

MAPE Board of Directors
July 21, 2017
8:30 a.m. – 4:30 p.m.
3460 Lexington Avenue No.
Shoreview, MN 55126

FINAL

M= Motion S= Second P = Passed F = Failed

Present: President Chet Jorgenson, 1st VP Jason Moran , 2nd VP Eva Peterson, Treasurer Michelle Doheny, Secretary Marcia Bierschenk, Kassie Church (Reg. 2), Lee Sullivan (Reg. 4), John Bower (Reg. 5), Joan Treichel (Reg. 6), Ellena Schoop (Reg. 7), Mark Dreyer (Reg. 8), Sandy Dunn (Reg. 9), Ken Kalamaha (Reg. 10), Sue Opsahl (Reg. 11), Terry Nelson (Reg. 12), Lois Tucke (Reg. 13), Doreen Hernesman (Reg. 14), Bryan Kotta (Reg. 15), Scott Rood (Reg. 16), Mike Terhune (Reg. 17), Tim Beske (Reg. 18), Jerry Jeffries (Reg. 19), Kay Pedretti (Reg.20), Paul Wehrmeister (Reg. 21)

MAPE staff: Davia Curran and Paul Schweizer

Absent: Carol Johnson (Reg. 1) and Char Falconer (Reg. 3)

Meeting called to order at 8:30 a.m. by President Jorgenson.

MSP (Pedretti) to adopt the Agenda as amended.

- To remove Becker Contract from agenda (Dunn)
- To add Conference Call Numbers (Schoop)

Remove Becker Contract from the July Agenda (Dunn)

- Discussed removing the Becker Contract agenda item from the July Bod meeting because this item was discussed in June and July and did not pass at BOD meeting.
 - **MSP (Dunn)** to remove Becker Contract from the agenda.

Directors provided the following updates regarding Officer changes in their Regions:

- Region 502: Daniel (Dan) Kelly is the new vice president.
- Region 1001: Dana Garry is the new treasurer and Heather Hirsch is the new membership secretary.
- Region 701: The vice president position is now vacant.
- Region 1702: The local secretary position is now vacant.

8:40 A.M. TIME CERTAIN: Davia Curran

- Presented and BOD practiced voting using the clicker capability for Delegate Assembly.

9:00 A.M. TIME CERTAIN: (Jerry Jeffries and Joan Treichel)

- Discussed Code of Conduct and Board Steward Policies (handouts).
- Discussed updating the Policy. (Schoop)
 - **MSP** (Pedretti) to postpone the Policy discussion to after lunch.

MSP (Bower) to approve the, June 16, June 23, and July 11, 2017 Board of Directors meeting Minutes as amended.

- **MP** (consensus) to review the June 15, 2017 minutes at the August BOD meeting.

OFFICER REPORTS

Treasurer's Report (Doheny)

- Discussed June 2017 Financial Report update (handout)
- Local Budgets & Audits
 - We still need budget 1302
 - If budgets are in the red that means their audit had some concerns, likely a missed signature or documentation
- Discussed 2018 MAPE Budget
 - **MF** (Dunn) to amend the draft 2018 budget to not defund the Membership and Negotiations Committees at the 2016 budget level (15 no/8 yes Vote).
- Clarification that there is funding in reserve for Negotiations.
- Clarification that the grant process has not been developed yet, but will be if the budget passes delegate assembly.

10:00 A.M. TIME CERTAIN: Lina Jamoul and MAPE Business Agents

- Presented and discussed the proposed reassignment of Business Agent job duties (handout).
 - **MSP** (Jeffries) to approve the Reassignment of Business Agents job duties. This vote was unanimous.

Secretary's Report (Bierschenk)

- Executive Committee Meeting Minutes: July 7, 2017, Executive Committee Meeting Minutes provided as informational electronically.

10:30 A.M. TIME CERTAIN: Ashley Erickson and members

- Presentation on XYZ University.
- The Executive Committee will work on next steps and provide recommendations to BOD on how to move forward with XYZ University training.

11:30 A.M. TIME CERTAIN: Member Comments

- No member comments.

