

MINUTES OF MAY 12, 2010
ARIZONA STATE UNIVERSITY RETIREES ASSOCIATION
BOARD MEETING

Board Members Present: Gary Anderson, Joyce Hartman Diaz, Jim Fordemwalt, Elmer Gooding, Dick Jacob, Doug Johnson, Wilma Mathews, Connie McNeill, Rose Minetti, Carolyn Minner, William Moor, Dave Scheatzle, Dave Schwalm, Joy Shearman, Bill Stasi, Mary Stevens

Absent: Jo Madonna

Ex-Officio Absences: Rojan Alpers, Rachel Montoya, Robert Muscari, Eric Sloan

Committee Chairs Present: Gary Anderson, Sue Blumer, Alan Johnson, Barry McNeill, Dick Murra, Linda Van Scoy

Guests Present: None

I. CALL TO ORDER

President Connie McNeill called the meeting to order at 10:05 a.m.

II. INTRODUCTIONS AND THANK YOU

President McNeill presented a gift to past president Mary Stevens for her service as ASURA president in 2009/2010. Introductions followed.

III. ADOPTION OF TODAY'S AGENDA

It was moved and seconded that the agenda for today's meeting be approved. The motion passed unanimously.

IV. REVIEW AND APPROVAL OF THE MINUTES OF THE MARCH 10 AND MARCH 24 BOARD MEETINGS AND THE APRIL 10 ANNUAL MEETING

It was moved and seconded that the minutes be approved. The motion passed unanimously.

V. FINANCIAL REPORT / TREASURER'S REPORT

Carolyn Minner distributed the ASURA Budget Report (attached) covering the period July 1, 2009 to April 30, 2010. There was some clarification of the columns "Year to Date" and "Budget minus YTD". The funds expended are in the "Year to Date" column. The Operations account has a balance of \$27,448 and the Special Projects account has a balance of \$27,531. Bill Moor moved for approval of the report; Doug Johnson seconded the motion and the motion passed unanimously. Joyce Hartman Diaz advised that she would prepare a proposed budget for 2010/2011 and present it to the Board for approval at a regular Board meeting in the fall.

VI. EX-OFFICIO REPORTS

- Human Resources – No report
- University Liaison – No report
- University Senate – No report
- University Staff Council – No report

VII. STANDING COMMITTEE REPORTS

A. Community Outreach Committee - Subcommittee Reports

- Adopt-A-Family – No report
- Emeritus College Liaison – Dick Jacobs reported that his goal is to strengthen the bonds between the Emeritus College and ASURA. He has placed our Board members on the mailing list for the Emeritus College newsletter. He also posted on-line a notice of a creative writing workshop which the College sponsors and invited ASURA members to participate at a cost of \$135 for a 10 week workshop, conducted two hours per week. This cost is the same cost charged to members of the Emeritus College. The workshops are limited to five participants.
- Scholarship Committee - Sue Blumer reported that the Scholarship Committee met on April 13, 2010 to review 25 scholarship applications. After careful study, the Committee selected one applicant who is an art major with a strong record and history of personal hardships. Doug Johnson moved that ASURA use funds in the Special Projects account to fund the fall portion of the scholarship and discuss funding for the spring semester portion in a fall meeting. Wilma Mathews seconded the motion, which passed unanimously.
- University Club Liaison - Jim Fordemwalt reported that the University Club is engaged in a membership drive with a goal of increasing membership to 1000 this year. The Bistro in the Club is doing well. A survey of members indicated an interest in tailgate parties in the fall.
- Video History Project - Linda Van Scoy reported that the committee plans to conduct two more interviews over the summer, which will result in a total of 11 interviews in 2009/2010.

B. Events Committee - Subcommittee Reports

- Luncheons & Special Events – Mary Stevens reported that efforts to determine a chair for the committee would be on-going over the summer with the goal of making an appointment before the September 8 meeting.
- Retirees Day – Connie McNeill advised that Barry McNeill has agreed to chair the Retirees Day Committee. Barry commented that he was looking forward to working with the committee. The Board thanked Barry for undertaking this very significant appointment.
- Travel – Bill Stasi reported that the Travel Committee took a survey of members who participated in Olive Mill/Dolly Steamboat trip in March 2010. Generally, participants enjoyed the day although there was some negative comment about the lunch. The committee has been collaborating with the Emeritus College, Faculty Wives Association the ASU Alumni Association and the NAU retirees' organization in posting notices of ASURA trips. Bill reiterated the policy on attendance of members and non-members of ASURA, that is, ASURA members are given 1st priority; if the trip is not full, non-members may register. Dick Jacobs suggested consideration of a policy on trip registration.

