by each Participant for each Enrollee classification in the Plan on the basis of a community rating methodology in accordance with N.Y. Ins. Law § 4705(d)(5)(B) and filed with and approved by the Superintendent.
- b. To 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).
- c. To establish a joint fund or funds to finance all Consortium expenditures, including claims, reserves, surplus, administration, stop-loss insurance and other expenses in accordance with N.Y. Ins. Law § 4705(d)(4).
- d. To select and approve the benefits provided by the Plan(s) including the plan document(s), insurance certificate(s), and/or summary plan description(s) in accordance with N.Y. Ins. Law § 4709, a copy of the Plan(s) effective on the date of this Agreement is incorporated by reference into this Agreement.
- e. In accordance with N.Y. Ins. Law § 4705(d)(2), may contract with third parties, if appropriate, which may include one or more Participants, for the furnishing of all goods and services reasonably needed in the efficient operation and administration of the Consortium, including, without limitation, accounting services, legal counsel, contract administration services, consulting services, purchase of insurances and actuarial services. Provided, however (a) the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services contracts, as required in Section 92-a(6) of the General Municipal Law; (b) payment for contracted services shall be made only after such services are rendered; (c) no Director or any member of such Director's immediate family shall be an owner, officer, director, partner or employee of any contract administrator retained by the Consortium; and (d) all such agreements shall otherwise comply with the requirements of Section 92-a(6) of the General Municipal Law.
- f. To purchase stop-loss insurance on behalf of the Consortium and determine each year the insurance carrier or carriers who are to provide the stop- loss insurance coverage during the next Plan Year, as required by N.Y. Ins. Law §§ 4707 and 4705(d)(3).
- g. To designate one governing Board member to retain custody of all reports, statements, and other documents of the Consortium, in accordance with N.Y. Ins. Law § 4705(c)(2), and who shall also take minutes of each Board meeting which, if appropriate, shall be acted upon by the Board in a subsequent meeting.
- h. In accordance with N.Y. Ins. Law § 4705(e)(1), to choose the certified public accountant and the actuary to provide the reports required by this Agreement and any applicable law.

- i. In accordance with N.Y. Ins. Law § 4705(d)(5) (A), designate the banks or trust companies in which joint funds, including reserve funds, are to be deposited and which shall be located in this state, duly chartered under federal law or the laws of this state and insured by the Federal Deposit Insurance Corporation, or any successor thereto.
  - j. In accordance with N.Y. Ins. Law § 4705(a)(4), establish financial regulations for the entry of new Participants into the Consortium consistent with all applicable legal requirements and this Agreement.
  - k. In accordance with N.Y. Ins. Law § 4705(a)(6), Appoint the Chief Fiscal Officer who will serve on the Executive Committee.
  - l. In accordance with N.Y. Ins. Law § 4705(a)(7), designate an attorney-in-fact to receive summons or other legal process in any action, suit or proceeding arising out of any contract, agreement or transaction involving the Consortium.
2. Subject to the voting and quorum requirements set forth in this Agreement, the Board is authorized to take action on the following matters:
- a. Fix the frequency, time and place of regular Board meetings.
  - b. Have a plan consultant (the “Plan Consultant) contract in place for the upcoming Plan Year, prior to October 1<sup>st</sup> of each year.
  - c. Determine and notify each Participant prior to October 15<sup>th</sup> of each Plan Year of the monthly premium equivalent for each enrollee classification during the next Plan Year commencing the following January 1<sup>st</sup>
  - d. To take all necessary action to ensure that the Consortium obtains and maintains a Certificate of Authority in accordance with the Insurance Law.
  - e. To take any other action authorized by law and deemed necessary to accomplish the purposes of this Agreement.
  - f. Annually elect Directors to Executive Committee to oversee operations and develop recommendations for Board actions stated in this Section E.

