

State of Colorado



Bill Ritter, Jr.
Governor

Rich Gonzales
Executive Director

Jennifer Okes
Deputy Executive Director

JoAnn Vondracek
Committee Chair

DPA

Department of Personnel
& Administration

457 Deferred Compensation Committee
1313 Sherman Street, First Floor
Denver, Colorado 80203
Phone (303) 866-3434
Fax (303) 866-3879
www.colorado457.com

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

FROM: Suzanne E. Kubec, DC Plan Administrator

SUBJECT: Meeting September 13, 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 9-13-07". 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 – August | 5 mins. | 1:32 p.m. |
| 3. Approval of Agenda | 3 mins. | 1:37 p.m. |
| 4. Announcements – Suzanne Kubec | 20 mins. | 1:40 p.m. |
| 5. Public Comments | 5 mins. | 2:00 p.m. |
| 6. Plan Analysis & Evaluation Update – Suzanne Kubec | 20 mins. | 2:05 p.m. |
| 7. HB07-1184 Sudan Divestment Update – Suzanne Kubec | 20 mins. | 2:25 p.m. |
| Break | 20 mins. | 2:45 p.m. |
| 8. Monthly State DC Enrollment | 45 mins. | 3:05 p.m. |
| a. ICMA – Gary Helm/Emily Knox | | |
| b. Hartford – Bill Abramowicz | | |
| c. Great-West – Rick Kremer/Andrew Ahrens | | |

NOTE:

The next Deferred Compensation Committee meeting will be on **October 11, 2007 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 September 13 , 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 Joann Vondracek Patrick Byrne
Ben Stein(excused)

Attendees: Department of Suzanne Kubec Paula Manzanares
 Personnel & Karen Fassler
 Administration

 Hartford Bill Abramowicz Donna Delong

 Jeffco Schools Lisa Eacker

 ICMA Emily Knox

 Great West Rick Kramer David Smith
 Liz Davidsen Andrew Ahrens

 Attorney Heidi Dineen
 General's
 Office

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

Approval of Minutes August 9, 2007 **Representative Richard Mutzebaugh motioned to approve the minutes as amended. Dave will send the edits to Suzanne. Dave Loomis seconded the motion The motion carried unanimously.**

Approval of Agenda The agenda as written stood approved. There were no changes.

Follow up from August meeting Suzanne Kubec Suzanne provided a handout with the revised ICMA Fee charts. These charts provided the cost of investing in 11 funds if a participant had \$1,000 in each fund. Suzanne will post on the DPA website.

At the August meeting Dave Loomis requested statistics on the 401a Match Plan. Suzanne provided that document from Great-West. The Committee will have to discuss further whether to unfreeze or close this Plan.

Announcements
October
Suzanne Kubec

Sign-in Sheet

Suzanne reminded everyone to remember to sign in when attending the meeting. It is part of the documentation for the minutes of the meetings as to who was in attendance. It also helps Paula with the minutes as she is still learning who everyone is.

NAGDCA

For the Committee members that are attending NAGDCA, Paula has provided you with a folder of important information. An email was sent to Committee members with confirmations for flights, hotel and registration. Additionally, Billy, Representative Mutzebaugh and Dean were approved to attend the Pension and Investments 10th Annual West Coast conference in October.

National Save For Retirement Week

The Governor signed the proclamation for National Save For Retirement Week on September 11, 2007. It will be printed on the back of the September pay advices, possibly in color. A handout of this proclamation was given to those in attendance.

Updated budget sheets:

Suzanne met with Joann to provide some background on the Plans' budget. As a result of this budgetary review it was then realized that the 457 fund balance should be decreasing as a result of not receiving re-allowances and explicit fund fees. Michele Carroll, DPA accounting, isn't scheduled to review the budget until the November meeting. Suzanne asked the Committee if they wanted to discuss the fund balance monthly or review quarterly. The Committee decided to monitor monthly, and request Michele to review quarterly. The Committee requested that the target fund balance be added to the 457 budget sheet.

Committee List

Joann Vondracek has a new email which Suzanne provided as an update in the Committee packets. However, she handed out another update and asked the Committee to disregard the one in the packet.

Public Comments

There were no public comments.

Plan Analysis & Evaluation
Update-Suzanne
Kubec

Rich Gonzales, DPA Executive Director, had offered two suggestions which are provided in bold on the revised Plan Recordkeeping Analysis handout. Dennis Shinner (Cooney & Associates) and Senator Ted Harvey reviewed the list and agreed with the parameters for the Plan Recordkeeping Analysis.

Howard's estimated cost for the total project is not to exceed \$14,500; this is an additional \$2,500 for the legislative report and additional visit in January (hourly rate and travel plus time for report).

Suzanne suggested to Howard to provide his next semi-annual performance review in November, and then provide the Plan Recordkeeping Analysis in December and the legislative report in January. If Howard provides the performance review and Plan Recordkeeping Analysis in December then the “not to exceed” amount drops to \$12,000.