C. Finance Committee

Mary Stevens reported that the Finance Committee would be meeting to consider President McNeill's goals for the committee, that is, to focus on the long-range financial health of ASURA and determine whether additional fundraising would be necessary to meet our special projects and other commitments in the future. Mary

advised that the committee would meet during the summer and report to the Board during a fall meeting.

Connie McNeill requested that the committee consider options for the \$9000 in spendable funds in the Endowment account and present the options to the Board in a fall Board meeting.

D. Government Liaison Council

- ASRS General – Alan Johnson submitted a written report (attached) in which he explained the role of the ASURA liaison to ASRS and the importance of personal presence at monthly ASRS Board of Trustees meeting. At the April ASRS Board meeting, ASRS Director Paul Matson reported “good and bad news.” ASRS had positive returns in Fixed Income and Domestic/International Equity funds and negative returns in Private Equity and Real Estate funds. ASRS is concerned with the underperformance of the ASRS call center and is seeking additional personnel to correct the problem.

Alan announced during the March meeting that he would be stepping down as the ASRS liaison after serving in the role for several years. Newly elected Board member Dick Jacob has agreed to serve as the liaison to ASRS.

- Legislature – Alan Johnson submitted a written report for Jerry Aronson and advised that the Legislature made several changes that affect retirees in the 2010 Regular Session:
 - An increase in the formula for determining the ASRS annuity benefit from 80 to 85 points;
 - A change in the period for average salary calculation for annuity benefits from the highest three to the highest five years;
 - A change in the refund of employer contributions for employees who terminate employment from a 100% refund to 0% refund.

In other actions, the Legislature did not replace the current defined benefit plan with a defined contribution plan. A bill that would have allowed faculty to carry concealed weapons on campus died in committee.

On April 5, 2010, ASURA Governmental Liaison members attended a meeting with Rep. Matt Heinz to discuss a bill that would shift retirees with ADOA health insurance to ASUS health insurance. The bill did not advance this year.

- Health Insurance Liaison Council

ADOA - Doug Johnson reported that ADOA is struggling with staffing issues presently that are causing problems in responsiveness.

ASRS benefits - Rose Minetti reported that the first meeting of the ASRS Health and Budget Committee is on May 22, 2010 to discuss issues involving dental insurance.

F. Membership and Communications Committee – Subcommittee Reports

- Membership Update - Elmer Gooding reported that our membership increased from 674 to 693. (See report attached) Renewal applications went out on May 3 2010. The meetings with an ASURA representative and pending retirees arranged

through Human Resources are going well. Connie mentioned that Human Resources needs to distribute the revised ASURA application forms for 2010/2011.

- Prime Times – Wilma Mathews asked that articles for the summer issue of Prime Times be submitted to her as soon as possible..
- Web Site and Database – Connie McNeill reported that ASURA now has a projector to use for ASURA meetings, etc. The projector cost about \$1000. New keyboard trays have been purchased and installed for the office computers. The website will be updated to new technology during the summer months.

VIII. UNFINISHED BUSINESS

ASURA bank account. Connie McNeill distributed a memo (attached) summarizing her discussion on May 4, 2010 with Jerry Snyder, ASURA member and former ASU Comptroller, about the possibility of ASURA establishing its own banking/financial accounts. Jerry advised that to do so, ASURA would have to become a 501C organization and perform all of the requirements of a 501C. Jerry commented that ASURA's overall cost in ASU Foundation fees of less than \$1000 is much less than the value of the benefits and support ASURA receives from the Foundation and ASU, such as computer resources, university office space, \$7000 for mailings etc. He believes the Foundation management fees are standard for everyone. Connie's memo also noted the services the Foundation provides in administering our accounts, including meeting IRS and 501C reporting requirements. Following discussion, Bill Moor moved that ASURA continue to maintain its accounts with the ASU Foundation; Carolyn Minner seconded and the motion passed unanimously.

