

A regular meeting of the Michigan Public School Employees Retirement System Board was held at the General Office Building, 7150 Harris Drive, Conference Room A, Dimondale, Michigan, on Thursday, October 23, 2008. The following members, staff and observers participated:

Members Present: Lenore Croudy, Community College Trustee  
Michael Flanagan, Superintendent of Public Instruction  
Steven Jagusch, General Public Member, Investment Experience  
William Lawson, Retired Finance/Operations Member and as a representative of the largest retiree organization  
Edwin Martinson, Reporting Unit Board of Control Member  
Susan Meston, Active Superintendent Member  
Richard Montcalm, Finance/Operations Member, Non-superintendent  
John Olekszyk, Retiree Member  
Martha Pichla, Active Classroom Teacher Member

Staff Present: Phil Stoddard, Executive Secretary  
Terry Rideout, Recording Secretary

Others Present: Bonnie Carpenter, Marie Wilkerson, Don Miller, Dick Weaver, Johann Ingold, and Waltrout Ingold of the Michigan Association of Retired School Personnel; Charles Agerstrand and Earl Hagstrom of the Michigan Education Association-Retired; David Martell of the Michigan School Business Officials; Rob Spagnuolo of Waverly Community Schools; Richard Schaper of Western Michigan University; Mary Ellen Caldwell of Central Michigan University; Barbara Murphy, Mary Kay Cutler, Sue Lauerman, John Clancy, JoAnn Hockin and Kevin Aquinto of Blue Cross Blue Shield of Michigan; Barb Aikman of the Vision Services Plan; Krista Davis of Priority Health; Jim Wright and Carol Nolan of EyeMed; Lisa Eggert of Delta Dental; Ben Louagie of Gabriel Roeder Smith & Co.; Richard Williams and Mark Williamson of Williams & Co.; Thomas Schimpf of the Attorney General's Office; Harry J. Moore; Henry Pichla; Laurie Hill, Kathy Tober, Brian McLane and Matt McCool of the Office of Retirement Services.

### Call to Order

Vice Chair Richard Montcalm called the meeting to order at 10:30 a.m.

### **Excusing of Absent Members**

Martha Pichla moved, Steven Jagusch supported, to excuse the absences of Ivy Bailey, Jeff Hoffman, and Diana Osborn. The motion carried unanimously.

### **Approval of Agenda**

Vice Chair, Richard Montcalm requested to amend the agenda to include comments from Phil Stoddard following item number 10. Edwin Martinson moved, Susan Meston supported, to approve the amended agenda. The motion carried unanimously.

### **Approval of Minutes**

Lenore Croudy moved, John Olekszyk supported, to approve the minutes of the September 11, 2008, meeting. The motion carried unanimously.

### **Administrative Hearings**

#### Proposal for Decision – Docket 2008-580 PSRS

The Board considered the case materials. Edwin Martinson moved, Steven Jagusch supported, that the Board adopt as its own the recommendation of the Presiding Officer in the July 1, 2008 PFD, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's request to receive retirement benefits by offsetting her benefits based upon her MIP "buy back" obligation. The motion carried unanimously.

#### Proposal for Decision – Docket 2008-8761 PSRS

The Board considered the case materials. Susan Meston moved, Lenore Croudy supported, that the Board reject the recommendation of the Presiding Officer in the August 21, 2008, PFD, including the proposed Findings of Fact and Conclusions of Law and grant Petitioner's request to change the computation of his final average compensation based upon the administrative record. A roll call vote was taken and the motion was denied with of 3 yes votes and 6 no votes.

Lenore Croudy	yes	Michael Flanagan	yes
Steven Jagusch	no	William Lawson	no
Edwin Martinson	no	Susan Meston	yes

Richard Montcalm	no	John Olekszyk	no
Martha Pichla	no		

Edwin Martinson moved, Steven Jagusch supported, that the Board adopt as its own the recommendation of the Presiding Officer in the August 21, 2008, PFD, including the proposed Findings of Fact and Conclusions of law and deny Petitioner's request to change the computation of his final average compensation. A roll call vote was taken and the motion was approved with 6 yes votes and 3 no votes.

