



**ADVISORY COMMITTEE MEETING MINUTES  
NOVEMBER 14, 2007  
PERS HEADQUARTERS  
TIGARD OREGON**

**COMMITTEE MEMBERS PRESENT**

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

**STAFF MEMBERS PRESENT**

Gay Lynn Bath, Manager  
Paul Cleary, Executive Director  
Denise Helms, Assistant to Manager  
Justin Naegle, Educational Representative  
Jack Schafroth, Local Government Rep

**I. INTRODUCTION:**

Call to order by Chair Goulard at 9:30 a.m. Chair Goulard asked for introductions, beginning with the newest member, Brian Burleigh. Brian introduced himself; he is the Human Resource manager of the Oregon Department of Transportation in Bend. Chair Goulard welcomed him.

**II. APPROVAL OF MINUTES:**

Chair Goulard asked for any changes to the minutes from the August 8, 2007 meeting as presented. Chair Goulard asked that the Chair name be corrected on page 4. Bath noted on page 3 that the word seconds needed to be changed to minutes. Chair Goulard asked for a motion to approve the minutes, Bill Robertson made a motion to approve the minutes, Judy Scales seconded the motion, and it carried unanimously.

**III. OLD BUSINESS:**

- a. **Status of Life Path Funds:** Gay Lynn Bath handed out an example brochure that BGI provided explaining the new funds. Bath noted OSGP would be putting out something similar as a hard copy with the January 2008 statements. Bath explained what the participants with money in the balanced fund could be expecting in the next few months. In early December, any participant with money in the balanced option will be receiving a letter. Currently there are 11,000 participants with money in the balanced option. The

letter will explain the balanced option will no longer be available, and participants will have approximately 45 days to redirect their funds, or, if they do nothing, their funds will automatically be mapped over to the appropriate LifePath fund. Bath will send a copy of the letter that will go out on December 10, 2007. Bath said there would also be a FAQ going out, and OSGP will update its presentations for the workshops. Bath also explained there are a few issues OSGP is still working on, such as communication to participants entering the balanced fund after December 10.

- b. **Save For Retirement Week:** Gay Lynn Bath gave an overview of the open house that OSGP held the week of October 22. Chair Goulard attended and spent most of the day greeting participants along with the OSGP staff. Bath noted people stayed and filled out enrollment forms; 25 new ones were received that day, making the total new enrollments of 266 the largest number of enrollments received in one month. Participants had a lot of questions and there was a good turn out. Paul Cleary also attended and met with participants. For November, OSGP has already have received 137 new enrollments. Bath shared that Governor Kulongoski signed a proclamation for us this year, proclaiming National Save for Retirement Week. Chair Goulard explained he thought it was a great success. Bath also noted that CitiStreet developed posters for us which were posted in the Archives building and copies will be distributed to employers during the year.

Chair Goulard asked Bath about auto enrollment. Bath explained there are a few states that have this, but Oregon law would have to be changed to allow OSGP to take money from someone's check without their signature.

#### IV. ADMINISTRATIVE REPORT:

- a. **Local Government Report:** Jack Schafroth noted the participation level is up. Schafroth explained he has held overview presentations at Portland Community College at five campus locations with 120 attendees. Schafroth shared there were six new adoptions this quarter mostly in the educational field and that there were several adoptions in process. There were 10 benefit fairs last quarter.

Schafroth explained his goal for enrollments this year was to 2600 individuals enrolling; at the end of September there were just over 2500. This was a 15 percent increase over last year. Schafroth noted the goal for the number of local governments participating was 182; at the end of September there were 175. Finally, the last goal was to complete 150 rollovers into the plan, and at the end of September that goal was reached. Schafroth explained when bringing on educational entities it can limit the amount of rollover dollars we take in due to the fact they are not eligible to roll 403(b) dollars until they separate from service. Kathleen Beaufait asked who the competitors were at the vendor fairs. Schafroth explained there are a number of them, including Valic, ING, Harford, Bank, and Credit Unions; mainly institutions who offer the same plans.

Paul Cleary asked about the counties, noting we seem to be light on participation. Schafroth explained he was working on a mailer to send the counties in the next quarter. Schafroth said that due to the size of the counties it was a little more difficult to get in the door. Many administer their own plans, such as Multnomah County. Other counties are looking to scale down the number of providers they currently have.