IX. NEW BUSINESS

- A. Ratification of Committee Chairs for 2010-2011** – Connie McNeill presented a roster of committee chairs for ratification by the Board. The Board ratified the chair appointments.
- B. Application of Robert's Rules of Orders in our meetings** – Connie McNeill suggested that ASURA Board meetings continue to be conducted under Roberts Rules of Orders generally but with less formality as appropriate and the Board agreed.

X. ANNOUNCEMENTS

- A.** ASURA'S Endowed Scholarship agreement with the ASU Foundation. Joyce Hartman Diaz reported the agreement was executed in April and is now in place.
- B.** Next Meeting – The next regular Board meeting will be on September 8, 2010 at 10:00 a.m. in room 203 of the Community Services Building

XI. MEETING ADJOURNMENT

It was moved and seconded to adjourn the meeting. The motion passed and the meeting adjourned at noon.

**ASURA FINANCIAL REPORT
7/1/2009 THRU 4/30/2010**

	FY 2010 Budget (Revised & Approved 2/2010)	Year To Date Amount	Budget Minus YTD	COMMENTS
Operations - Expenses				
<i>Printing & Mailing Costs</i>				
Events	2,250	1,185	1,065	Advertisement - approx \$250/ mailing incl. fees/OH, budget for 9 mailings
Board Ballots	500	552	-52	All costs, including fees/overhead
Annual Report	115	151	-36	All costs, including fees/overhead
Prime Times	2,775	1,755	1,020	3 issues at approx \$925/issue incl. fees/overhead
Membership Drive	1,320	641	679	Initial @\$650, 1st followup @\$425, 2nd followup @\$170, 3 new retirees @\$25 w/ fees/OH
Subtotal Printing & Mailing	6,960	4,284	2,676	
<i>Other Operations Costs</i>				
Business Luncheons/Staff Appreciation		454		Includes Tri-University Legislative Luncheon/Staff Appreciation Luncheon
Office Equipment & Supplies	3,650	3,250	400	Includes \$250 for new keyboard trays for office, \$1500 for projector for conf rm, fees
Phone/FAX Service	1,290	1,930	-640	Office phone and FAX service. Actual costs will be about \$3,700 (2/2010).
Foundation Fees	700	729	-29	Percentage of transactions (deposits & expenditures, credit card payments) against our Foundation account.
Subtotal Operations Costs	5,640	6,363	-723	
Total Operations Expenses	12,600	10,647	1,953	
Operations - Source of Funds				
Balance forward	23,640	23,640	0	
Public Affairs	7,000	6,819	181	Mailings, office equipment maintenance, phone service
Membership "dues" Donations	15,415	6,795	8,620	Major membership drive is in May, with funds arriving May/June
General Operations Donations	2,000	1,432	568	Major membership drive is in May, with funds arriving May/June
Event Collections excess (+)/deficit (-)	500	-591	1,091	Detail available on attached Event Report
Total Operations Funds	48,555	38,095	10,460	
Operations Net - Income Less Expense	35,955	27,448	8,507	
Special Projects - Expenses				
Foundation Fees	100	47	53	Percentage of transactions (deposits & expenditures, credit card payments) against our Foundation account.
Scholarship	6,500	6,500	0	
Adopt-a-Family	2,000	1,902	98	
Video History	7,700	5,009	2,691	Includes new equipment & server space, + \$3000 for 12 interviews & fees
Total Special Project Expenses	16,300	13,458	2,842	
Special Projects - Source of Funds				
Balance Forward	30,280	30,280	0	
General donations	1,150	930	220	Estimate: \$500 more with May membership renewals.
Golf tournament, fund raisers	0	0	0	Nothing concrete planned for fundraisers at this time.
Scholarship Endowment - spendable	9,146	9,779	-634	Endowment Original Gift: \$21,450; Current Value: \$21,492.98 Can be spent only for the scholarship.
Total Special Project Funds	40,576	40,990	-414	
Special Projects Net - Inc. Less Exp.	24,276	27,531	-3,256	

ASURA EVENT REPORT

FY - 2010

JAM SESSION - 4/13/2010

\$0.00 Registration fees collected
\$0.00 Registration fees refunded
\$0.00 Event costs - travel & related
(\$278.75) Event costs - food, entertainment & related
\$0.00 Event costs - lodging & related
\$0.00 Event costs - other

