



MILITARY INTERSTATE
CHILDREN'S COMPACT
COMMISSION

FINANCE COMMITTEE MINUTES

FISCAL YEAR 2020

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**FINANCE COMMITTEE MEETING MINUTES
TUESDAY, AUGUST 27, 2019**

PRESENT	Bob Buehn Brian Halstead Blaine Hedges Dr. Debra Jackson Clarke Orzalli Hal Stearns Cherise Imai Lindsey Dablow Richard Pryor	Florida Commissioner/Chair Nebraska Commissioner Kentucky Commissioner New York Commissioner Massachusetts Commissioner Montana Commissioner Executive Director/Secretary Training and Operations Associate Communications Associate
EXCUSED	Greg Lynch Craig Neuenswander	Washington Commissioner Kansas Commissioner Designee

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:00 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 August 27, 2019, were approved as presented.

ITEM 3 – REPORTS

3. **Executive Committee (EXCOM)** – Chair Buehn reported the EXCOM adopted several policies. ED Imai reviewed the highlights of each policy and stated the documents were available on the website. Members did not offer questions on the policies: 1-2019: Resolving Compliance Issues; 2-2019: Conflict of Interest; 3-2019: Guidelines for Commission Meetings; 4-2019: Ex-officio Representative Role & Responsibilities; 5-2019: Defining the Role of Commissioner, Designee & Proxy.

4. **FY19 Dues, Budget and Expenses, Investments, Audit** – ED Imai updated the committee on the status of the dues collection, current fund balance, and budget. Current expenditures are on target with end-year projections and the report reflects ending the year \$25,000 below the budget. She added the Commission was erroneously charged for additional rent of \$5,000, which will be refunded to the MIC3 account. This amount resulted in the Commission \$30,000 under budget this year. \

5. The annual audit was conducted by Blue and Company and is scheduled for completion on August 31. She will forward the report to the Committee for approval via email. She added the report will be disseminated at the Annual Business Meeting and posted on the webpage.

6. **FY20 Approved Budget and Dues** – ED Imai reminded the dues increase for \$1.15 per student is effective this fiscal year. Invoices would be emailed in May-April to state points of contact and Commissioners. The Approved Budget was provided for review. She concluded the budget reports for August will be released in September.

ITEM 4 – OLD BUSINESS

7. **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.

8. 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)

ITEM 5 – NEW BUSINESS

9. **2019 ABM – Leadership Development Ad Hoc Committee ByLaws Change** – ED Imai reviewed the change regarding making the Ad Hoc permanent. The change does not require the Commission to release a public notice however she did not anticipate opposition to this change.

10. **2019 ABM – Finance Presentation Topics** – ED Imai reviewed the presentation slides which included: Dues: background, data source, formula, process and timeline; areas of impact on the Commission finances: membership growth, KERS; key accomplishments since inception; and looking forward: addressing current and future needs, development of Reserve and investments policies (ref Strategic Plan). Members commented the topics clarify the finance and budget process of the Commission and would build understanding among Commissioners.

11. **FY2021 Dues: Proposal and Timeline** – ED Imai reported Human Resources has informed the Commission the *employee benefits employer contribution* will increase 12% in the next fiscal year. Due to this, she increased the budget line item for the next fiscal year.

12. **FY2021 Budget Proposal** – ED Imai presented the proposed budget for approval.

13. **Strategic Plan** – Chair Bob Buehn reviewed the new strategic plan draft, goals, and tactics. He thanked members for their input and stated the Committee would review the document at the Annual Business Meeting to finalize the priorities for the upcoming year.

ITEM 6 – ADJOURNMENT: Chair Buehn adjourned the meeting at 11:37 AM EST.

Respectfully submitted by,



Cherise Imai
Secretary/Executive Director

Approved January 28, 2020

FINANCE COMMITTEE MEETING MINUTES
Tuesday, September 24, 2019

PRESENT	Bob Buehn Debra Jackson Greg Lynch Craig Neuenswander Clarke Orzalli	Florida Commissioner New York Commissioner Washington Commissioner Kansas Commissioner Designee Massachusetts Commissioner	Chair
STAFF	Lindsey Dablow Beth Workman	Training and Operations Associate Communications Associate	Secretary
EXCUSED	Hal Stearns	Montana Commissioner	
ABSENT	Brian Halstead Steven Bullard	Nebraska Commissioner Kentucky Commissioner	

ITEM 1 – CALL TO ORDER

1. The meeting was called to order at 11:02 AM EST by Treasurer Bob Buehn, Florida Commissioner and Finance Chair. Training and Operations Associate Lindsey Dablow conducted the roll call.

