

**Organizational Synergy & Human Resources Committee  
December 13, 2010 Telephonic Meeting**

**Draft Minutes**

Members Present: Dave Damer (present by telephone)  
Tim Griswold (present by telephone)

CRRA Management Present: Thomas Kirk, President  
James Bolduc, Chief Financial Officer  
Eric Womack, Human Resources Manager  
Maira Benacquista, Board Secretary/ Paralegal

Director Griswold called the meeting to order at 11:35 a.m.

**1. APPROVAL OF MINUTES OF THE NOVEMBER 17, 2010 ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE MEETING**

Director Griswold requested a motion to approve the minutes of the Nov. 17, 2010, Organizational Synergy & Human Resources Committee meeting. Director Damer made the motion, which was seconded by Director Griswold.

The motion to approve the minutes was approved unanimously by roll call.

**2. REVIEW AND RECOMMEND APPROVAL OF CONTRACT FOR THE BENEFITS BROKER OF RECORD**

Director Griswold requested a motion to approve the above referenced item. The motion was made by Director Damer.

**RESOLVED:** That the Chairman or President of CRRA is hereby authorized to execute the Health and Welfare Broker-of-Record Agreement with RC Knox & Company for the period February 1, 2011 through January 31, 2014 for a total fixed fee of \$89,385 as presented and discussed at this meeting.

The motion was seconded by Director Griswold.

Mr. Bolduc said CRRA management goes through this process every three years. He said an internal committee consisting of himself, Mr. Womack, and Ms. Martin reviewed the bids which were submitted in response to the RFP. He said there were six proposals. Mr. Bolduc said the bids were ranked according to compliance with insurance regulations, completeness of the bid, price, qualifications and experience of the firm, qualifications of the individuals which would be assigned to work on the account, and specific responses to questions concerning the business relationship and other matters. Mr. Bolduc said the committee's consensus and recommendation are contained in the package.

Mr. Womack said three organizations were eliminated almost immediately due to a potential conflict of interest, personnel experience which did not compare to the other bids, and a cost factor which was out of line. He said ultimately the following firms were looked at further; Marsh & McLennan Agency, LLC, Lockton Companies, LLC, and R.C. Knox & Company. Mr. Womack said personnel qualifications for Marsh & McLennan indicated strong experience and exposure to both the public and private sectors however Marsh and Lockton identified anywhere from five to six employees as assisting with the CRRA account. He said the internal committee felt the breakdown of percentages for each employee indicted CRRA would not be receiving the level of customer assistance necessary for the organization.

Mr. Womack said that Lockton has strong collective bargaining and labor relations experience which is more in line with a general business practice as opposed to specifically benefits administration and brokerage. He said R.C. Knox presented the strongest case as far as direct benefits brokerage and administration experience and in addition the allocation of employees and level of employee being assigned to CRRA's account outweighed the remaining bidders.

Mr. Womack said after examining the personnel associates with the bidders the committee began considering pricing and the breakdown of the three different organizations. He said Marsh came in at \$22,000 (for a three year average), Lockton at \$28,000 and R.C. Knox at \$29,500. Mr. Womack said it was the consensus of the committee that the large size of Marsh and Lockton would not lend itself to provide the personal attention that CRRA's plan deserves. He said R.C. Knox has provided excellent customer service to CRRA for the last six years and has been responsive on both the brokerage and administrative side. Mr. Womack said R.C. Knox has done a great job keeping CRRA's benefits in line with the marketplace and was actually able to negotiate a significant premium reduction with CRRA's health care. He said R.C. Knox's proposal was in line with the other bidders and although Marsh's was on the low side it may not have been commiserate of an understanding of CRRA's marketplace.

Mr. Womack said additional factors were also considered such as the future uncertainty of health care reform. He said establishing a working partnership with a new vendor and building that relationship may be difficult in the future. Mr. Womack said management felt staying with R.C. Knox would allow for client continuity as well as maintaining the confidence of the employees and management moving forward.

