



**ADVISORY COMMITTEE MEETING MINUTES
AUGUST 10, 2005
PERS SALEM CENTER
ARCHIVES CONFERENCE ROOM
SALEM, OREGON**

COMMITTEE MEMBERS PRESENT

ROMAN MARTUSHEV, CHAIR
BARRY KAST, COMMITTEE MEMBER
PETER A. BYEMAN, COMMITTEE MEMBER
FRANK GOULARD, COMMITTEE MEMBER
KATHLEEN BEAUFAIT, COMMITTEE MEMBER
WILLIAM ROBERTSON, COMMITTEE MEMBER
JASON EVERS, COMMITTEE MEMBER

STAFF MEMBERS PRESENT

GAY LYNN BATH, MANAGER
MARSHA BACON, CS ADMIN.
DENISE HELMS, ASST. TO MANAGER
KATHY PETERSON, PROGRAM COORDINATOR
JUSTIN NAEGLER, EDUCATIONAL REP
JACK SCHAFROTH, LOCAL GOV'T REP

I. INTRODUCTION:

Call to Order by Chair Martushev at 9:30 a.m. Chair Martushev.

II. APPROVAL OF MINUTES:

Chair Martushev asked for any changes to the minutes from the May 11, 2005 meeting as presented. Chair Martushev and Kathleen Beaufait asked for wording to be corrected in the Administrative Report and under V A). Minutes were updated accordingly. Byeman then moved to adopt the minutes as presented. Goulard seconded the motion, and it carried unanimously.

III. NEW BUSINESS:

- A) Introduction of new Advisory Committee Member:** Gay Lynn Bath introduced Jason Evers, the new committee member. Evers is an investigator for the Oregon Liquor Control Commission (OLCC) in Bend. He is currently a graduate student with California State University. Evers stated he admired and supported the work the Advisory Committee does, and that he looks forward to serving with the other members.

IV. ADMINISTRATIVE REPORT:

- A) Service Review:** Tony Signorello from Citistreet presented the quarterly service review, highlighting the current market environment. Signorello explained some of the market fluctuation shows that people are holding the course, staying consistent and well diversified. Plan assets have increased 10 percent over the last year to \$770 million. Signorello stated that participant accounts have increased by 4 percent, and that the plan had 10,606 active participants. The ability to log onto the system using a custom name instead of a social security number was implemented last quarter, and Smart Money and Quicken instructions were added to the website.

Signorello shared that Citistreet and OSGP staff continues to work on the re-design of the plan's communication materials. Bath offered to send the Advisory Committee one of the enrollment kits when they are completed.

Signorello responded to Goulard's question regarding holding times at the call center longer than 30 seconds. Signorello said that is not something that was tracked historically within the call center, however, they have put a request in to track that information and it will be presented at the next meeting. Evers asked if a report could be produced to show the number of participants by geographical region. Signorello will separate each participating age group for the next service review, and will identify those participants separated from service and those still active. Signorello suggested an article for the next Plan Update to remind participants to increase their deferrals now that raises were reinstated. Bath shared that the last Plan Update included an article on the benefits of rolling money into OSGP as well as a rollover form. To date, Naegle indicated that 54 rollover requests had been generated from this article. Peterson noted OSGP has received 63 PERS IAP rollovers so far this year.

- B) Performance Results:** Kevin Nordhill, Treasury Department, presented the performance results for the second quarter. Nordhill stated that the Feds are continuing to raise the short-term rates; they are currently at 3.5 percent and will continue to increase through the end of the year. Rates are forecasted to hit 4.5 percent. Equity markets picked up, finishing with the Russell 2000 at over 2 percent. Chair Martushev asked to have a column added to the performance results that would reflect OSGP's target goals for performance.
- C) Stable Value Report:** Kim McCarrell, INVESCO, explained the service INVESCO has provided since November of 2001. INVESCO is the largest Stable Value manager in the country they are currently managing stable value funds in six 457 plans. They have exceptional resources to take care of these accounts. When INVESCO was hired, the assets of the stable value fund in OSGP were \$100 million; they are now \$133 million. McCarrell highlighted the three ways they diversify the portfolio: 1) investment contracts, 2) the underlying bonds that back those contract, and 3) the managers that manage the underlying assets. McCarrell discussed former contracts and the negotiation process.
- D) Local Government/State Status Report:** Jack Schafroth discussed his main goal, which is to increase the number of local government participants. Schafroth stated the current "hot spot" is central Oregon, especially the Bend area. He recently added Bend Lapine School District, the High Desert ESD, Central Oregon Intergovernmental Council, and later this month Redmond and Prineville School districts will also be added. Schafroth noted that OSGP has added 23

new employers this year alone, which is an increase from the 14 OSGP added last year. 200 new employees were added in 2004; in 2005 619 have been added. He explained that getting out there in front of people has made a huge difference. Employers are allowing OSGP to go on site to present to the employees more than in the past. Schafroth stated the total local government dollars contributed in May was \$1 million, bringing the total local government assets to over \$28 million. Chair Martushev asked Schafroth to add a line to his graph to represent the number of participants. Schafroth noted he has spoken to 10 new contacts he met at a recent vendor fair, and will be meeting with them in the next year.

Justin Naegle gave an update on the progress of the 2005 goals and strategies for state employees, miscellaneous agencies and higher education. One of Naegle's goals is to increase participation, and he feels the best way to do that is to increase attendance at workshops. Naegle contacts agencies when he is in a specific area to try to reach as many people as possible. The biggest challenge is trying to get younger people to attend so he can reach them and explain the importance of deferring early in their careers. Naegle stated when he has younger people attending his workshops he asks them why they are there so he can speak to their expectations. Naegle suggests that people defer the raise they will be receiving, and he will work on an article for the Plan Update to remind them of this opportunity. Naegle is working on a direct mailing to offer evening workshops. He stated that education is the key. People need to understand the importance of saving for the future. He explained the purpose of dipping calculators to the advisory committee

- E) **Asset Report:** Gay Lynn Bath shared the most recent asset report noting the local government assets have increased by 39 percent. The total assets in the plan have increased by \$80 million since last year at this time. Participants are keeping their money well diversified.
- F) **Plan Update:** Gay Lynn Bath discussed the new look of the Plan Update and explained that by the end of September the transition to the new look and branding of all communication pieces should be complete. Forms are being updated on both websites as well. Bath noted that OSGP received a good response when the rollover form was included with the Plan Update. Per Goulard's request, the Plan Update included a section on deferral limits. Bath said that 20 applications were received for the Advisory Committee position, and explained that the executive staff at PERS helped review them. Jason Evers was selected and approved by the board at the August 5 meeting. Bath noted that OSGP would include an article in the next Plan Update reminding state employees who participate to defer more now that the 2 percent raise went through.

V. ADJOURNMENT:

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

Respectfully submitted,

Denise A Helms

ASSISTANT TO THE DEFERRED COMPENSATION MANAGER