ITEM 2 – AGENDA AND MINUTES

2. Washington Commissioner Greg Lynch made a motion to approve the agenda, seconded by Commissioner Deborah Jackson (NY). Motion carried.

3. The August 27, 2019 Committee meeting minutes was tabled for the next meeting. **[OPEN]**

ITEM 3 – REPORTS

4. **Executive Committee (EXCOM)** – Chair Buehn reported the EXCOM had a conference call on September 19, 2019. The Fiscal Year 2021 budget was adopted by the EXCOM. Normally the EXCOM would vote on the budget after the Finance Committee but the Department of Defense did not provide the National Office with the data in time for the Finance Committee to vote on it at their August meeting, therefore the reverse order this year.

5. **FY20 Dues, Budget and Expenses, Investments** – Ms. Dablow reported that the Vanguard account's return on investment is decreased compared to last year. Commission Dues are about 75% paid. Commissioner Clarke Orzalli (MA) asked Ms. Dablow to include on future invoices when the Docket book will be printed. He stated knowing the Docket book print date would help states know the deadline to remit payment so an outstanding balance would not be reflected in the Docket book at ABM.

ITEM 4 – OLD BUSINESS

6. **CSG Memo: Kentucky Retirement System** – Chair Buehn reported there are no updates to the KERS since the last Finance Committee meeting.

ITEM 5 – NEW BUSINESS

7. **FY2021 Proposed Dues and Budget** – Chair Buehn presented the Fiscal Year 2021 Dues and Budget for review and vote. Commissioner Craig Neuenswander (KS) motioned to adopt the FY2021 Budget and Dues as presented. Commissioner Lynch (WA) seconded the motion. Motion carried.
8. **2019 Annual Business Meeting (ABM) Finance 101 Brief** – Chair Buehn stated that the presentation prepared by Executive Director (ED) Cherise Imai will be given at the ABM to educate the Commission on the operations of the Finance Committee. The Chair requested Committee Members provide any slide edits they might have to ED Imai before the ABM.
9. **2019 Elections** – Chair Buehn reported that he is stepping down as Treasurer but that Finance Committee Member Commissioner Neuenswander has agreed to run for Treasurer. Commissioner Buehn thanked Commissioner Neuenswander for stepping forward and representing the Committee in this leadership role. Commissioner Buehn indicated that he intends to remain on the Finance Committee and would entertain the option to serve as Vice Chair in the future.
10. Ms. Dablow reported that the slate of candidates for the 2019 Election include Commissioner John “Don” I. Kaminar (AR) for Chair, Commissioner Laura Anastasio (CT) for Vice Chair, and Commissioner Neuenswander for Treasurer. Currently there is only one applicant for each position, but per Robert’s Rules of Order, nominations will be taken from the floor.

ITEM 7 – ITEMS FOR EXECUTIVE COMMITTEE

11. Commissioner Buehn requested items for the Executive Committee there being none he moved to Other Business.

ITEM 8 – OTHER BUSINESS – Commissioner Clarke Orzalli asked if the EXCOM discussed framework for state finances. Chair Buehn responded that the topic was not part of the September EXCOM agenda but Chair Buehn will bring it to Chair Kaminar’s attention. [OPEN]

ITEM 9 – ADJOURNMENT: With no further business to conduct, Chair Buehn adjourned the meeting at 11:26 AM EST.

Respectfully submitted by,
Beth Workman
Communications Associate

**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 he 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 Commissions 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.

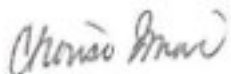
ITEM 7 – OTHER BUSINESS

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

**FINANCE COMMITTEE MEETING MINUTES
TUESDAY, MAY 26, 2020**

PRESENT	<p>Craig Neuenswander Tyler Backus Bob Buehn Chad Delbridge Kyle Fairbairn Brian Halstead Dr. Debra Jackson Greg Lynch Clarke Orzalli Hal Stearns</p> <p>Cherise Imai Lindsey Dablow Beth Workman</p>	<p>Kansas Commissioner/Chair Maine Commissioner Florida Commissioner Wyoming Commissioner Military Impacted Schools Association/Ex-Officio Nebraska Commissioner New York Commissioner Washington Commissioner Massachusetts Commissioner Montana Commissioner</p> <p>Executive Director/Secretary Training and Operations Associate Communications Associate</p>
EXCUSED	Alan Kerr	South Dakota Commissioner

ITEM 1 – CALL TO ORDER AND WELCOME

1. The meeting was called to order at 11:02 AM EDT by Craig Neuenswander, Kansas Commissioner, Treasurer and Finance Chair. Executive Director (ED) Cherise Imai conducted the roll call.
2. Chair Neuenswander welcomed members to the meeting stating under the pandemic, it was unusual circumstances for all.