Treasurer's Report Continued (Doheny)

Anti-Bullying Task Force (Jorgenson)

- President Jorgenson presented the request from the task force for a budget in 2018.
- Discussed that the Task Force needs to come to the BOD and present what funds they need and why like all other committees without a 2018 budget.

- Continued to discuss 2018 budget. (Doheny)
 - **MP** (consensus) to approve the DRAFT 2018 Budget and recommend approval to the 2017 Delegate Assembly.

2nd Vice President's Report (Peterson)

- Monthly Membership Report Update (June 2017)
- Total of 135 new members recruited in the month of June 2017
- Top Recruiter for the month of June is Thu Phan (5), Local (1202) with 12 new members.
- Total of 9734 statewide members (67.69%)
- Discussed the First 30 Days tracking. To track how many members sign up under the 1st 30 Days program, all contacts need to be entered into UnionWare.
- Discussed State student interns – they show up in the system as new MAPE members and fee payer dues are taken from their checks. We may want to consider their experience when they come to the state for only the summer. (Schoop)
- Membership Drive extended to July 25. Member enrollment is at 53% of the goal.
- New employee Orientation training is October 13.
- Provided an update on the Membership Committee meeting with MAPE members in Mankato July 19/20. 12 new members were signed up. Local percentage increased from 68% to 73%.

1:30 P.M. TIME CERTAIN: Todd Utecht, Affinity Plus

- Presented Multi-Period Performance Report, TWRR, for period ending 1/31/2017 (handout). Report included:
 - Current Balances and Historical Performance
 - Certificate of Deposit Accounts
 - Equity Investment Accounts
 - International Exposure vs World Capitalization
 - Equity Market Exposure as a percentage of Crisis Fund

Crisis Fund Investment Policy (Doheny)

- The Finance Committee recommends updates to the Crisis Fund Investment Policy.
 - **MP** (Doheny/Finance Committee) to update the Crisis Fund Investment Policy. **See updated language at the end of the minutes.**

Board Steward Policy (Schoop)

- Discussed removing and adding language to the Board Steward Policy.
 - **MSP** (Schoop) to remove bullet “Don’t complain unless you offer a solution” and add a paragraph after the bullets “Board members are encouraged to bring concerns to the Board for consideration by the full body. Interaction of all members will create a synergy and better understanding and resolution of the issue presented.”
 - **MSP** (Schoop) Also add the following text, “Board Stewards are to enforce the Board Steward Policy.”
- The “he/she” language should be changed to “they/their” per resolutions from 2016. This information will be updated on the policy.

1st Vice President's Report (Moran)

- Grievance Report discussion and update.
- Basic Steward training in August has been canceled due to low enrollment.
- ERC update.

Executive Session Personnel Matter

- **MP** (consensus) to move into executive session at 2:00 p.m.
- **MP** (consensus) to leave executive session at 2:20 p.m.

- **MP** (Moran/ERC) to take grievance number one to arbitration.

Opportunities and Strategic Planning (Schoop)

- Committee Work Team provided an update (handout).

PRESIDENT'S REPORT (Jorgenson)

Recognition for Board Members who are leaving the BOD

- Sandy Dunn, Char Falconer, Paul Wehrmeister, and Sue Opsahl.

New Board Member Orientation

- Discussed having new BOD orientation in the next few months.

Candidate for Business Agent (BA) Position

- Discussed next steps for reposting the BA position.
 - **MF** (Kotta) to reconsider not posting the BA position at this time and use members on lost time (Voted 17 yes/4 no).
 - **MSP** (Opsahl) to look at previous BA applicants.

Delegate Assembly DRAFT Agenda (Treichel)

- Provided an update on the DRAFT DA agenda (handout).
- Discussed the 9:30-10:00 a.m. slot on the DRAFT agenda regarding Janus vs AFSCME.
 - **MSP** (Pedretti) to bring Gregg Corwin to present at the DA on the Janus vs AFSCME topic (Voted 12 yes/ 9 no).

NEW BUSINESS

- Discussed and made updates to the July 2017 to May 2018 MAPE Calendar (handout).
 - **MSP** (Jeffries) to add to the August BOD agenda the decision to re-sign current members.

