



**ADVISORY COMMITTEE MEETING MINUTES  
AUGUST 12, 2009  
ARCHIVES CONFERENCE ROOM  
SALEM OREGON**

**COMMITTEE MEMBERS PRESENT**

Jason Evers, Chair  
Peter Farrelly, Vice Chair  
Bob Swank, Committee Member  
Keith Baldwin, Committee Member  
Kathleen Beaufait, Committee Member  
John Lattimer, Committee Member

**STAFF MEMBERS PRESENT**

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

**INTRODUCTION:**

Call to order by Chair Evers at 9:30 a.m. Chair Evers asked for introductions. There are three new Advisory Committee members; Bob Swank, Associate Director for Lane Council of Governments (LCOG), Keith Baldwin, State Forestry Department, and John Lattimer, who is the Chief Financial Officer for Marion County.

**I. APPROVAL OF MINUTES:**

Chair Evers asked for any changes to the minutes from the May 13, 2009 meeting as presented. Chair Evers then asked for a motion to approve the minutes. Beaufait made a motion to approve the minutes. Keith Baldwin seconded the motion, and it carried unanimously.

**II. OLD BUSINESS:**

Mike Viteri, Equity Investment Officer from the Office of the State Treasurer, presented an update on the consultant and Request for Proposal (RFP). Viteri explained the Oregon Investment Council (OIC) is responsible for the investment aspect of OSGP. Oregon State Treasury staff is responsible for supporting the investment process. The PERS board oversees the administrative aspects of the plan; including communication, education and plan administration, along with a number of other things.

Viteri explained they released an RFP for a consultant for two reasons; investment and administration services. There is an immediate need for a consultant on the administrative side for record keeper. There was a team put together for this process that included Gay Lynn Bath, Mike Viteri, Chair Jason Evers, and Tom Lofton and Jennifer Pead from

Treasury. There were seven proposals and three finalists were chosen from that group. After interviewing the finalists, it was decided Arnerich Massena & Associates would be retained to work with Gay Lynn Bath and Mike Viteri. Chair Evers commended Viteri and Bath on the well thought-out process. Chair Evers thanked them for the opportunity to participate.

John Lattimer asked if it would be a conflict of interest that Arnerich Massena & Associates were also recently retained by Marion County as their consultant. Paul Cleary and Gay Lynn Bath said it would not.

### **III. ADMINISTRATIVE REPORT:**

- a. **Q2 Performance Report:** Mike Viteri from State Treasury explained wrap contracts. Viteri shared that the second quarter was much better than the fourth quarter of 2008. The markets rallied back up strongly; however the fund is still down about 33 percent. In US Equities, Small Cap stocks outperformed the Large Cap stocks; Small Cap Growth Stocks outperformed every single asset class. The International equity markets posted a 25 percent return, mostly due to the US dollar appreciating against other currencies. US Treasury's index dropped about 7 percent. The credit markets which were frozen in 2008 came back alive again, and corporate debt posted a return of 8.1 percent while high yield posted a return of 23 percent. Treasury yields rose so prices dropped.
- b. **Q2 Service Review/ING Update:** Kim Alger, Senior Vice President, Carol Cann, OSGP's Relationship Manager, and Harriet Jacobs, Vice President, from ING were present. Alger noted that Greg Talbot is now in a different capacity of the plan. Alger discussed some new resources that are available for enhancing the plan's features. Jacobs noted that retirement services have been named core business for ING.

Jacobs noted that 53 percent of the reduction to the expenses for the company was ahead of schedule. The goal was to reduce operating expenses by one billion euro and they are at 580 million euro. The assets under management at the end of March were \$245 billion. In the first and second quarter there were two new state plans brought on board, and some consolidating of other plans. Chair Evers asked if those cost savings translated into a loss of staff. Jacobs explained there was no impact this year; but last year there were some reductions.

Jacobs shared the capabilities that ING can provide in sales, communication and education. Chair Evers asked if ING was on Twitter, and Jacobs indicated that Ron Campana and Marcy Loomis are working on that along with FaceBook. Alger highlighted the new and improved resources, including the Sponsor Forum. Alger explained the "Go Green" campaign wherein participants can choose to receive quarterly statements and confirmations on line rather than hard copies.

