

TWIN CITIES SOCIETY OF SECURITY ANALYSTS

Board of Directors Meeting

January 20, 2005

M & I Investment Management Corp.

Minneapolis, Minnesota

M I N U T E S

The presiding officer was President John F. Holewa, CFA. Those in attendance were:

Anthony Carideo	Randal W. Harrison, CFA (phone)	Kate Pexa, CFA
Andrew D. Christensen, CFA (phone)	John F. Holewa, CFA	David R. Spangler, CFA (phone)
Patrick M. Coleman, CFA (phone)	Christine I. Koppel, CFA (phone)	Bob Kaitz, guest
Karen Dunifon, CFA	Jeffrey R. LeMunyon, CFA	Ryan Tews, guest
Curtis G. Fee, CFA	Jason B. Matz, CFA	Barbara Boden, Exec. Director (phone)
		Dori Valenta, Associate Director (phone)

President Holewa welcomed everyone and thanked them for participating. He recognized Karen Dunifon and Jason Matz for their work on the Forecast Dinner, Kate Pexa for a great social event that was attended by 45 people, Curtis Fee for his leadership on the Bylaws, Andrew Christensen for keeping the web employment page going, and Barbara Boden and Dori Valenta for their work on the Annual Operating Budget.

APPROVAL – DECEMBER MINUTES

- There being no corrections, and upon motion duly made and seconded, the Minutes of the December 16, 2004 Board meeting were approved as submitted.

The President asked that the Minutes be distributed within a week after the meeting if possible, as a reminder of action items.

TREASURER'S REPORT

Treasurer Harrison reviewed the proposed 2004-2005 Annual Operating Budget and stated the Budget was approved provisionally at the December meeting, but needed final education figures. Ms. Boden discussed adjustments that were made since the December meeting. A projected surplus was included in the Budget, exclusive of the Flexible Spending Plan reimbursement funds.

- After a brief discussion, and upon motion duly made and seconded, the 2004-2005 Annual Operating Budget was approved.

Mr. Harrison discussed the Wells Fargo checking account, and suggested the account be closed, since it was a duplication of effort and expense. Ms. Koppel requested keeping the account to be used solely for education-related payments to venues and instructors. Funds from credit card payments and checks for the study program would be swept into this account, invoices would be paid out of the account and reconciliation would be done by Non-Profit Solutions. Ms. Boden suggested having Non-Profit Solutions open an independent checking account that would be in keeping with being a third-party provider for the Study Program, handle those transactions and do all of the reconciliation from within, providing a royalty check to the Society at the end of the program. She noted that Non-Profit Solutions could not reconcile the merchant account because all Society credit card transactions were deposited into that account. The only way for that to happen was for Non-Profit Solutions to open a separate merchant account. There did not appear to be a clear consensus so the matter was tabled, with further discussion needed among the Board members by conference call in order to arrive at a workable solution.

- Upon motion duly made and seconded, the Board authorized the Executive Committee to make this decision, including closing the account.

ACTION ITEMS

Membership

Reporting for Chair Ballsrud, Ms. Boden presented four applications for approval, stating there were no unusual circumstances.

- After a brief discussion, and upon motion duly made and seconded, the Board approved the applications as submitted.

### D&O Liability Insurance

Ms. Boden reviewed a proposal from AON for D&O insurance. The rate quoted for a \$1 million policy was \$810; \$2 million would be \$1,053. She reiterated the terms of the provision that any Board member who acted illegally willfully and knowingly would be excluded from coverage and prosecuted; the others on the Board would be protected. If that person were found then to be innocent of the charges, they then would be covered. A question was raised about whether Board members could be sued individually and be protected; only within acting in their capacity as a Director.

- After discussion, and upon motion duly made and seconded, the Board authorized purchase of the \$1 million in D&O coverage.

### Best Prep

Ms. Dunifon introduced Bob Kaitz, CEO of Best Prep, and Ryan Tews, of the Stock Market Game, who provided a presentation about the development of these two programs. Their research has shown that students learn far better by participation and this experience has been the focus of their organization. They now offer a week-long summer program on financial literacy, with e-mail mentoring by successful business people. The Stock Market Game is an Internet-based program with students in elementary grades through high school being given "money" to invest as teams, with prizes given to those who are the most successful in their "investing."

