



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 19, 2011 (2-3 p.m. EST)

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

*Directors absent: Hewig and Carraher*

*Guests: Molly Shanahan - IPERS*

President Huelskamp called the meeting to order at 2:03 pm EST.

Dave DeJonge submitted a motion to accept the minutes of the March 3, 2011, meeting. Beulah Auten seconded the motion and the minutes were approved unanimously.

Dave provided an update on the 2011 Conference. He reported that Dale Orr is retiring and Debra Hembree will be replacing him and working with Rhonda Covarrubias on the On-site/Hospitality Committee. Dale was very helpful and he will make sure that Debra is brought up to date. Dale and Debra will be doing a walk-through of the hotel. Dave also reported that the conference speakers are nearly all set. There will be sessions on Social Media, IT Risk Assessment, GASB Exposure Drafts and Crazy Good Customer Service, in addition to the regular updates. Speakers include Stephen Gauthier and Keith Brainard. Rhonda will try to touch base with Keith Brainard tomorrow as he is coming to TMRS. A Wednesday afternoon session has been added with a five-minute break. In addition, a Monday session was cut but a Tuesday afternoon session was added. The Tuesday afternoon sessions are scheduled to end at 5:10 p.m. The conference will provide 26 or 27 continuing education credits (CPE). The online conference brochure should be done soon. The registration forms have been forwarded to Michele Nix and should be posted later today. Gail Stroll is working on an email blast. Gwen Ross and Nancy Silvers are working on a letter for the membership drive. Michele has nine sponsors for the conference and she is waiting to hear back from a couple more. An economist is needed for an economic update and it was asked if a bank sponsor would have an economist that would be willing to speak. The banks that are sponsoring are State Street, J.P. Morgan, and Bank of New York/Mellon. Rhonda said that Bob Taylor with State Street said to let him know if anything is needed. The Oregon State economist is willing to speak for \$500. The session will be held Wednesday, October 5, 12:45-1:35 p.m. The Hospitality Group is doing an awesome job. Rhonda reported that the Monday evening event is ready; Luke signed the contract and the deposit has been sent. The bus contract is also signed. We will be going to Multnomah Falls and then to the lodge for dinner where there will be a cash bar. One session is being cut on Monday to allow for an earlier departure. The subcommittee for meals is working on the selections. They had some questions for the hotel and hope to have final meal selections by the next meeting, which will be held in June. CPE tickets will be created once the sessions are set. We have volunteers from the committee for Sunday registration and Oregon administrative staff will man the registration table the rest of the week. Gwen has ordered flash drives and portfolios for the goodie bags. Other little items such as pens, little sticky pads, etc. will likely be added. It was

asked if sponsors have anything they would like to add to the goodie bags, but Michele stated that we will have to wait on that for now.

Phase 2 of the website was discussed. Michele said that we will probably need to push out the use of the discussion board as it is not being used yet. The website design is done. We will need to secure a portion of the website to share documents like RFPs, a searchable database, etc. Michele asked where we want to go next. Rhonda stated that she still likes the idea of a searchable database and Glenna Musselman agreed. Michele said costs are reasonable and she would get a quote. Michele said Nancy Silvers asked what benefits she can list in recruiting members for P2F2; what do members get for their money? P2F2 provides networking and the conference but these are available to non-members too. We need to come up with a list of selling points. Possibly a database? Rhonda agreed that we do need something special and Michele agreed that we need to address getting a list of benefits together. Luke Huelskamp likes the idea of sharing RFPs for auditors. Rhonda also suggested sharing contracts and depository agreements. Luke said being able to find similar-sized systems to contact is a benefit and Dave suggested that one location on the website for links for finance folks would be nice. Michele gave a recap: document sharing, a searchable database, and one location for common-subject links. Nancy had suggested that conference materials could be a benefit, possibly videotaping conference sessions to post on the website. Links to other organizations would be helpful also. Rhonda asked if we tell conference sponsors that we will do anything other than the conference for them. Should we consider links or posting sponsor information on the website? Michele said she was torn on this issue. We don't want the website to turn into advertising. The comment was made that we also don't want to give the impression that sponsors are running the show. Michele said this may especially be a concern for systems with ethics issues. Luke will get a concrete list of benefits for Nancy.

Luke reported that Karl Greve suggested an online communications committee for the website and to help with the newsletter. Michele commented that we need some regular postings or people won't go to the website. Luke asked Michele what types of questions are received and Michele responded that they are usually just general questions. Luke asked if she received questions on anything like derivatives or securities lending and Michele said she doesn't. Dave stated that these questions would be good for the Members' Forum. We need to advertise the forum so that members realize it is available and it gets used. Rhonda suggested promoting it at registration, possibly doing a campaign and maybe putting notices in the goodie bags. Michele said that Karl is suggesting a group that goes out regularly and provides updates. Maybe we should do something daily during the conference to promote it. It was asked when the next newsletter is due. We don't have a schedule; Luke will talk to Karl. Dave volunteered to write an article on the conference.