Funding Contributions

- Discussed the restrictions for donating to organizations this year. MAPE is not planning to donate to organizations this year.

Conference Call Numbers (Schoop)

- Tech Task force will look into the conference call issue.

STAFF REPORTS

Public Affairs & Communications Director (Richard Kolodziejki): Written report covering: Negotiations; Recruitment infographic/post card; Pensions reform needs and discussions continue; Anti-bullying; MAPE's Anti-Bullying Task Force reaches international audience; Member stories; Membership 2020 training; BA duties Q & A; PAC Screenings; Delegate Assembly; Website visits still headed toward record; Minnesota News Connection features MAPE's anti-bullying efforts.

Member Engagement, Development and Organizing Director (Lina Jamoul): Written report covering: Negotiations; Membership Drive; June BOD retreat; SER in-district meetings; Personnel; Local reports – from Business Agents.

MAPE Business Manager (Paul Schweizer): Written June report covering: Financial/HR Services; Support to Locals and Committees; Technology; Elections; Contract Approval.

MSP (Treichel) to adjourn at 4:30 p.m.

Next BOD meeting scheduled for August 18, 2017

Marcia Bierschenk, Statewide Secretary

Approved: August 18, 2017



Crisis Fund Investment Policy

Board of Directors Approval Date: 2/19/2016

Summary:

The MAPE Crisis Fund (hereafter referred to as the “Fund”) was established to provide financial support in the event of a job action, such as a strike or a shutdown. The purpose of this Investment Policy Statement is to establish guidelines for the Fund’s investment portfolio (the “Portfolio”). The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio’s investment program and for evaluating the contributions of the Fund Advisor hired on behalf of the Fund and its beneficiaries.

Role of the Investment Review Board:

The Finance Committee shall serve as the Investment Review Board (IRB). The Statewide Treasurer will chair the IRB and may appoint up to two additional members at large.

The IRB is acting in an oversight capacity with respect to the Portfolio, and is accountable to the MAPE Board of Directors, for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

- This Investment Policy Statement sets forth the investment objectives and guidelines that govern the activities of the IRB and any other parties to whom the MAPE Board of Directors has delegated investment management responsibility for Portfolio assets.
- The investment policies for the Fund contained herein have been formulated consistent with the organization's anticipated financial needs and in consideration of the organization's tolerance for assuming investment and financial risk, as reflected in the majority opinion of the MAPE Board of Directors.
- Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring the Portfolio's investments are managed consistent with the short-term and long-term financial goals of the Fund. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the organization.
- The IRB will review this Investment Policy Statement at least once per year. Changes to this Investment Policy Statement can be made only by affirmation of a majority of the MAPE Board of Directors, and written confirmation of the changes will be provided to all IRB members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical.

Investment Goals, Objectives and Guidelines:

As the purpose of the Fund is to provide financial resources in the event of a job action, the Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets, while maintaining a significant amount of liquidity.

As a result, 50% of the Fund will be held in fully insured cash, cash equivalents or certificates of deposit.

The other 50% of the Fund will be invested in a balanced portfolio of equity, fixed income and cash equivalent securities that seeks to achieve an average annual rate of return (over a period of at least 10 years) of the Consumer Price Index plus 4% to 6%. No less than 215% of the total holdings of this balanced portfolio will be invested in socially responsible instruments and mutual funds.

Cash Portfolio Investment Policy (50%)

A fundamental difference exists between the management of the cash portfolio and the balanced portfolio. As stated above, 50% of the Fund will be held in fully insured cash, cash equivalents or certificates of deposit. MAPE's Business Manager has the authority to work with the Fund Advisor in determining the appropriate ongoing allocation of cash, cash equivalents and certificates of deposit based on Fund needs and market conditions. With 5 days of any changes the Business Manager will notify the Investment Review Board (IRB).

