



**ADVISORY COMMITTEE MEETING MINUTES**  
**February 13, 2008**  
**ARCHIVES BUILDING**  
**SALEM 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  
Dave Tyler, FSD Administrator  
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 November 14, 2007 meeting as presented. Chair Goulard asked for a motion to approve the minutes, Jason Evers made a motion to approve the minutes, Kathleen Beaufait seconded the motion, and it carried unanimously.

**III. OLD BUSINESS:**

- a. **Status of Life Path Funds:** Gay Lynn Bath gave an overview of the new LifePath® Funds that became active on February 4, 2008. Any participant with money in the Balanced Fund Option was mapped over to a LifePath fund closest to the year they turn age 65. Participants were given from December 17 to February 1 to move out of the Balanced Option if they did not want to be mapped to a LifePath fund. They were also given from February 4 to February 15 to move between the LifePath Funds with no restrictions. After February 15, the 90-day trading restrictions were again in effect. Bath noted that all of the OSGP printed material has been updated reflecting the changes.

#### IV. ADMINISTRATIVE REPORT:

- a. **Performance Review and Trading Restrictions:** Kevin Nordhill from the Treasury Department said that Andy Hayes, who had been working with him, had taken a new position with Treasury in Portland. Nordhill explained Treasury is actively seeking two positions; one to fill the deferred compensation Investment Officer.

Nordhill explained the Federal Reserve continued to ease the interest rate; last month it dropped to 3 percent. In November, Dwight replaced INVESCO, the previous stable value manager. The transition was seamless and Dwight is doing a great job. Nordhill reported the fixed income option has struggled this last year due to the credit market. The equity options have been good. Nordhill explained they are likely to change out the Legg Mason Fund; they are conducting a search and taking a recommendation of Delaware Investments to the OIC to replace the manager.

Nordhill noted they have been looking at removing some of the trading restrictions, particularly the 90-day lock up period, which went into effect as a result of a concern from the SEC rule implemented in 2006 that required mutual fund companies to enter into agreements with record keepers wherein the record keeper would be required to give the names of participants in DC plans who were trading excessively, in order for the mutual fund to implement redemption fees. OSGP wanted to prevent the redemption fees, and had also had earlier problems with market-timers.

Kathleen Beaufait asked if participants would have greater flexibility. Bath explained there would still be a maximum trade of \$100,000. Nordhill stated Bath as the Deferred Compensation Manager would still be monitoring accounts with excessive activity.

- b. **Service Review:** Greg Talbot and Kim Alger from CitiStreet presented the last quarter's service review. Greg highlighted that assets have decreased to \$1.040 billion, still an 8.2% increase from the prior year. The net cash flow increased from \$7.9 million in the third quarter of 2007 to \$8.3 million in the fourth quarter of 2007, a \$0.4 million change from the prior quarter.

Chair Goulard asked Bath if we could send postcards to anyone actively enrolled, but not currently contributing. Bath will also compare the amount of hardships from the previous year.

Talbot noted there were 141 rollovers into the plan for a total of \$2.58 million and 103 rollovers out of the plan for a total of \$5.17 million. There were 84 loans in the last quarter; the average dollar amount was \$9,086. Kathy Peterson noted that 85 percent of the participants that have taken a loan are still contributing. Beaufait asked the reasons why participants take loans. Bath explained it is not required to give a reason for a general-purpose loan, but that the statistics show that a most loans from retirement plans are used to pay off credit card debt.

Talbot gave an overview of the call center statistics. Kim Alger noted that calls spike after statements go out. The average talk time was 4.03 minutes. The abandon rate was down from 1.46% in November to .78% in December. Alger explained in January the call volume was very high due to the market volatility.

Chair Goulard asked what other states were doing to increase participation. Kim Alger responded there was a lot of emphasis on adding advice and education for the participants. Alger explained not all of their plans were actively managed the way OSGP is. Bath noted she has been in contact with Washington and Hawaii. Alger stated all states have the same challenge when there are competing vendors. Goulard asked Dave Tyler if adding auto enrollment was being looked at. Tyler said it was not on the list of proposed concepts. Bath explained that an Oregon law would have to be changed before auto enrollment could be considered. Bill Robertson asked if there was a more accurate way for CitiStreet to report the actual year to date performance.

