President Jim Lockard called the meeting to order at 10:00 a.m.


Approval of the Agenda: Jim Lockard submitted the agenda, which was approved.

Approval of Minutes: The minutes of the July 16, 2014 Board Meeting were approved as distributed with one correction.

President’s Remarks: Jim gave a brief overview of items to come, especially the Fall SUAA Board of Directors meeting held on Oct 29. Details follow.

Treasurer’s Report: Pam Rosenberg stated that she was unable to give a precise report because she had not yet gotten access to the bank accounts online. She has not been receiving statements and will be visiting the bank as soon as possible to straighten out her access and mailing details. She reported that all checks have been deposited and all bills have been paid.

SURS Board and SUAA Foundation Reports: John Engstrom was unable to attend due to a SURS meeting in Chicago. Jim Lockard gave a brief report based on John’s submission for the November issue of The Annuitant. The biggest news is the pending retirement of SURS Executive Director Bill Mabe. Bill has been an excellent ED and will leave large shoes to fill. A national search will soon begin for his replacement.

SURS stopped deducting healthcare premiums with the October pension payment, following the ruling of the Illinois Supreme Court in the Kanerva case, which held that healthcare benefits are part of retirees’ pension benefits and therefore cannot be diminished. A timetable for refund of premiums paid since July 2013 is not yet available.

An election will be held this spring to fill one annuitant and two active employee Board positions. Check the SURS website for more information. The information is usually current. Signatures in support of Mitch Vogel, well-known union leader, for re-election as an annuitant Board member were gathered at the SUAA Fall meeting.

John noted that SURS investments earned 18.2% for fiscal 2014. The three-year rate of return was 10.1%, for five years it was 13.7%, and for ten years it was 7.8%. Recent market gyrations have put FY15 returns into negative territory at this time, but who knows what will happen by next June. He also reported that the Board is being encouraged to place some investments in hedge funds, as all other state retirement systems already do, but that no decision has been made.

John also represents NIUAA on the Board of Directors and Executive Committee of the SUAA Foundation, a 501(c)3 not-for-profit organization that is a separate arm of SUAA. The Board elected Alice Medenwald (NEIU) as an at-large member to replace Ken Gunji who was elected SUAA Past President in June and who now serves on the Foundation board because of that
position. The Foundation is funded through donations from SUAA members. As of August 31, 2014, the Foundation had $128,637 in net assets available for expenditure. The Foundation is undertaking its first audit in some time soon, after which it will be better able to determine appropriate expenditures. The Board did approve a contract with the SUAA office for $3000 per year toward services provided by the state office.

Moving forward with the Emergency Assistance program for members in severe need, a new application form was presented, but implementation was delayed because of concerns about just how to make the new procedure work best. Key differences from the past include removing the $500 limit on the amount to be requested and removing the requirement that the chapter match the Foundation’s grant. Both factors seem to make the program more accessible to members in need. Once the details have been worked out, we will be able to publicize this program to our members.

Benefits: Sherie Spear reported on two meetings of the committee. She clarified that the University Benefits Committee is concerned primarily with current employees and not retirees. The NIUAA representative is there to gain and share information and to help members understand the potential impact of their decisions or recommendations on current and future retirees. She also reminded the Board that once an employee retires, HR no longer has that individual’s information and has no choice but to refer inquiries to other appropriate information sources, such as SURS. For instance, SURS is responsible for retiree healthcare, not NIU HR.

Legislative: Jim reported that with the Legislature not in session, there is no new activity to report. The pension and healthcare updates are part of the report on the SUAA Fall 2014 meeting below.

SUAAction: Alan Voelker was unable to attend the meeting, but had no report. The SUAAction report at the SUAA Fall meeting indicated that SUAAction had met its fundraising target of around $160.00 for the year and had made donations to a wide range of candidates who are either supportive of SUAA goals and objectives or who may be encouraged to become a supporter. SUAAction expenditures are reported quarterly through the State Board of Elections. If you want to see these records, they are online at http://www.elections.state.il.us/CampaignDisclosure/CommitteeDetail.aspx?id=20563

For the third quarter of 2014 report, to see which legislators and candidates received funds, click on the blue word “itemized” in item 6. Similar links are in all the reports. If you have trouble accessing these reports, ask Alan or Jim for assistance.

