

**DRS Advisory Committee
Meeting Minutes
May 1, 2015**

Committee Members Present: Nancy Baldwin, Darrell Heisler, Bev Hermanson, Cheri Ingersoll, Rick Jensen, Richard McDermott (by phone), Jacque Meddles, John Payne, Travis Matheson, Deirdre Walker, Dick Warbrouck and Kathy Whitlock

Also Present: Marcie Frost, Fletcher Wilson, Dave Nelsen, Jacob White, Steve Campbell, Shelly Umpstead, Rozie McClay, Richard Westfall, Shawn Merchant, Mark Feldhausen, Rose Bossio, Wilma Eby and Rubi Reaume

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

Approval of Minutes

Dick Warbrouck made a motion, seconded by Rick Jensen, to approve the November 14, 2014 meeting minutes as submitted. The motion passed unanimously.

Focus Areas

Investment Performance

Fletcher Wilson, Washington State Investment Board (WSIB) Investment Officer for Public Equity, presented information about investment performance for the Plans 3 and the Deferred Compensation Program (DCP). He reported the quarterly changes in each of the plans, which includes member movement between funds and investment returns. His report also provided information about investment returns for the quarter, one year, three year and five year time period.

Introductions

Director, Marcie Frost, introduced Captain Travis Matheson, new committee member representing member of the Washington State Patrol. She announced John Payne's departure from the committee, as well as the reappointment of Judge McDermott, Jacque Meddles, Bill Copland and Darrell Heisler for another three-year term. Ms. Frost also announced Wilma Eby's retirement and introduced Rubi Reaume as her new assistant.

Director's Report

Ms. Frost gave an update on the state budget. The contribution rates for the retirement plans were all funded in the three versions of the budget. She also reported that the agency submitted a new package to the legislature requesting funds for the Employer Reporting Application. It was also funded in the three versions of the budget. The new system would make it easier for the employers to report member data and provide better data for planning purposes.

Ms. Frost shared information about the agency's quarterly review of team satisfaction and customer satisfaction. Ms. Frost reported that the State Auditor's Office had completed an audit and there were no findings to report. She also discussed the Plan 3 record keeper transition from ICMA to Empower Retirement and what the communication theme will look like for the members.

Online Retirement Application Enhancements and Prioritization for Upcoming Changes

Rozie McClay and Shelly Umpstead, Business Systems Analysts, and Richard Westfall, Retirement Specialist, presented the Online Retirement Application Enhancements based on the customer feedback about follow-up. The enhancements will offer a more dynamic interaction when a member accesses their retirement account. It will also provide periodic email notifications during the retirement process. The team also presented four new enhancements to the committee for prioritization.

Record Keeper Transition to Empower Retirement

Shawn Merchant, Project Management Division Assistant Director, gave an update on the Record Keeper Transition. Mr. Merchant explained that customer feedback reflected the need for a single record keeper. He explained the procurement process and the reason Empower Retirement was selected as the successful bidder. Empower Retirement will begin to provide record keeping services to both Plan 3 and DCP customers effective October 1, 2015. He noted that DRS, Empower, and ICMA-RC project teams are engaged in transition planning and preparation. Mr. Merchant also explained that DRS began communicating upcoming changes with Plan 3 customers in early spring and will continue through October.

CEM Benchmarking

Mark Feldhausen, Budget and Performance Management Director, summarized the most recent report from CEM Benchmarking. In Fiscal Year 2014, 74 pension systems participated in the survey. The results show that DRS has consistently been lower cost than its peers while maintaining high service scores. The report also showed that while DRS spends 21 percent less on Information Technology than the peer median, its systems score as more capable than the peer average. DRS' actual cost is \$59 per member versus a predicted cost of \$84 per member.

Pension Legislation

Jacob White, DRS Legal and Legislative Services Manager, provided information about pension bills that passed in the 2015 legislative session.

New Business

Round Table and Agenda Setting

Suggestions for the next meeting agenda included an update from the State Actuary. Next meeting will be held on November 6, 2015.

With no additional business, the meeting adjourned at 11:45 a.m.

Approved:



Nancy Baldwin, Chair