(\$278.75) Net gain (loss), exclusive of advertisements

\$0.00 Advertisements (printing/mailing/overhead charges) - covered by ASURA Operations

(\$278.75) Overall net gain/loss

SPRING FLING TO OLIVE MILL & DOLLY STEAMBOAT - 3/18/2010

\$0.00 Registration fees collected
\$0.00 Registration fees refunded
\$0.00 Event costs - travel & related
\$0.00 Event costs - food, entertainment & related
\$0.00 Event costs - lodging & related
\$0.00 Event costs - other

\$0.00 Net gain (loss), exclusive of advertisements

(\$217.72) Advertisements (printing/mailing/overhead charges) - covered by ASURA Operations

(\$217.72) Overall net gain/loss

RETIRES DAY - 2/20/2010

\$2,975.00 Registration fees collected (\$25 x 119)
\$0.00 Registration fees refunded
\$0.00 Event costs - travel & related
(\$3,186.70) Event costs - food, entertainment & related
\$0.00 Event costs - lodging & related
\$0.00 Event costs - other

(\$211.70) Net gain (loss), exclusive of advertisements

(\$289.02) Advertisements (printing/mailing/overhead charges) - covered by ASURA Operations

(\$500.72) Overall net gain/loss

ASURA EVENT REPORT

FY - 2010

FASHION SHOW - 1/12/2010

\$400.00 Registration fees collected (\$10 x 39)
\$0.00 Registration fees refunded
\$0.00 Event costs - travel & related
(\$200.96) Event costs - food, entertainment & related
\$0.00 Event costs - lodging & related
\$0.00 Event costs - other

\$199.04 Net gain (loss), exclusive of advertisements

(\$240.20) Advertisements (printing/mailing/overhead charges) - covered by ASURA Operations

(\$41.16) Overall net gain/loss

HOLIDAY POTLUCK - 12/17/2009

\$0.00 Registration fees collected
\$0.00 Registration fees refunded
\$0.00 Event costs - travel & related
(\$13.00) Event costs - food, entertainment & related
\$0.00 Event costs - lodging & related
\$0.00 Event costs - other

(\$13.00) Net gain (loss), exclusive of advertisements

(\$225.81) Advertisements (printing/mailing/overhead charges) - covered by ASURA Operations

(\$238.81) Overall net gain/loss

VERDE CANYON RR TRIP - 11/4-11/5/2009

\$10,522.00 Registration fees collected (\$249 x 34; \$294 x 7)
(\$1,329.49) Registration fees refunded (5 partial; 3 full)
(\$2,040.00) Event costs - travel & related
(\$5,219.16) Event costs - food, entertainment & related
(\$2,044.00) Event costs - lodging & related
(\$176.12) Event costs - other

(\$286.77) Net gain (loss), exclusive of advertisements

(\$212.23) Advertisements (printing/mailing/overhead charges) - covered by ASURA Operations

(\$499.00) Overall net gain/loss

Report on the Arizona State Retirement System (ASRS) for the ASURA Board, May 12, 2010

First, a few words, particularly for new Board members, on what the ASURA liaison to the ASRS does. The ASRS has two main divisions: investment management and operations. Operations includes member services and administrative services. The ASRS also maintains an external-affairs division to prepare and monitor legislation; an internal auditor; and a legal counselor, who, among various duties, advises the ASRS on appeals by members against ASRS actions. The ASRS is run by a Director, Paul Matson, and is guided by a Board of Trustees, who are appointed by the Arizona Governor. Traditionally the ASURA liaison to the ASRS keeps track of activities particularly in the areas of service to members, the development of legislation by the ASRS, investment management, and the handling of appeals by the Board of Trustees. The ASRS website, www.azasrs.gov is informative, but attendance at the monthly meetings of the ASRS Board of Trustees provides up-to-date, in-depth information on current issues, and the Fall meetings of the External Affairs Committee provide an early look at proposed ASRS legislation and an opportunity for public input. Personal presence at meetings is especially important since that more than anything else seems to make the ASRS officers and Board aware of ASURA's interest.

