



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS

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**DRS Advisory Committee
June 19, 2009
Meeting Minutes**

Chair Nancy Baldwin called the meeting to order at 9:35 a.m.

Committee Members Present:

Nancy Baldwin, Pat Dull, Judge Michael Heavey, Darrell Heisler, Captain Bill Hilton, Mark Mears, John Payne, Eva Jean Shamley, Mary Sherman and Richard Warbrouck.

Staff and Resource Personnel Present:

Marcie Frost, Jeff Wickman, Cathy Cale, George Pickett, Dawn Gothro, Theresa Whitmarsh, Matt Smith, and Beth Eerkes.

Approval of Minutes

Richard Warbrouck made a motion, seconded by Darrell Heisler, to approve the April 17, 2009 meeting minutes as submitted. The motion passed unanimously.

Focus Areas

B-1 State Investment Board Presentation

Chair Nancy Baldwin introduced Theresa Whitmarsh, Acting Executive Director from the Washington State Investment Board (WSIB). Theresa provided an overview of the mission and structure of the WSIB and an investment report for the quarter ending on March 31, 2009. She noted that the WSIB is:

- Manager of \$61.3 billion within 39 funds
- A long-term investor with a proven record of success
- Disciplined in its approach to investment with the highest standards of integrity
- Dedicated to working for the best interests of the beneficiaries
- Dedicated to continuous improvement

A copy of the presentation will be provided to committee members. For any additional questions or comments Theresa can be reached at (360) 956-4600. She also encouraged the members to visit the WSIB website at www.sib.wa.gov and click on *Current Updates on Market Conditions*.

B-2 State Actuary Presentation

Matt Smith, State Actuary, presented an overview of the Office of the State Actuary (OSA). The principal duties for OSA are to:

- Perform actuarial valuations
- Recommend contribution rates
- Perform experience studies
- Set demographic assumptions
- Recommend economic assumptions
- Prepare actuarial fiscal notes
- Provide pension policy research and analysis

Matt stated reports, projected contribution rates, recent fiscal notes, and historical data can be found on their website at <http://osa.leg.wa.gov/index/index.htm>. He will follow up with requested information to the members' questions. Also a copy of the full presentation will be provided to the members.

Deputy Director's Report

Deputy Director, Marcie Frost, announced Governor Gregoire supported Director Steve Hill's suggestion to cease further exploration into the idea of merging the Department of Retirement Systems (DRS) and Health Care Authority (HCA). The result of Director Hill's studies of the possible merger concluded that a merger of the two agencies would not result in significant savings to taxpayers, nor would it make good business sense for DRS and HCA. Director Hill will continue to lead both agencies.

Over the past several months the two agencies have identified several areas where they can work together to better serve common customers. Marcie reported that the agencies are in the process of implementing changes recommended by the joint efficiency teams. The agencies will continue to look for ways to increase customer satisfaction, and work together to maximize shared services and strengthen their working partnership.

Marcie provided an update on the HCA/DRS Efficiency Initiative Projects. The three committees, Joint Counseling, Shared Demographic Data and Streamlining the Death Notification Process, have completed their research and planning. The process improvements will be complete by mid-July. For the complete HCA/DRS Efficiency Project Update please see attached Exhibit "A".

Discussion

C-1 DRS Summary Annual Financial Report

The committee members were provided a copy of the department's 2007 Summary Annual Financial Report (SAFR). Marcie introduced Dawn Gothro, DRS Communication Director. Dawn led the discussion asking the members to share feedback regarding the SAFR. For example, does it give information that is informative to our customers, is it clear and easy to understand, and is there any additional information that should be included in the report.

Comments from the members were:

- Red print is hard to read
- The SAFR should be distributed closer to the CAFR report
- Offer an op-out option for not receiving a hard copy
- The chart in the “membership by System & Plan” is hard to understand
- Financial Statement section is confusing about expressed in 1,000.
- Add additional source; like foot notes
- Summary of plan provisions is a very important piece to the report
- In the director’s report add some information regarding contribution rates
- Re-design the pension landscape

Dawn announced an online edition of the 2008 SAFR will be available by the end of June.

New Business

D-1 Round Table

Nancy Baldwin opened the meeting for any comments, questions or suggestions from the committee members. Committee members discussed several issues that retirement system members have contacted them about. DRS will follow up with requested information to the members.

D-2 October 16, 2009 Agenda Setting

The next meeting is scheduled for October 16, 2009 at 9:30 a.m. in the DRS Boardroom. The committee members requested an update from the Select Committee on Pension Policy (SCPP), including the bills that may be introduced in the 2010 Legislative Session. They also requested an update regarding the gain sharing lawsuit.

Miscellaneous

With no additional business, the meeting adjourned at 11:55 a.m.

Approved:

Steven R. Hill, Director

Nancy Baldwin, Chair