ITEM 2 – AGENDA AND MINUTES

3. The agenda was motioned for approval by Commissioner Greg Lynch (WA) and seconded by Commissioner Tyler Backus (ME). Motion carried.
4. The meeting minutes from January 29, 2020 were motioned for approval by Commissioner Lynch and seconded by Commissioner Hal Stearns (MT) as presented. Motion carried.

ITEM 3 – REPORTS

5. **Executive Committee (EXCOM)** – Chair Neuenswander reported the EXCOM discussed moving to the Annual Business Meeting to a virtual format this year due to the state COVID-19 restrictions regarding safety and health, and is researching the cost and ability to conduct a meeting on a virtual platform. Commissioner Lynch supported the move to meet virtually, and the prudence of this decision as the impact on states and schools during the fall are unknown at this time. He added it makes sense in the interest of time and cost to the organization to push Arkansas to 2021. Several members stated they utilized the Zoom platform for meetings which has worked well for their virtual meetings. Members expressed overall support for the virtual meeting with travel restrictions and the unknown impact of the pandemic on states.

6. **FY19 Dues, Budget and Expenses, Investments** – Chair Neuenswander reported New Mexico is outstanding and national staff and the Commissioner are working with state department on payment. The commission is projected to end the year \$20,000-30,000 below budget due primarily due to one staff vacancy, which represents 3 months of payroll; and reduced staff travel for training and meetings due to COVID-19. He added Advertising and Marketing is higher than anticipated due to replenishing inventory of collaterals and marketing items. As expected under the pandemic, the Vanguard Investments dropped significantly, however the balance is still higher than our initial investment 2 years ago and higher than the amount we would have gained with bank accrued interest. Overall, it was still a good decision to invest the funds with Vanguard. Regarding FY2020 Dues, New Mexico is the sole state outstanding, however the national office and Commissioner is working with the New Mexico Department of Education to secure payment.

7. Regarding the Marketing line item, ED Imai reported the need to replenish the commission stock for notepads, pens, screen wipes and challenge coins for the commission. She noted the coins were first ordered by former Executive Director, Norm Arflack in 2009 and the inventory has sustained the commission for ten years.

8. Chair Neuenswander reported the investment balance has been impacted by the pandemic however the balance is still higher than our initial investment two years ago, and better than interest we would have received had it remained in the bank account.

9. **FY20 Approved Budget and Dues** – Chair Neuenswander reported invoices were released on May 1, with a deadline for June 30, 2021. Three states have paid to date.

ITEM 4 – OLD BUSINESS

10. **Small Business Association Payroll Protection Program** – ED Imai reported the Council of State Governments (CSG) submitted an application and were approved for the Payroll Protection Program (PPP). As MIC3 and the other affiliate organizations are employees of CSG, we qualified for the subsidy. The program covers 8-weeks of payroll and some employee benefits. As the program is a forgive able loan, once the 8-weeks are completed, CSG will submit an application for forgiveness. If approved, CSG will not have to pay the funds back. If it is not approved, the organization will pay 1% interest on the amount. The projected amount is \$23,000-30,000; however, ED Imai will present more accurate numbers once provided by CSG.

11. Commissioner Clarke Orzalli (MA) questioned if the application is under CSG, then qualifying for the loan is based on CSG's ability (as a whole) to meet the terms. ED Imai affirmed the statement was accurate. She noted for the record CSG and the affiliates' revenue are based on individual dues and from conferences, sponsorships, and other national and regional meeting driven revenue – which is projected to decrease this current and next year. Some of the affiliates are concerned about the ability to meet payroll and retain their employees with the pandemic. On the other hand, MIC3's revenue is more stable as it is based on statute and the number of military dependents. In addition, not all organizations have a reserve like MIC3. For these reasons, the CSG Executive Committee felt it was necessary to apply for the program in order to ensure the organization would survive.

