**DRAFT MINUTES**

SOUTHEAST COMPACT COMMISSION

ADMINISTRATIVE COMMITTEE

JUNE 25, 2018

The Administrative Committee met at the offices of the Georgia Environmental Finance Authority in Atlanta Georgia. Chairman Donna Hodges called the meeting to order at 3:30 P.M. A quorum of the Committee was present.

**Members present were:**

Donna Hodges, Chairman

Karl Frost

John Williamson

Paul Burks

Michael Mobley

Les Foldesi

Debra Shults, ex officio

Steve Harrison, ex officio

**Staff present:**

Ted Buckner

**Also present were:**

Bynum Satterwhite

Jack Storton

David Walter

John Lanza

B. J. Smith

**Public Comment**

Chairman Hodges noted that were no members of the public present for the meeting.

**Approval of Minutes**

Minutes for the June 22, 2017 meeting were presented for approval. Chairman Hodges noted that there were a few minor typos to be corrected that were given to staff for correction. **Commissioner Les Foldesi moved to approve the June 22, 2017 minutes as corrected. Commissioner Jack Storton seconded the motion. The minutes were approved unanimously.**

**Staff Report**

Ted Buckner, the Executive Director of the Commission, noted that that following items are on the Committee Agenda:

* Consideration of a draft budget for the 2018/2019 fiscal year;
* The report from the ad hoc committee on the review and survey of the staff salaries and benefits;
* Recommendations from the Commission’s accountants for improving internal controls related to the Commission’s investments and other assets;
* The need for a comprehensive review of the Commission’s By-Laws;
* The need for a review of the Commission’s Personnel Policies;
* The scanning of Commission’s paper records; and
* The need to establish succession and transition planning based on the ad hoc committee report.

**Review of Financial Status and Management of Commission Funds**

Bynum Satterwhite of Raymond James, the Commission’s investment firm, provided committee members with a written report of the current status of the Commission’s investments and provided a detailed explanation of the report including:

* Rates of return;
* Duration and yield to worst;
* Callable investments and their impact on yields;
* Laddering of the portfolio;
* Asset classes within the portfolio;
* Ratings of investments;
* Duration of investments;
* Current market value of investments;
* Diversification of corporate investments; and
* Cash flow and interest payments.

Chairman Hodges noted that the Commission has received recommendations from its accountants to improve internal controls over the Commission’s investments and may need to work with Mr. Satterwhite to implement the recommendations.

The committee then discussed with Mr. Satterwhite the current measures in place to prevent any misuse of the Commission’s funds.

Mr. Buckner had no further information to add to Mr. Satterwhite’s presentation.

**Discussion of Proposed Budget for 2018/2019**

Ted Buckner presented the proposed budget for 2018/2019 and the supporting documentation to the Committee. He noted that the significant differences between the proposed budget and the 2017/2018 approved budget are due to the following:

* The total proposed budget amount for 2018/2019 ($378K) is approximately $109K less than the current year’s budget ($487K), with changes in some of the expense categories explained in the narrative.
* The estimated actual expenditures for 2017/2018 ($402K) are approximately $85K below the budgeted expenses for the year ($487K), with the differences in the expense categories explained in the narrative.
* Revenues for 2017/2018 are expected to be approximately $563K, compared to the estimated actual expenses of $402K.
* Revenues for 2018/2019 are projected to be $569K, which is greater than the proposed budgeted expenses for 2018/2019 of $378K.

He then explained the differences between the line items in the proposed budget for 2018/2019 and those in the 2017/2018 approved budget.

**Commissioner Mike Mobley moved that the proposed budget for 2018/2019 be recommended to the Commission for consideration. Commissioner Burks seconded the motion. The motion passed unanimously.**

**Discussion of Ad Hoc Staffing Recommendation Regarding the Study of Staff Salaries and Benefits**

Chairman Hodges provided the background information leading up to the Ad Hoc Staffing Review Committee Report. The Ad Hoc Committee was charged with looking at job responsibilities and duties of staff, and determining whether salaries and benefits are commensurate with the staff’s responsibilities and duties.

