

MINUTES

**Wednesday January 14, 2009
Meeting Time 1:00 P.M.
Retirement Systems Building
60 Empire Drive, St. Paul, MN**

Board Members Present: Don Buckner, Terry Dempsey, Gene Gere, Ruth Husom John Kuderka, Dennis Maki, , Richard Mesenburg, Lyle Nelson, Peter Obermeyer, Sally Olsen, Yvonne Ross, Lois Willock.

Board Members Excused: Sandra Hale, Fred Maurer, Robert Lundahl

Others Present: Laura Dobozenki -MRSEA Service Provider

President Husom called the meeting to order at 1:00 P.M. and distributed Christmas Cards that were received by MRSEA. Ms. Husom stated due to the fact we have time constraints on the computer borrowed to demonstrate the web site the Technology Committee will give their report first.

Set and Approve Agenda

Two items were added to the agenda under (13a) Consider Establishing an MRSEA Scholarship Program (13b.) Correspondence.

Upon a motion to approve and a second the motion carried to approve the agenda

Approve Minutes of the November 12, 2008 Regular Meeting

Upon a motion to approve and a second, the motion carried with minor corrections.

Approve Minutes of the December 10, 2008 Annual Dinner Meeting

Upon a motion to approve and a second, the motion carried with minor corrections.

Accept Financial Report of October 2008 Report

Upon a motion to accept subject to audit and a second, the motion carried.

Accept Financial Report of November 2008 Report

Upon a motion to accept subject to audit and a second, the motion carried.

Accept 2009 Membership Report

Upon a motion to accept the January report and a second, the motion carried.

MRSEA Committee Reports

Nominating Committee

Ms. Ross reported the deadline for the applications for board elections has been extended to February 21, 2009 due to the newsletter being sent out later than anticipated. Ms. Ross reported all board members whose terms are expiring are seeking reelection.

Legislative Committee

Mr. Gere distributed three handouts from the December 18th LCPR Meeting.

(a) Benefit Adequacy Study- The study provides the graphics from the Adequacy of Public Pensions Study.

(b) Adequacy of Public Pensions-The study looked at how adequate are the public pension systems that we have; the Omnibus Bill of last year had a provision that the LCPR was to do a study of Teachers pension adequacy, the Fund Directors presented a study looking at all three systems.

(c) Statewide Pension Plans Funding Status Update- This study looked at PERA, MSRS and TRA. Mr. Gere highlighted the report and encouraged the board to review them on their own.

Mr. Gere reported the Commission has not taken final action on their Principles that they have been working on over the summer.

Howard Bicker gave a presentation and stated investment returns are down 23% Fiscal year to date, however it is not the end all, he feels we are well positioned. There has been unprecedented volatility. Mr. Bicker felt banks need to start lending and jobs need to be

created. Mr. Bicker reported SBI's portfolio has been maintained with asset allocations, and reported they have not lost a penny in the real estate area. The SBI also looked at their cash management. Deferred Comp employees were withdrawing their funds; this action also incurred penalties for the employees. The assets have been moved to another account where the funds cannot be withdrawn, to prevent financial penalties and harm to those wanting to withdraw their funds.

Mr. Gere reported the legislative committee met earlier in the day is proposing a congratulatory letter to be sent to state legislators and senators. Ms. Olsen suggested sending a letter to the newly elected representatives as well some information about the organization.

Mr. Gere reported Congress passed and President Bush signed the Workers, Retiree, and Employer Recovery Act of 2008. An item of interest in the bill is the provision that waives the requirement for a minimum distribution from an IRA.

Insurance Committee

Peter Obermeyer reported there is very little legislative activity relative to retirees and health care issues at this time. The committee is still trying to inventory like organizations with similar interests in health care.

Meeting & Planning Committee

Mr. Mesenburg reported the committee met earlier today and are suggesting returning to Jimmy's for the 2009 Annual Meeting. The committee has four possible candidates for guest speakers. The Committee will follow up with the possible speakers and report at the February meeting. The board also commented that we have had more success with paid speakers. We have had several "no-shows" and last minute cancellations.

Mr. Maki suggested Identity Theft as a topic of interest for the meeting; local personalities were also mentioned as guest speakers.

Mr. Mesenburg also reported the committee is considering a central Minnesota location for a meeting. This is between the north and south locations we have had the last two fall outstate meetings.

Mr. Mesenburg also reported on the sub chapter issues from the September meeting and will be discussing this more at the February meeting.

Mr. Nelson inquired about the door prizes given last year. Cash door prizes were given and everyone seemed to enjoy the gifts.

Publications & Communications Committee

Mr. Maki and the Service Provider reported the newsletter was delayed and the final proof has been sent. The newsletter should be out prior to the end of the month.

The Service Provider distributed the 2009 calendar for the Board.

Technology Committee

MRSEA New Web Site Presentation

Mr. Maki informed the board of the new website address (www.mrsea.org) for MRSEA as well as the new email address (info@mrsea.org) and new local phone number (952-470-6611) for MRSEA. Mr. Maki asked that all board members check their email on a regular basis.

Mr. Maki thanked the committee members for all their work the new web site over the last year.

Mr. Maki presented a live overview of the new web site to the board. All comments and suggestions will be documented and compiled to address with the web site vendor prior to going live with the new site. Mr. Maki navigated page by page through the web site so all board members were familiar with the content loaded. Mr. Maki anticipates ongoing changes and participation from the board members as they attend other liaison assignments to submit information and updates to the Service Provider to be uploaded to the web site.

Mr. Maki anticipates the new web site should be live prior to the end of the month when the newsletters will be arriving in the member's mailboxes. The old web site will become inactive at this point.

Mr. Maki asked for any additional comments to be forwarded to himself or the Service Provider.

