

State of Colorado



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Governor

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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 Thursday, June 26, 2008 **Note Different Day & New Location**

PLACE: 200 E. 14th LSB 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 6-26-08". 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 – May | 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. Annual NAGDCA Conference – Sept. 13-17, 2008 – Baltimore, MD | 15 mins. 2:00 p.m. |
| 7. Consolidation of Tax-Deferred Plans, Update – Suzanne Kubec | 15 mins. 2:15 p.m. |
| 8. Semi-Annual Performance Review – Howard Biggs, Arnerich
- State 457 Plan and State DC Plan | 90 mins. 2:30 p.m. |

NOTE: The next Deferred Compensation Committee meeting will be on **Thursday, July 24, 2008, location to be determined. This is the all day strategic planning meeting in July.** 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.

"Good Government Starts Here"

**Minutes of the Meeting of June 26, 2008
Legislative Services Building (LAC Room)
200 E. 14th Street
Denver CO 80203**

DEFERRED COMPENSATION COMMITTEE

Present:	Dave Loomis	Rep. Richard	Senator Lois Tochtrop
	Billy Kwan	Mutzebaugh	Dean Conder
	David McDermott	Joann Vondracek	Patrick Byrne
		Ben Stein	

Attendees:	Department of Personnel & Administration	Suzanne Kubec Karen Fassler	Paula Manzanares Tom Montoya
	Great West	Rick Kramer Theresa Cruz-Myers	Liz Davidsen Kevin Navarro
	Arnerich & Massena Citi Street	Howard Biggs Harriet Jacobs	
	JeffCo	Lisa Eacker	Lynn Acker
	Attorney General's Office	Heidi Dineen	
	ICMA	Emily Knox	
	PERA	Katie Kaufmanis	

Roll call Joann Vondracek called the meeting to order.
Paula Manzanares called the roll.
Joann also welcomed guests in the audience, Tom Montoya, Deputy Director, DPA, and Harriet Jacobs from Citi Street.

Approval of Minutes May 25, 2008 **Dave Loomis motioned to approve the minutes.
Ben Stein seconded the motion
The motion carried unanimously.**

Approval of Agenda There were no changes made to the agenda.

Follow up from May 2008 Suzanne Kubec Election 2008 Suzanne changed the dates for the on-line voting to accommodate the printing and mailing of the notices along with the posting of the link on DPA site. On-line voting went live June 16, 2008 through July 7, 2008. Suzanne asked each voter to state whether they were an active employee, an inactive employee or retiree. Suzanne received one notice returned from a retiree who was unable to vote on-line because the participant didn't have a computer and she was physically unable to get to a public library. To date we have noted 280 participants have voted. Unfortunately we have received about the same number of returned notices for addresses that are incorrect.

Cost For Quarterly Reports

Joann asked if Howard Biggs, Arnerich could provide quarterly reports on performance as opposed to just funds on-watch. Howard stated that would require an additional cost to his contract of \$10,000 (\$2,500/qtr). Bill Abramowicz, Hartford suggested that each of the providers offer that information quarterly. He was going to provide Suzanne with a sample. In the meantime Suzanne will provide quarterly performance from each of the providers that she can pull from the plan sponsor website; however it does not have the benchmark performance. Suzanne hopes to have some examples from the providers to present at the July meeting.

GW 457 Renewal

Suzanne did an option to renew for the Great West record-keeping contract instead of attaching it to an amendment. Brenda Berlin, DPA, and Suzanne discussed recording defaulted loans with Rick Kramer and Liz Davidsen on June 25, 2008 so now we can proceed with the amendment on stricter performance standards for the Great-West contract, as a result of the FY07 Financial Audit.

Elected Officials

Senator Tochtrop had asked how many legislators were enrolled in the State DC Plan. As of the March payroll, prior to open enrollment, there were 44 total legislators enrolled in the State DC Plan; 26 who were hired prior to January 1, 2006 and 18 hired since January 1, 2006. Suzanne will set up a meeting with DPA and PERA to discuss the communication plan, especially communicating the potential changes to the Legislators.

**Announcements-
June-
Stable Value Fund
Quarterly Rates**

The Stable Value Fund, offered by Great-West in both the 457 and State DC Plans, interest rates increased .05% from last quarter. The 457 Plan will be 4.90% and the State DC will be 4.85% for third quarter 2008.

**State DC Provider
Reimbursement**

The State DC provider reimbursement for FY09 will be \$27,097 each, due by June 30, 2008. Suzanne has received the check from Hartford. Great West check is in the mail, and ICMA has put in a request for the check.

Forfeiture Account

The 457 forfeiture account is \$677,438.00 as of May 30, 2008. Brenda Berlin, DPA Controller, will provide her recommendation on whether we need an administrative fee or not at the July meeting. At this time she doesn't anticipate suggesting a fee. Suzanne will place a note in the 2nd quarter statement that the Committee reviews the fee annually and that the last two fiscal years participants have enjoyed a fee holiday. Suzanne will state that the Committee doesn't anticipate implementing a fee but the final decision will be made at the July meeting and participants will be notified in the 3rd quarter bulletin. Ben Stein asked Suzanne if she was comfortable with the information of possibly not charging a fee. Suzanne replied affirmative.

Pikes Peak BOCES

Pikes Peak BOCES sent a letter to the Plan stating they will no longer participate in the 457 Plan. They enrolled in 2006 but have not had any participants join or any contributions. This was their Committee's decision.

