



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

P2F2 Board Meeting
2010 Conference, Saint Paul, Minnesota
September 12, 2010

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

Directors absent: None

President Huelskamp called the meeting to order at 9:10 a.m. CST.

Karen Carraher submitted a motion to accept the minutes of the August 5, 2010, meeting.

Thank you to Dave DeJonge for putting the conference together. It is a lot of work. Thank you to Dave's staff also.

We want to concentrate on the strategic plan for the years to come. We want ideas and we need to determine where we want to be 10-15 years down the road. Do we want to consider having a part-time Executive Director to coordinate with other organizations such as PRISM, NASRA, and NCTR? It is a lot of work, particularly in addition to our jobs. Karen suggested we consider the job description, such as making calls to sponsors and growing the organization. Maybe it's multiple people. Luke said he was thinking of one person, possibly a retired person closer to pension work. The person selected would need to have people skills. Karl suggested having a person to do the website and newsletter and Karl and Karen then suggested having another person to reach out.

Luke reported that NASRA's response to the GASB Preliminary Views document on Pension Accounting and Financial Reporting by Employers had similar bullet-points as the P2F2 response. Michele commented that it may be good to have similar points from different organizations. Luke stated that NASRA suggested phasing in the changes; the P2F2 response was more technical. Karl said the P2F2 response has not yet been sent in and could still be changed. Karen said Laurie Hacking suggested coordinating with other organizations; we could coordinate and save costs.

Karl suggested P2F2 get into webcasts so that training can be offered throughout the year.

An Executive Director may also be able to help with conference planning. Dave DeJonge suggested that an Executive Director may be able to help with finding hotels for the conferences.

Karl said we need to work on how to grow the membership, offering webcasts, and what P2F2 can do besides the conference. Luke mentioned that Michigan is prohibiting some out-of-state travel. There is a concern regarding medium to small systems. Pension systems that lack internal systems audits are also a concern. Karl agreed we need to find options for people who cannot travel. Karen said P2F2 had purposely kept membership costs low, but the organization could

potentially increase these costs if more is offered. Michele suggested considering Facebook, especially to recruit younger members. Art mentioned his system had locked people out of Facebook but then opened it up some due to demand. Luke pointed out that many people have not heard of P2F2 yet and he gave Spokane, Washington, as an example.

Art commented that Karen's conference sessions agenda was amazing this year. He suggested paying an Executive Director. Luke and Karen agreed, suggesting possibly \$20,000 - \$30,000. Karen suggested finding a revenue stream to support the position, maybe broken out into \$10,000 pieces. Michele suggested that having different contacts and different views may be helpful. Art said that one of their reps retired and became Executive Director of pre-retirement. Only his expenses are covered but he has a passion for it. Art will check and see how he is compensated. Luke commented that the person would need to have a passion and a drive to move P2F2 forward. Michele suggested starting with more than one person and one may emerge as an ideal Executive Director. Karen pointed out that it might be a lot of work for one person; each person has different strengths. Art said the position may eliminate the ethics issue many of us run into. Karl pointed out the need to get the Board some help and the need to get more people for the committees. Luke said he would push this need. Michele suggested asking for specific types of help, for example, help with the newsletter or Facebook. Rhonda mentioned the committee question on the clicker survey and suggested that maybe someone could stand up and say what the individual committees do. Karen said she has heard committee comments such as committee members not being heard from and people being overwhelmed due to lack of offers to assist. Michele said she could not reach her committee person. Rhonda suggested encouraging people to sign up for only one or two committees and making time commitments, rather than checking all committees. Karen suggested having committee poster boards and having someone there to discuss the committees and to have face-to-face contact. Michele suggested having committee round-tables at lunch where interested people could discuss the committees and what is involved.

Luke said he will move forward with the idea of an Executive Director. Luke will head the effort and Karen, Karl, and Michele will help. All Board members are willing to assist. Michele suggested that we should define the position first.

