

**FINANCE COMMITTEE MEETING MINUTES
TUESDAY, JANUARY 22, 2019**

PRESENT	Bob Buehn Dr. Debra Jackson Greg Lynch Craig Neuenswander Clarke Orzalli Jason Moseley Cherise Imai Lindsey Dablow Richard Pryor	Florida Commissioner/Chair New York Commissioner Washington Commissioner Kansas Commissioner Designee Massachusetts Commissioner Deputy Director and General Counsel, Counsel of State Governments (CSG) Executive Director/Secretary Training and Operations Associate Communications Associate
ABSENT	Brian Halstead Blaine Hedges Alan Kerr Hal Stearns	Nebraska Commissioner Kentucky Commissioner South Dakota Commissioner Montana Commissioner

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:03 AM EST by Bob Buehn, Florida Commissioner, Treasurer and Finance Chair. Executive Director (ED) Cherise Imai conducted the roll call.

ITEM 2 – AGENDA AND MINUTES

2. The day's agenda and meeting minutes from October 18, 2018, were approved as presented.

ITEM 3 – REPORTS

3. **Executive Committee (EXCOM)** – Chair Buehn reported the EXCOM held a retreat in late November in Little Rock, Arkansas. National Chair Don Kaminar focused on team building with the appointment of two new Committee Chairs. Chair Buehn said the April Spring Retreat is focused on developing the next Strategic Plan.

4. **FY19 Dues, Budget and Expenses, Investments** – ED Imai reported Texas and Alabama are outstanding on dues. A third notice was sent this month. Current expenditures are on target with mid-year projections. The bank fees are higher due to the Annual Business Meeting registration fees paid by credit card. Investments are slightly below projection, which is in line with the current economy.

5. **FY20 Approved Budget and Dues** – ED Imai said the Dues Increase for \$1.15 per student is effective FY20. Invoices would be emailed in May-April to state points of contact and Commissioners. The Approved Budget was provided for the record and the fiscal year runs from July 1 through June 30.

ITEM 4 – OLD BUSINESS

6. **Kentucky Retirement System** – Mr. Jason Moseley, Deputy Director of the Council of State Governments, referenced the memo dated December 18. During the 2018 legislative session, there were two bills were passed that addressed: 1) overhaul pension reform, and 2) providing a 49% hold harmless for 114 agencies (like CSG). Mr. Moseley said while the overhaul bill was passed, it was immediately challenged by the Attorney General, which escalated up to the Kentucky Supreme Court

(KSC). In December, the KSC determined unanimously determined it violated the constitutional requirement of 3 hearings, which nullified the bill. The second bill on a hold harmless for quasi-governmental agencies was upheld.

7. New language has not been introduced regarding the pension overall although discussion on addressing quasi-governmental agencies has commenced. The Assembly is aware and acknowledged that agencies like CSG (public libraries, mental health providers, county health departments and organizations) are not able to withstand the current or the higher proposed 83% employer contribution rate. They have discussed holding at the current rate, with the understanding of the \$133M unfunded liability this creates. He noted CSG is paying more into the system, from which we receive benefits, and other solutions and scenarios are under consideration. CSG is meeting with officials to introduce a CSG specific bill that includes an exit option for CSG affiliates. Mr. Moseley said confirmation of proposed language would be available within the next several weeks, and the session ends mid-March. He reconfirmed June 30 is the rate-hold expiration and emphasized CSG is not a singular voice in this effort and many organizations will be negatively impacted without a resolution. (OPEN ITEM)

8. **Custer Drive Rental** – ED Imai stated current rent at CSG for MIC3 offices is \$21K per month, while the Custer Drive locale is \$9K. She spoke with Mr. Moseley on the proposed rental cost for Custer Drive and if CSG would consider matching the rate. (OPEN ITEM)

9. **Indirect Cost** – She reminded the Committee of CSG's reduced Indirect Rate Cost of 8% to 5%, which was effective September 1, 2018. The terms of the reduction are applicable while the KERS issue is being addressed and no specified end date is noted on the CSG memo. Concerned about annual budgeting, the Committee asked ED Imai to approach CSG on multi-year terms on Indirect Cost for sound fiscal management. (OPEN ITEM)

10. **New Investment Policy** – The Committee felt the 'why' and justification was not clear on why we are keeping this investment profile and state the need to tie it to some potential risk. For clarity, the Committee requested EXCOM provide clear criteria and goals to draft the investment policy. Finally, state what is the strategy (how much, what do we want to achieve? Chair Buehn said he would bring this to the EXCOM for discussion at their February meeting. (OPEN ITEM)

ITEM 4 – NEW BUSINESS

11. **Vice Chair** – Chair Buehn asked members interested to contact him. (OPEN ITEM)

ITEM 5 – STRATEGIC PLAN

8. Commissioner Lynch stated the Commission is in the final year of the three-year strategic plan, and the Executive Committee will be working on the new plan in April. He asked members for feedback on fiscal priorities and/or initiatives the Committee should address in the next cycle.

ITEM 6 – ADJOURNMENT: With no further business to conduct, Chair Buehn adjourned the meeting at 11:59 AM EST.

Respectfully submitted by,



Cherise Imai
Secretary/Executive Director