The Committee decided to go with the lower fee and have the performance review and Plan Recordkeeping Analysis in December. The Committee also asked if Howard can provide the report in late November so they can get comments from stakeholders. At the December meeting the semi annual performance review should be first on the agenda. Suzanne also stated the meeting could start earlier at 1:00pm. The Plan Recordkeeping Analysis can then start at 3:30pm.

Les Shenefelt made the motion for the not to exceed amount to be \$12,000. This amount will cover the Plan Recordkeeping Analysis and the semi-annual performance review at the December meeting and the additional presentation to the legislature in January.

Dean Conder seconded the motion.

The motion passed carried unanimously.

HB07-1184 Sudan
Divestment
Update-Suzanne

On August 22, 2007 Suzanne sent letters to the providers requested them to forward the Committee’s letter on disclosure and divestment. Additionally, as required by HB07-1184, Suzanne sent a letter to Senator Joan Fitz-Gerald, President of the Senate, Representative Andrew Romanoff, Speaker of the House and Attorney General John Suthers to provide the Scrutinized Companies list that the Committee adopted on August 9, 2007.

Suzanne has received a few responses. The fund managers have stated that they do not have any holdings with any of the Scrutinized Companies. Suzanne thinks by the October meeting she should have more responses for the Committee to discuss in more detail if necessary.

Monthly State DC
Enrollment
ICMA-Emily
Knox

Emily Knox, ICMA provided a handout for July and August that showed the total Plan enrollment and assets. ICMA is hosting one event a month where they reach out to State Departments. Suzanne will be placing an article in the Advisor (a newsletter for HR Administrators) regarding National Save for Retirement Week and provide contact information on all providers for basic and supplemental retirement plans. Les Shenefelt made a comment that the Western slope employees feel left out of many of the State meetings. Emily asked for lists of key contacts for State Departments. Suzanne will provide her and the other providers a contact list.

Hartford Bill
Abramowicz

Bill Abramowicz, Hartford, provided a handout for members regarding the total assets in the Plan. Les Shenefelt asked what caused the jump in enrollees. Bill stated it was due to meetings scheduled with participants. Suzanne requested from Hartford, that previously the Committee had asked the other providers, to supply more information on the types of withdrawals taken from the Plan. Bill stated that he would provide this at the November meeting. He also stated that the investment management fees were reduced on the recommendations from Arnerich. The timeline on the change for Munder Mid Cap and 30 day notice is effective November 1, 2007. Hartford will stay with the A share class which will provide a return that will help the deficit that The Hartford is experiencing.

Bill suggested sending out the Request For Proposal (RFP) for the performance audit on both plans in one RFP although the fee is separate. He also respectfully asked the Committee to take advantage of their buying power with these two plans. Dave commented that this will be monitored. He also stated that Hartford will hold off on assessing the .65 basis points for now. Bill had two additional comments for the Committee; please be prudent with cost of the audit and to consider charging State DC participants an administrative fee as the 457 Plan participants pay. Joann remarked that this Committee is always prudent with the budget of the Plan. Suzanne stated that we hope that this audit won't cost \$80K and therefore any excess in the fund balance will reduce the amount the providers reimburse the State in FY09. Dave Loomis thanked Bill for the remark on the .65 basis point.

Great West
Andrew Ahrens

Andrew Ahrens, Great West, reviewed the handout for the DC Plan. The number of participants on this handout was a bit skewed due to how Great West received information being reported from CPPS (Colorado Personnel Payroll System). They will get this corrected for the next report. Les Shenefelt asked if they were doing presentations at the different Departments. Andrew stated that they were offering budget and long term investing seminars. Their role is a bit different as Great-West is the provider for both the 457 Plan and the State DC Plan.

Andrew posed a question for the Committee regarding the 457 Plan. The South Metro Water District wants to know if the State 457 Plan will offer a match. They are considering joining the State 457 Plan but would like to offer a match to their employees. The Committee had previously discussed closing the Match Plan. Heidi Dineen, AGO, Attorney Generals Office stated that the Match Plan is currently frozen. We would have to reopen the Plan for this entity. We also will need to send a new determination request to IRS in 2009. Therefore the Committee will need to make this decision soon.

Dave Loomis commented on the Match Plan and the statistics provided by Great West, associated with this Plan. Is it going to cost more to close it and re open later? What if the match returns at a later date? Is it just better to maintain it? What happens to those participants in payout and loans? Andrew will research and get back to the Committee at the next meeting. Andrew stated that the loans generate about \$50,000/yr in revenue and there are currently 190 outstanding loans. The Committee asked Suzanne and Heidi to provide the pros and cons of keeping or closing the Match Plan. Heidi also stated that this may create administrative issues. Representative Mutzebaugh asked why there is an issue on vesting. Heidi stated that the Match Plan, although a 401a Plan, does not have a vesting schedule. Participants are 100% vested in this Plan. Terminating this Plan would be difficult if there was a vesting schedule. Dave asked Suzanne and Heidi if the Committee can get the all of the costs associated with this Plan and to provide answers to the questions that are listed above.

Adjourn

Representative Richard Mutzebaugh motioned to adjourn.

Senator Tochtrop seconded the motion.

The motion carried unanimously.