

Washington State Department of Retirement Systems

Employee Retirement Benefits Board

Regular Board Meeting May 25, 2010 Minutes

Vice Chair Judi Owens called the meeting to order at 9:30 a.m. Board members attending or participating by teleconference: Chair Steve Hill (teleconference), Claude Burfect, Carol Jensen, Dorothy Kiest (teleconference), Judi Owens, Maureen Ramos, Brian Talbott (teleconference), Deirdre Walker (teleconference) and Kathy Whitlock.

Staff/resource personnel present: Assistant Attorney General Anne Hall, Kris Heurich, Theresa Whitmarsh, Gary Bruebaker, Phil Paroian, Marcie Frost, Jeff Wickman, and Wilma Eby. (Names of other attendees are not included in the minutes but are listed in the permanent record.)

A-1 Approval of Minutes – March 23, 2010

Kathy Whitlock made a motion, seconded by Claude Burfect, to approve the March 23, 2010 meeting minutes as submitted. The motion passed unanimously.

Public Comment:

John Kvamme thanked the board for their work over the past 14 years.

Status Reports

B-1 Record Keeping Program Update

Kris Heurich, Senior Vice President ICMA Retirement Corporation (ICMA-RC), provided a status report of the record keeping services for the Plan 3 programs as of April 30, 2010.

B-2 Plan 3 and Deferred Compensation Program Investment Performance

Phil Paroian, Senior Investment Officer for Public Equity at the Washington State Investment Board (SIB), provided an investment report for the Plan 3 and Deferred Compensation (DCP) programs for the quarter ended March 31, 2010.

Presentation

C-1 Investment Options Review Update

Gary Bruebaker, WSIB Chief Investment Officer, provided an update on their review of investment options for the Plan 3 programs and DCP. The goal of the review is to develop the appropriate menu of options that will best serve the majority of plan members in the future, recognizing the benefits of simplicity. The WSIB and DRS are in discussions to determine if the needs of Plan 3 members and DCP participants are different. WSIB is drafting a one page lay person's explanation of the benefit design. The plan is to develop an investment menu and implementation schedule over the summer and take the recommendations to the fall WSIB meeting.

Action Items

D-1 Ratification of Investment Management Fees and WSIB Operating and Expense Charges

Theresa Whitmarsh, Executive Director, Washington State Investment Board requested support and ratification of the Plan 3 and DCP annual operating and investment management fees that will take effect July 1, 2009. The fee will decrease from the current .0265 percent fee to a proposed fee of .0209 percent. The decrease is due to the overall increase in total market values.

Kathy Whitlock made a motion, seconded by Claude Burfect, to ratify the WSIB combined administrative and investment management fee of .0209 percent. The motion passed unanimously.

D-2 Plan 3 Self Directed Program Fee Approval

Assistant Director Jeff Wickman provided a summary of the Plan 3 self-directed program fee proposal. The ERBB is charged with approving the record keeping and education services fee assessed to Plan 3 members who invest in the Self-Directed program.

Recommendation

The current fee assessed for Self-Directed record keeping and education services is 11 basis points (bp). DRS negotiated a new fee of 9.35 bp (.0935%) annually per member effective July 1, 2010. DRS believes that the fees are highly competitive for the services being requested and recommends that the ERBB approve this fee as the charge for record keeping and education services for Plan 3 members participating in the self-directed program.

Carol Jensen made a motion, seconded by Maureen Ramos, to approve the recommended fee. The motion passed unanimously.

This was the final meeting of the ERBB. Chair Steve Hill expressed his appreciation for the board members' participation at meetings and for their service to Plan 3 members.

With no further business, the meeting adjourned at 10:30 a.m.

Approved:

Steven R. Hill
Chair