Membership: Jim gave a brief report on behalf of co-chairs Pat Vary and Cathy Craddock, neither of whom could attend. Membership at the end of September stood at 1881, which puts us just a little more than 100 members short of our goal of 2000 members. Pat and Cathy have a number of initiatives for attracting new members in addition to the regular participation in NIUAA coffees, at the Wellness Fair, etc. One such initiative is “Just Ask One,” which means encouraging current members to invite just one non-member to any NIUAA event or to join NIUAA. There is large potential to grow our membership among both current employees and retirees. Non-members may not understand how much they benefit from the work of NIUAA and SUAA on critical issues such as protecting pension benefits. We need to get that message to them. We also are focusing on those whose membership has lapsed, for which there are many possible reasons. Carole Minor has volunteered to assist in making phone calls to these people in the hope that personal contact will lead to a renewal.
Public Relations/Events: Steven Johnson distributed copies of upcoming events and trips. He plans to organize a Goodbye to Barnes & Noble coffee hour in November as our final chance to meet in that venue before it closes. He is still looking into locations for future coffee hours and expects a summer event again at Barsema Alumni and Visitors Center. The holiday shopping trip to Chicago is fully subscribed, but many other wonderful events are on Steven’s list for the coming months. See the NIUAA web site for more information.

Communications: Jerry Meyer said that the Nov. Annuitant Newsletter is with our graphic designed and should be ready for distribution soon. Jim again noted that we need to check the web site to be sure every page has been updated. We may need to again appoint someone to take on this responsibility routinely. Our web page is an important means of communication and it should always be up to date.

Old Business:

Liability Insurance for Board Members: Despite discussion of this issue at SUAA, as far as we know, only the WIU chapter has actually purchased insurance. Jim just received a copy of their insurance policy and will be reviewing it as soon as possible. He is also communicating with former chief legal counsel Ken Davidson. The WIU policy appears to have cost nearly $1000 for one year, which is very costly even for a chapter of our size, since our annual dues income is only about $5000. Jim will report back at the next meeting on this matter.

NIU e-mail for Retirees: There is no new information since our meeting in July with Brett Coryell, new Chief Information Officer. Jim has seen the ITS “scope” document concerning changes that are coming and retiree email is listed as “outside the scope.” He understands this to mean that it is not a priority when ITS is working to get the new system up and running for current staff and students. He has communicated to Brett that our understanding is that Groupwise for retirees will disappear at some point in 2015 and that retirees will be able to transition to a new Microsoft account and software. The new approach will not be tailored to retirees; rather retirees will need to adapt to it as it exists for others. We still anticipate that some Board members will be invited to test the new system in 2015 before it is made available to all. NIUAA remains committed to assisting members in the transition.

Holiday Luncheon: our annual holiday luncheon will be on December 3 at Faranda’s in Dekalb. Lee Ann has the updated invitation information, which will go out soon with reminders at additional dates before the event.

TRAIL program: Several members attended the CMS meeting on the retiree healthcare program known as TRAIL. They reported that attendance was good and that people seemed to get their questions answered.

New Business:

SUAA 2014 Fall Meeting Report: The regular fall meeting of the SUAA Board of Directors was held October 29, 2014, at the ISU Alumni Center in Normal. NIUAA attendees were Joe Grush, John Engstrom, and Jim Lockard. Jim and Joe highlighted key points from the meeting.

Membership: SUAA membership Co-chairs Jo Gibson and Linda Guinn are taking concrete steps to increase overall SUAA membership, which has just this month exceeded 16000 for the first time ever. Every suggestion they made to chapters is something NIUAA has already done, which may explain our existing success. They also
distributed a poster that chapters are encouraged to put up wherever possible on campus and a one-page flyer that lays out the differences between SUAA and SURS – a point of confusion for many SARS members. We will use this flyer in our own membership efforts.

**Legislative Platform:** Joe Grush is SUAA Legislative Co-Chair and was instrumental in drafting the 2015 Legislative Platform, which after discussion by the Directors will be virtually identical to the 2014 platform. The final 2015 platform will be posted on the SUAA web site.

**Finance and Budget:** The Board approved, after some spirited debate, a $2/year dues increase, effective January 1, 2015. We will need a strategy to implement this primarily among current employees who use payroll deduction. Each such person needs to file a new withholding document to allow the increase. We still have a few members who never caught up with the last increase several years ago. In those cases, SUAA always gets its money, so the loss comes to the chapter. Joe and Lee Ann are exploring possible solutions to this problem. Pension deduction with SURS is no issue because the authorization provides for increases to automatically occur. There was also spirited discussion of the need for a professional parliamentarian and especially the cost ($10,000 for 2014, $10,000 budgeted for 2015). Despite opposition, the majority approved this expenditure. Discussion did lead to elimination of the armed guard at future meetings “unless the state office received a creditable threat.”

