

Organizational Synergy & Human Resources Committee
November 16, 2004 Meeting

Minutes

Members Present: Stephen Cassano, Committee Chairman
Michael Pace, Board Chairman
Mark Cooper
Jim Francis

CRRA Staff Present: Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Laurie Hunt, Director of Legal Services
Chris Hyfield, Human Resources Manager
Kristen Greig, Secretary to the Board/Paralegal

Chairman Cassano called the meeting to order at 8:40 a.m. and noted that there was a quorum.

1. Approval of Minutes of the September 23, 2004 Organizational Synergy & Human Resources Committee Meeting

Chairman Cassano requested a motion to accept the minutes of the September 23, 2004 Organizational Synergy & Human Resources Committee meeting. The motion made by Director Cooper was seconded by Director Francis.

The motion was approved unanimously.

2. Review and Recommend Updated Policy "Hiring, Compensation, Promotion and Dismissal Procedures"

Mr. Hyfield handed out a revised resolution that read as follows:

RESOLVED: That the Board hereby approves and endorses the revised Hiring, Compensation, Promotion and Dismissal Procedures substantially as presented and discussed at this meeting;

RESOLVED: That the Board finds that the authority to create new positions, to determine the duties and compensation of such positions, and to fill vacant positions, are appropriate executive functions of the Authority, and desirable to permit the timely performance of the administrative functions of the Authority, and accordingly, hereby delegates to the President such authority, with the proviso that he shall exercise it within the parameters of Board-approved annual budgets and plans of operations.

Mr. Kirk stated that management would like time to finalize revisions to the procedure. Mr. Kirk said the intent of the resolution was to finalize the procedure for filling vacancies and noted that management initially was going to propose that the President would determine the positions, duties, and compensation. Mr. Kirk noted, however, that management would like to change the proposed resolution because the statute required that the creation of positions was a power held by the Board.

Attorney Hunt pointed out that the statute allowed the Board to delegate those powers to the President if they so desired. Attorney Hunt stated that the resolution was drafted to give Mr. Kirk that authority provided he exercised it within the budget, the plan of operations and within the maximum number of employees set by the Board.

Mr. Hyfield explained that this was a revision of a policy that needed updating because it had been in effect since 1990.

Chairman Cassano asked Mr. Kirk why he would want such authority without the involvement of the Organizational Synergy & Human Resources Committee. Mr. Kirk responded that he would like the flexibility to fill positions as needed, but not necessarily the authority to create positions. Chairman Cassano stated that Mr. Kirk already had that authority. Mr. Kirk stated that he would like the flexibility to hire someone if it was in the best interests of the organization, within budgetary constraints and the set limit of employees. Mr. Kirk stated that intent was to formalize the President's authority to fill every position if necessary, but also to allow the flexibility to not fill positions if they were not necessary.

Attorney Hunt said that the statute reserved the authority to fill vacant positions for the Board unless the Board delegated that authority. Chairman Cassano said that the Board had already delegated that authority. Mr. Hyfield stated that he thought that was part of the reorganization in 2003.

Chairman Cassano stated that he felt the number of positions was very limited and he did not think that creating positions should be the role of the President. Mr. Kirk stated that, from a management standpoint, he only needed to be able to effectively staff the organization.

Mr. Kirk stated that changes would be made to change the word "create" to "fill established positions." Director Cooper suggested that Section A be eliminated to satisfy the suggested changes. Mr. Kirk agreed.

Chairman Pace stated that it was determined that high-level management would be filled by the Board, but that the President would have the authority to fill all other established positions.

Chairman Pace said that it was important that the Board maintain a back-up check so that it did not appear, by misinterpretation, that the Board was not acting as a filter in the hiring process. Chairman Pace stated that the Board had to be cautious because, while the Board had full confidence in management, anything that gave the appearance

that the Board was backing away from its responsibilities would raise a red flag. Mr. Kirk agreed that the procedures should be "bulletproof" from the standpoint of a skeptic.

Mr. Kirk noted that the appropriate revisions would be made and then the policy would be noticed before it went to the Board for approval.

The matter was tabled with no action taken.

3. Review and Recommend Health, Dental, Life and Disability Insurance for 2005 Renewal

Chairman Cassano requested a motion regarding the above-captioned matter. Director Cooper made the following motion:

RESOLVED: That the Board of Directors authorizes the renewal of the health, dental, life, long-term disability and short-term disability insurance through Anthem and The Standard Insurance for the period of January 1, 2005 through December 31, 2005 for an estimated premium not to exceed \$670,000.

