



Public Pension Financial Forum
c/o Ohio Public Employees Retirement System
277 E. Town Street
Columbus, OH 43215
614-222-5601

P2F2 Board Meeting
Telephone Conference
May 13, 2010 (2-3 p.m. EST)

Directors present: Huelskamp, Nix, Greve, Canevari, Carraher, Hewig, DeJonge and Musselman

Directors absent: Covarrubias

Guest present: Suzan Stuchel – IPERS

President Huelskamp called the meeting to order at 2:05 p.m. EST. Art Hewig made a motion to approve the minutes from the February 11, 2010, Board meeting. Beulah Canevari seconded the motion and the motion passed.

The financials had been distributed to the Board prior to the meeting. Karen Carraher asked if there were any questions. With the Board having no questions, Art Hewig made a motion to approve the financials. Karl Greve seconded the motion and the motion was approved.

Dave DeJonge gave an update on the 2010 Conference. He said “save the date” postcards and an email blast about the conference went out in March. There are five confirmed sponsors, the same ones that participated last year. There is a preliminary list of speakers. There will be a river cruise on Monday, with chicken parmesan and Minnesota walleye on the menu. The Tuesday night event was cancelled and has been replaced with a shuttle going to and from the Mall of America. The hotel is ready to take reservations. At check-in, the hotel will hand out breakfast vouchers and two free drink vouchers for Sunday’s reception. Registration for the conference is on the website but has not yet been publicized; we are waiting on the brochure. The conference will be publicized in June when the website will be updated and the brochure will be out. The timing needs to be emphasized so members understand that CPE will be maximized. Roll Call of the States will be Sunday afternoon. The conference fee will remain at \$275, the same as last year; after August 12th it will be raised to \$350. Michele Nix stated that State Street has been added as a sponsor, so we now have six confirmed sponsors. In addition to State Street, GRS, Clifton Gunderson, Orion, Bank of New York/Mellon, and Cavanaugh McDonald have agreed to sponsor the conference. Lyn Thompson, formerly of Wachovia, has moved to Nova Scotia and has contacted Michele, so hopefully Nova Scotia will be added as a sponsor as well. Karen Carraher said that another speaker was confirmed yesterday; he is from Arizona and will be speaking on fraud. Employer reporting is coming along. Michele sent Karen a sponsor with session ideas and Karen said someone should be contacting him. Karen also mentioned that we need to start discussing a location for the 2011 Conference. Luke has received feedback regarding the St. Paul location. People like it because it is not considered a “glamour” city and airline travel to Minneapolis is easy. Airline discount rates were discussed. Most everyone agreed that they are not usually that great and not utilized often, so the idea was dropped.

Luke Huelskamp and Karen Carraher had a discussion this morning regarding whether board positions should be made two- or three-year terms, instead of one, as they are now. Michele Nix asked what had initiated the discussion. Their response was that by the time the transition stage is complete, part of the year is gone, then the conference is held and they roll off their positions. Michele and Karl Greve agreed. Beulah Canevari asked if we would need to change the bylaws and present them at this year's conference. Michele said yes, the membership would then vote on the change at the conference. Michele read the requirements for changing the bylaws, including getting the language together and then placing the bylaws on the website thirty days prior to the conference. A two-thirds vote will pass the amendment. Luke will propose language and have his legal department review.

Luke Huelskamp distributed the GAO Report on Pensions prior to the Board meeting. Michigan offers DB and DC plans and they are considering rolling out an election for an annuity option for those with DC plans. The GAO report will be posted on the P2F2 website.

