

INTERSTATE COMMISSION FOR JUVENILES

Finance Committee Meeting Minutes

February 15, 2024

2:00 p.m. ET

Via Zoom



Preliminary Business

Call to Order

Finance Committee Chair D. Dodd (NM) called the meeting to order at 2:00 p.m. ET.

Roll Call

Director Underwood called the roll, and a quorum was established.

Voting Commissioners/Designees in Attendance:

1. Dale Dodd (NM), Commissioner, Chair
2. Pat Pendergast (AL), Designee, Vice Chair
3. Sherry Jones (MD), Commissioner, Treasurer
4. Francis "Mike" Casey (DE), Commissioner
5. Anne Connor (ID), Designee

Non-Voting Members in Attendance:

1. Sherri Springate (KY)

Member Not in Attendance:

1. Angela Bridgewater (LA), Commissioner

Guest in Attendance:

1. Eric Wunder, Vanguard Nonprofit Solutions, Institutional Investor Group, Internal Regional Consultant

National Office Staff in Attendance:

1. MaryLee Underwood, Executive Director
2. Emma Goode, Logistics and Administrative Specialist
3. Jenny Adkins, Operations and Policies Specialist
4. Joe Johnson, System Project Manager
5. Amanee Cabbagestalk, Training and Administrative Specialist

Agenda

A. Connor (ID) made a motion to approve the agenda as presented. P. Pendergast (AL) seconded. The motion passed.

Minutes

A. Connor (ID) made a motion to approve the December 13, 2023, meeting minutes as presented. P. Pendergast (AL) seconded. The motion passed.

New Business

Vanguard Investment Strategies for the Commission

- Finance Committee Chair D. Dodd (NM) introduced the guest, Eric Wunder.

- E. Wunder explained that the Commission’s investment portfolio is comprised of the Vanguard LifeStrategy® Funds. An overview document was provided prior to the meeting. The Commission’s portfolio has a predetermined asset allocation portfolio made up of stocks and bonds. The fund allocations are: 60% domestic and international equities (stocks) and 40% domestic and international fixed income (bonds). Equities provide moderate growth with some risks in stocks. Fixed income investments provide stability and protect funds. He outlined the importance of rebalancing the portfolio, emphasizing a moderate approach to growing assets, which involves investing in the stock market with a predetermined asset allocation. Additionally, the Commission’s investment products and strategies have low administration fees.
- The fund’s predetermined allocations are set. Nothing needs to change if the Commission’s objectives remain the same. The moderate growth fund has low administrative fees, which allows the Commission to invest more. The fund allows for a stretch of 5% before a Vanguard Funds Manager re-balances to the 60/40 allocations. Both the fixed income exposure and the automatic re-balancing serve to mitigate risks associated with volatility in the market. In 2023, the Commission’s Vanguard LifeStrategy® Fund provided a 15.5% yield.
- Finance Committee Vice Chair P. Pendergast (AL) commented on the fiscal responsibilities of the ICJ Finance Committee. The information presented reflects sound fiscal investment and oversight of the Commission’s finances.

Increase Understanding of the Commission’s [Investment Policy](#).

- Director Underwood reported she was previously informed that the Council of State Governments (CSG) recommended retaining one year of operational costs in reserve at the onset of establishing a Vanguard account. She suggested clarifying which accounts should be considered as “reserve” funds.
- E. Wunder acknowledged that “reserve” funds can include fixed income (bonds), money market funds, and savings account.
- Director Underwood provided highlights of the current [ICJ Investment Policy #01-2023](#). She noted that Section IV, Investment Objectives, essentially defines the Commission’s reserve. The policy states: “The total value of fixed income assets shall be maintained at a value no less than the operating budget for one year.” Director Underwood the balance of the fixed income assets is lower than the operating budget for one year. However, additional funds are retained in other low risk accounts, including the Commission’s Money Market Account and Savings account. She requested guidance on how to proceed.
- A. Connor (ID) suggested amending Section IV to include more than “fixed income assets.”
- The Finance Committee discussed the stability of the Commission’s fund and agreed to retain the investment strategy and modifying the investment policy as needed.
- Director Underwood will draft an amendment based on the discussion and present the draft at the next Finance Committee meeting.

E. Wunder, Vanguard Consultant, exited the meeting at 2:45 p.m. ET.

Unfinished Business

Approve amendments to the [ICJ Travel Reimbursement Policy #06-2009](#)

- Finance Committee Chair Dodd (NM) reported he presented the Finance Committee’s recommendation to increase the daily airport parking to \$25 to the Executive Committee. He also shared the plan to amend the policy to consistently allow the Executive Director to approve exceptions. The Executive Committee agreed that the Executive Director should be authorized to approve all requests for actual costs greater than the pre-approved rates when accompanied by supporting documentation. Finance Committee Chair Dodd (NM) presented a draft of the amended [ICJ Travel Reimbursement Policy #06-2009](#) for consideration and approval.
- **S. Jones (MD) made a motion to approve the amended [ICJ Travel Reimbursement Policy #06-2009](#) as presented. A. Connor (ID) seconded. The motion passed.**

Reports

- Finance Committee Chair Dodd (NM) provided a brief overview of the history of investment funds, which began in 2012 with the objective of appropriating money into savings for future technology needs. In 2016, ICJ disaffiliated from the Council of State Governments (CSG) but continued to invest with Vanguard. The investment funds have continued to grow. The UNITY data system was developed and implemented without drawing from the investment funds due to operational cost savings experienced over two fiscal years because of the pandemic. The investment funds now experience organic growth without monthly contributions for the future of ICJ.
- Treasurer S. Jones (MD) reported the importance of transparency and integrity with the Commission's finances.
- Director Underwood explained the financial checks and balances observed each month.
 - On the first of every month, all monthly statements are downloaded from the bank by Logistics and Administrative Specialist E. Goode.
 - E. Goode reconciles the monthly statements for the savings, checking, and credit card accounts with their respective receipts. All are forwarded to Director Underwood for review.
 - Director Underwood verifies; downloads the Vanguard Statement; and updates the investment spreadsheet.
 - All statements are forwarded to the accountant.
 - The accountant prepares a profit loss statement and emails to Director Underwood.
 - Director Underwood emails all financial statements to the Treasurer.
 - The Treasurer reviews and verifies the reconciliations.

Next Steps

- Director Underwood will draft an amendment to the Investments Policy to include fixed income, cash, or cash equivalent (money market). The requirement related to retaining reserves equivalent to the budget for one year will remain. The draft will be shared two weeks prior to the next meeting.
- The next meeting is May 9, 2024, at 2:00 p.m. ET.

Adjourn

Finance Committee Chair Dodd (NM) adjourned the meeting by acclamation without objection at 2:59 p.m. ET.