Balanced Portfolio Investment Policies (50%)

Asset Allocation Policy:

- The IRB recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
- The IRB expects that actual returns and return volatility may vary from expectations and return objectives for periods of time that can range from one to three years. While the IRB wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Fund, to the assumptions underlying Fund spending policies, and/or to the capital markets and assets in which the Portfolio invests.
- Fund assets in the balanced portfolio will be comprised of two major components: an equity portion and a fixed income portion. The expected role of the equity investments will be to maximize long-term real growth of Portfolio assets, while the role of fixed income investments will be to provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of the equity investments.
- Outlined below are the long-term strategic asset allocation guidelines of the balanced portfolio (excluding the cash portfolio), determined by the IRB to be the most appropriate, given the Fund's long-term objectives and short-term constraints.

Asset Class	Target Allocation
US Equities	60 55%
Non-US Equities	20 30%
Fixed Income	20 15%

Diversification Policy:

Diversification across and within asset classes is the primary means by which the IRB expects the Portfolio to avoid undue risk of large losses over long periods of time. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the IRB will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

- With the exception of cash or fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.
- With the exception of passively managed investment vehicles seeking to match the returns of a broadly diversified market index, no single investment pool or mutual fund shall comprise more than 20% of total Portfolio assets.
- With respect to fixed income investments, for individual bonds, the minimum credit quality of these investments shall be rated A or higher on a major U.S. exchange.

Permissible Asset Classes:

- Cash and Cash Equivalents
- Fixed Income – Domestic Bonds
- Fixed Income – Non-U.S. Bonds

- Equities – U.S.
- Equities – Non-U.S.
- Equities – Emerging Markets
- Equities – REITs

Permissible Security Types:

- Mutual Funds
- Individual Stocks – Publicly traded on New York, American or NASDAQ Stock Exchanges
- Individual Bonds – Rated A or higher and traded on a major U.S. exchange
- Closed End Funds
- Deferred Annuities – Issued by an insurance company with a Best rating of A- or higher

Prohibited Asset Classes:

- Venture Capital
- Purchases of Letter Stock, Private Placements, or Direct Payments
- Puts, Calls, Straddles, or Other Option Strategies
- Direct Purchases of Real Estate

Other Investment Policies:

The Portfolio and its Fund Advisor are prohibited from:

- Purchasing securities on margin or executing short sales.
- Purchasing or selling derivative securities for speculation or leverage.
- Engaging in levered investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of the Portfolio.

Rebalancing Policy:

It is expected that the Portfolio's actual asset allocation will vary from its target allocation as a result of the varying periodic returns earned on its investments in different asset classes. The Portfolio will be rebalanced to its target normal asset allocation under the following procedure:

- The Fund Advisor will review the Portfolio quarterly to determine the deviation from target weightings. During the quarterly review, the following parameters will be applied:
 - If the actual weighting differs from the target weighting by +/- 5 percentage points from its target weighting, unless due to a strategist recommendation, the Fund Advisors shall rebalance the portfolio back to the recommended weighting within 10 days of the quarterly meeting.
 - The Fund Advisor will notify the IRB seven business days before rebalancing occurs. If so directed, the Fund Advisor will not perform or authorize the rebalancing.

Monitoring Portfolio Investments and Performance:

The IRB will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives.

The Fund Advisor will meet with the IRB at least once per year and will provide the IRB with a quarterly report that lists all of the assets held by the Portfolio, the values for each asset and all transactions affecting the assets, including additions and withdrawals.

In addition, the Fund Advisor will provide the following quarterly management reports:

- Portfolio performance results over the last quarter, year, three years and five years.
- Performance results of each individual manager for the same periods.
- Performance results of comparative benchmarks for the same periods.
- End of quarter status regarding asset allocation – current vs. policy.
- Any recommendations for changes.

The balanced portfolio's (excluding cash and cash equivalents) composite investment performance (net of fees) will be judged against a composite benchmark consisting of the following unmanaged market indexes weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines:

- 66% Vanguard Total Stock Market Index Fund (VTSMX)
- 20% Vanguard Total International Stock Index Fund (VGTSX)
- 9% Vanguard Total Bond Market Index Fund (VBMFX)
- 5% Vanguard Prime Money Market Fund (VMMXX)^[s1]

In keeping with the Portfolio's overall long-term financial objective, the IRB will evaluate the Portfolio and the Fund Advisor over a suitably long-term investment horizon, at a minimum, on a rolling five-year basis.