**F. EXECUTIVE COMMITTEE.**

1. The Executive Committee of the Consortium shall consist of at least eleven (11) and no greater than fifteen (15) Directors. Executive Committee Directors are elected annually including the Chairperson, the Vice-Chairperson, and the Secretary of the Consortium, Chief Fiscal Officer, and the Chair of the Joint Committee of Plan Structure and Design.
2. The Secretary shall be the governing board member who holds all records in accordance with Article E, Section 16.
3. The Executive Committee shall establish meeting dates at its Organizational Meeting.
4. Special meetings of the Executive Committee may be called at any time by the Chairperson or by any two (2) Executive Committee Directors. Whenever practicable, the person or persons calling such special meeting shall give at least three (3) day notice to all of the other Directors. Such notice shall set forth the time and place of the special meeting as well as a detailed agenda of the matters proposed to be acted upon. In the event three (3) day’s notice cannot be given, each Director shall be given such notice as is practicable under the circumstances.

5. The Executive Committee shall:
  - a. conduct business by vote of a majority of the Executive Committee:
  - b. Create sub-committees as necessary to monitor operations and make recommendations, to the Board, to protect and enhance operations.
  - c. Manage the Consortium between meetings of the Board, subject to such approval by the Board as may be required by this Agreement.
  - d. Develop Bylaws for its operations.
  - e. In consultations with the Nomination Committee, fill any vacancy on the Executive Committee from among its members except the elected officers of the Consortium.
  - f. Establish administrative guidelines for the efficient operation of the Plan.
  - g. Annually appoint a treasurer (the "Treasurer") who may or may not be a Director and who shall be the treasurer, or equivalent financial officer, for one of the Participants. The Treasurer's duties shall be determined by the Chief Fiscal Officer to whom he/she will report.
  - h. Take all necessary action to ensure the Consortium is operated and administered in accordance with the laws of the State of New York.

## **G. OFFICERS.**

1. At the Annual Meeting, the Board shall elect from its Directors a Chairperson, Vice Chairperson, Chief Fiscal Officer, and Secretary, who shall serve for a term of one (1) year or until their successors are elected and qualified. Any vacancy in an officer's position shall be filled at the next meeting of the Board.
2. Officers of the Consortium and employees of any third party vendor, including without limitation the officers and employees of any Participant, who assist or participate in the operation of the Consortium, shall not be deemed employees of the Consortium. Each third party vendor shall provide for all necessary services and materials pursuant to annual contracts with the Consortium. The officers of the Consortium shall serve without compensation from the Consortium, but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with the performance of such officers' duties.
3. Officers shall serve at the pleasure of the Board and may be removed or replaced upon a two-thirds (2/3) vote of the entire Board. This provision shall not be subject to the weighted voting alternative set forth in Section D.

## **H. CHAIRPERSON; VICE CHAIRPERSON; SECRETARY.**

1. The Chairperson shall be the chief executive officer of the Consortium.
2. The Chairperson, or in the absence of the Chairperson, the Vice Chairperson, shall preside at all meetings of the Board.
3. In the absence of the Chairperson, the Vice Chairperson shall perform all duties related to that office.
4. The Secretary shall retain custody of all reports, statements, and other documents of the Consortium and ensure that minutes of each Board meeting are taken and transcribed which shall be acted on by the Board at a subsequent meeting, as appropriate.



## **I. PLAN ADMINISTRATOR.**

The Board, by a two-thirds (2/3) vote of the entire Board, may annually designate an administrator and/or insurance company of the Plan (the "Plan Administrator") and the other provider(s) who are deemed by the Board to be qualified to receive, investigate, **audit**, and recommend or make payment of claims, provided that the charges, fees and other compensation for any contracted services shall be clearly stated in written administrative services and/or insurance contracts and payment for such contracted services shall be made only after such services are rendered or are reasonably expected to be rendered. All such contracts shall conform to the requirements of Section 92-a(6) of the General Municipal Law.