July 24th meeting

Suzanne reminded the Committee that the July 24, 2008 is an all day strategic planning meeting that will be held at Great-West office in the Tech Center. The only reason the meeting was moved was because the Committee was bumped from the LAC room for July. Additionally we need to find a room for August because they have anticipated utilizing the room due to the Democratic National Convention.

The Committee discussed changing the date for the August meeting. Ben Stein offered to check the auditorium at CDOT.

Public Comments

There were no public comments.

Annual NAGDCA Conference-

NAGDCA 2008 will be held in Baltimore MD, Sept. 13-17 (Sunday-Wednesday). The cost is \$550 per person if registered by August 10, 2008. Suzanne has 10 rooms reserved at the Marriot Baltimore Waterfront Hotel. In 2007 there were six attendees at NAGDCA; Joann, Ben, Les, Patrick, Rich Gonzales and Suzanne. The Committee would like to extend an invitation to Executive Director Rich Gonzales to attend one of the conferences this year. In October 2007 Billy, Dean and Senator. Mutzebaugh attended the P&I West Coast Defined Contribution Conference. The 2008 P&I West Coast DC Conference is October 19-21 (Sunday-Tuesday) in San Francisco. Registration is complimentary for 2 members and then a discounted rate of \$495 for each additional attendee. Senator Tochtrop, Les Shenefelt and Dave Loomis did not attend a conference last year. The Committee decided, in accordance with the guidelines set forth in the Governance Manual, that those who attended NAGDCA last year should attend the P&I Conference and vice versa for those who attended the P&I Conference. Senator Mutzebaugh stated that everyone should attend NAGDCA as he thought it was a better conference. Joann added that Suzanne should attend the NAGDCA conference every year since she is the Plan Administrator. The Committee directed staff to submit the request to the Executive Director.

Consolidation of Tax-Deferred Plans- Update- DPA/PERA- Suzanne Kubec

Suzanne updated the Committee on the possible move of the Plans to PERA. The main idea that Suzanne communicated to the Committee is to keep in mind nothing is absolute until legislation occurs. Heidi Dineen, AGO and Greg Smith, PERA are starting to draft legislation language. Suzanne stated that DPA can recommend five bills to the Governor and they have reached their limit, excluding the consolidation bill. There might be a possibility that the Joint Budget Committee (JBC) or the Legislative Audit Committee (LAC) can sponsor the bill. Suzanne and Katie Kaufmanis, PERA will be discussing the communication plan soon. Ben Stein asked if we had a sponsor for this legislation. Suzanne replied that PERA has an upcoming meeting with the LAC to discuss other issues but that they would approach the topic. Suzanne hopes to update the Committee with more information at the August meeting.

Semi-Annual Performance Review- Howard Biggs, Arnerich

Howard Biggs, Arnerich provided the semi-annual performance review update. The equity markets are down 9 to 10% in the first quarter. The financial sector is taking the biggest losses in 2008. The assets in the 457 Plan are \$343.4 million and \$22.6 million in the Match Plan. There were several fund changes made by the Committee at the meeting. Howard Biggs will discuss the specific changes with each provider and provide updates to the Committee at the July meeting. The Committee approved the following:

- A search to replace Hotchkis and Wiley in the Great-West and Hartford platforms.
- Adding an International Large Cap Value fund to both Hartford and ICMA. There were three choices; DFA International Value I, Dodge & Cox International Stock and Harbor International.

- The Committee approved offering either the Harbor International or the DFA International to Hartford and ICMA, whichever one fits better on their platform. Great West already offers Dodge & Cox Int'l. Howard will contact Hartford and ICMA and let the Committee know their choice at the July meeting. The Committee wants information on the share class before final approval.
- Adding a Mid Cap Value to the ICMA fund line-up. The Committee recommended adding RiverSource Mid Cap Value R4. The Committee suggested adding Artisan Mid-Cap Value if the RiverSource fund isn't available.
- Replacing ICMA Fidelity Small Cap Growth fund with Royce Value Plus Service.
- Replacing the ICMA VantagePoint Growth Fund with American Funds Growth Fund of America (R4 share class or better).

Howard also stated that each Plan provided strong overall fund menus. He suggested to the Committee to add a growth, value, and index in each category for future discussion. There were no additional funds placed on watch

Ben Stein moved to authorize an interim search to identify suitable replacement fund for the Hotchkiss Wiley Large Cap Value with a less degree of volatility.

Senator Tochtrop seconded the motion.

The motion passed unanimously.

Ben Stein motioned to add an International Large Cap Value for Hartford and ICMA. He suggested to have ICMA and Hartford chose the option that best fits their platforms, either Harbor Int. or DFA. The Committee will have the final decision to review share class at the July meeting.

Dave Loomis seconded the motion.

The motion passed unanimously.

Dave Loomis moved to add Riversource Mid Cap Value R4 share class to ICMA's portfolio.

Senator Mutzebaugh seconded the motion.

The motion passed unanimously.

Dave Loomis made the motion to replace the ICMA Vantage Point Growth Fund with the American Funds R4 share class or better.

Senator Mutzebaugh seconded the motion.

The motion passed unanimously.

Dean Conder motioned to replace ICMA Fidelity Small Cap with Royce Value Plus Service.

Dave Loomis seconded the motion.

The motion passed unanimously.

Adjourn

Dave Loomis motioned to adjourn.

Dean Conder seconded the motion.

The motion passed unanimously.