Mr. Bolduc said CRRA is not a large account for many of the companies. He said the responsiveness would not be there as several employees would be responsible for CRRA versus one person at the Vice-President level as CRRA currently has with R.C. Knox. Mr. Bolduc noted that R.C. Knox is part of People's Bank and is not a standalone company.

Mr. Bolduc said CRRA's contact with R.C. Knox, Mr. Dennison has a breadth of scope and understanding with CRRA and has established a confidence level with the employees. He said Lockton and Marsh's bids, although compatible, may not provide the tailored scope needed by CRRA at this point in time.

Director Damer said although he does not disagree with Mr. Bolduc's points he suspects the Board may question the cost. He asked if management had returned to Marsh and requested more attention or a better level of experience from the employees assigned to CRRA. Director Damer asked if R.C. Knox was approached and asked to reduce its bid costs as they were 30% higher than the other bids. He said consideration for Marsh may be necessary depending on whether management and the Board feel the cost differential is too high between bidders.

Director Griswold asked if management has the pricing for the three other firms in order to compare costs. Mr. Bolduc replied yes. He said Marsh is at \$22,000, USI has a potential conflict as they are an actuary for MDC, KJB was \$25,000, Lockton was \$28,000, R.C. Knox was \$29,500, RRM joint venture was \$25,000, and CBC Partners was \$40,000. Mr. Bolduc said that typically the committee looks for direction from the Organizational Synergy & Human Resources Committee before negotiating terms and pricing. He said that management can go back to Marsh and indicate that CRRA would prefer a smaller contact base, as well as return to R.C. Knox to request lower pricing.

Mr. Bolduc reminded the Committee that Marsh was formerly CRRA's insurance broker and had declined to bid three years prior after exiting the smaller marketplace that CRRA was in. Mr. Bolduc said these bids are not just about the pure numbers but also selling the new broker to the employees and establishing a comfort level. Mr. Bolduc said the incumbent has knowledge of individual health issues which is critical to the employees.

Director Griswold asked how the RFP is worded with respect to CRRA's ability to decide on whether or not to choose a bidder which is in the best interest of CRRA if that choice is not the low bidder. Mr. Womack replied that the choice can be made in the best interest of CRRA.

Director Damer asked if CRRA has to select a broker this month. Mr. Bolduc replied no. He said the contract runs through the end of January. Mr. Bolduc explained management intentionally has the contract run through February in order to provide year end assistance to CRRA employees when they are selecting health care programs and to assist management with establishing those programs. He said that representative is the only person with detail on HIPPA related items with exception of the Human Resources Manager, Mr. Womack.

Director Damer suggested that management bring this item back to the Organizational Synergy & Human Resources Committee in January after attempting negotiations and procurement of additional information with the bid responders. Director Griswold agreed. He said the difference dollar wise and percentage wise between the bid responses is significant. He asked if returning to the bidders for more information and negotiations is permitted. Mr. Bolduc said that he would confer with CRRA's legal counsel prior to taking any action.

### **3. TABLE OF THE MOTION TO REVIEW AND RECOMMEND APPROVAL OF CONTRACT FOR THE BENEFITS BROKER OF RECORD**

Director Griswold requested a motion to table the above referenced item. The motion to table was made by Director Damer and seconded by Director Griswold.

The motion to table the contract for the benefits broker of record was approved unanimously by roll call.

#### **4. EXECUTIVE SESSION**

Director Griswold requested a motion to enter into Executive Session to discuss personnel matters. The motion was made by Director Damer and seconded by Director Griswold. The motion previously made and seconded was approved unanimously by roll call. Director Griswold requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk  
Jim Bolduc  
Eric Womack

The Executive Session commenced at 11:41 a.m. and concluded at 12:15 p.m.

The meeting reconvened at 12:15 p.m. and Director Griswold noted that no votes were taken in Executive Session.

#### **5. ADJOURNMENT**

Director Griswold requested a motion to adjourn the meeting. The motion made by Director Damer and seconded by Director Griswold was approved unanimously.

The meeting was adjourned at 12:16 p.m.

Respectfully submitted,

Moira Benacquista  
Board Secretary/Paralegal