Karl said P2F2's response to the GASB's Preliminary Views document regarding Pension Accounting and Financial Reporting by Employers was completed in three conference calls; one call to define the issues, a second call to put together a lead-in, and a final call to complete the details. The response disagreed with almost everything in the Preliminary Views document; in particular, separating accounting from funding and the elimination of the NPO and the ARC. The committee received some good comments from Nick Lange of CALSTRS and Michelle Camuglia of New York State and Local Retirement System. The Preliminary Views document addresses whose liability is it really? COLAs and ad hoc COLAs are discussed, as well as investment gains and losses and a 15% corridor. There are also issues with cost-sharing employers and the arbitrary allocation of liabilities, in addition to frequency and timing issues. Employers' auditors will have issues; a lot more will have to be done and it will be an expensive undertaking. It will take multiple years to accomplish. Karl will add a comment to P2F2's response regarding phasing in the new requirements; the GASB timeframe is not reasonable as it allows only one year for responses to the Preliminary Views document, then one year for the Exposure Draft, and then implementation. Karl has heard some hope regarding the cost-sharing employers and the liability getting on their financial statements. Employers with one to three employees could have widely changing liabilities. Financial economics people are pushing for more, though. They want immediate recognition of gains and losses, rather than allowing them to be amortized. Many systems have gone from over-funded to under-funded within a few years.

Regarding the GASB's proposed change to discount rates, Karl included an example in which this resulted in a \$14 billion change. Karl will make the changes discussed and get the response to Luke to submit by Friday.

Luke and Michele did the last GASB presentation and Luke said he thinks P2F2 should present again this year. Karl and Karen said they would go. Karl had been to a GASB 25 presentation. Karl and Karen will discuss Luke's and Michele's learning experience with them prior to going. Karl stated that everyone came to the meetings well prepared and they came together well and quickly.

Karl said he has been unable to get the newsletter out due to other commitments. Luke thanked Karl for all his work on the newsletter.

Luke posed the question of whether the organization should have insurance for us as Board members. There are a lot of contracts to sign (for events such as the paddleboat and the Railroad Museum) and the insurance would probably not be costly. Michele made a motion to accept the proposal, Karen seconded and the motion passed. Karen asked if we should begin assigning tasks and Luke said he will look into the insurance.

Karen brought up the issue of the consistency of the presidency. It had been her idea to make it a two-year position rather than a one-year position. The person serving as President just gets it figured out by the end of their first year and having the second year consistency would be helpful. This would require a change to the bylaws with a thirty-day notice to the membership and a two-thirds vote of approval. Michele asked if the bylaws stipulate the length of term of an office. If not, then the Board could re-elect the officers this year and the bylaws could be changed next year. Michele read from the bylaws that officers can serve no more than three consecutive one-year terms.

Currently Karen signs checks and faxes a copy of the check to the President to approve and release (due to the time-frame and the quick turn-around required). If a new Treasurer is elected, Karen could move the bank accounts, but they have been moved twice already and it is an involved process. In addition, we need to do an investment plan. Karl suggested the Board meet more often, especially with wanting to make improvements to the organization. The Board currently meets quarterly and increasing the frequency to every other month was suggested.

Beulah, Art and Glenna roll off the Board this year. All three are willing to remain on the Board. The President will solicit volunteers for the nominating committee for the Board members that will roll off next year (Luke, Karen and Rhonda). The Board then discussed members who are active on the committees and, therefore, might be good as Board members. Luke stated he likes having different systems represented on the Board.

The next Board meeting will be held after the Business meeting. Karl pointed out that we have a Treasurer issue since Karen has served the three years allowed by the bylaws. Karen suggested electing a new Treasurer but still having the Ohio Public Employees Retirement System do the remaining duties. Luke nominated Beulah and Karl seconded the motion. Karl asked about an Audit/Investment Committee. Luke nominated Beulah and Karen; Art volunteered to be on the Audit Committee.

Karen has a camera and volunteered to take conference pictures and send them to Karl.