Director Francis seconded the motion.

Chairman Cassano asked how much of an increase there was in the premium. Mr. Hyfield responded that there was approximately a 10% increase.

Mr. Hyfield stated that a thorough benefits review was done. The plan was marketed to other carriers and the broker recommended that CRRA remain with Anthem and The Standard. Mr. Hyfield said quotes were received from Oxford, Health Net, Aetna, Connecticare and United Healthcare for the medical insurance. Mr. Hyfield stated that he has read that Health Net was not doing well financially and the other carriers' networks were not as robust as the Anthem network.

Mr. Hyfield informed the Committee that after a review of the premiums, management decided that employees who participated in the base plan would contribute a percentage of the premium and noted that the Preferred plan participants would continue to contribute approximately 12.5% of the premium.

Regarding the life insurance and long-term disability insurance, Mr. Hyfield told the Committee that CRRA did not receive any quotes. Three of the carriers never responded to the Broker and the carriers which did respond told the broker that the organization was too small to submit a quote. Mr. Hyfield pointed out the The Standard was offering employees an Employee Assistance Program at no charge and noted, that to his knowledge, an Employee Assistance Program had not been available in the past.

Mr. Bolduc stated that management tried to balance the benefit offerings to employees by taking advantage of the government's ability to increase the Flexible Spending Account pre-tax dollar caps. The current limit was \$2,500 which was being

increased to \$5,000. Mr. Bolduc noted that there was no cost to the Authority, but there was obviously a benefit to the employees.

Director Francis pointed out that raising the contribution of the Century Plan would narrow the gap between that plan and the Century Preferred Plan and asked if management thought that would entice employees to use the Century Plan. Mr. Bolduc responded that the Century Preferred Plan did not require employees to use in-network providers. Mr. Bolduc stated that the network for the Century Plan was going to be expanded. Mr. Hyfield added that Anthem was eliminating the "gatekeeper" in the Century Plan so it could be used more like a PPO. Mr. Kirk stated that he expected many of the employees to migrate to the Century Plan, unless they had a specific situation which required them to use the Century Preferred Plan.

Mr. Bolduc noted that management was also looking at changing co-pays. Mr. Kirk stated that the key to changing the co-pays was educating employees to the benefits of the flexible spending accounts so that, even though they were contributing more, they could do so with pre-tax dollars.

Chairman Cassano asked if RC Knox would be working with employees to help them determine which plan would be best for their specific situations. Mr. Hyfield stated that RC Knox would be available at the employee open-enrollment meeting.

Mr. Hyfield stated that he thought that, for those employees currently on the Century Plan, there might be some migration to spouses' plans. Mr. Kirk stated that the goal was not to be subsidizing other companies.

Mr. Hyfield noted pointed out some changes to the plan that helped mitigate premium costs such as the prescription coverage. Mr. Bolduc pointed out that the prescription benefit was raised from \$800 to \$2000. Mr. Kirk stated that the co-pays also went up, but said he felt it was easier to pay a higher co-pay than to pay for entire prescriptions when an employee went over the annual cap. Director Francis asked if the prescription plan was priced separately. Mr. Hyfield responded in the negative. Director Francis stated that management might want to consider looking at that as a separate policy in the future.

Director Francis asked for more information on how the networks were compared. Director Francis stated that it appeared that some of the other networks were less expensive but the administrative costs outweighed the benefit of the change. Mr. Hyfield responded that the administrative costs were a portion of the decision, but the networks were weighed heavily. Mr. Hyfield stated RC Knox informed him that, even if the carriers were less expensive, many carriers would give an attractive premium to capture the group, but raise the costs at the next renewal period.

Chairman Pace asked what the projected increase was for next year. Mr. Bolduc responded that it was approximately 13-14%. Mr. Bolduc stated that management planned to continue looking at options over the next couple of months. Director Francis suggested that management also look into a cooperative with other agencies. Chairman

Pace asked if there was something CRRA could do to work with other quasi-public agencies or the State for greater efficiency. Mr. Hyfield stated that he contacted other quasi-public agencies and stated that they deal with insurance in various ways. One covered 100%, others were 80/20, and others were insured under the State. Chairman Cassano suggested that the legislative agenda include an initiative to get the quasi-public agencies covered under the State. Chairman Pace asked management to take the initiative and contact the other quasi-public agencies to find out if they were interested in marketing that idea collectively.