12. ED Imai appreciated the foresight of MIC3 to establish a two-year reserve to support the organization in unusual circumstances such as the pandemic, especially as other affiliates do not have

the same reserve or the capability to establish a fund. As a longtime member of the Commission and the Finance Committee, Commissioner Lynch stated early on the Finance Committee determined the organization would establish 24 months of reserve, however perhaps there was a need to explore other methodologies such as a percentage of the overall budget instead. (OPEN ITEM)

13. **Compact Membership and Value to States** – ED Imai reported there was a recent inquiry about the value of the compact to states as members of the commission. She referenced a one-page document available for download on the website.

14. **Finance 101 Brief** – As requested by the Committee, ED Imai reported the presentation slides from the fall ABM are posted on the website on the Commissioner page.

ITEM 5 – NEW BUSINESS

15. **FY2020 Audit** – ED Imai reported MIC3 conducts an annual audit in conjunction with CSG Accounting through the accounting firm, Blue and Co. She submitted the request to conduct the audit, which will take place in July-August timeframe once the June 2020 reports are finalized. She noted MIC3 is the first of the affiliates to request and conduct the annual audit in order to meet the deadlines for our Annual Report and Meeting reporting requirements.

16. **New Investment Policy Draft** – ED Imai stated the draft presented is based on the CSG Finance and Reserve Policy, as well as policies provided by other affiliate organizations. She thanked sub-committee members, Commissioner Bob Buehn (FL), Lynch, and Orzalli for their input and guidance, and recognized the CSG Finance Director, Wade Littrell for his support. The development of the policy was driven by the auditor's recommendation in 2018 as the organization started their investment program earlier that same fiscal year. The intent is for the Finance Committee to present a final draft for Executive Committee approval in August.

17. ED Imai reviewed the draft policy which includes the authority, applicability, key definitions. She asked for feedback regarding return objectives and highlighted the statement "to achieve a net rate of return of at least 7% per year based on a 3-year moving average," which was reflected as perhaps too aggressive for the organization. Commissioner Lynch agreed the 7% may be too aggressive and suggested 3% to be more realistic. Commissioner Orzalli stated once the reserve goal is achieved, the importance of annually keeping up with or beating inflation, and perhaps setting a more conservative goal. All agreed moving to a 2-3% return with a 3-year moving average.

18. ED Imai stated the following sections are verbatim from the CSG Investment policy guidelines: investment philosophy; preservation of principal and types of assets; prohibited transactions; and diversification of equity securities. Under *Investment Policy, Asset Allocation*, Chair Neuenswander asked for a correction to "Finance Committee believes that it should be the function".

19. The Committee reviewed the section under Fund Management. Commissioner Orzalli questioned if our portfolio includes foreign companies as there are foreign taxes that are mandated. ED Imai stated she would inquire with CSG Accounting. (OPEN ITEM)

20. The Committee reviewed Valuation of Investments, Monitoring and Fund Expenditures. Members agreed a section on Use of the Reserve should be added. (OPEN ITEM)

21. Commissioner Lynch emphasized the need of the committee and the organization to be forward thinking – for the future, and not just from year-to-year. Under the current strategic plan, the organization has identified goals and action items, however are there items that we need as an organization, for example, to support operations or the national office? He also noted ever changing environments, not just under COVID, and the impact to the organization. For example, will virtual meetings instead of in-person be typical in the future? Commissioner Lynch highlighted the need to continually assess the needs of the commission under these circumstances and the importance in having a priority list available.

22. ED Imai appreciated Commissioner Lynch's comments, and replied the staff analyzes the strategic plan and the projected needs of the commission to accomplish the goals and programs annually. She added staff has discussed opportunities of investment to support operational efficiency and will present a list for review in July. One area of discussion has been a database management system to track state information, data, process reports and conduct research – which are currently processed manually and has a margin for human error.

23. Commissioner Orzalli agreed with Commissioner Lynch's comments and is thinking from the Commissioner perspective while states and schools are closed now due to the pandemic, there are not a lot of activities or cases. However, states are reopening in vastly different timeframes and methods, that eventually Commissioners and the national office will be busier with activities and inquiries once we are back to the new normal. He stressed the need to keep this in mind as we are thinking through the budget and needs of the commission. **(OPEN ITEM)**

ITEM 6 – ITEMS FOR THE EXECUTIVE COMMITTEE

24. No items were received.

ITEM 7 – OTHER BUSINESS

25. Mid-Year Survey – ED Imai reminded members to complete the 17-question survey which will close on in two weeks.

ITEM 8 – ADJOURNMENT

26. With no further business to conduct, Chair Neuenswander adjourned the meeting at 11:57 AM EDT.

Respectfully submitted by,



Cherise Imai
Secretary/Executive Director