



**ADVISORY COMMITTEE MEETING MINUTES**  
**August 13, 2008**  
**ARCHIVES BUILDING**  
**SALEM OREGON**

**COMMITTEE MEMBERS PRESENT**

Frank Goulard, Chair  
Jason Evers, Vice Chair  
William Robertson, Committee Member  
Judy Scales, Committee Member  
Kathleen Beaufait, Committee Member  
Brian Burleigh, Committee Member

**STAFF MEMBERS PRESENT**

Gay Lynn Bath, Manager  
Paul Cleary, PERS Director  
Denise Helms, Assistant to Manager  
Justin Naegle, Educational Representative  
Jack Schafroth, Local Government Representative  
Kathy Peterson, Program Coordinator

**I. INTRODUCTION:**

Call to order by Chair Goulard at 9:30 a.m. Chair Goulard asked for introductions.

**II. APPROVAL OF MINUTES:**

Chair Goulard asked for any changes to the minutes from the May 14, 2008 meeting as presented. Goulard then asked for a motion to approve the minutes. Jason Evers made a motion to approve the minutes as corrected, Brian Burleigh seconded the motion, and it carried unanimously.

**III. OLD BUSINESS:**

None.

**IV. ADMINISTRATIVE REPORT:**

- a. **Service Review:** Greg Talbot from ING presented the second quarter service review. Greg clarified that ING purchased CitiStreet; the sale become official on July 1, 2008. They will be changing the communication materials to reflect the change before the end of 2008, but OSGP will continue to use its current materials until the stock runs out. New materials will be printed after January 1, 2009. Talbot explained ING stands for International Netherland Group, which is a Dutch company.

Talbot noted that year-to-date; the fund is down 13.5%. Assets are at \$982 million, which is just a 0.01% increase from the prior quarter. The net flow increased from \$6.3 million in Q1 2008 to \$9.77 million in Q2 2008, a \$2.94 million change from the prior quarter.

Talbot highlighted the participant summary. Kathleen Beaufait asked why the miscellaneous agencies rate of participation is higher than others. Talbot said it was due to the volume of people. Brian Burleigh asked if any agencies had matching dollars. Kathy Peterson explained there are a few local governments that do, and OLCC has additional dollars added for some agents according to their status.

Talbot noted there were 152 rollovers into the plan totaling \$2.97 million and 113 rollovers out of the plan totaling \$5.97 million. There were 107 loans issued last quarter; the average dollar amount was \$8,803. Paul Cleary asked for clarification on rollovers into OSGP from the IAP noting that a participant would have to be a member of OSGP before retirement in order to roll an IAP account into OSGP. Cleary noted that the statistics on those rollovers from IAP to OSGP would be higher using only eligible participants rather than using everyone with an IAP account rolling out of IAP. Cleary asked what percent of OSGP participants are rolling their IAP into OSGP. Peterson asked if Talbot could get a count when the IAP accounts are processed at Citistreet.

Talbot reported the call center statistics noting the average talk time is 4.08 minutes in June which is down from 4.15 minutes in May. Total IVR calls have decreased from 4459 in April to 3040 in June. Beaufait wanted to know how long someone stays on hold before they hang up; Talbot said they do not have those statistics. Chair Goulard asked again about hearing a recording while you're on hold notifying you how much time you have until you get a live person.

- b. **Performance Report/Trading Restrictions:** Kevin Nordhill from Treasury introduced Mike Viteri. He joined the State Treasurer's office in June. Mike came from the Arizona state retirement system where he was part of the public equities program. He will be taking over the roll of deferred compensation officer. Mike has a strong background in equity management and oversaw public equities in Arizona. He was on the board of the deferred compensation program for the City of Phoenix.

Active managers were crushed with the sup-prime mortgages. Nordhill explained it has been a tough year overall on equities. Jason Evers asked what causes a fund to be placed on a watch list. Nordhill explained it could be a number of things; for example, change of ownership, change in key personnel, performance and issues with the SEC.

Nordhill gave a brief history of the trading restrictions. Gay Lynn Bath is working on an administrative rule change that would lift the 90-day restriction on all funds except the International Option, which would have a 30-day restriction, the equity wash would remain on the Stable Value Option, and the \$100,000 limit would stay in place. Bath said it would be November before the system was in place and noted that there will be no cost to OSGP.

- c. **Local Government, Q2 Status:** Jack Schafroth explained the average monthly deferral continues to climb. Schafroth said he was hoping to hit contributions of \$1,000,000 by the fourth quarter. During the first quarter of 2008 there were no new adoptions, but there are quite a few pending. In the second quarter there were six new adoptions.

Schafroth noted that Portland Public Schools is on top of the list, and hopefully they will be signed up in the next couple of weeks. They will be the largest employer Schafroth has brought on board; representing roughly 7500 employees. Schafroth said with the summer break from the school districts it gave him some extra time for more site visits to other non-school agencies.