At the March and April meetings of the ASRS Board, much of the news was good. The market value of the ASRS fund was cited as \$23.8B on February 28, 2010, and \$24.88B as of March 31. Director Matson commented in the April meeting that the increase would have a healthy effect on the ASRS's "funded ratio" (the actuarially determined ratio of assets to obligations over a prospective thirty-year period). The present, official ratio, as of June 30, 2009, is 79.1%, slightly below the widely accepted satisfactory range of 80-120%. The recent difficulties in Europe, of course, have had a negative and troubling effect on financial markets in the past few days. At the April meeting a good deal of pleasure was also expressed over the recent passage of Arizona HB2389, which, among several provisions, calls for long-awaited changes to the benefit provisions for the defined-benefit ASRS Plan. For this, see Jerry Aronson's Legislative Report.

On the clearly negative side, Director Matson called attention at both meetings to the underperformance by the ASRS Call Center and other venues for personal contact with members. This has resulted from unusually high demand and a shortage of permanent personnel. Additional employees are being sought.

The review of total fund performance presented at the March meeting was in general very positive. ASRS's outside consultant, Allan Martin of New England Pension Consultants, called the review "very good news." It has already been turned into distant history by recent market events, but it does show areas of success and areas of concern. In the year ending on December 31, 2009, ASRS had positive returns ranging from 10.2% in Fixed Income and 29.5% in Domestic Equity to 33.9% in International Equity. These make up about 92.5% of the invested funds. So-called "tactical" or "opportunistic" investments (3% of the fund) returned 22.6%. On the other hand, Private Equity and Real Estate (4.5% of the fund allocation) returned -15.9% and -28.9% respectively. Mr. Martin commented that Private Equity is a long-term investment and will improve. He attributed the loss in Real Estate to "re-pricing"; although not a good investment now, it is, he believes, a "good prospect" for the future. Also, he recommended future investment in commodities as a hedge against inflation.

Along with the staffing of the ASRS Call Center, the Private Equity and Real Estate investment categories call for close scrutiny in the coming months. Also of some concern is a possible bill next year to shift ADOA retiree health-insurance subscribers to ASRS insurance. However, ASRS is confident that it could absorb the influx and provide equal or better coverage.

Alan Johnson
ASURA Liaison to the ASRS

Legislative Liaison Report, May 12, 2010

The Legislature has concluded its Regular Session for 2010. Here are the positions the ASURA Board took and the legislative results regarding them*:

1. Increase 80 points to 85 in the ASRS formula for determining a retiree's annuity benefit in the Plan. Passed in HB2389.
2. Change the period for average-salary calculation for the Plan annuity benefit from the highest three to the highest consecutive five years. Passed in HB2389.
3. Allow Long-Term Disability appeals to the ASRS Board to be heard in executive session upon request by the appealing member. Passed in HB2389.
4. In the ASRS Plan the refund of employer contributions for an active member who terminates employment and ASRS membership should be changed from the present 100% to a refund of 25% of the employer contributions (as proposed by the ASRS) and should *not* be changed to 0% as proposed by a legislator.. However, ASURA would accept "0%" if necessary for passage of an omnibus bill containing items 1-3, above. The "0%" became law with the passage of HB2389. ASURA spoke in favor of SB1083, which contained the 25% cap, in its first committee hearing. ASURA spoke against HB2389 because of the "0%" amendment in its first committee hearing,. After HB2389 passed in that committee and SB1083 was held from further consideration, ASURA supported HB2389.
5. Employers of workers (notably public-school teachers) receiving ASRS pensions should pay an Alternate Contribution rate (instead of nothing or a monthly contribution at the standard, higher rate used for non-retired employees). This issue, called Return to Work (RTW), appeared in various bills but was dropped from consideration. For example, HB2390 was never heard, and RTW provisions were dropped from HB2389 and SB1083.
6. The entire Long-Term-Disability premium should *not* be paid by employees. This issue, which we anticipated in HB2389, did not materialize.
7. A new defined-contribution retirement plan should *not* replace the present defined-benefit plan ("the Plan"). The proposal to make the change, HB2341, did not receive a hearing.
8. Faculty should *not* be allowed to carry concealed weapons on campus. The bill to allow concealed weapons for faculty, SB1011, was held in its first committee and thus "died."

On April 5, 2010, ASURA Governmental Liaison members attended a meeting of "stakeholders" to discuss HB2654 by invitation of its sponsor, Rep. Matt Heinz. The bill would shift retirees with ADOA health insurance to ASRS health insurance. Many problems emerged. The bill did not advance in the Legislature this year but may be re-introduced next year.