- c. **Local Government, Q4 Status and Goals for 2008:** Jack Schafroth reported 2007 was a good year for the local governments as they have continued to grow. Schafroth explained his main goal for 2008 will be to increase participation. Portland Public Schools will be coming on board shortly. They have about 7500 employees. Schafroth noted the monthly deferrals are over \$800,000.

Schafroth met his 2007 goal of increasing participation by 15 percent. Schafroth's goal for 2008 is to increase participation by 25 percent. Schafroth did not meet the goal to get to 182 total employers; we are currently at 178. His goal for 2008 will be to bring on 20 new employers. There were 186 rollovers into the plan, exceeding the goal of 150. Schafroth explained he would be leaving that goal of 150 the same due to the trend of adding new school districts and noting that school employees cannot roll their 403(b) money until they have severed service from the district.

Jason Evers congratulated Schafroth on Portland Public Schools. Chair Goulard also congratulated Schafroth on having 7 of the 17 Community Colleges on board.

- d. **State Goals, 4Q Status and Goals for 2008:** Justin Naegle presented the state report, starting with his goals. His major goal is to increase participation in the plan, and then to increase assets in the plan. Naegle explained he exceeded attendance to the workshops by more than 10 percent due to having better contact information for the participants. Naegle said 60 percent of the people that come to the workshops enroll. Naegle's goal was to hold 94 workshops; he completed 114. His goal was to increase participation in the plan by 1 percent; it increased by 6 percent. Naegle explained the technology is better; this year he used the Listserve to send flyers and other information. In addition he was able to attend some agencies' open enrollment presentations to introduce OSGP. The next goal was to increase deferrals by 5 percent; the goal was \$391, and that goal was exceeded in the fourth quarter by reaching \$399. Higher Ed participation was increased from 15 percent to 23 percent. Naegle said the universities are letting him come on site and present at their benefit fairs as early as next week. Because OSGP is now allowed on campus, he believes this will increase the Higher Ed participation.

The goal for the rollovers in to the plan was 500; and the actual number was 518. The goal for rollover outs was to decrease by 5 percent, but they increased by 10 percent. Naegle attached the survey we send to participants when they ask to roll out of the plan. The main reasons are that participants were advised by a money manager to move money out and others wanted to consolidate. It appears that people like the idea of having more investment choices.

Naegle handed out his 2008 goals highlighting the addition of workshops about general information, rollovers and other topics in the evening or weekend. The main goal is to continue to work with agencies HR departments. Chair Goulard asked if we had a survey on why participants wanted to roll in. Naegle said we did not but noted the main reasons are the low fees and consolidation of assets. Bath noted to the Committee that DAS would provide us with a list of all new employees every six months.

- e. **Plan Update:** Gay Lynn Bath explained the Plan Update this quarter highlighted the new LifePath funds. There was also a brochure on the funds that was sent out with the newsletter. Future articles will include information on changing beneficiary information when a participant has a life-changing event, and good reasons to stay with OSGP rather than rolling money out of the plan. We will also include an ad for a new Advisory Committee member.
- f. **OSGP Statistics:** Kathy Peterson noted the overall total contributions were increased by 10.53 percent over 2006. Higher Ed was up 24.25 percent. There were 620 new enrollments for the fourth quarter, up 23.78 percent from 2006. The total participation is up 5.19 percent. Total active participation for the quarter is up 8.26 from 2006. Special programs for the quarter included 49 new participants in max plus, 69 new in the 50-Plus catch-up provision and 8 new employees in the 3-year catch provision. There is also a one person in the military catch-up.
- g. **Loan program:** There are a total of 84 loans for the quarter; total year to date is 211. Peterson explained the bulk of the loans are from OSPS. Rollovers in to the plan total 141 for the quarter, and year to date is 704, down 5 percent from 2006. There were 192 IAP rollovers-in. There were 102 rollovers out for the quarter with 427 year to date, which is a 27 percent increase over 2006.

V. **New Business:**

**Advisory Committee Vacancy:** Gay Lynn Bath noted Bill Robertson's term is over on June 30, 2008. Bath is beginning the process to open the vacancy.

- VI. **Audience Participation:** Doug Smith, a retiree from the state, inquired about annuities. Kathy Peterson explained we currently do not have an annuity option. Our program previously had insurance companies that had annuities, but there is none available at this

time. CitiStreet provides a portal to a company that sells annuities, and they will send OSGP more information on this service.

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

The next meeting will be on May 14, 2008 in Tigard.

Respectfully submitted,

Denise A Helms  
Assistant to the Deferred Compensation Manager