Mr. Maki addressed Web Site Privacy Policy statement to be posted on the web. This is a standard web policy created by Reliable Sites. The Service Provider explained this is a basic policy statement and the board may consider revising in the future, however a policy statement about the site should be posted. The committee would like to have the consent of the board to post the statement when the site goes live.

“Upon a motion and second to consent to the posting of the privacy statement created by Reliable Sites, the motion carried.”

Ms. Husom thanked the committee for all their hard work and continued work on the new web site.

Mr. Maki reported the Encryption Software as well as the Adobe Software has been ordered.

Constitution & By-Law Committee

No Report

MN Senior Federation

Mr. Nelson reported the director of the Sr. Federation expressed he would be willing to come to an MRSEA meeting.

MN State Retiree Council

Mr. Obermeyer offered to be an alternate for Fred Maurer to the MN State Retiree Council.

MSRS Board of Directors

Ms. Olsen reported that at the November 20, 2008 MSRS meeting Howard Bicker gave an overview of the 2008 financial fiscal year. The Board also discussed 2009 legislative proposals, such as definition of salary and vacation conversions.

The Dissolution of the Post Fund Timeline

November 2008, the SBI determines if the Post Fund is to be dissolved, No mortality adjustments will be made if the Fund no longer exists, directors will draft legislation to remove all references to the Post Fund.

December 2008- Transfers to the Post Fund are stopped.

June 30, 2009- Assets of the Post Fund are consolidated with the active fund

January 1, 2010 -Post Retirement increase will be a fixed 2.5% regardless of inflation.

Significant time was spent on the Unclassified Plan Reversion. As people approached their retirement date they wanted to opt into the general fund. The goal is to find an acceptable way to require people to execute the option earlier than just prior to retirement.

The board also received an update on the record keeping and contracts with **ING**.

January 8, 2009 MSRS Meeting

Ms. Olsen reported the MSRS board received the actuarial presentations of the 2008 Valuation Results, with MSRS holding at about 90%.

Market Valuation Results, the National Median is 84.30%

TRA is 82%, MSRS is 90.18%, and PERA is 73.60%

The National Actuarial Society is taking action to value Public Pensions the same way as Corporate Pensions. The problem is public funds are not likely to be liquidated as corporate funds may be vulnerable to bankruptcy. One problem with market valuations is that the market value would change and the actuaries are required to report what the current pension valuation is.

For example using the traditional funding method if at the age of 65 a person receives a \$1000.00 monthly pension with an expected return of 8.5% would have a present day value of \$108,000.00

Under the MVL method a person age 65 receives a \$1000.00 monthly pension based on bond market interest rate of 5.5% would have a present value of \$136,000.00 the result is slow in reporting pension liabilities.

The board also considered options when an elected board member terminates employment if they may continue to serve on the board. The board statutes are silent. A key factor if they

have a vested interest. They may serve until their elected term but will not qualify to seek reelection.

Ms. Olsen also reported that part of the pension policy that is in place talks about the state providing pensions that are adequate and moves with inflation.

Ms. Olsen was also reappointed by Governor Pawlenty to a four year term on MSRS Board.

PEPC

No Report

Chapter Liaison Reports

Brainerd-December 11, 2008

Ms. Willock attended the meeting. Approximately 42 people attended the December meeting. The quarterly business meetings are scheduled for March 19th, June 18th, September 17th and December 10th, 2009. They also asked for food donations for the local Salvation Army Food shelf. Many holiday stories were shared.

Duluth- January 28, 2009

No Report

Fergus Falls- December 2, 2008

Mr. Nelson reported 52 people attended the meeting. Gerry Toso ran the meeting and they were well organized.

Mankato –Dec 1, 2008

The Business Service provider reported the sub chapter has had a change of officers and the original registration for the annual meeting reimbursement had not been submitted. The sub chapter had submitted two requests for reimbursement that were denied due to the lack of the original registration form.

The Service Provider reported the new secretary was informed he only needs to use the MRSEA form once a year. They may use their registrations for other the meetings. The new secretary does not have the original sign in form used at the September meeting.

Ms. Olsen inquired as to how we could provide a payment, perhaps an average of the last two meetings?

“Upon a motion and second for the Service Provider to review the last two years attendance and calculate an average attendance to base a reimbursement upon; and then issue the reimbursement.” The motion carried. A new reimbursement form should also be sent to the officers.

Rochester-May 8, 2009

No Report

West Central- Nov. 13, 2008

The sub chapter held their meeting in Osakis and had a guest speaker from the Council on Aging. They elected a new secretary. Dave Bergstrom was also a guest speaker. They anticipate having a meeting in the spring. Thirty two people attended.

Southwest- April 28, 2009-(Ross)

No Report

Walker/ Northwoods- June 11, 2009-(Kuderka)

No Report

Other Items

Scholarship

Mr. Kuderka thought consideration could be given to establishing a scholarship program for MRSEA. Mr. Kuderka felt this would be a positive benefit for MRSEA’s members. Mr. Kuderka is willing to do the research on developing a scholarship if the board would like to support the idea. Mr. Kuderka would research how to set the criteria for applicants and application standard procedures, tax implications, grade submissions, and other criteria for the board to review.

“Upon a motion to support the scholarship research and a second, the motion carried.”

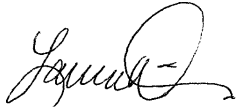
Correspondence

Ms. Husom displayed to the board the commemorative invitation to the Presidential Inauguration of Barack Obama.

Next meeting date is February 11th 2009

Meeting Adjourned 3:14 P.M.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Laura Dobozenksi", with a stylized flourish at the end.

Laura Dobozenksi-Service Provider
Platinum Professional Management, LLC