Mr. Hyfield stated that management was still reviewing the dental plan. Mr. Hyfield noted that a change in carriers was possible, which might result in a savings. Mr. Hyfield said management was still reviewing the coverage details. Chairman Pace asked what the cost for the dental coverage was. Mr. Hyfield responded that the premium was approximately \$52,500. Mr. Bolduc added that the Anthem price was included in the resolution but if CRRA changed carriers that amount would change. Chairman Cassano asked if the \$670,000 included the dental plan. Mr. Hyfield and Mr. Bolduc responded in the affirmative.

Chairman Pace asked if there were different options in the dental plan to suit employees' different situations. Mr. Hyfield stated that CRRA would continue to offer two plans—one with orthodontic coverage and one without. Mr. Kirk stated that Mr. Hyfield was continuing to research "cafeteria style" plans where employees could choose coverage to match their specific needs.

Mr. Bolduc stated that management was beginning to look into Health Savings Accounts, which were the medical equivalent of a 401k plan where employees could put away pretax dollars, but with rollover provisions unlike with a Flexible Spending Account. Mr. Bolduc stated that Health Savings Accounts would be watched closely as they evolved.

The motion previously made and seconded was approved unanimously with the condition that management would continue pursuing the option of collaboration with other quasi-public agencies to be covered under the State plan.

4. Review of Informational Material

Revised Progressive Discipline Policy and Management Memo **Employee Benefits Survey Results**

Mr. Hyfield stated that there was concern at the previous meeting that the Discipline Policy would affect CRRA "at-will" status. Mr. Hyfield stated that Attorney Escalera reviewed the policy and stated it would not affect CRRA's at-will status but recommended that the policy be separated into two sections. Management would receive a memo regarding the process of implementing the policy and the employees would receive the actual policy as part of the Employee Handbook.

Chairman Pace stated that discipline was always viewed negatively and asked what management was doing or planning to do to be positive with employees and promote innovation and enthusiasm within the company. Mr. Bolduc stated that part of the benefits program included an Employee Assistance Program, which offered employees a free support outlet. Mr. Kirk stated that there had been some dramatic changes in employee morale and the communications survey was indicative of that. Mr. Kirk said that a new Employee Award program had just been instituted which allowed management to give employees \$100 awards for outstanding performance. Mr. Kirk stated that as morale and performance increased, additional increases were difficult because there was a higher expectation. Mr. Kirk noted that Quarterly Employee meetings also had a positive impact on employees.

Chairman Cassano said he was impressed with the results of the survey and noted that there was a dramatic increase in employee satisfaction.

401k Plan Update

Mr. Bolduc stated that Siegel was the previous consultant for the 401k and noted that after their contract expired, a dispute regarding approximately \$15,000 in billings had been resolved. Mr. Bolduc noted that UBS was the new consultant, who would act as an adjunct to the fiduciary. Mr. Bolduc said there were approximately ten funds offered to employees and noted that there were some funds that were not performing in line with comparable peers and some changes would be recommended. Mr. Bolduc stated that the Committee would be kept informed of changes as the changes progressed.

Mr. Bolduc stated that upcoming changes to the 401k Plan included the development of investment policy guidelines, manager searches and employee meetings. Mr. Bolduc said there were a fair number of former employees in the plan and management wanted to ensure they received the same information as employees. Mr. Bolduc said another challenge was that there were employees who invest in the brokerage link. Mr. Bolduc stated that the key to that portion of the plan was employee education. Chairman Pace asked if CRRA had a disclaimer. Mr. Bolduc responded that both CRRA and Fidelity had disclaimers and employees were informed that neither CRRA nor its consultant analyzed the performance of those funds.

Chairman Cassano stated that the Finance Committee and its Chairman would be well-equipped to review and make recommendations on that matter. Chairman Pace said the information could also be brought to the Steering Committee.

Chairman Pace stated that there needed to be documentation of what the organization was working on in respect to the organizational synergy aspect of CRRA. Chairman Pace recommended that those plans be shared with the Board in a Special Meeting to get their input. Chairman Cassano agreed and stated that CRRA should be tapping its resources to get some insight on how to effectively present those plans to the legislature.

ADJOURNMENT

Chairman Cassano requested a motion to adjourn the meeting. The motion made by Director Francis and seconded by Director Cooper was passed unanimously.

The meeting was adjourned at 9:30 a.m.

Respectfully submitted,

Kristen B. Greig
Secretary to the Board/Paralegal