Beulah Auten emailed the Financial Report as of April 30, 2011, to the Board prior to the conference call. She reported that the \$3,750.00 in entertainment/activities expenses were the down payments on the conference activities. The balance as of April 30, 2011, is close to \$163,000. Luke asked for a motion to accept the financials. Rhonda made a motion that was seconded by Michele and the motion carried. Beulah and Karen Carraher have discussed the formation of an Investment Committee. P2F2 has a good cushion as far as the conference is concerned. The money is currently in an interest-bearing checking account. An Investment Committee is needed to determine how to better invest these funds. Should we open the committee to the membership? Luke said that he likes this idea as it would get more people involved. The Treasurer would head up the committee. Rhonda asked if the Board would set guidelines or would the committee just be providing recommendations to the Board. Michele stated that she thinks the committee should include the Treasurer and one other Board member.

Beulah agreed to head-up the committee. Michele stated that Karen may be interested in the committee too; Beulah will coordinate with her. Dave asked if there is anything in the bylaws regarding how committees are set up. Beulah said she will look into it. She asked if we should recruit members by sending an email blast and it was agreed that this is a good idea. Michele read the pertinent portion of the bylaws, which state that the president appoints all committee chairs. Per the bylaws, "The Treasurer is the chair of the Finance Committee, which includes three other Directors. The Finance Committee is responsible for developing and reviewing fiscal procedures, fundraising plans, and the annual budget with staff and other directors. The Board must approve the budget and all expenditures must be within budget. Any major change in the budget must be approved by the Board. The fiscal year shall be the calendar year. Annual reports are required to be submitted to the Board showing income, expenditures, and pending income. The financial records of the organization are public information and shall be made available to the membership, Directors, and the public."

In a discussion regarding hiring an Executive Director, Luke stated that Karen had sent an email in opposition. Luke said that he was looking for someone part-time, maybe retired, to handle some of the P2F2 tasks. Michele stated that she is okay with her tasks for now. Luke said he was thinking that an Executive Director could reach out and maintain ties with other organizations and assist with the sharing of ideas. He was thinking maybe eight, ten, or twelve hours per month. Michele asked Luke if he had anyone in mind and Luke said he didn't, though possibly Norman Turnipseed if he is interested. Luke is looking for suggestions. He also thought this person would keep ideas organized on the website, together by topic, etc. Beulah said she thought everyone was in agreement to have someone that had time to do the tasks. She suggested that the concern may be funds, so maybe just not at this time. Michele suggested maybe hiring out in piecemeal as needed, if a volunteer cannot be found, rather than commit to an outflow of cash. Luke had heard a comment from someone that loves our size, not too big or too small; but there are still organizations that have not heard of P2F2. There have been comments from people preferring P2F2 to GFOA, stating that P2F2 provides more usable information. GFOA has high-level information. Michele pointed out that Gwen Ross is taking on some of that outreach. Dave suggested using volunteers as much as we can. He feels he has some skin in the game now; people may not feel that way with an Executive Director. Rhonda agreed with Michele regarding hiring someone as needed; we may not be ready for a permanent person. Luke commented on systems audits, finding the low number of participants shocking, and expressed a need to increase knowledge flow. Michele suggested this as a speaker topic. Dave said that there will be one session on IT risk assessment. Michele pointed out that we can provide some of this information on the secure website also, rather than limiting the information to newsletters and conferences. Michele reiterated that she is fine with her website duties now. Someone is doing the maintenance work. There was a contract to design the new website but the maintenance is now on a month-to-month basis; there is no long-term contract. Beulah said there were \$2,200 in expenses and Michele said that this included the redesign.

Luke said he received an email from Karl, who was in an actuary meeting, and was unable to join the conference call.

Luke summarized, saying the consensus is that we like the idea of an Executive Director but will table the discussion for now and maybe look at it again in a year or two. Luke also told Michele she did an excellent job on the website and commended Dave on his conference work and Karen on her work on the conference sessions.