Carol Cann highlighted the quarterly Service Review. Cann noted in March there were 23,000 participants, and in June there were 22,000. However, Cann noted the change in the number of active participants not contributing went from 4563 to 4850,

concluding that participants have been stopping their contributions. Bath commented on the upcoming furlough days; hoping it would not have further impact on participants deciding to stop their deferrals. Beaufait asked if there was anywhere for the participant to indicate why they are stopping their deferral. Cann indicated that the monthly average contribution went down a small amount overall; but deferrals for participants over 60 years old increased

John Lattimer asked if participation in the LifePath® investments had increased. Alger and Bath explained there has not been a lot of change. Lattimer thought it would be better and easier for the younger participants; he is also interested in getting the law changed so we could add auto enrollment. Alger said she could provide some trending information from other plans that do use auto enrollment. She discussed how the funds were mapped over when we added LifePath® funds. Bob Swank, from LCOG, commented they have almost 100 percent participation due to the agency match.

- c. **Plan Update/LifePath®2010/Upcoming RFP:** Gay Lynn Bath highlighted some of the articles in the Plan Update, including the stimulus plan and how it affects retiree taxes, and explained ING's "Go Green" campaign. Bath asked ING to provide statistics on how many participants signed up for the Go Green program, and chose to receive electronic statements and confirmations. Bath explained the mapping over of LifePath® 2010 to the LifePath® Retirement fund. OSGP sent out 1300 letters to participants who were currently in the 2010 fund explaining that on December 31, their funds will map over to the Retirement Fund.

Bath gave an update on the upcoming RFP process, noting she will be working with Arnerich Massena & Associates and the PERS contract department on developing an RFP for record keeping. The current contract has been extended, and OSGP is unsure of the amount of time the RFP process will take.

- IV. **Local Government Q2 Status:** Jack Schafroth reported when a new employer adopts the plan, the rollout process includes overview presentations and one-on-one meetings. Schafroth noted there was a drop in the average monthly deferrals most likely due to the economy.

Schafroth noted there were two new adoptions this quarter; Applegate Fire District and the City of Rainier. There are currently 10 new adoptions in progress. Schafroth is continuing to make site visits, explaining it is the best way to get exposure. Some participants have expressed the reason they want to roll their money from another employer plan is due to dissatisfaction in the service they have been provided. Schafroth tries to schedule workshops during enrollment times/changes to educate the participant at the time of hire. Schafroth is still actively working with Portland Public Schools through Carruth Compliance consulting.

**V. State Q2 Status:** Justin Naegle reviewed his goals. Naegle said the planning and investing workshops have been the most popular. The participants are interested in the investment side and what is happening with returns. Naegle said there are two hurdles for the participants; first, they don't feel they have enough money to save, second, they don't feel like they know enough to make the decision on where to invest their money. Naegle lets participants know that the LifePath® portfolios are a good diversified place for them to invest. Naegle noted participation has dropped. He continues to be aggressive with higher education, scheduling benefit fairs and workshops.

**VI. Plan Statistics:** Kathy Gannon gave definitions of the special catch-up programs for the new members. The monthly contributions are down about 6 percent, compared to the first quarter of 2008. New enrollments are down 59 percent from this time last year, which again is mostly likely due to the economy and cut backs. The loans issued for this quarter were down by 1 percent, from last quarter. There were 20 unforeseeable emergency withdrawals last quarter. The rollover-ins numbered 255 compared to 315 last year, rollover outs are at 173 compared to last year when there were 266, representing a 35 percent decrease. There has also been a decrease in the dollar amount going out.

Gay Lynn Bath shared that National Save for Retirement Week is October 19 through October 23 OSGP will be holding an open house Wednesday, October 21. Bath will advertise through the State Library's list serve, and Justin and Jack will be sending out posters throughout the state agencies and in any local governments in the area. Bath invited the Committee to attend. We will also be having short workshops on site, as well as snacks and drawings.

**IV. NEW BUSINESS**

Director Paul Cleary commented that Senate bill 399 passed. It provides participants the ability to purchase their PERS waiting time and other service time purchases such as refunded time, military, and out of state teaching time with rollovers from qualified 457/403(b) dollars. Cleary said it should encourage participants to join OSGP. This bill will be implemented in September of 2011 as it requires program changes. Cleary explained this would be a positive move.

**V. Audience Participation:**

None

**VI. Adjournment:** The next meeting is November 18 in Salem

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

Respectfully submitted,

Denise A Helms  
Assistant to the Deferred Compensation Manager