Schafroth explained that he and Denise Helms are focusing in on the employers that offer employees the option to contribute a percentage of pay rather than a dollar amount. Currently, 90 percent of the participants are contributing a dollar amount rather than a percentage. Only 54 of the 184 allow their employees the choice to contribute a dollar amount or a percentage. It is much easier to raise the participant's deferral when they are contributing a percentage, because when their monthly salary increases so does their deferral. Schafroth would like to enhance their savings culture over the next few months starting a program to tie into that education in preparation for October's National Save for Retirement Week. Schafroth wants to work with the employers on the importance of saving a percentage and on increasing deferrals on a consistent basis. He has added this information in his workshops.

- d. **State Goals, Q2 Status:** Justin Naegle presented the state status report. Naegle noted that more participants are attending the planning and investing workshops. These could be participants who have concerns about the market or want to reallocate their funds. Naegle said the number of participants who enroll during the workshop is down; however, he is focusing on walking through the paperwork with individuals and he lets them know they can turn it in right there. Naegle said coworkers are great advocates.

Naegle reported that the average monthly deferral amount has dropped, probably due to increase in gas prices and other items. Naegle shared that he has been able to get on the campus at most universities; however, they are slower to join. They would rather hold one-on-one or smaller workshops than big group meetings. Naegle noted that he would like to work together with some of the PERS presenters as a group to show participants that OSGP is a great way to supplement your retirement. Goulard asked how many of the 38,000 state employees work in the Salem area. No one had those statistics.

Naegle reported there were fewer rollovers out this last quarter. Naegle is working with Doug Pederson in the OSGP office processing the state rollovers. Naegle attempts to contact the participants to find out why they want to roll out.

- e. **Plan Update:** Gay Lynn Bath noted this was the second edition with the new format. She discussed changing beneficiary information when participants have a life change and noted that when a participant submits a new form it overrides the old one. Bath discussed the new Advisory Committee Member, Jon DuFrene who was unable to attend the meeting. Jon works in the state controller's division at the Department of Administrative Services. Bath feels he will be an asset to the committee. She said there were 14 applications; four of whom were from agencies already represented on the committee. The catch-up article in the newsletter was written by Kathy Peterson. Bath posted a survey on the PERS website regarding Roth 457 plans and received 188 responses. The

summary of the survey is available on the PERS/OSGP web site. Jason Evers complimented staff on the new look of the plan update. Kathleen Beaufait asked about replicating the plan update as there is a copyright on the back page. Talbot will follow up.

- f. **OSGP Statistics:** Kathy Peterson gave an overview of the second quarter's statistics. Peterson noted the overall contributions are up 14.5 percent. New enrollments increased by 15.5 percent. Total participation is up 4.8 percent. Total amount of active participants are up 6.9 percent. Actively contributing employees are up 5.5 percent. There were 107 loans issued last quarter. Peterson explained most people do not stop their deferral when they are paying back their loan. There were 315 rollovers in year-to-date. This year 307 settlement agreements were processed. Jason Evers asked how long it takes to change a contribution amount. Peterson explained there is always a one-month delay.

- g. **New Business**

**National Save For Retirement Week:** Gay Lynn Bath announced it will be October 19 through the 25. We have reserved the Archives room downstairs to hold our annual open house on Thursday, October 23. Bath invited the Committee to join us. Bath will send out a message to all state employees on the back of their October 1 paycheck. Bath will also use the library list serve and have Jack and Justin drop off posters with local employers. Bath noted that there was a noticeable impact on enrollments in the months following last year's open house.

**Leadership Award:** Gay Lynn Bath explained NACGDA has always had leadership awards wherein everyone who submitted an entry was recognized. This year they made it more of a competition and a committee chose the top three entries, and OSGP was one of them. Bath submitted posters and pictures from last year's National Save for Retirement week.

**Discussion-Employer Match/Auto-Enrollment:** Bath reminded the Committee Brian Burleigh had inquired about auto enrollment and employer match. Bath gave an overview of what would have to happen before we could move forward. A bargaining proposal would be necessary. Burleigh shared he felt it was disconcerting that employers were trying to get out of the business of pensions. If you could do it on a cost mutual basis, and if it did not cost the employer any more, then why not do it? Bath explained auto enrollment and the changes in the law that would need to happen first. Evers noted it would have to be something for the Union to get involved in. Beaufait suggested contacting the Ways and Means Committee. Evers volunteered to speak if we could get a hearing. Burleigh asked what the next step would be, Cleary explained this is part of a compensation package and it would need to come from the human resource side, and Gay Lynn could work with our HR department.

V. **Audience Participation:** None

VI. **Adjournment**

There being no further business, Chair Goulard adjourned the meeting.

The next meeting will be on November 19, 2008 in Tigard.

Respectfully submitted,

Denise A Helms  
Assistant to the Deferred Compensation Manager