Chairman Hodges then gave a PowerPoint presentation on the issues addressed by the Ad Hoc Committee and its findings. It was noted the Commission needed to look at staff salaries and benefits because of:

* The change in workload of the staff;
* The change in direction of the Commission;
* The shift in staff employment from full-time to part-time; and
* The need for succession and transition planning for the future needs of the Commission.

The salaries and benefits information considered by the Ad Hoc Committee during its study included information publicly available from other LLRW compacts and a competitive compensation analysis prepared by an outside HR consultant that looked at comparable positions with regional and national non-profits with similar budgets and assets.

The committee also met with staff and discussed job duties and responsibilities and reviewed the current compensation and benefits.

Chairman Hodges then provided a summary of the results of the compensation analysis prepared by the outside consultant and a summary of the considerations examined by the Ad Hoc Committee for staff salaries and each of the benefits categories.

The following set of recommendations for a path forward was presented to the Administrative Committee for consideration:

* Operate with independent contractor(s) versus employee(s).
* Staff administrative needs can be met with hourly staff.
* Set up a Finance Committee for review and handling of Compact assets.
* Benefits
	+ Since positions will be part-time contract labor, the Committee recommends that no benefits be provided; and
	+ Contractors can include the costs of benefits in their proposed contract rates, and the Commission can consider those costs in setting final pay rates.
* Timing
	+ Make changes effective July 1, 2019;
	+ The Commission will be one year into a new Chair;
	+ Provide an opportunity for current staff to plan accordingly;
	+ Current staffing - continue existing salary and benefits for fiscal year 2018-2019 for Executive Director;
	+ Future Staffing – invite applicants for Executive Director position at a rate to be negotiated, with special consideration being given to current Executive Director; and
	+ Evaluate staffing need for administrative staff, at part-time level.

It was noted during the discussion by the Administrative Committee that no states in the region provided vacation time for part time employees and that none paid full benefits to part time employees.

The Administrative Committee discussed the various implications of adopting the recommendations of the Ad Hoc Committee.

Chairman Hodges noted that the Administrative Committee needs to understand what services the Commission members expect from the Commission staff before moving ahead.

Storton noted that the Ad Hoc Committee had also discussed the timing of preparing a request for proposals from individuals who would be interested in the future position. The Committee discussed how such a process would be implemented.

Chairman Hodges then asked the Committee how it wanted to act on the recommendations of the Ad Hoc Committee.

**Commissioner John Williamson made a motion for the Administrative Committee to recommend to the Commission the recommendations proposed by the Ad Hoc Committee. The motion was seconded by Commissioner Burks and passed unanimously.**

**Other Business**

Review of the Commission’s By-Laws

**Commissioner Williamson moved that the Administrative Committee recommend to the Commission to set up an ad hoc committee to review and revise the By-Laws. Commissioner Foldesi seconded the motion. The motion passed unanimously.**

Internal Control Recommendations from Williams Overman Pierce

The Commission’s accountant was asked to provide recommendations on steps that could be taken to improve internal controls related to the Commission’s assets now that there is only one staff person.

The Committee decided to defer the discussion of the recommendations to a teleconference of the Committee in the near future.

Commission Personnel Policy Review

**Commissioner Foldesi moved that the Administrative Committee recommend to the Commission to set up an ad hoc committee to review and revise the Commission’s Personnel Policy. Commissioner Williamson seconded the motion. The motion passed unanimously.**

Digital Conversion of Commission’s Paper Records

Ted Buckner reported that he had contacted a number of vendors and received proposals ranging from $3,000 to $7,000 for scanning sixty boxes of records, setting up searchable digital files, and destroying the existing files. The Committee expressed support for proceeding with the process with safeguards in place to ensure that the Commission would have uninterrupted access to its records.

**Following further discussion of the issues related to scanning of the Commission’s records, a decision was tabled for future discussion.**

**Public Comment**

There was no public comment.

The meeting adjourned at 5:45 P.M.