Regarding new business, Rhonda stated that she knows it is difficult to plan too far ahead, but the Board has discussed advertising the next conference at the 2011 Conference. She contacted

Arthur Fillastre from Louisiana. He and his director, Cindy Rougeou, are willing and able to host a conference in Louisiana. Dave agreed that it is smart to start now with getting a hotel, etc. (Karl Greve joined the call at this point.) Rhonda asked if she should touch base with Art and Luke asked if a conference in Louisiana would be held in Baton Rouge or New Orleans. Rhonda didn't know but said that Arthur is with the Louisiana State Employees' Retirement System (LASERS). He goes by Artie. Dave said that he is located in Baton Rouge. Rhonda reported that she had sent an email letting Arthur know that we would ask for help in locating and securing a hotel, in staffing and managing the registration desk, etc. Luke asked when hurricane season ends and Rhonda responded that May through September are the worst, but the season may go into October. The question of logistics came up and Rhonda said she will follow up and get more information. Michele asked about the size of the city, the safety of the area, and if the area has hotels large enough to accommodate a P2F2 conference. Luke mentioned that we had also discussed Virginia as a possible conference location. There would be a lot of history and activities available in Virginia. Art Hewig returns on the 21<sup>st</sup> and Rhonda commented that Art is retiring. Luke said he believes Art will be available for a few more years. Dave said Art was unsure when he last heard from him as to whether it would be one, two, or three years. Beulah said she knew it was getting close. Luke said we should definitely reach out to Louisiana and Rhonda stated that they seem very eager. She asked if we are considering Louisiana for the 2012 conference or would that be Virginia and Louisiana would be 2014. We don't want to risk Louisiana losing interest. Rhonda stated that she doesn't know the proximity of Baton Rouge to New Orleans and Dave commented that October seems to work better for the conference, especially when going south. The question of how many systems have a September 30 close was asked and Michele said MOSERS does, so she prefers a later conference. Beulah and Luke also prefer October and Rhonda said early October works better for her than late October. Michele will be busy with CAFR work until about October 10. October 14-17 was suggested as a conference date. Dave asked if other organizations' conferences will conflict. Michele commented that it would be great to know the location of the conference two years in advance. Rhonda asked if Louisiana might be in 2013. Would it be Minnesota, Oregon, Virginia, and then Louisiana? Karl asked if Louisiana had been to P2F2 conferences. Rhonda and Beulah said yes, they have. Arthur and Jeri from LASERS have attended. Members from LASERS spoke on disaster recovery a few years ago. Luke said yes; reach out to Louisiana for 2013, if not 2012. It is so important to have someone on-site for the conferences. Karl agreed that if we have someone willing to do it, let's accept the offer. Luke asked Rhonda to reach out to Louisiana and he will contact Art Hewig about Virginia. Rhonda asked if we want to wait for the next Board meeting to decide on the conference locations and it was suggested that we can maybe try to decide next month. Rhonda said her preference is early-to-mid October and, if not, then late September. Michele said early October is bad for her. Rhonda said she has Board meetings mid-to-late October and it is hard for her to know when the meetings will be and when she will be available.

Karl led a discussion on the GASB Exposure Drafts on pensions. He strongly suggests looking at recent decisions, especially if you are a cost-sharing PERS. He said we should plan to see an Exposure Draft for pension plans and employer reporting in June, in addition to an Exposure Draft for OPEB. Karl provided some highlights and concerns regarding the GASB proposals. Multi-employer plans will have to get employers to measure their liabilities at fiscal year-end. If the employer's fiscal year-end is different from the pension system's fiscal year-end, they will have to update the information if there are significant changes. One concern is how to get it through the employer audit. There will also be new disclosures regarding investment policies and Required Supplementary Information will require a ten-year schedule, an actual time-weighted rate of return, and a dollar-weighted rate of return. Employers in cost-sharing plans should show their proportionate share of liabilities but GASB doesn't specify what proportionate share is. Each employer will have to show the number of employees in the plan, active and inactive,

retired, and beneficiaries for each employer. Karl had a discussion regarding chartered schools; are they a separate employer? There is not a good definition of employers. How would it be handled if there are multiple financial-reporting entities reporting as one employer? There are also issues related to retirees. At Colorado Public Employees' Retirement Association, the last employer is the employer the employee retired from, but the employee could have worked for multiple employers. How does GASB look at this? Colorado PERA does a transfer of assets at 100% funding. There is a lot of new information, especially regarding cost-sharing employers, and Karl encourages everyone to look at it. There is a link on the last P2F2 newsletter to the GASB site. There is a lot for pension systems to be concerned with, especially logistically. What is considered significant is also an issue. Rhonda said that TMRS is an agent system, not a cost-sharing system. The proposed regulations would become effective for years beginning after June 15, 2013. Karl stated that it seems like plans may have to early adopt to have information ready for employers to do their reporting. There will be a lot of work involved to get this done. Karl did say that there is one helpful change. GASB is talking about a five-year smoothing rather than the corridors; although, this will still make things more volatile than they are now. The five years would be mandated; plans cannot use six, thirty, or any other timeframe.

Newsletter assistance is needed, hopefully via a Communications Group. Please send Karl a message if you can help. Dave will provide an article on the upcoming conference.

With no further new business, Rhonda Covarrubias made a motion to adjourn. The motion was seconded by Dave DeJonge. The meeting adjourned at 3:26 EST.