

SPECIAL MEETING OF THE MRSEA BOARD OF DIRECTORS

MINUTES

Thursday, April 24, 2008
Meeting Time 11:30 A.M.
Retirement Systems Building
60 Empire Drive, St. Paul, MN

Board Members Present: Don Buckner, Terry Dempsey, Frank Dowzak, Ruth Husom, John Kuderka, Dennis Maki, Robert Lundahl, Lyle Nelson, Peter Obermeyer, Sally Olsen, Yvonne Ross

Board Members Excused: Gloria Johnson, Fred Maurer, Richard Mesenburg

Guests Present: Steve Regenstreif- AFSCME Retiree Program Director; Dave Bergstrom- Executive Director MSRS

Others Present: Laura Dobozenki -MRSEA Business Administrator

President Husom called the meeting to order at 11:30 A.M. and introduced guest Steve Regenstreif to the board members. Board members introduced themselves.

President Husom explained the agenda has one item to discuss. The proposed merger of the Minnesota Retiree Chapters into one new chapter under Chapter 5.

Mr. Regenstreif will be sharing his vision for the future of the merged chapters. Ms. Husom requested all committee chairs to give a report on the activity of their committee so Mr. Regenstreif has an overview of what MRSEA is currently working on and future projects.

2b

Nominating Committee:

John Kuderka reported the committee is in charge of recruiting and recommending to the board a slate of candidates for the board to endorse for the annual election which is held in May. Annually, there are five seats up for election. This past year a written letter was sent to individuals of interest and to the entire general membership via the newsletter. Floor

candidates are also welcome. The committee seeks a diversity of candidates; this year we have an individual who was very active in AFSCME and a former Commissioner of the state.

Legislative Committee:

Gene Gere reported the committee focuses on protecting interests of retirees. Whether it is pensions, taxes and other interest. We attend LCPR meeting as well as other legislative committees. This year we have been very active and focused with the post fund revisions. We have concerns with its financial sustainability.

Mr. Regenstreif inquired about how the Post Fund works. Mr. Bergstrom, explained Minnesota has a unique system, basically when an active employee retires the funds are transferred to cover lifetime benefits, which are kept in a separate pool (post fund). The primary reason for the separate fund was to have enough money set aside for retirees.

On a national and state level MRSEA is looking into exemptions (*partial or full*) from income tax. Similarly, NARFE had a bill in last year which we supported, but it went no farther than several hearings. On a congressional level ; MRSEA), continues to urge support of congressional action to lift the ban that prevents Medicare from using its bargaining power to negotiate lower drug prices for seniors. This has been done with joint effort of the Insurance Committee.

Insurance Committee:

Peter Obermeyer reported the committee is looking at legislation from past years that may be amended and future legislation that would allow modifications for retirees to participate in HSA's. Currently this is not an option for those over 65.

The committee is working on developing a coalition of organizations, MSRS, PEPC and others; private and public to continue pursuing the HSA's options for retirees.

Meeting & Planning Committee:

Yvonne Ross reported MRSEA hosts two annual meetings. The committee locates a facility and guest speakers. We have in the past invited governors and attorney generals. This year our guest speaker is Jason Davis, a local TV personality.

Publications & Communications Committee:

Robert Lundahl reported the major project is the quarterly newsletter. This spring will be our first six page newsletter. The committee is trying to establish a two way communication with establishing the letter to the editor column for people to write in. The committee continues to try to improve the newsletter. The committee also developed in 2006 a handbook for sub chapter officers. We also have a logo contest in progress that reflects MRSEA's mission to use and the winner will receive a fifty dollar gas card.

Mr. Regenstreif felt strongly retirees will read what is sent to them, this is in contrast to active working members.

Technology Committee:

Dennis Maki reported the committee reviews usage and needs of technology and equipment for the association. And also encourages the committees to provide technology to make their job easier. In the past year we upgraded our technology and purchased a back up computer and are in the process of redesigning our website.

