

**FINANCE COMMITTEE MEETING MINUTES
TUESDAY, JANUARY 28, 2020**

PRESENT	Craig Neuenswander Tyler Backus Bob Buehn Chad Delbridge Dr. Debra Jackson Clarke Orzalli Hal Stearns Cherise Imai Lindsey Dablow	Kansas Commissioner/Chair Maine Commissioner Florida Commissioner Wyoming Commissioner New York Commissioner Massachusetts Commissioner Montana Commissioner Executive Director/Secretary Training and Operations Associate
EXCUSED	Brian Halstead Alan Kerr Greg Lynch	Nebraska Commissioner South Dakota Commissioner Washington Commissioner

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:01 AM EDT by Craig Neuenswander, Kansas Commissioner, Treasurer and Finance Chair. Executive Director (ED) Cherise Imai conducted the roll call.

ITEM 2 – AGENDA AND MINUTES

2. The agenda was motioned for approval by Commissioner Tyler Backus (ME), and seconded by Commissioner Chad Delbridge (WY). Motion carried.
3. The meeting minutes from August 27 and September 24, 2019 were motioned for approval by Commissioner Debra Jackson (NY) as presented. Motion carried.

ITEM 3 – REPORTS

4. **Executive Committee (EXCOM)** – Chair Neuenswander reported the EXCOM held two 2-hour meetings on December 5th and 19th to plan for the upcoming year. Discussion included the goals and strategies under the new strategic plan. One of the targeted areas is on success stories to demonstrate how the compact has helped military students. Lastly, the EXCOM normally has an in-person meeting in April in Lexington, KY. However, the EXCOM is considering holding this meeting virtually instead. ED Imai reminded Members the Annual Business Meeting (ABM) would be held in Little Rock, AR on October 1-2 and more information would be forthcoming in June.
5. **FY20 Dues, Budget and Expenses, Investments, Audit** – Chair Neuenswander reported 88% of dues were collected to date, and current expenditures are on target with third quarter projections. The ABM expenditures were more than budgeted however this was partly due to the number of higher than projected attendees and number of Commissioners that required a third night of lodging. Overall, investments are doing well, and we will continue to monitor the funds as we develop a new investment policy to guide the Commission.

ITEM 4 – OLD BUSINESS

6. **Kentucky Retirement System** – Mr. Jason Moseley, Deputy Director of the Council of State Governments (CSG), referenced his memo dated December 17. Kentucky is currently 15 days into the 60-day legislative session. CSG continues to monitor pension legislation which includes eight House bills and two Senate pension system related bills however nothing to modify the current plan or timeline to allow quasi entities such as CSG to exit the retirement system on June 30.

7. Mr. Moseley stated CSG is pending receipt of estimated unfunded liability figures from KERS which was requested in October 2019 - a response is anticipated shortly. Once received, CSG will share the information with MIC3 and the other affiliates. CSG will then pass a resolution that will formalize the request for CSG and the affiliates to leave KERS.

8. Commissioner Clarke Orzalli (MA) stated he is also a board member of a non-profit that recently exited their retirement system, and it was an 18-month process which included approval by the Internal Revenue Service (IRS). Mr. Moseley stated CSG/MIC3 will not need to go through the same process as there is a second retirement plan, the Teachers Insurance and Annuity Association of America (TIAA), option for employees. He noted this option was in place when CSG joined KERS in 2003.

9. Mr. Moseley emphasized stop payment into the system on June 30th in the process of paying as a percentage of payroll will transition into paying down the unfunded liability over a period of time. He stated as MIC3 has staff that only joined CSG recently, he anticipates the unfunded liability to be minimal. Employees would move their contribution, employer match, plus any interest earned to the TIAA plan. In sum, he concluded, MIC3 is in a very good position at this time. With no further questions or comments by Members, Chair Neuenswander thanked Mr. Moseley for his report.

10. **2019 ABM “Finance 101” De-brief** – Chair Neuenswander reported the overall sentiment was former Treasurer Bob Buehn brief was well received, and he did a good job explaining how the financial process and timeline of the Commission. Members provided feedback for the 2020 ABM presentation:

11. Commissioner Backus suggested including what the Commission and National Office does to support the MIC3 mission.

12. ED Imai highlighted the National Office activities which include overseeing the Commission operations to ensure compliance and support for Member states. Activities include: tracking and appointments of State Commissioners; onboarding new Commissioners; providing State Council support; attending State Council meetings; conducting briefings and trainings on the Compact; managing inquiries and providing guidance on rules and regulations; and managing resources such as the website, collaterals, and digital communications. She emphasized assistance is on request by the Commissioner, as several states manage to meet the Compact requirements and conduct training on their own. However, a majority of states have contacted the National Office for assistance and support. With the appointment of nine new Commissioners in the past year, she continued, the National Office has worked with them to appoint new State Council members, schedule meetings, and conduct training.

13. Commissioner Delbridge expressed appreciation for the clarification and stated he would likely contact the National Office for assistance.