Karl Greve said hardly anybody uses the Member Forum. Michele Nix said she always uses the website or an email blast and Glenna Musselman agreed, stating that she has never received a response to a question posted on the Member Forum. Karl stated that the password combination to get into the forum makes it cumbersome to use since two levels are needed to access the forum. If signing on could be changed to one step, it might be used more frequently and Luke Huelskamp agreed. Art Hewig suggested that it would be nice to mimic Facebook and have an email blast notifying members when new information posted. Karen Carraher said Virginia Brizendine will continue doing website updates. Karen and Luke said that we should plan on a back-up. There is an annual website charge; this may be an area where extra funds could be utilized, as it will likely cost more to get more elaborate. Luke will check into website costs and ease of use. Art Hewig asked if Facebook might be an option. CALPERS has a Facebook page and members seem to like it. Karen liked the idea. Michele was concerned about accessibility and Art wondered if members would want it. Michele stated that MOSERS has Facebook locked out and it was mentioned that Minnesota has it locked as well. It may be possible to have Facebook unlocked but it may be a widespread issue.

Karen Carraher would like to get an investment committee together to formulate a strategic plan for the excess P2F2 funds. Funds have been increasing each year and the balance is currently about \$120,000. There are three accounts, one with approximately \$2000 in it and two with Chase Bank, one checking and one savings, with the remaining \$118,000. The P2F2 President, Debbie Wroe and Karen have access to the accounts and the accounts do get interest, but not much. P2F2 now has a handle on the organization's liquid needs. We want to continue to improve the quality of our materials, etc. but the organization now has the funds to do things it was unable to do before. Luke Huelskamp wanted to know what our cash needs will be in the next few years, stating that maybe this is where some funds could go for website improvements, since the objective of P2F2 is to educate. Karl Greve suggested considering investing in webcasts. Karen thought doing more with GASB and all the things they are doing would help. Luke suggested a regional conference. Karen thought that a regional conference might take away from the main conference. Karl expressed a need to get more people involved. Michele liked the idea of a strategic plan and Karl suggested a one-topic meeting this summer to discuss strategic planning for the next 2-5 years. Karen agreed and thought we might want to also discuss the location for the next conference then as well. Art Hewig suggested getting vacation dates to Luke so a time can be planned when the most people can attend. Karen and Art suggested laddering some CDs and money market accounts with the extra funds, but that maybe a strategic plan should be developed first. Luke, Karen and Michele will be going to the GFOA Conference so maybe they can meet while there.

Karl Greve shared GASB update information from the GASB website. The Preliminary Views document on Pension Accounting and Financial Reporting by Employers is coming out in June. There are some radical changes from current employer accounting and reporting proposed (booking of employer liability if not contributing the ARC; the unfunded accrued pension obligation will become a liability on the books). Karl said the GASB is also looking at changing the actuarial value of assets, possibly to market value. In addition, the GASB is proposing using the long-term expected yield on assets if the assets are sufficient to provide for payment of benefits, but once they are depleted, a high-quality municipal bond index rate would then be used. Currently, employers in cost-sharing plans do not have to book anything; but, with the proposed changes, employers would be required to book their portion of the unfunded pension obligation, based on salary expense, on their financial statements. With this rule change, a small employer that adds one employee would increase their liabilities dramatically. Karl stated that actuaries have a lot of problems with some of the ways the GASB wants to do calculations. We need to get a committee together to form some high quality responses; this will have to be done relatively quickly since the topic is so complex. We can also pull assistance in from other groups and we might be able to get some help from the conference sponsors. Luke Huelskamp said he likes the idea of having a working group. Karl and Michele Nix said they will be on the working group. CALSTRS has one person that looks at GASB issues only; it would be nice to get him involved too. P2F2 needs to send out an email blast to get participation; let Virginia Brizendine know. (Virginia will be in her position through June.) This GASB proposal would result in a complicated, massive change.

Side notes: Karl has not had a chance to work on a newsletter but he hopes to soon. Glenna will forward the financials to Virginia to post on the P2F2 website. Vacation schedules and strategic plan ideas need to be sent to Luke before July 8.

With no further new business, Michele Nix made a motion to adjourn. The motion was seconded by Art Hewig. The meeting adjourned at 2:50 EST.