**Lawsuit Update:** For many in attendance, the presentation by our lead attorney, Aaron Maduff, was the most important part of the meeting. Maduff began his presentation by noting a motto found in the SUAA office: “No person’s property is safe while the legislature is in session.” He titled his presentation “Pension Wars,” to remind us that no matter what has happened thus far, we have had only battles in a war that is certain to continue for a long time into the future. He noted that the real problem is that the state is looking for ways NOT to pay our benefits rather than for way TO pay an and that mindset has to be changed or the fight will continue indefinitely. Maduff’s presentation was quite detailed, but the most critical aspects are as follows:

The state, through Attorney General Lisa Madigan, does not claim that the pension reform law is constitutional. Rather, she acknowledges that it is not! The state’s position is that it’s “police powers” to act for the greater good of citizens allows it to override the Constitution and cut pension benefits. This is the first point that plaintiffs’ attorneys must address and Maduff cited a case from the Great Depression that supports his contention that the state’s police powers do not apply. If we win on that point, there will be no need to address the even more complex issue of whether the state’s financial plight is so severe as to justify invoking the police powers. Plaintiff’s attorneys file their response to the state on Oct 31 with a hearing before Judge Belz on Nov 20. The judge also required attorneys to address the issue of “severability,” that is, whether any part of the reform law might be ruled Constitutional, even if other parts are not. Maduff does not believe the law is severable, but rather must stand or fall in its entirety.

Maduff indicated his belief that the state will not fight the Kanerva ruling of the Supreme Court, which is the basis for SURS no longer deducting healthcare premiums. The hope is that this very clear ruling that healthcare benefits are part of pension benefits and therefore may not be “diminished or impaired” will create a snowball effect against the pension reform law itself. If Judge Belz rules before year’s end, which is his timetable, the losing side will appeal to the Illinois Supreme Court. Maduff indicated his best estimate is that the SC’s ultimate ruling is not likely before March 2016.
One point in the presentation remained unclear after efforts to clarify it. Maduff and other attorneys did intervene in the Kanerva case, which was not part of the original scope of work on the pension reform lawsuit, but which clearly because a key factor going forward. The question is how to pay the attorneys for their work. The attorney who first filed in the case has claimed that he therefore represents all plaintiffs and wants his fees taken from the healthcare premium refunds due to members! Maduff disagrees with this strongly, but we did not clearly understand what other source might provide the compensation, which is clearly warranted.

**Programming:** Jim asked the Board for permission to approach one or more volunteers to become a new “programming chair.” The idea is that a chapter of our size should be offering more educational and informational opportunities for our members, such as when we hosted a representative from the Center for Tax and Budget Accountability a couple of years ago. HR would also like NIUAA to partner in offering pre-retirement seminars along the lines of those that used to be offered. Having a programming chair will help greatly in expanding our services to members as well as creating more opportunities to promoted membership in NIUAA. The Board concurred and Jim will report back at the next meeting.

**Legislative Contact:** SUAA belatedly requested that chapters meet with candidates for state office who represent the members. A questionnaire was provided to solicit the views of these individuals on key issues for SUAA members such as the constitutionality of the pension reform law. Jim reported that after examining our membership information based on legislative district, he decided not to do this because there was no single contest that offered any competition. Although 1574 NIUAA members do live in Illinois, they cluster in just a few districts. In the House, Rep. Bob Pritchard’s district has 1006 members and Rep. Tom Demmer’s district has 304. Neither is opposed in the election. The next greatest number of member in a single House district is 28! Similarly, in the Senate, Sen. Syverson’s district has 1035 NIUAA members (he is not up for re-election this year) and Sen. Bivins has 319 (running unopposed.) All other districts have only a handful of NIUAA members.

Chapter leaders in northern Illinois are working to pool information so that all members in a given district can join together to lobby, rather than each chapter being limited to only its own members. If that happens, then our small number of members, for instance, will be much stronger voices as they join members of other chapters within the same district.

**SUAA Legal Fund:** conducting our lawsuit has been, and will continue to be, expensive, even though our attorneys are charging the most reasonable fees among the five lawsuits. In dollars, NIUAA as a chapter and through its members has contributed a significant sum. However, less than 20% of our members have contributed anything to this vital fund, while the leading chapter (College of Dupage) has had 70% of members contribute. It seems likely that SUAA will need to make the legal fund a perpetual fund, as future battles are inevitable regardless of the outcome in the coming months. The state will continue to look for a solution to the pension “problem,” and most likely it will not be a constructive approach.

Discussion led to a decision to time a special appeal to the refund of insurance premiums. Once we know for sure when that will happen, we will construct an appeal that suggests considering a donation of part of the refund, since there would be no refund if it weren’t for the work of our attorneys. We will also make an appeal at future coffee hours and the holiday luncheon, hoping the holiday spirit will prevail.

**Tentative dates for 2015 Board Meetings:** Wed, Jan 14; Wed, April 15; all @ 10 a.m., Human Resources Building, room 178.
**Annual Meeting.** June 3, 2015, Sandburg Auditorium, hopefully followed by annual dinner hosted by President Baker.

The meeting was adjourned at 11.35 a.m.

Respectfully submitted,

Jim Lockard, Secretary (temporary)