

Employer Advisory Committee Meeting Minutes-
February 19, 2009

DRS Staff Members Present:

George Pickett, Chairperson
Jeff Wickman, Senior Assistant Director, Policy
Michelle Hardesty, Assistant Director, RSD
Kim Smith, Employer Support Services
Yvonne Haukom, Secretary Supervisor
Amanda Persell, Administrative Assistant
Lanette Barton, Audit Supervisor
Monette Jenney, Trust Accounting Manager
Zan Johnston, TRS Plan Administrator
Dawn Gothro, Communications Director
Cathy Dodson, Management Analyst
Keoni Fontaine, Management Analyst
Robyn Strozinsky, Retirement Systems Analyst

Employer Members Present:

Patty Orchard, DOP
Candy Hoelsing, DSHS
Nancy Savage, Pierce County
Gail Davila, City of Bellevue
Angie Gill, WSP

Employer Members Present via Conference Call:

Chandra Winston, Port of Seattle
Katy Dwyer, UW
Lynn Guyton, Puyallup SD
Chandra Winston, Port of Seattle
Nancy Pooler, Port of Seattle
Dwayne Hill, Port of Seattle
Claudia Kay, Port of Seattle
John Goetz, State Board Cmty & Tech Colleges-IT

Welcome and Announcements

Chairman Pickett welcomed everyone to the meeting and thanked everyone for attending either in person or via conference call. Cindy Lee mentioned her organization performs quite a few meetings with the program "Go To Meeting" which is a program that allows you to meet online rather than in a conference call setting. Chairman Pickett recognizes that many committee members do have to travel quite a bit to get to the meetings, and conference call-ins have become the norm. We are set-up through the Department of Information Services to perform conference calls; we do not

know if this "Go To Meeting" is a contracted vendor within DIS, but it will be looked into.

Legislative Activity

Chairman Pickett introduced Jeff Wickman, Senior Assistant Director of Policy, to brief the members on the pension related bills pertaining to this year's legislative session:

You can log onto the Washington State Legislature website and search for the current status of bills at <http://www.leg.wa.gov/legislature> .

Membership in First Class Cities

Chairman Pickett introduced Kim Smith, Employer Support Services. Kim introduced Robyn Strozinsky who is the PERS trainer who is available to answer questions as they pertain to membership eligibility. The main issue being addressed is the process for how employers determine if a new hire has ever worked or retired from a First Class City (FCC).

The Retirement Status Form is completed by all new employees and currently asks three questions:

- Are you retired from one of the Washington State Retirement Systems?
- Are you retired or have you ever been a member of the Seattle, Spokane, or Tacoma Employees' Retirement System?
- Are you currently employed by another public employer and contributing to a Washington State Retirement System?

This information is essential in determining eligibility and reporting requirements. Kim Smith informed the committee that the Statewide Training provided to employers from DRS' ESS staff covers the Retirement Status Form process in their training. However; if an employer hasn't attended SWT recently, they wouldn't know the form was updated. DRS should communicate via email with employers when forms are updated.

It was also suggested that the Retirement Status Form have more questions related to this subject matter including inquiring about employment with a Higher Education employer to help determine whether a new employee belongs to a specific retirement system. Chairman Pickett will propose this idea to the agency committee and will follow-up with EAC members for feedback before the form is finalized.

Plan Handbook Distribution

Chairman Pickett introduced Michelle Hardesty, Assistant Director of Retirement Services Division. Michelle thanked the committee for all of their

feedback from the previous meeting and unveiled the new Plan Choice Handbook. This booklet is the single most important booklet DRS provides to employers; therefore, DRS focused on key decision points and wanted a product that was user-friendly. The booklet colors have changed as an easy identifier to recycle the older versions. The new version is easy to read, has easy to follow instructions, and the forms (MIF, Plan 3 Investment and DCP) are included in a perforated fashion in the back of the book, which eliminates loose paperwork. DRS is continually trying to find ways to simplify the process, and will work on trying to simplify the form distribution that requires the completed forms to be disseminated to different locations. First distribution of the updated Plan Handbook is planned in March. Quantity distribution will be based on last year's new hire count, but DRS will have supplies readily available should employers request more. Employers do not need to order; DRS will send booklets directly to employers. Next meeting discussion will be to update committee on the handbook layout which is going to be similar to the Plan Choice booklet. The goal is to make the Handbook available online with limited number of hard copies for those who do not have online access.

Annual Statements

Michelle Hardesty, Assistant Director of Retirement Services Division informed the committee that for annual statements DRS is going paperless! DRS will mail the 2008 Annual Statements to its members. Employers are requested to ensure DRS has updated mailing addresses in the system before February 28, 2009, as extraction of data is scheduled for this date. A notice will be included with the annual statement informing members they can access their information through online DB Access 24 hours a day. Members who do not have online access can contact DRS directly for annual statements.

Agency Updates

Chairman Pickett announced Steve Hill as DRS' new Director effective February 17, 2009. Steve Hill is also the Health Care Authority Administrator. With Steve Hill's new appointment, he will be a board member for Select Committee on Pension Policy (SCPP) and State Investment Board (SIB). Governor Christine Gregoire has proposed a merger between DRS and HCA. This merger will require legislative approval. The two agencies will run as two separate agencies until legislation is passed creating a single agency. . Once this year's legislative session ends, the two agencies will sit down to begin working on draft legislation to accomplish how the two agencies will be combined. The first week in March, Marcie Frost will return to DRS as the Deputy Director.

Open Discussion

The Governor has mandated a hiring freeze which has postponed the hiring of an Employer Support Services (ESS) Manager. The recruitment process is continuing and interviews begin next week. Due to the hiring freeze, DRS will file an exemption request with Office of Financial Management (OFM) in hopes to continue with the hiring of an ESS Manager.

Proposed contribution rates

(http://osa.leg.wa.gov/Actuarial_Services/Funding/contribution_rates.htm) can be found at Office State Actuary website. Before these rates can be adopted, they must have final approval from the legislature.

Employers are receiving phone calls from concerned Plan 1 members regarding unfunded liability. Benefits are established in statutes; the members will continue to receive their benefit.

The Old Age Survivor Benefit (OASI) will transfer from Employment Security Department (ESD) to DRS effective July 1, 2009, if legislature includes the program transfer in the final budget and supporting legislation passes. Currently DRS does not have spending authority to collect revenue for this program.