Luke talked to Meetings Up North regarding the P2F2 website. They do the Michigan website and conferences. Michele has a contact from the MOSERS website; they want to know what we currently use for our website, how many changes we would want to make and do we want a redesign of the website. It may be about \$1,000 per year to keep the site updated. The Board will need to get an official bid once we know exactly what we want. We do want to increase interactivity. Virginia Brizendine currently uses Front Page for the website work. Dave's contact charges \$15 per hour to set up and P2F2 would do the maintenance. The Board would prefer having someone who would do it all. Karl stated we need to get design ideas and then look for someone, determine timeframes, etc. Michele said we need to approve the design prior to posting. Karl said he would work on the website project and Michele and Dave said they would help. Karl and Michele currently maintain websites and Dave maintains six websites. It was suggested we ask for additional volunteers, especially regarding ideas such as Facebook and possibly involving younger members of P2F2.

The 2011 Conference will be on the West Coast. Phoenix, Salt Lake City and Portland were suggested. There was some concern regarding safety issues in Phoenix and Arizona is politically sensitive right now. In addition, no one from the Phoenix or Salt Lake City area is attending the 2010 Conference, although there have been attendees from Utah in the past. Salt Lake City and Portland are believed to be safe. Portland can be expensive. Salt Lake City would have sightseeing, mountains with snow in July, and the Tabernacle. Utah has incredible National Parks, four major ones, and Utah is great for biking. There is also a lot to do in Portland. We may have an Oregon contact. Beulah will make a connection.

Norfolk, Virginia, was suggested as an East Coast site for the 2012 Conference. Hotels can run about \$95 per night; it is on the waterfront, has an international airport with Southwest and a couple other airlines flying in. The weather is mild there in late September and October. There is a lot to do. There are tunnels and it is close to battlefields.

Karen suggested it would be helpful to have the last conference chair or last two conference chairs assist the new conference chair. Dave is willing to chair the Conference Committee again, saying it is a lot of work but it is also a lot of fun. We will have the Oregon contact talk to Dave. We will announce the 2011 Conference location as soon as possible, as well as announcing we are reviewing locations for the 2012 Conference. We have determined Boston and Washington D.C. are cost prohibitive. Other suggestions, in addition to Norfolk, were Florida (Jacksonville, Amelia Island), Baltimore (determined to be a safety concern), Charleston, South Carolina, and New Orleans. Karl stated we need to consider who would be able to assist us. Locations suggested for future conferences were Austin, Texas, Santa Fe, New Mexico (mountains and a lot of history), and Tucson, Arizona.

Next year's conference will be in October. We need to avoid the week of the NCTR conference to avoid speaker conflicts, etc. The dates are set at October 2-5.

Karen suggested discussing funding for an Executive Director; we need a new source of funding. Art suggested checking on the willingness of potential Executive Directors to go after sponsors and funding. Michele pointed out the need to be careful not to attach a specific sponsor to the organization. Karen asked if we want to increase the cost of sponsorship. We can have the Executive Director Committee come up with funding ideas as well. Rhonda volunteered to be added to the Executive Director Committee.

P2F2 has eleven sponsors for this year's conference. We lost DSTI to another organization. We have tried for several years to get an IT/software organization such as Microsoft to sponsor. We

would like to have a big-name association and also possibly get more accounting firms to sponsor. We are concerned regarding ethics issues if we have a sponsor fund a dinner event.

Luke suggested paying an Executive Director \$20,000-\$25,000; this amount seemed high to some Board members. We determined we need to define the position first and then determine how to fund it. Karen asked about increasing dues, which are \$100 now. Karl suggested increasing the dues \$20 and Luke suggested going to \$150 per year. The Board agreed to increase the dues to \$150. We can work with the Finance and Audit Committee. We can use the Executive Director position, the website, and webcasts to justify the increase in dues.

With no new business to discuss, Karl made a motion to adjourn. The motion was seconded by Beulah. The meeting adjourned at 11:20 a.m.