Mr. Regenstreif inquired if we collected email addresses? Mr. Maki reported yes, we do. We have approximately 600 emails. Mr. Kuderka commented that we seeing newer retirees active with computer usage. Mr. Regenstreif also commented it is surprising the number of older retirees starting to use the computer. It is also very effective for the legislative programs to send out alerts and communications.

Constitution & By Law Review Committee:

Ms. Olsen reported the committee reviews governing documents for any suggested changes. This year the committee is proposing changes in four areas.

- 1.) Expanding Membership Eligibility for MRSEA; to be more inclusive and allow union members who work on behalf of retirees to be members
- 2.) Provision to Provide for removal of a Director; no provision currently existed

3.) Creating New by Laws regarding MRSEA & Sub Chapters Relationships; assisting the Sub Chapters to start or dissolve a Sub Chapter

4.) Establishing a fiscal dues year; this will also assist in transferring out PAC Funds that are collected.

Ms. Husom also reported MRSEA has a Personnel Review Committee to review the Business Administrator's Annual Performance Review.

Mr. Kuderka reported we currently have eight sub chapters across the state and a board liaison and the business administrator attend the meetings. Mr. Kuderka also reported we just increased our per capita payment to the sub chapters from \$2.00 to \$3.00. In addition we are in the process of scheduling a meeting for an inactive sub chapter to get them revitalized. At this time, we have none in the metro area.

Mr. Regenstreif felt building sub chapters is very important to legislative issues, to be able to have the locals communicate with their legislators. Mr. Regenstreif reported Washington State has over forty sub chapters; Pennsylvania has thirty five. The key is finding good leaders for the sub chapters.

Membership Report:

Laura Dobozenki reported on the current membership status. Our 2008 membership drive has over 5000 renewed members. One change we made this year was to eliminate the reply card being returned and automatically sending them the free membership and four quarterly newsletters to increase the contacts from MRSEA and looking forward to a stronger renewal. We have also added our email collection to our renewal card.

Luncheon Recess 12:15 P.M.

Meeting Reconvened 12:35P.M.

Ms. Husom called the meeting to order and asked Mr. Regenstreif to present the proposed merger and the advantages.

Mr. Regenstreif appreciated the invitation and enjoyed meeting the board and suggested this be done more frequently.

Mr. Regenstreif capsulated where the retiree program is today. There are 1.4 Million working members, being the largest union in the AFL-CIO. In addition there are (230) hundred thirty thousand retirees paying a modest dues amount. Making a combined total of 1.6 members.

There are 250 state and local chapters and Sub Chapters across the U.S wide. Newest chapter is in Montana established 2007. They are organizing in Texas; since last week Oregon Retirement system has agreed to dues deduction and to let them mail to the retirees. We gain about 10,000 new members per year, making us the largest and fastest growing retiree organization.

On the National level AFSCME actively participates in the Leadership Conference for Aging Organization. As well as MCPERS, (National Conference on Public Employees Retirement System).

We work on series of issues with our state and local groups to improve pensions, retiree health care coverage, health insurance, Medicare, social security, prescription drug, Medicare part D, doughnut hole, re-importation of Canadian drugs, Medicare Advantage.

Everything is on hold until after the election in 2008. The health care system needs to be addressed as a whole to be effective.

In Minnesota, a few years ago three AFSCME Councils Merged, (6, 96 and 14). The issue has arisen within Council 5 on how to deal with retirees. There is an unusual situation, being MRSEA is a free standing group running your their program chartered under AFSCME years ago (*1979 to the early 80's*). The relationship with the working members is minimal, with no joint activities or projects.

Mr. Regenstreif would like to revisit this relationship to see if we can rebuild some bridges with Council 5. Mr. Seide of Council 5 is not aware some board members were former

AFSCME members. Mr. Side knows only a couple members of the board. Mr. Regenstreif would like to encourage more communication between Council 5 and MRSEA.

Ms. Husom inquired as to what is the advantage for MRSEA?

