

State of Colorado



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NOTICE OF STATE DEFERRED COMPENSATION and PUBLIC OFFICIALS' AND EMPLOYEES' DEFINED CONTRIBUTION PLAN COMMITTEE MEETING

FROM: Suzanne E. Kubec, DC Plan Administrator

SUBJECT: Meeting November 8, 2007 **Note Location/Room Change**

PLACE: 200 E. 14th LAC Bldg Rm. B
Denver, CO 80203

The meeting will be broadcast live at <http://www.colorado.gov/dpa/dhr/benefits>, under "Hot Topics" click on "Listen to 457 Committee Meeting Live 10-11-07". The legislative page opens then choose "Legislative Audit Committee Hearing Room".

TIME: 1:30 p.m. - 4:30 p.m.

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| 1. Roll Call | 2 mins. | 1:30 p.m. |
| 2. Approval of Minutes – October | 5 mins. | 1:32 p.m. |
| 3. Approval of Agenda | 3 mins. | 1:37 p.m. |
| 4. Announcements – Suzanne Kubec | 15 mins. | 1:40 p.m. |
| 5. Public Comments | 5 mins. | 1:55 p.m. |
| 6. Discussion Re: Match Plan Administration – Heidi Dineen, AGO | 40 mins. | 2:00 p.m. |
| Break | 15 mins. | 2:40 p.m. |
| 7. Plan Recordkeeping Analysis Update – Suzanne Kubec | 10 mins. | 2:55 p.m. |
| 8. HB07-1184 Sudan Divestment Update – Suzanne Kubec | 10 mins. | 3:05 p.m. |
| 9. Monthly State DC Plan Report – Great-West, Hartford, ICMA | 45 mins. | 3:15 p.m. |

NOTE:

The next Deferred Compensation Committee meeting will be on **December 13 at 200 E. 14th LAC Bldg Rm. B** The Executive Committee meets to discuss agenda items one week prior to each committee meeting. Since the time and place vary, please call 303-866-4066 for specific information.

Special accommodations will be provided upon request for person with disabilities. If you are a person with a disability who requires special accommodation to participate in this meeting, please notify Paula Manzanares at 303-866-4066 within 72 hours of meeting date.

Minutes of the Meeting of November 8, 2007
Legislative Services Building (LSB)
200 East 14th LAC Room B
Denver CO 80203
DEFERRED COMPENSATION COMMITTEE

Present: Dave Loomis Rep. Richard Sen. Lois Tochtrop
Billy Kwan Mutzebaugh- Dean Conder
Les Shenefelt excused Patrick Byrne
Ben Stein Joann Vondracek

Attendees: Department of Suzanne Kubec Paula Manzanares
Personnel & Karen Fassler Vinita Biddle
Administration Michelle Carroll

ICMA Emily Knox

Great West Rick Kramer Andrew Ahrens
Liz Davidsen

JeffCo Lynn Acker Lisa Eacker

Attorney Heidi Dineen
General's
Office

CSU Dee Martinez

Roll call Joann Vondracek called the meeting to order.
Paula Manzanares called the roll.

Approval of Minutes October 11, 2007 **Dave Loomis motioned to approve the minutes as amended.**
Senator Tochtrop seconded the motion
The motion carried unanimously.

Approval of Agenda Two issues were added to the agenda for Heidi to review; an amendment to the 457 Plan document and potential amendment to employer participation agreement. The quarterly financials presented by Michele Carroll was added after the Monthly State DC report. Hartford would not be presenting today. There were no other changes.

Follow up from October 2007 Suzanne Kubec Performance Audit The draft RFP for the performance audit was sent to Suzanne on Tuesday, November 6, 2007. Suzanne requested comments from the Committee by next Tuesday, November 13, 2007 in order to submit these to Michelle Colin at the State Auditors Office.

Announcements November-Website 457 Great West has redesigned our website with our new logo and it looks great. Suzanne asked the Committee to please visit the new website.

Envelope Issue

A participant sent an e-mail to Suzanne regarding her concerns about identity theft and her 457 Plan statement. Suzanne told her that she would bring this to the attention of the Committee and that they may want to re-address the issue. The participant is concerned that someone could get her account information since the envelope clearly indicates it is information from the Deferred Compensation Plan. Suzanne explained that the Committee changed the envelope several years ago so it wasn't perceived as junk mail. Suzanne suggested the participant could review her statements on-line as opposed to receiving it in the mail. Suzanne also indicated that Great West has changed to a unique ID number instead of social security number on statements. Suzanne reminded the participant that she is the only one that has the ID and password to log into her account. The participant thanked Suzanne for responding to her concerns and didn't appear as though she required additional action.

Contribution Limits

Suzanne stated that the contribution limits are the same for 2008: \$15,500 for under age 50, and \$20,500 for those over age 50.

Handouts:

Suzanne provided the following handouts to the Committee: the staff timesheet for third quarter, which was part of attachment #2, a revised attachment #3 regarding the Match Plan and Great West State DC participant bulletin. The remaining quarterly statements and bulletins were included in the packet. Additionally, a copy of the Hartford letter to participants regarding the fund change was provided.

Public Comments

There were no public comments.

