

Meeting: PFMLIA – Finance & Audit Committee Meeting

Date / Time: Monday, March 16th, 2020 from 2:00 – 3:00 p.m.

Call to Order: 2:01 p.m.

Attendees: Paul Potamianos, Andrea Barton-Reeves, Michael Soltis

Absent: Daryle Dudzinski, Daniel Krupnick

I. Review of the proposed staffing structure for the Authority

- Hiring of an Administrative Assistant under the Executive Director, with strong administrative skills as well as strong managerial skills, with a salary of \$65,000 – 75,000.
- Chief Operating Officer: would be the second in command to help manage statewide, especially in the first year
- Finance Director: monitor fund regularly along with the admin
- IT: manage employer contribution and claims system, with knowledge of working with vendors. Ideally would be a full-time employee with the ability to monitor day to day with the possibility of hiring a second full time person, or part time.
- Benefits / Claims: would need a strong understanding of benefits and claims overall, with exceptional customer service. At this time, a model for a claims system is being developed with the ideal roll out date sometime in June, which allows for a long test period.
- Marketing / Communication: can be a contracted position, consistent on providing support for education to public around the claims system
- Legal: working on Memorandum of Understanding, with focus on audits, quality assurance, fraud, contributions to compliance fund, as well as appeals with Dept. of Labor.
- HR Function: working on MOU with DAS, as everyone will be a state employee by 2022.
- The process to go forward with the staffing plan is to draft position postings, need admin support and IT piece as soon as possible, contract for marketing will happen soon, and Andrea Reeves working on legal piece for MOU's. There is an IT contractor but need someone full time.
- \$2.5 - 3 million includes salaries, fringe, mileage, professional development, etc. At this time, a more detailed budget is being created. There is adequate space for these employees, hoping for the Finance position to be filled by April, and look at a separation of duties for the positions. Employees will not be a part of a bargaining unit.

II. Review of the potential/draft finance and audit policies

- No objections to the policies provided.
- Move things electronically to help with cost, reduce fraud, and to have a more accurate audit trail. Will be using DAS HR SMART team for payroll.

- Personnel records: MOU requires keeping the records with proof of background and reference checks. Need to have personnel files and medical files separate.
- Investment policy: envisioned working with the Treasurer's office and partnering with them so that the Board will be able to track the funds. The MOU should include what is reviewed and approved, with the ability to audit and knowledge of investments. Will look for existing MOU's as models.
- Would like to have communication with the Treasurer's office that is similar to the communication they have with the Investment Advisory Committee.
- Biennial budget would be preferred, as well as a need to track by calendar year and fiscal year (state model).
- Revenue received, claims paid, IBNR, average length / cost of claim normal part of the claim process – need numbers to manage solvency of fund (severity, frequency) – will have a management report, would like this monthly
- Meeting with Blum Shapiro and received a lot of resumes regarding the Finance position

III. Bonding

- Origin of \$25 million request.
- Legislative approval necessary.
- The Governor signed bond bill approving authorization, but funds do not become available until Bond Commission meeting. Availability of funds depends on policies as place, as the policies are needed before the funds are assigned. If the money is needed quickly, the Office of Policy and Management would need documentation – then will be reviewed and the requested value evaluated for justification before adding to Bond Commission meeting agenda. If amount approved, then the state can commit to making payments.
- Concerns about liability early on with the \$25 million – might need to revisit or modify the decision to retain that money. Thrilled to have it, but worried about the repayment depending on the time period of the repayment. Paul Potamianos to bring this concern to Secretary McCaw.
- Legislature passed the bond bill for IT Projects, but monies wouldn't be available until the Bond Commission meeting, and there was a change to add the \$25 million for PFMLIA – also note that the money does not need to be used all at once
- Recommendations: next step would be to find out how much money is needed over what period of time, Commissioner Geballe may need to craft a letter /documentation of addition to Bond Commission Meeting, Paul Potamianos will communicate with Secretary McCaw, and Andrea Barton-Reeves will communicate with Commissioner Geballe.

Meeting Adjourned: March 16th, 2020 at 3:15 p.m.