Mr. Regenstreif felt both organizations need each other for legislative issues. MRSEA would benefit from the clout of working members. Council 5 represents 40,000 working members, a lot of clout and resources.

We achieve progress from the retirees work but also the clout of the working members. We do not have that in Minnesota, because of the existing relationship. For example the recent "Day on the Hill" was recently attended by 600 people. MRSEA could jointly participate to promote legislative issues.

Why is MRSEA valuable to the Merger for Council 5?

MRSEA's membership base of eight to nine thousand members is helpful to the clout of the union in the state.

Mr. Regenstreif stated he felt there was a mutual benefit for all. So, how and what do we do to proceed? One question proposed was what happens to the MRSEA Board? Mr. Seide has no intentions of changing the current status however; it would be nice if in the future more AFSCME members or leaders from Council 5 would be involved by being appointed or elected to the board.

In addition a retiree coordinator may be hired and funded by AFSCME to help facilitate the merger. It could be a retiree, someone familiar with the union.

Council 5 has an annual Convention and it would be good to have retirees attend to develop a relationship. There issues are passed at the convention, and MRSEA should participate with Council 5 more.

Some affiliates are quite active with their retirees, the average age of an AFSCME member is 49 years of age.

Mr. Regenstreif requested the board to consider the fact that MRSEA has solely state workers; Council 5 has County and municipality workers. Mr. Regenstreif hoped MRSEA would open their membership to PERA retirees. Mr. Regenstreif also encouraged opening membership to MERF to participate with MRSEA.

Mr. Regenstreif reported the AFSCME Bill introduced a voluntary deduction to have dues for retirees deducted automatically. The advantage to automatic deductions is there are no notices to be sent, no follow up mailings, saves postage, printing and related costs. More so; the energy saved by having the dues automated. It would be better to devote your energy to the mission. AFSCME's experience is that once they sign up for deductions, they rarely drop their membership.

Mr. Dowzak inquired about a future dues increase. Mr. Regenstreif reported they only raised the dues once in the last fifteen years or so; MRSEA's dues are regulated by the constitution. Mr. Dowzak inquired if all members would be AFSCME? Mr. Regenstreif responded "NO" under the current structure.

Ms. Ross clarified this was not true; Ms. Olsen read the membership By Law of MRSEA. We currently allow PERA, TRA, and U of M employees and their spouses may be members. Mr. Kuderka reported we do not recruit PERA or TRA, as we do not have access to the information. Mr. Regenstreif reported PERA does allow AFSCME to do mailings. Most of AFSCME groups have retirees from different systems.

Mr. Obermeyer inquired what is the goal for the reorganization? Has MERF been chartered similarly to MRSEA? Yes, Mr. Regenstreif responded. Is Council 65 and 96? Yes, they are all chartered. We have one Council 5 with three separate retiree chapters which is unusual. The other two groups are pretty small. Mr. Obermeyer inquired if the ultimate idea was to have one retiree group under Council 5. Yes, responded Mr. Regenstreif.

Mr. Nelson inquired as to how many members of MRSEA are AFSCME members? We do not know what bargaining union or how many members are former AFSCM employees.

Mr. Regenstreif stated most PERA members are not a member to any organization; we need to develop a plan to organize mailings urging their membership. Possibly more Sub Chapters could be created throughout the state as the membership grows.

Ms. Ross inquired, hypothetically what would happen to those members who do not want to have the automatic dues deduction because they never were an AFSCME employee? What is the organization they would belong to? It would remain the same, they could send in a check.

Mr. Kuderka suggested the "S" may have to be removed from MRSEA. Mr. Nelson inquired how many PERA retirees there are? There are 68,000 in Minnesota.

Mr. Nelson inquired about TRA retirees being members? Mr. Regenstreif reported generally AFSCME does not take in teachers, police, and fire retirees as members. We usually have general employees.