Lenore Croudy	no	Michael Flanagan	no
Steven Jagusch	yes	William Lawson	yes
Edwin Martinson	yes	Susan Meston	no
Richard Montcalm	yes	John Olekszyk	yes
Martha Pichla	yes		

## **New Business**

### Request for Rehearing/Appeal – Docket 2007-804 PSRS

The Board considered the case materials. Edwin Martinson moved, Steven Jagusch supported, that the Board deny Petitioner's motion for rehearing/appeal, using the form of order offered by Respondent. The motion carried unanimously.

### Policy Determination – Board Member Dissenting Statements

Vice Chair, Richard Montcalm reviewed the document for the Board. The Board did not take action to adopt the policy.

## **Standing Reports – Committee Reports**

Retirement System's request for guidance - Legislative Committee's recommendation to full Board

William Lawson moved, Steven Jagusch supported to approve the recommendation of the Legislative Committee to adopt the retirement system's proposed results in scenarios 1-8 as presented, and to direct the retirement system to deny as compensation any remuneration deemed MIP reimbursement or MIP equivalent in any member contract executed after May 30, 2007. Following discussion, the motion carried unanimously.

## Special Reports

Sue Lauderman of Blue Cross/Blue Shield of Michigan presented the 2007 Managed Prescription Drug Program report to Board members and answered questions.

Brian Morris of Gabriel Roeder Smith & Co. presented the Annual Health and Pension Financial Report, and the Health Care Rating Report for 2009 to Board members and answered questions.

## Director's Comments

Phil Stoddard reemphasized that the cost to members for health care next year will remain the same or lower than this year's cost. He thanked the Board members for their efforts and also thanked the retiree groups for their assistance in advocating with members to maximize the use of the services available to them.

Phil gave an overview of some issues the System is facing and will be facing in the future, including an increasing number of retirees - baby boomers and those no longer receiving benefits from the auto industry; Medicare Advantage eventually going away; and the high cost of specialty drugs.

Phil commented on the materials provided at the recommendation of the Steering Committee from Assistant Attorney General, Tom Schimpf on fiduciary responsibility, and from the State Treasurer regarding current performance of investments and the makeup of the Investment Advisory Committee (IAC). Board members are welcome to visit the Bureau of Investments for a briefing which can be arranged through ORS.

Assistant ORS Director, Laurie Hill informed the Board the miAccount application was recognized by the Midwest Technology Leaders group as an outstanding information technology collaboration project. The Midwest Collaboration Award was presented to ORS, the state's Department of Information Technology, and Systems Technology Group (STG) for our cooperative work in developing miAccount. The miAccount project was also selected by Government Technology magazine for the Michigan Excellence in Technology Award for the Best Application Serving the Public.

### Board Comments

Comments were received from Michael Flanagan, Martha Pichla, William Lawson, John Olekszyk, Lenore Croudy, and Susan Meston with discussion on the shortage list provided to public schools, contract employees, EyeMed reimbursements, and dissenting statements. Phil Stoddard was invited to speak at a meeting of the Michigan Association of Community Colleges.

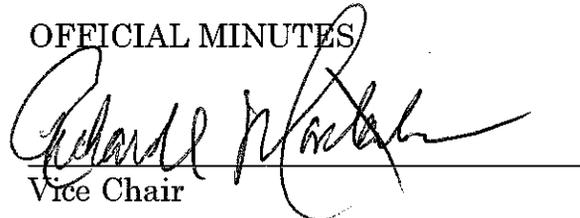
### Public Comments

Comments were received from Dick Weaver, Don Miller, Earl Hagstrom, Chuck Agerstrand and Dave Martell.

### Adjournment

Martha Pichla moved, William Lawson supported, to adjourn the meeting at 12:43 p.m. The motion carried unanimously.

OFFICIAL MINUTES

  
Vice Chair

  
Executive Secretary