Discussion regarding: Match Plan Administration- Heidi Dineen, AGO

Heidi Dineen, Attorney General's Office, discussed the updated Match Plan document. Heidi commented that a letter from Great West detailing fees and other information was also included in the packet. The document was very detailed and listed options for the Committee regarding an active plan, frozen plan and a terminated plan. The Committee would need to request a determination letter from the IRS if they decided to terminate the Match Plan. Joann asked why the Committee needed to do a determination letter if nothing changes. Heidi stated that IRS will ask for a letter. if one is not provided, there could be penalties to the Match Plan. It could take a while to get the determination letter back from IRS. In order to terminate the Match Plan the Committee needs approval from the General Assembly since there is no authority for the Committee to do so in statute. Rick Kramer, Great West, noted that the Committee would have to provide advance notice to participants. One option, in lieu of termination, is for the Match Plan to offer to do an administrative rollover from the Match Plan to the 457 Plan however, the participants would be required to complete a rollover form. An additional administrative issue is what would happen to current loans? The Match Plan currently has 190 active loans. If the Committee decides to terminate the Plan, the loans are called (paid in full). There would be tax consequences to participants unless they rolled it into the

457 or another type plan.

Discussion
regarding: Match
Plan
Administration-
Heidi Dineen,
AGO-cont'd.

Ben Stein suggested that we should freeze the loans or wait until all the loans are paid. Joann asked the Committee if they wanted to make a decision today. It appeared that the Committee is not ready to make a decision at this time therefore this will be addressed again at a later date.

Heidi discussed the Employer Participation agreement and suggested that the Committee add a paragraph eight that states the Committee and the State have no responsibility for the administration, investment or qualification of any other retirement or benefit plan sponsored by the Employer. Dave Loomis questioned if school districts want to transfer existing accounts to us. Heidi stated, no, however we would let them start a new plan with us or terminate their plan and rollover to our plan. The rollover corrects all problems from a previous plan.

Ben Stein made the motion to amend the Participant Agreement by adding sub-paragraph eight provided in the draft by Heidi Dineen.

Dave Loomis seconded the motion.
The motion passed unanimously.

Amendment #7
to 457 Plan

Heidi then discussed the seventh amendment to the 457 Plan document regarding changing the definition of compensation to gross salary. This would be for ease on payroll administration change and therefore a higher gross salary for participant contributions. The Plan is currently using the PERA definition of compensation. JeffCo School District also uses the PERA definition and other schools might as well. JeffCo stated that they might be able to make this change by January 2008 with adequate notice to employees. Suzanne said she will inquire with the other schools districts on how contributions are calculated. Heidi is also working on a draft for the EGTTA amendment for the Committee to discuss at the December meeting.

Plan
Recordkeeping
Analysis Update-
Suzanne Kubec

The task order for the consultant contract was signed the last week of October 2007. Howard Biggs, Arnerich, will provide the report to Suzanne by November 30. Suzanne will forward on to all of the stakeholders for comments and questions. Howard will address any issues at the December 13 meeting. The Committee will also receive hard copies in their December packet.

HB07-1184 Sudan
Divestment
Update-Suzanne

Suzanne had received information from Hartford where a few of their funds have holdings in companies that do business with Sudan. The handout, provided by Bill Abramowicz, Hartford, showed the investment companies responses. Suzanne also attached ICMA and Great-West summary of fund responses. The obligation of the Committee is now to request divestiture, although the 457 Plan is not required to divest since it is a public fund with indirect holdings in actively managed funds. The Committee added to the original letter to

disclose and divest. At this time, the required action is to submit another letter by October 1, 2008 requesting those companies divest. The Committee could also reconfirm with the other companies that there are no holdings. Then annually thereafter the Committee will have to provide a report to the General Assembly, Attorney General's Office and US Presidential Envoy to Sudan that includes the actions taken to date. If the Committee agrees Suzanne will provide these summaries to Howard before he does the performance review in December.

**Monthly State DC
Plan Marketing
Report-Andrew
Ahrens Great
West**

Andrew Ahrens, Great West, provided the Marketing update handout for September and October 2007 that showed the plan with \$672 thousand in contributions and 122 new enrollments. He also provided a list with the upcoming presentations. Suzanne asked that 4 year Higher Ed locations not be presented on this list as they do not have choice and this could create confusion.

**Emily Knox,
State DC, ICMA**

Emily Knox, ICMA provided the report for August, September, and October 2007. Ben Stein asked if the disbursements can be added to the monthly payments. Emily is also still working to have age group data added to the report. She also shared the list of the educational meetings provided around the state. Emily also asked the Committee if she could obtain better exposure to State Employees. Suzanne will send the list to all of the providers and will have information about each vendor posted in the HR Advisor publication.

**Quarterly
Financial Review,
Michelle Carroll.**

Michelle provided the review on the quarterly financial statements. The Committee had a lengthy discussion on the discrepancies on the report and the assets that Great West is providing. The Committee expressed great concern that the spreadsheet provided by Department of Personnel & Administration (DPA) did not show accurate information on the Plan. The Committee asked Suzanne to set up a meeting with DPA to discuss the reconciliation process between the State and Great-West. Les Shenefelt, Rick Kramer, Joann Vondracek, Suzanne Kubec, Dave Loomis, Brenda Berlin, Vinita Biddle, Heidi Dineen and Jeffco representatives were asked to be in attendance. Lisa Eaker, from Jeffco suggested that DPA provide a standard excel spreadsheet for the school districts to complete and send in every month for contributions, including loan payments. Suzanne will contact the other schools districts in the Plan to see how they are calculating contributions since they all have different payroll systems.

Adjourn

**Les Shenefelt motioned to adjourn.
Patrick Byrne seconded the motion.
The motion carried unanimously.**