

**FINANCE COMMITTEE MEETING MINUTES
TUESDAY, AUGUST 28, 2018**

PRESENT	Bob Buehn, USN (ret) Dr. Debra Jackson Brian Halstead Alan Kerr Greg Lynch Craig Neuenswander RADM Clarke Orzalli, USN (ret) BG(R) Hal Stearns Davis Whitfield Kyle Fairbairn Cherise Imai Lindsey Dablow Richard Pryor	Florida Commissioner New York Commissioner Nebraska Commissioner South Dakota Commissioner Washington Commissioner Kansas Commissioner Designee Massachusetts Commissioner Montana Commissioner Nat'l Federation of High School Associations Military Impacted Schools Association Executive Director (ED) Training and Operations Associate Communications Associate	Chair Ex-Officio Ex-Officio Secretary
ABSENT	COL(R) Chris Cmiel Pam Deering	West Virginia Commissioner Oklahoma Commissioner	

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:09 AM EDT by Bob Buehn, Florida Commissioner and Finance Committee Chair. Executive Director Cherise Imai conducted the roll call.

ITEM 2 – AGENDA AND MINUTES

2. Commissioner Greg Lynch (WA) moved to approve the agenda as presented, seconded by Commissioner Craig Neuenswander (KS). Motion passes. Commissioner Greg Lynch (WA) moved to approve the meeting minutes from April 20, 2018. Motion passes.

ITEM 3 – REPORTS

3. FY2018 – Chair Buehn reported on the end of year finances FY2018, which closed under about \$80,000 under budget. The Vanguard long and short-term investments performed well and earned approximately \$30,000.

4. Audit – ED Imai reported the annual audit was completed by *Blue and Co.* ahead of the targeted date of September 1. She added that the auditor requested more data and analysis in comparison to the previous two years. As this is the first year of the investment program, the auditor recommended Commission adopt and new *Investment Policy* and provided a template. The committee asked the national office to examine other affiliates on their policies as well. Other than this recommendation, the organization is in excellent financial standing. Commissioner Brian Halstead (NE) motioned to adopt the audit report, seconded by Commissioner Neuenswander.

5. FY2019 – Chair Buehn reported the total expenditures for July was \$40,114.10. Thirty-six (71%) states have paid their annual dues for a total of \$582,246 ,and fifteen states are outstanding. ED Imai anticipated that a majority of members will have paid their dues by the 2018 Annual Business Meeting.

6. Dues Formula Increase Rules Change Proposal – ED Imai stated the proposal has been released to the Commission.

ITEM 4 – NEW BUSINESS

7. Vanguard Investment for FY2019 – As reported earlier, the Commission's initial investment performed well this past year. ED Imai recommended the Committee evaluate over the next year whether they would increase or hold at the current the amount.

8. Establishment of an MIC3 Foundation – Chair Buehn reintroduced the idea based on Committee discussion at the 2017 Annual Business Meeting in Rhode Island. He highlighted discussion points for consideration:

- Purpose of the foundation
- Identify parameters and goals (threshold and tolerances)
- National office/personnel considerations - with additional responsibilities or duties
- Financial impact – overhead costs and 501c3 filing
- if this was ED Imai reminded the Committee that the dues analysis we reviewed was based on FY2019, and any changes to the dues structure (if passed at the 2018 Annual Business Meeting) would not take effect until FY2020.

9. Kentucky Employee Retirement System (KERS) – ED Imai updated the Committee on the ongoing KERS issue based on the memo provided by Jason Moseley, Deputy Director of the Council of State Governments (CSG). The memo stated that during the 2018 Regular Session, the Kentucky General Assembly filed Senate Bill 1 (“SB 1”) which would change pension system funding so that it is no longer a percentage of each employer's payroll but rather calculates a definitive unfunded liability, apportions it to each participating employer paid over 30 years, and then calculates the current cost of each employee's benefit, currently around 7%. SB 1 failed to pass out of the Senate due to objections raised by teachers over parts of SB 1 which would alter the Kentucky Teachers Retirement System.

10. On the 57th day of the 60-day session, the contents of SB 1 were revived as a committee substitute to Senate Bill 151 (“SB 151”), and it quickly passed both chambers. In the interim, a separate bill, House Bill 265, was passed during the 2018 Regular Session that held CSG's, along with another 113 organizations', employer contribution rate at 49.47% for fiscal year 2019. The employer contribution rate for other state agencies was increased to 83.43%.

11. The Kentucky Retirement System has expressed an openness to holding that employer contribution rate at 49.47% while they continue to work on solutions for groups like CSG that participate in the retirement system but do not receive their budgets from a state appropriation. CSG is monitoring the status of SB 151 and waiting for a ruling from the Kentucky Supreme Court that will decide what, if any, impact SB 151 will have. At the same time, CSG is continuing conversations with the Kentucky Retirement System and elected officials about proposals that would allow for an exit from the Kentucky Retirement System or create a modified contribution process that relieves the financial strain caused by the current employer contribution rate.

12. Proposed FY2020 Budget – ED Imai reviewed the proposed matrix based on an analysis of FY2017 and FY2018 expenditures. Commissioner Lynch (WA) motioned to approve the proposal, seconded by Commissioner Hal Stearns (MT). Motion passes.

13. FY2018 Goals and Action Plan Ideas – Chair Buehn reported the Executive Committee would be developing the Commission's second 3-year Strategic Plan in April 2019. He asked members to reflect on the past years accomplishments and ponder ideas and priorities that could be proposed next Spring.

ITEM 5 – OTHER BUSINESS

14. Public Notice – State Council Meetings – ED Imai reported that a second rule change proposal was drafted last month by the Compliance Committee. The proposal would require member states to hold a State Council meeting, at minimum, once per year. The Compliance Committee reviewed meeting frequency data and several states have not met within the past two years. The proposed language and legal rationale will be released to the Commission once approved by the Rules and Executive Committees.

15. 2018 Annual Business Meeting – Training and Operations Associate, Lindsey Dablow, reminded members to register and book their hotel room.

16. Due to the National Office – Communications Associate Richard Pryor reminded members to submit their Code of Conduct form and State End of the Year report as required by the *MIC3 State Coordination Policy* if they had not already done so.

ITEM 6 – ADJOURNMENT: With no further business to conduct, Chair Buehn adjourned the meeting at 12:01 PM EDT.

Respectfully submitted by,



Cherise Imai
Secretary/Executive Director