

**Organizational Synergy & Human Resources Committee
January 24, 2011 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 11:01 a.m.

1. APPROVAL OF MINUTES OF THE DECEMBER 16, 2010 ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE MEETING

Director Griswold requested a motion to approve the minutes of the Dec. 16, 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. Womack said management interviewed with Lockton and Marsh at the request of the Committee. He said during the interview process with Lockton management discovered there may potentially be a conflict of interest as Lockton had done some consulting work for MDC. Mr. Womack said Lockton had performed a benefits review for MDC in October and are still actively engaged with MDC concerning benefits and the collective bargaining agreement. He said management determined it is in the best interest of CRRA to eliminate Lockton as a possible broker due to this potential conflict of interest.

Mr. Womack said management interviewed Marsh as well, which presented very well with a large team. He said management had some concerns with choosing Marsh as the benefits broker because this is a relatively new venture for Marsh as an organization. He said Marsh is trying to break into the mid-sized company benefit market and as part of this effort Marsh purchased the NIA organization, members of which interviewed with CRRA management. Mr. Womack said Marsh purchased NIA in 2009. He said Marsh is an \$11 billion company and management is concerned it may not find a sufficient revenue stream in the mid-sized market.

Mr. Womack said management asked R.C. Knox to review its original proposal to CRRA, which it was able to do. He said the proposal was reduced around 8% for the first year, 4% for the second year, and 3% for the third year. Mr. Womack said the third year reduction brings R.C. Knox down to \$29,500 which is what their original first year proposal was. He said management views R.C. Knox as the strongest candidate due to its experience with CRRA and knowledge of the local market.

Mr. Bolduc said this process involves purchasing a service. He said the service involves securing CRRA's insurance, a total of roughly \$750,000 for calendar year 2011. Mr. Bolduc said management is considering the broker which would provide the best price for CRRA's medical, vision, life and disability insurance as well as what products can be delivered in the long run.

Director Damer said he is comfortable with management's recommendation however; the full Board may have some concerns over the difference in price between R.C. Knox and Marsh. He said the number is small considering the overall effect the brokers may have on \$750,000 worth of insurance however, R.C. Knox's proposal is still 30% higher than Marsh.

Director Griswold asked if the other bidders were closer to the Lockton numbers or the R.C. Knox bid. Mr. Bolduc said USI was close to Marsh's bid however they were eliminated as they are the actuaries for MDC. He said the other bids were pretty much in line with R.C. Knox's bid with the exception of Kane Partners which was around \$40,000. Director Griswold said if the cluster of the various bidders is close to the R.C. Knox and Lockton bid that would support management's feeling that Marsh is trolling for business.

Mr. Bolduc said that was a good point. He noted the cluster of bids is around the \$25,000-\$30,000 range. Mr. Bolduc said in addition Marsh is using a newly acquired company to handle the mid-sized benefits area which supports its need to generate revenues with new clients. He said this might suggest the lower bid is being thrown out in an attempt to get in the door. Mr. Bolduc said Marsh's services remain to be seen as they are a new organization.

Director Damer said management had done what the Committee had requested at the prior meeting and that he was comfortable with the recommendation. Director Griswold agreed.

The motion previously made and seconded was approved unanimously by roll call.

3. 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 11:23 a.m. and concluded at 12:02 p.m.

The meeting reconvened at 12:02 p.m. and Director Griswold noted that no votes were taken in Executive Session.

4. 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 12:03 p.m.

Respectfully submitted,

Moira Benacquista
Board Secretary/Paralegal