Mr. Kuderka inquired if in the future was membership going to be limited to only AFSCME employees? Mr. Regenstreif did not think so; he stated we have two organizations, Council 5 and MRSEA that are affiliated with AFSCME and people do not know each other. We need to build some bridges. It would be helpful to put AFSCME people on the Board. Mr. Kuderka reported we have tried to recruit a diverse board.

Mr. Nelson inquired if we would need to start dealing with city and county issues if we merged? Mr. Regenstreif stated that when the Legislature gives a benefit to MSRS it is usually given to PERA as well.

Mr. Lundahl commented that the Duluth Sub Chapter met yesterday and there is a rumor circulating that the reorganization will be limited to AFSCME employees only.

Mr. Regenstreif reported other organizations, has retired senators, legislators, judges etc. in their membership base. Mr. Kuderka inquired as to how other chapters feel? We are organized and have a large base.

Mr. Regenstreif reported MERF has a couple hundred members and is a closed organization. Duluth has approximately three-four hundred people. They have had very general discussion with Duluth.

Mr. Obermeyer inquired if MRSEA would like to continue as Chapter 6, are we able to continue? Or, would Council 5 step in and go after PERA, TRA, and MSRS etc.? Mr. Regenstreif, felt that would be a drastic measure and would not want that to happen. There is a lot

flexibility to make this reorganization work. Mr. Regenstreif envisions MERF and Duluth as being a Sub Chapter and “grandfathering” them into the organization.

Ms. Olsen inquired about the Duluth and MERF governance and staffing structure. Mr. Regenstreif stated they are run by volunteers as they have no resources for staff. They do have an executive board. MERF has a small newsletter, it is unclear about Duluth.

Ms. Olsen inquired as to what would happen with the current business administrator who has done an exceptional job for MRSEA?

Mr. Regenstreif responded that would be up to MRSEA as she is on MRSEA’s payroll not AFSCME. Ms. Olsen commented that if we increase by an additional 600 members, administratively it has to add more hours to the workload. Mr. Regenstreif commented if membership is opened up to PERA, there will be many more members.

Ms. Husom reported she thought there would be a founding convention establishing an executive board and sub chapters. Mr. Regenstreif thought consideration needs to be given to the current structure and would you modify the structure? For example, guaranteeing a board position for PERA. Would you create more sub chapters? For example; you should have sub chapters in the metro area, and perhaps allowing regional representation. The retiree coordinator could also suggest modifications to accommodate everyone. AFSCME would be willing to share other models currently in place for retiree chapters.

Mr. Nelson inquired who sets the dues? The Retiree Council sets the dues amount. MRSEA has the authority to charge an additional amount if desired.

Ms. Husom distributed a list of accomplishments of MRSEA over the last year. Ms. Husom also stated that MRSEA was quite influential in getting the “bounce back” feature as well as long term care legislation passed.

Mr. Regenstreif thanked the board for the invitation and highly encouraged another meeting to move forward.

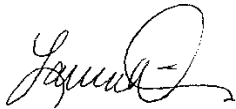
Ms. Olsen inquired how MRSEA compares to other organizations across the country? Mr. Regenstreif responded MRSEA does a lot of very good stuff through the legislative program, newsletter, active board with full programs and a full time staff person.

Mr. Regenstreif suggested a “lobby day”. Ms. Olsen reported we are preparing a list of questions for our members to ask legislative candidates that will be distributed at our annual meeting as well as published in our newsletter.

Mr. Regenstreif closed with stating he needs feed back as to what the Board would like to do. Do you want to move forward? If you do then the ball is in AFSCME’s court as well as Council 5. The goal would be to hire a retiree coordinator this year to move forward. Mr. Regenstreif stated if he is invited back he would like to bring Elliot Seide to the meeting to discuss the merger of the retiree chapters.

Upon a motion to adjourn, the meeting adjourned at 1:50 P.M.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Laura Dobozenski". The signature is fluid and cursive, with a long horizontal stroke at the end.

Laura Dobozenski-MRSEA Business Administrator