- b. **Performance Review:** Andy Hayes from the Treasury Department presented the performance results for the last quarter. Hayes noted the performance, looking at the last five years, has been resilient. Hayes explained that July was a tough month; noting that participants should not be jumping around in their accounts due to turbulence in the market. Hayes said the Small Cap and International were down over the past three months, but long-term was still strong. Hayes highlighted Legg Mason.
- c. **Service Review:** Greg Talbot from CitiStreet presented the last quarter's service review. He highlighted that assets have increased to \$1.04 billion, an 8.6% increase from the prior year. The net cash flow increased from \$7.8 million in the second quarter of 2007 to \$7.9 million in the third quarter of 2007, a \$0.1 million change from the prior quarter.

Chair Goulard asked how we could get the participants who stopped deferring to re-start their deferrals. Naegle said a number of reasons people stop contributing could be due to holidays, or something in their life where they now need the money. Some people think when the market is down they should stop deferring. Bath said she could work with CitiStreet on creating post card for this group. Bill Robertson explained he understood why some people might stop contributing, as he himself has gone down to part-time hours, which puts you in a different tax bracket.

Talbot noted there were 197 rollovers into the plan for a total of \$3.36 million and 109 rollovers out of the plan for a total of \$8.13 million. There were 127 loans in the last quarter; average dollar amount was \$8,582.

Talbot gave an overview of the call center statistics, noting that in the average talk time was 3.73 minutes. The abandon rate was down from 2.27% last quarter to 1.56% this quarter.

- d. **State Status Report and Goals:** Justin Naegle presented the state report for the third quarter. Naegle noted in setting up his workshops for 2008 there are about 3000 seats to be had, and about half were already full. However, approximately 28% of the people who sign up don't show up. Naegle explained that the new auto enrollment for workshops through the Internet sends e-mails to the participants. Naegle does ask participants why they are canceling, and some responded that they did not want to use their personal time to attend. Naegle stated that the brown bag meetings continue to have good attendance, most likely due to the fact they are on-site and participants do not have to travel.

Overall participation continues to increase. The average deferral amount is continually increasing; currently at \$391, the goal is \$400. Naegle noted participants were increasing their deferrals the last couple of months to maximize their tax savings for the year.

Naegle has two workshops scheduled at Portland State this week. Naegle stressed the importance of getting out there because some of the Universities are cutting back on the amount of providers they are offering.

- e. **Plan Update:** Gay Lynn Bath commented on the article regarding the LifePath funds. Bath explained the required minimum distribution (RMD) letters went out in October. In addition there was an article explaining that stable value management was changed from INVESCO to Dwight. The transition was very smooth, and there have been no additional calls or questions. Bath added if there are any articles that the Advisory Committee would like to see, that they notify her.
- f. **OSGP Statistics:** Gay Lynn Bath gave the statistics in Kathy Peterson's absence. Bath compared last year's monthly contribution totals noting there was an increase of almost 11 percent. There were 410 new enrollments at this time last year; and at the end of the third quarter for 2007, there are 470, an increase of 14.6 percent. Total active employees are up 5 percent from last year, and the total number of participants actively contributing is up 4.6 percent. There were 127 loans for the quarter.

Bath noted that rollovers out are a concern, explaining they no longer send out settlement agreements when a participant terminates, but that a post card is sent out instead. In addition, Bath had CitiStreet develop a one-page brochure with reasons to leave money in the plan. Education on staying in the plan is important, and Paul Cleary suggested it be an article in the plan update. Bath would also like to put an article in the Perspective. Bath also noted OSGP responded to an RFP for Clackamas County.

V. **New Business.** There was no new business.

VI. **Audience Participation:** Lloyd Chapman, a retiree from Salem introduced himself. Chapman requested OSGP look into socially responsible funds. Chair Goulard explained the dilemma of defining socially responsible. It can mean different things to different people. He also noted you could also sacrifice investment returns in this type of fund. Chair Goulard asked Chapman if he would be willing to participate in a task force to further explore this option. Andy Hayes also volunteered to be a part of any task force.

VII. **Adjournment:** There being no further business, Chair Goulard adjourned the meeting.

The next meeting will be on February 13, 2008 in Salem.

Respectfully submitted,

Denise A Helms  
Assistant to the Deferred Compensation Manager