*For the issues and positions, see the Legislative Liaison Report and the Minutes for the ASURA Board meeting of February 10, 2010. For the legislative results, see the ASRS Bill Tracker of April 16, 2010 at www.azasrs.gov and the 2010 Session records at www.azleg.gov.

For Jerry Aronson, by Alan Johnson

ASURA MEMBERSHIP TOTALS
 2010 Membership Year

Counts	
Current-year Members	693
Renewals from Prior Years	546
New This Year	147
Paid for the Current Year, Now Deceased	7
Last Year's Members Who Have Not Renewed	96
Last Year's Members Who Are Now Deceased	16
Current Members by (Approx.) Length of Membership	
Members for 0-2 Years	298
Members for 3-5 Years	74
Members for 6-10 Years	90
Members for more than 10 years	231
Current Members by Communications Preference	
Prefer E-mail	336
Prefer E-mail with No Obituary Notices	43
Prefer US Postal (paper)	312
No Mail of Any Kind	2
Current Members by Former Employment Category	
Faculty	296
Staff	271
Academic Professional	40
Administrative	34
Service Professional	46
Non-employee	0
Unspecified	6

More Counts	
Current Members by Address Location	
Arizona (Zip 85xxx and 86xxx)	620
California (Zip 900xx - 961xx)	13
All other	60

TO: ASU Retirees Association Board of Directors, Liaisons and Committee Chairs
FROM: Connie McNeill, President
DATE: May 7, 2010
SUBJECT: BACKGROUND INFORMATION FOR UNFINISHED BUSINESS ITEM, MAY 12 BOARD MEETING

At its March 2010 meeting the Board passed a motion that the Executive Committee should “explore non-profit status and all reasonable options for a non-Foundation checking account.” It was understood that we would begin by seeking advice from appropriate ASU personnel before taking any other steps.

On May 4 I spoke with Jerry Snyder, long-time ASU Comptroller (recently retired, just finishing a consulting contract with ASU, member of ASURA) about our interest in this. I gave as our reasons:

- Board dissatisfaction with the fees: 2% in, 2% out, 2.25% additional on credit card transactions.
- Some sense that procedures required to do some things are bureaucratic and time-consuming, sometimes interfering with our flexibility. There does not, however, seem to be really very much problem in this area, per Carolyn Minner.

Jerry did not take a strong position on whether we should pursue this. Here are some points he made:

1. We absolutely would need to incorporate as our own 503C in order to open a checking account.
2. If we were an ASU department, we would not be allowed to do this. He realizes that we see ourselves as only “sort of” an ASU department, so that’s why there is some wiggle room here.
3. Our overall cost in Foundation fees (less than \$1,000 this year) is substantially less than the value of the benefits we receive from the University in space, computer resources, direct financial support (\$7,000), etc. There is some risk of losing those University benefits if we separate ourselves by incorporating as a separate 503C.
4. It is possible that the 2.25% on credit card transactions is a little higher than the Foundation’s actual costs -- he said he thinks they were absorbing the credit card transaction fees until recently, but it just became prohibitively expensive for them to continue doing so. He does not know for sure, but he doesn’t think the Foundation’s operating and endowment account fees have been negotiated down by anyone -- they’re pretty much standard for everyone, so far as he knows
5. Our “regular” account fees are, even in aggregate, less than the 8.5% fee that the University charges on expenditures from Local accounts – just for comparison.

During our conversation, Jerry and I developed this (partial) list of the services that we get from the Foundation that are over and above what we’d get from a credit union or bank:

1. Gift acknowledgements that comply with IRS requirements and that are useful to our members/donors. These are sent for every donation, including membership donations.
2. Issuing of IRS 1099 reports for vendor payments.
3. Compliance with IRS annual 501C reporting requirements.
4. Oversight of expenditures -- protection from malfeasance through accounting controls, expenditure review, etc.
5. Stability of management, with University knowledge, backing and advice if something goes wrong or if we don’t know how to handle something.

By the way, Jerry mentioned that Foundation endowment earnings are in the top quarter of universities nation-wide. The fees on endowment funds, at 2% per year, are competitive, he says.