14. Commissioner Orzalli suggested conducting a cost-return analysis to examine the return on investment. (OPEN ITEM)
15. As a new Commissioner, Commissioner Delbridge suggested training and support to assist Members in defining the value of the Compact so they may respond to politicians and officials who question why the state is member of the Commission. For example, in highly impacted states like Texas and Florida, the value is understood. However, in smaller impacted states, the value may not be as clear.
16. ED Imai stated training on the value of the Compact could be added to the onboarding process for new Commissioners by the National Office. She also referenced a one-pager that was developed to address this question that could be shared with stakeholders which she will share with the Finance Committee at the next meeting. (OPEN ITEM)
17. Commissioner Bob Buehn (FL) empathized with Commissioner Delbridge and stated value of the Compact being a Members is having a "seat at the table" – and the ability to work with other states to support military kids and their education transitions. He expressed appreciation for the support the National Office provides for all Member states and emphasized the level of support for a small or highly impacted state is the same. They are there for you if you have a question or need help. Overall, being a Member of the Commission helps our military.

ITEM 5 – NEW BUSINESS

18. **2019 ABM Expenditures Cost Analysis** – Training and Operations Associate Lindsey Dablow provided background information on the ABM timeline and logistics for new Commissioners. She referenced her report which includes the past three-years of ABM costs. The timeline commences two years prior to the ABM date. The National Office consults with the Commissioner host on two possible cities. Once identified, the National Office releases a Request for Proposals (RFP). Once the RFP's are received, the proposals are reviewed, and a site visit is scheduled for April or May. Once a locale is selected, a contract is signed.
19. Cost considerations include the ability for the hotel to meet the needs of the meeting; food and beverage; lodging rate; as well as travel costs for Commissioners to the locale. For the locale, the size of the airport and flight availability is researched; as well as transport from the airport to the hotel is researched.
20. Food and beverage costs, plus the applicable state, local, and hotel taxes are considered, as well as hotel food minimums. Ms. Dablow noted the highest expenditures for ABMs in Rhode Island and Ohio has been catering, however for Colorado it was lodging due to more Commissioners requiring a third night due to flights out of Colorado Springs.
21. Room rates at the state government rate is preferred, and hotels have been able to meet this rate request. Ms. Dablow stated the room rate is \$98 for the 2020 ABM in Little Rock, Arkansas, and the airport has late afternoon/evening flights. With the current information available, she projected the total cost to be somewhere between Colorado and Ohio.
22. **Strategic Plan – Continue Transparent Reporting of the Commission Budget and Develop Opportunities for Stakeholders to Understand the Fiscal Operations of the Commission –**

Chair Neuenswander reported Commissioners may contact the Chair or ED Imai if they are interested in attending any meeting of the Commission, and a list of the meetings are posted on the website. In addition, meeting dates are noted in the monthly newsletter. ED Imai stated Commissioners (as well as members of the public) have attended meetings other than the Committee they are assigned to in the past. She noted the Committee Chair introduced the guest Commissioner (or member of the public) and was not able to vote on the Committee, however they were provided the opportunity for comment at the close of the meeting. Members expressed it was unlikely other Commissioners would be interested in attending the Finance meeting however agreed that opportunity is available if desired.

23. **Strategic Plan – Continue to offer Finance 101 to All New Commissioners** – ED Imai reported New Commissioners would be offered additional information on Finance during the onboarding process.

24. **Strategic Plan – Make the Presentation Available to All Commissioners such as on the Website** – ED Imai reported the slides will be posted on the website.

25. **Strategic Plan – Audit the Operations and Programs of the Commission and National Office to Determine Needs and Areas of Improvement – Should the National Office separate from CSG? Should we exit KERS?** – Chair Neuenswander stated MIC3 is best positioned of all the affiliates to exit KERS, however it seemed beneficial to be part of CSG as they support the Commission administratively. As MIC3 is a small agency with three employees, ED Imai stated CSG's support and resources were beneficial to the Commission's operations and the 5% indirect cost was reasonable compared to other companies.

26. **New Investment Policy** – ED Imai stated a sub-group with Commissioners Greg Lynch (WA), Buehn (FL), and Orzalli (MA) will meet and draft a document for review. **(OPEN ITEM)**

ITEM 6 – ITEMS FOR THE EXECUTIVE COMMITTEE

27. No comments were received by Members.

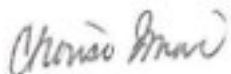
ITEM 7 – OTHER BUSINESS

28. **Mid-Year Survey** – ED Imai reported the EXCOM is working on the survey, for Commissioner feedback, is targeted for release this summer. The 2019 survey addressed direction for the new strategic plan and the current questions addresses communications, training, and other items.

ITEM 8 – ADJOURNMENT

29. With no further business to discuss, Commissioner Backus motioned to adjourn the meeting, seconded by Commissioner Buehn. Chair Neuenswander adjourned the meeting at 11:42 AM EDT.

Respectfully submitted by,



Cherise Imai
Secretary/Executive Director