

CITY OF AUSTIN
457 DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

March 27, 2007 7:45 A.M

MEMBERS PRESENT

Art Alfaro
Ken Cox
Mark Lee
Carl Lynch
Tom Matthews
Tony Ross
Tommy Tucker

MEMBERS ABSENT

Greg Canally

GUESTS PRESENT

Mike Abkowitz, GWRS
Will Cornforth, GWRS
Tim Atkinson, Participant
Jim Beck, Participant

I. CALL MEETING TO ORDER

Chair, Carl Lynch, called the meeting to order at 7:50 a.m.

II. APPROVAL OF MINUTES

Committee members reviewed the minutes from the February 27, 2007 meeting. Tommy Tucker moved to approve the minutes; Mark Lee seconded the motion, which passed on a unanimous vote.

III. DISCUSS AND TAKE ACTION ON HARDSHIP APPEAL

No Hardship appeals.

IV. MUTUAL FUND PROXIES

No Mutual Fund Proxy's were received.

V. DISCUSS AND POSSIBLY TAKE ACTION ON FILLING A VACANT POSITION ON THE COMMITTEE

Art Alfaro informed the committee that he had forwarded the Committee's desire to have the vacancy position filled via the August election process to John Stephens, the City's Chief Financial Officer. Mr. Stephens will forward the committee's recommendation to the City Manager and Art Alfaro will inform the committee once the City Manager makes her decision as to how to proceed with filling the vacancy. It was noted that Bruce Mills, Tim Atkinson and Pete Morin have expressed interest in being the City Manager's appointment to fill the vacancy position.

VI. DISCUSS AND POSSIBLY TAKE ACTION ON EXERCISING THE SECOND THREE-YEAR EXTENSION CONTRACT WITH GREAT-WEST

Tom Matthews made a motion to go into executive session to discuss the Great-West Contract extension; Mark Lee seconded the motion, which passed on a unanimous vote.

The committee went into executive session to discuss the extension contract with Great-West at 8:00 a.m.

The committee came out of executive session at 8:10 a.m. and Tom Matthews made a motion to enter into a three-year extension contract with Great-West if Great-West agreed to reduce the annualized investment management fee on the GWL&A Stable Asset Fund Group Annuity Contract from 0.50% to 0.40% and if they agreed to add 2-3 low-cost funds offered by Dimensional Fund Advisors or another similar manager with the caveat that it is accomplished within one year; Mark Lee seconded the motion with passed on a unanimous vote.

Mike Abkowitz addressed the committee and felt optimistic that the home office would not be opposed to the committee's proposal.

VII. DISCUSS AND POSSIBLY TAKE ACTION ON A REVISED LETTER OF INSTRUCTION AND EMERGENCY DISTRIBUTION PROCEDURE ALLOWING DISTRIBUTIONS RELATED TO THE ILLNESS OR DEATH OF BENEFICIARIES

Mike Abkowitz explained items VII & VIII to the committee before the committee took action on either one. Tommy Tucker inquired as to whether both forms had been reviewed and approved by Great-West's legal

department and asked as to whether both forms were compliant with IRS regulations. Mike Abkowitz confirmed that forms before the committee had been approved by their legal department. Art Alfaro made a motion to approve the Revised Letter of Instruction; Mark Lee seconded the motion which passed on a unanimous vote.

VIII. DISCUSS AND POSSIBLY TAKE ACTION ON AMENDING THE PLAN DOCUMENT TO IMPLEMENT PROVISIONS OF THE PENSION PROTECTION ACT OF 2006

Mike Abkowitz briefed the committee on the items that were in the Pension Protection Act of 2006 that require a change to the Plan Document. Tom Matthews made a motion to approve amending the plan document to implement provisions of the Pension Protection Act of 2006; Ken Cox seconded the motion that passed on a unanimous vote.

IX. DISCUSS AND POSSIBLY TAKE ACTION ON UPCOMING EDUCATIONAL OPPORTUNITIES AND/OR REPORT ON RECENT EDUCATIONAL TRIPS

Tom Matthews and Ken Cox expressed interest in attending the mid-size conference being held in Boston in June. Art Alfaro informed the committee that the City's Deferred Compensation Committee was now a member of TEXPERS. Tony Ross briefed the committee on the benefits of the TEXPERS conference that was attended by several committee members. Tony Ross will be attending a Pension conference in Chicago in June.

X. ADMINISTRATOR'S REPORT

Mike Abkowitz presented the Administrator's Report. There was no unusual activity to report. The committee discussed holding the Annual Plan Review at Great-West's home office in Denver. Chairman, Carl Lynch, agreed that any committee member should make their own travel plans to either arrive on Sunday or Monday for the Annual Plan Review with meetings beginning at noon on Monday and concluding at noon on Tuesday. Mike Abkowitz briefed the committee on the status of adding the three retirement system's pension staff to the deferred compensation plan. Art Alfaro, informed the committee that the City's Legal Department has been non-responsive and will try getting the issue resolved by changing to Kay Boccella, another attorney within the Law Department. Mike Abkowitz informed the committee that Erica Ramirez resigned in order to take a position with the City of Austin's Human Resource Department. Tom Matthews made a motion to accept the Administrator's Report; Ken Cox seconded the motion, which passed on a unanimous vote.

XI. STATUS REPORT ON IRS AUDIT

Art Alfaro informed the committee that Great-West had made an offer to the City to reimburse the city for any settlement amount that the City had paid to the IRS. Art Alfaro informed the committee that Great-West's proposal was on John Stephens's desk and was just waiting to hear from Mr. Stephens as to whether to accept the offer.

XII. NEW/OLD BUSINESS

Carl Lynch brought up the issue of "auto-enrollment" and the legislation that is currently working its way through the House and is on its way to the Senate which would allow auto-enrollment which currently does not include 457 plans. Mike Abkowitz informed the committee that in order to allow 457 plans to participate in auto-enrollment it would require a Senator to attach an amendment to the bill that was just passed by the House. Currently Federal law allows auto-enrollment in 457 plans but State law does not. The committee asked Art Alfaro to approach the City's Chief Financial Officer to request the City Manager or the City's Governmental Affairs Office to approach Senator Watson to attach a friendly amendment to the current bill that has already passed the House.

Ken Cox brought up the issue of committee members not attending meetings or being late and the committee discussed possibly requiring members to attend a certain amount of meetings or otherwise risk the possibility of being removed from the committee. Chairman, Carl Lynch, appointed Tom Matthews, Ken Cox and Tommy Tucker to a sub-committee to explore criteria with regards to attendance when candidates decide to run for a seat on the committee.

XIII. SET NEXT MEETING DATE

The next meeting date was set for April 24, 2007 at 7:45 a.m.

XIV. ADJOURNMENT

Chair, Carl Lynch, adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Carl Lynch, Chair