

MINUTES

Wednesday May 11, 2011
Annual Meeting
Jimmy's Banquet Center
Vadnais Heights, MN

President Husom called the meeting to order at 12:00 Noon and welcomed and thanked everyone for coming.

Board Members Present: Dave Beberg, Lorene Dimock, Gene Gere, Peggy Hildebrandt, Ruth Husom, John Kuderka, Robert Lundahl, Dennis Maki, Fred Maurer, Richard Mesenburg, , Peter Obermeyer.

Others Present: MSRS- Executive Director- Dave Bergstrom, Laura Dobozenki -MRSEA Service Provider; MRSEA members and guests.

Introductions

President Husom introduced all board members, sub chapter officers, former board members and special guests.

Minutes and Financial Statements

The following items were distributed as a supplement to the guest packets:

2010 Balance Sheet

2011 MRSEA Budget

Retirement Design Study Executive Summary

MRSEA Response letter to The Retirement Design Study Recommendations

Presidents Report

President Husom reported that the past year has been a year of many changes and difficult decisions for the board of directors of MRSEA. Our financial balancing of the budget stimulated a lot of reaction. One major item of expense without any return resulted in our disaffiliation with AFSCME. Other reductions included travel, consultant and staffing costs and the reduction of newsletters published. Due to the disaffiliation the Board is proposing updating our constitution which is later on the agenda. MRSEA also revised the organizations brochure.

President Husom, addressed a membership letter sent to our members by AFSCME Retiree Chapter 5, announcing the creation of a new retiree chapter. President Husom welcomed them into the arena of advocating for the interests of public retirees as MRSEA has been doing for about 75 years, and stated MRSEA is disappointed they feel compelled to derange MRSEA in the process.

President Husom acknowledged that MRSEA did not have a strong relationship with AFSCME's statewide council however, only because the council staff and director, despite the fact that we were an affiliate, refused to work with us. MRSEA finds it strange that AFSCME alleges that it is a democratic organization in contrast to MRSEA which is "led by former managers and supervisors" with a structure and style of operation that is undemocratic when the MRSEA constitution was patterned after, developed by and approved by AFSCME International. MRSEA represents every retired state employee regardless of their position as an employee, whether they were MAPE, MMA, director, commissioner, judge, legislator, governor or AFSCME, doesn't make a difference.

President Husom also reported a list of our MRSEA's accomplishments is included in the meeting packet, and that MRSEA intends to continue to dedicate our efforts to advocate for the interests of you and other retirees.

President Husom also acknowledged all of MRSEA's members have received the membership renewal notice in the mail within the past several weeks. With the membership renewal notice was a letter indicating that you would receive a free year of membership. Unfortunately, that was not correct. The mail service company that we use incorrectly inserted the letter into the mailing and you should be receiving, if you haven't already, a letter from them apologizing for the error. The letter is intended to be sent to recent retirees who are given a free year of membership in hopes that they will continue their membership after the free year. President Husom thanked everyone who has already renewed their membership.

Annual Election

Mr. Obermeyer highlighted the procedure of the nominating process. Mr. Obermeyer nominated Howard Ward for a board election candidate. Mr. Ward sent in a letter of interest that was received by the board of directors. President Husom opened nominations to the floor. No nominations were nominated were made. After three calls for nominees President Husom closed the nominations. Upon a motion to cast a unanimous ballot for Howard Ward and a second, the motion carried. Mr. Ward was elected to a three year term to expire in 2014. Mr. Ward

introduced himself to the audience and thanked them for their support. Mr. Ward retired three years ago after 35 years with the DNR Parks Department.

Guest Speaker Dave Bergstrom; Executive Director MSRS

Mr. Bergstrom highlighted the Executive Summary of the Minnesota Public Retirement Systems report mandated by the 2010 Legislation. The study is intended to illustrate the proponent and opponent views of a design options.

The economic downturn in 2008-2009 adversely impacted the overall funding of public pension plans. The SBI has historically maintained a reputation for a financially successful long term investment plan program. Overall Americans are facing a retirement crisis due to the dwindling pension coverage. Taxpayers and workers have much at stake because without adequate retirement income, there is a significant increased risk of poverty in the elderly.

The study recommendations to the LCPR are to carefully analyze all financial impacts; consider the negative impacts which closing the DB program will have on future retirements, and to analyze the benefit adequacy and the impact which decisions regarding plan designs have on Minnesota retirees.

The current political dynamics are challenges. It has been difficult to get the positive news in the press,

Mr. Bergstrom reported that at the end of April 2011 the fund is approximately 85-86% funded.

Mr. Bergstrom briefly reported about the Lawsuit challenging last year's legislation by updating the audience that a hearing was held and they are currently awaiting a judge's decision.

Committee Reports

Legislative Committee

Mr. Obermyer reported the committee is focused on four areas. Legislation introduced this year; Activities of the LPCR; Lawsuit Challenging the 2010 Legislation; and the Joint Study of the Executive Directors.

Insurance Committee

Mr. Maurer reported the Open Enrollment Insurance meetings continue to be a success. This past fall the meeting locations were increased from three sites to five. Many attending found the meeting very informative in assisting to make the right insurance decisions. MRSEA will continue to work with MMB on future Open Enrollment Meeting and expanding the program. Fred Maurer and Lorene Dimock answered several questions from the audience about insurance plans.

Finance Committee

Mr. Gere addressed the financial plan to close the gap of funding over the next couple years for MRSEA. Budget and the process of reaching the decisions made.

In an effort to balance the budget, the Finance Committee made a recommendation for a series of budget adjustments, including a budget reduction of over \$18,000.00 by terminating our affiliation with the AFSCME Retiree Program. Other reductions in the proposal included travel, consultant/staffing costs, and other reductions which total over \$18,000.00.

Additionally the committee recommended increasing membership dues for 2012. Membership dues increases cannot occur without membership approval

Mr. Gere made a motion to increase the membership dues from \$15.00 per year to \$20.00 per year as supported by the Board of Directors in the budget package. Upon a second from the audience, the motion carried.

Constitution

Mr. Gere addressed the important issue that due to the disaffiliation, MRSEA needed to update its constitution. Mr. Gere made a motion to grant permission to address the proposed constitutional changes. Upon a second from the audience, the motion carried.

Mr. Gere highlighted the key points of the entire constitution which primarily focused on removing AFSCME references. It was explained all language that had a strikeout was to be deleted and underlined language was new verbiage. New Article V11 section 3 is also deleted. After highlighting each section, Mr. Gere made a motion to adopt the new constitution, upon a second from the audience, the motion carried.

Recognition

President Husom recognized the efforts and contributions of outgoing board member Robert Lundahl. Robert had served on the board for six years and was influential to the success of the newsletters, and had served as liaison to the Duluth Sub Chapter.

Drawings were held for three door prizes with a cash value of \$100.00

Meeting Adjourned 3:20 p.m.

Respectfully submitted,



MRSEA Service Provider
Platinum Professional Management, LLC