They stated they would like to apply the one-to-one e-mail mentoring concept to the Stock Market Game and enlist the assistance of TCSSA members. E-mails come in once a week, are reviewed by the teachers and submitted to the mentors, who then have a week to respond. Initially, they would like to have 25 TCSSA members become involved and offer their expertise. The next term would be starting in February. Each Society member who agreed to participate would be asked to respond to an e-mail every other week during the 14-week term. President Holewa asked Mr. Kaitz and Mr. Tews to submit a detailed proposal for TCSSA participation. Additionally, funding sources were being sought to cover program costs. Student teams pay \$18 to participate; actual costs are about \$60.

In discussion, it was suggested that the Society might be able to assist financially, either individually or as a Society, to increase public awareness of the Society. Information packets were distributed; packets would be sent to the individuals participating by phone. Ms. Dunifon agreed to take the lead in working on this project, assisted by Mr. Carideo and Ms. Koeppel. It was noted that \$2,000 funding for the program was included in the Budget. It was the consensus that this would be an excellent way to involve new members as volunteers in the program.

### Bylaws Review

Chair Fee stated copies of the current Bylaws had been distributed to the Board along with proposed amendments. The proposed changes, presented in bullet format, were to be reviewed by the Board conceptually; these then would be incorporated into an annotated Bylaws document for formal approval by the Board in May, and presented to the membership for final approval at the Annual Meeting.

The first section reviewed, Article II, Objectives, outlines the purpose of the organization; this should be flexible enough to expand the Society's Mission as needed. One suggestion was to highlight advocacy of the profession and the financial well-being of members' clients. In addition, the language would reflect the change from AIMR to CFA Institute. In Article III, Membership, the three categories of membership — Regular, Affiliate, and Retired — would be retained and include wording that the Society would adopt any clarification of these categories that became part of the CFA Institute Bylaws in the future. It also was suggested the age requirement for Retired status be lowered from 55 to 50. As a point of clarification, "retired" status refers to someone who no longer was involved with the financial services industry. The question of dues would be discussed no later than the April Board meeting, to correspond with the reporting deadline to CFA Institute; a special rate for retired members could be discussed at that time. The dues amount should not be included in the Bylaws. Articles IV and VI will be covered at the next Board meeting.

The proposed name change was a related issue; this needs to be voted on at the Annual Meeting as well and could be included with other Bylaw amendments, so it has to be approved by the Board by the May Board meeting.

### COMMITTEE REPORTS

#### Education

Chair Koppel reported there was a major shift in candidate enrollments in all areas of the world. Enrollments were down 30-40% due, in part, to the late release of Level I results this past week. The low pass rate in previous years also has had an effect. To date, only 24 candidates have registered for the Twin Cities program; 65 had been anticipated. Board members were asked to encourage participation among potential candidates.

## Special Events

Chair Coleman stated the golf outing date had been scheduled for June 13; the fees remained the same as last year's rate. The event would be in the same format as last year. Plans for sponsorships were in process, to be solicited by Committee members.

## OTHER BUSINESS

### Proposed Strategic Planning Meeting

President Holewa offered several suggestions for retreats to consider strategic decisions. In discussion, the Board preferred a three- to four-hour meeting with dinner brought in. March or April was suggested; possible dates would be circulated.

### Regional Leadership Meeting Update

The Regional Mid-winter Leadership meeting was attended by Messers. Holewa and Spangler, who presented a report. Name changes were the primary focus. The Chicago and Cleveland Societies made their name changes easily. However, the Cincinnati membership and the Washington, DC Board voted their proposed changes down. It was suggested that the surveys and documents used by Chicago and Cleveland be reviewed for guidance in the socialization of the change. The information, recommendation, and a survey could be sent to the membership, with a formal vote on the change at the Annual Meeting. In order to qualify for the funding from CFA Institute, the name change has to be instituted before August 31, 2005. Mr. Fee agreed to take the lead in this project.

The current PCR is retiring and candidates made presentations at the Regional Meeting.

### Center for Market Integrity

President Holewa reported The Center for Market Integrity was moving along and the TCSSA was the first Society to have a Board member as liaison to the Center. There also would be a major emphasis on university relations with a program to encourage more degree programs using the CFA® Body of Knowledge as a part of their curriculum.

### Research Conference

President Holewa stated there would be a Research Conference in Chicago on March 4. The TCSSA was one of the sponsors and one member has signed up. Board members were asked to consider attending this Conference. It was suggested that plans be made to do more with this next year.

### Next Board Meeting

The next Board meeting would be held on February 17, 2005, from 7:30-9:00 a.m., at M & I Management.

Because of lack of time, the remaining items on the Agenda were deferred until the next Board meeting.

- Upon motion duly made and seconded, the meeting was adjourned.

Respectfully submitted,

Barbara Boden  
Executive Director