

**MINUTES OF THE
MANAGEMENT ADVISORY COUNCIL
JUNE 15, 2005**

As approved July 20, 2005

Joe Amend, MAC Chair, called the meeting to order at 9:05 a.m.

Approval of Minutes

The minutes of the May 18, 2005 meeting were adopted unanimously.

Treasurer's Report

Doris Vieira reported that there was revenue of \$1.27 from refreshments served at the May MAC meeting. The ending balance as of May 31, 2005, is \$1,997.33. The Treasurer's report was accepted.

Committee Reports

Credentials. Ellen Carter reported that a reminder e-mail was sent to the agencies that have not reported for 2005 elections. She is waiting to hear back from those agencies.

Old Business

Speakers and Logistics. Joe Amend reported that there would be no guest speakers at the July and August meetings due to attendance and vacation schedules. There was agreement to resume having guest speakers at the September and November meetings. There was also discussion regarding the location of the MAC meeting when having guest speakers. Anne MacLeod will check into the availability of a conference room at DOIT and Wanda Seldon will check with DOT.

Meetings with Administration Officials. Joe Amend reported that he was unable to schedule a meeting with OPM and DAS due to the legislative session. He will continue his efforts to schedule a meeting during the coming month.

There was a request to add Travel Funds for Conferences to the agenda of the next meeting with DAS and OPM.

Managers Day. The committee reported that e-mails have been sent to all the Presidents of the State Universities as potential guest speakers for the event. They are in the process of inviting Commissioners from state agencies who will serve on the discussion panel. There was discussion of requesting the Governor to issue a proclamation for Managers Day. Gary Zera is working with Coach Geno Auriemma's office on a keynote speaker. The event's location and date has not been finalized due to pending commitments from the potential speakers.

Web Site. Anne MacLeod reported that the target date to go live with the MAC website is July 20. Ms. MacLeod recommended that the Communications Committee receive a briefing

By the DOIT Portal Management Group on the Discussion Center feature of the CT.gov portal software, and then make a recommendation to the Council about using it for routine two-way communications between the Council and state managers.

Communications Committee. This item was tabled due to time constraints.

Communication to Managerial Mailing List. This item was tabled due to time constraints.

Other Old Business

Due to time constraints, there were no other items of Old Business taken.

New Business

Report from Nominating Committee. The committee reported that they did not receive any responses to the e-mail which solicited volunteers to serve as new MAC Officers. The Nominating Committee recommended Joe Amend to continue his role as Chair and Elise Kremer as Vice-Chair. Nominations from the floor were presented. Mark Polzella, Representative from the Department of Labor, was nominated for Secretary. Peter Bucknall, Representative from the Department of Social Services, was nominated for Treasurer. Elections will be held at the July meeting. These nominations were accepted, and nominations were closed.

Other New Business

Due to time constraints, there were no other items of New Business taken.

Guest Speaker

Guest Presentation. Marty Baron, a Financial Advisor at ING, was the guest speaker. A summary of his presentation on the upcoming changes to the state's Deferred Compensation program is below.

Dr. Woodruff, the Director of Retirement Services at the Comptroller's Office, sent his appreciation of MAC's invitation and his apologies for being unable to attend. He has an open door policy and would be happy to hear from managers on any questions or concerns.

Historically, the state has offered employees a 457 plan in executive branch agencies and a 403(b) and Alternate Retirement Plan for employees of higher education and health care institutions. The 457 plan has historically had a multiple-provider structure.

The new Single Third Party Administrator (TPA) System separates the investment advisory function from the administrative functions. The new system reduces participant administrative fees and ensures unbiased investment education and counseling. The new system will afford access to dedicated local representatives. The system will also improve compliance oversight, which is increasingly important because the IRS is now auditing deferred compensation programs.

ING was selected as the single TPA via a competitive process. The state sought a firm with State of Connecticut experience, experience with similar plans, a local service commitment, and a capacity to re-energize and customize financial education. The consolidation to a single TPA will reduce the annual administrative fee to 0.12%. An entirely new investment portfolio will be offered, with fund expenses ranging from 0.05% to 0.75%.

There will be a team of local representatives to coordinate counseling and financial education. A complete continuum of education, guidance, and advice services will be offered.

The investment menu will have three categories of investment funds:

- Low cost target date lifecycle funds
- Passively managed index funds
- Actively managed mutual funds

The lifecycle funds manage funds with a targeted date of retirement, and migrate toward a more conservative strategy over time. The investment vehicle is a family of four Vanguard funds targeted to retirement dates ranging from 2015 to 2045, and a fifth fund for those already in retirement.

There are eight passively managed options. Each mirrors a specific market index or benchmark. These funds typically have lower expenses than an actively managed fund with the same investment objective. The offerings are Vanguard and TIAA-CREF funds.

There are eight actively managed funds available, including Growth Fund of America, Fidelity, The Hartford, Vanguard, and others. They will cover large, mid, and small cap offerings.

In addition, a stable value investment option is available, which offers a guaranteed rate of return over a given period of time.

If a participant does not designate new fund options, funds will be mapped on a default basis. Mapping will be based on similar styles and risk investment options. This is an automatic process for those who default. The mapping scheme is included in ING's transition booklet that was mailed to all state employees.

As of July 8, 2005, all ongoing contributions will be directed to the new menus. Between July 13 and July 19, existing funds will be converted to the new platform.

The conversion of the 403(b) and Alternate Retirement Plan will occur in January, 2006. Participants need to complete a new Beneficiary Designation form and send it to ING. Investment changes with the current provider can be made, not later than July 1, for contribution allocations and, not later than July 13, for fund transfers. After the transition to ING, on and after July 19, changes can be made via ING's toll-free number (1-800-584-6001) or their website (www.CTdcp.com). There will no longer be paper transactions for such changes.

Both ING and the current provider will send a report documenting the disposition of funds. The statement from The Hartford will not come until October in the third quarterly report.

Adjournment

The meeting was adjourned at 11:10 a.m. The next MAC meeting will be held on Wednesday, July 20, 2005 at 9:00 a.m. at the Department of Transportation, Conference Room A.

The list of those in attendance at the June 15, 2005 MAC meeting and a copy of Mr. Baron's presentation are attached and are hereby made a part of these minutes.

Respectfully Submitted,

Doris Vieira
MAC Treasurer

**MAC ATTENDANCE ROSTER
JUNE 15, 2005**

<u>DEPARTMENT</u>	<u>NAME</u>	<u>REP/ALT/GUEST</u>
Administrative Services	Abbie Wotkyns	R
Banking	Percy Cave	R
Children and Families	Gary Zera	R
Economic and Community Development	Sheila Hummel	R
Environmental Protection	Joanne Driver	R
Information Technology	Anne MacLeod	R
Insurance	Allan Elstein	R
Labor	Mark Polzella	R
Mental Health and Addiction Services	Tom Tokarz	R
Mental Retardation	Jadwiga Gocłowski	R
Mental Retardation	Penny Davis	A
Motor Vehicles	Joseph Lembo	R
Motor Vehicles	Nancy McCorkle	A
Policy and Management	Ellen Carter	R
Policy and Management	Joe Amend	A
Public Health	Elise Kremer	R
Public Health	Doris Vieira	Treasurer
Public Utility Control	Vivian McWatt	R
Revenue Services	Tom Crafa	R
Secretary of the State	Diane Steir	R
Social Services	Peter Bucknall	R
Transportation	Wanda Seldon	R
Veterans Affairs	Nancy Buturuga	A