

**STATE OF HAWAII
DEFERRED COMPENSATION PLAN
BOARD OF TRUSTEES**

**OPEN SESSION MINUTES
MEETING # 356**

Date: November 9, 2011

Place: Department of Human Resources Development
14th Floor Director's Conference Room
235 South Beretania Street
Honolulu, HI 96813

Present: Wayne Chu, Chairperson
Barbara Krieg, Ex-Officio Member
Kalbert Young, Ex-Officio Member (arrived at 9:20 a.m.)
Scott Kami, Employee Member
Dennis Vanairsdale, Employee Member

Others: Rodney J. Tam, Deputy Attorney General
Cynthia Akiyoshi, DHRD Staff
Troy Saharic, John Bothwell, Mercer Investment Consulting –
Via Conference Call
Carol Cann, Plan Administration Manager (ING)/ Boston Office -
Via conference call
Melody Takacs, Grace Baracao, and Jeanne Kanai, Plan Administrator Staff
(ING)/Honolulu Office
Lisa Hoxha, Great West
Danilo Agsalog, Guest

Absent: Wesley Machida, Employee Member
Neal Miyahira, Employee Member

Call to Order: There being a quorum present, Board Chairperson Wayne Chu called the meeting to order at 9:02 a.m.

Agenda: The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Hawaii Revised Statutes section 92-7.

Chairperson Chu welcomed everyone and opened the meeting with introductions of Board members, ING staff, conference line attendees, and guests, and reviewed the emergency evacuation procedures.

Agenda

Item # 1: Approval of Minutes No. 351

A motion was made by Trustee Kami and seconded by Trustee Krieg to accept the minutes as provided. The motion passed unanimously.

Agenda

Item # 2: Action on Unforeseeable Emergency Withdrawal Case No. RJT05

Ms. Kanai introduced Mr. Agsalog and presented a summary of his UEW request and appeal of the denied decision based on the guidelines set forth by the Internal Revenue Code section 457.

Mr. Agsalog presented some background and the circumstances surrounding his financial situation.

A motion was made by Trustee Vanairsdale and seconded by Trustee Krieg to move into Executive Session at 9:27 a.m. to confer with legal counsel. The motion passed unanimously.

ING staff and guests were excused from the meeting.

EXECUTIVE SESSION

Meeting

Reconvened: **A motion was made by Trustee Kami and seconded by Trustee Krieg to move out of Executive Session at 9:33 a.m. The motion passed unanimously.**

ING staff and other attendees rejoined the meeting.

The Board conveyed their appreciation to Mr. Agsalog for bringing the details of his circumstances to the meeting and stated that they understood his situation. The Board communicated the reasons why his request did not meet the Internal Revenue Code regulations and the consequence of placing the Plan's tax deferred status in jeopardy if the requirements were not met.

A motion was made by Trustee Vanairsdale and seconded by Trustee Krieg to accept the Plan Administrator's decision to deny the UEW request. The motion passed with 4 votes and 1 vote to abstain by Trustee Young.

Trustee Kami thanked ING for the well done summary of the case presentation.

Agenda

Item # 3: Plan Administrator's Report

a. Plan Updates

Ms. Kanai provided overview of Plan activities during the 3rd Quarter 2011:

- Effective July 1, 2011, ING became responsible for the Investment Advice fees. The total amounted to \$56,734.
- Assets for the quarter totaled \$1.457 billion; amount was down 6% from the 2nd Quarter 2011, but the assets increased 13% from 3rd Quarter 2010.
- Total Rollovers for the quarter increased by 54% from 2nd Quarter 2011. This included 32 new set-ups with TD Ameritrade (Self Directed Brokerage Account).

Ms. Melody Takacs provided local office activities:

- Conducted 151 group meetings, with attendance a little over 796 employees attending.
- Enrolled 92 employees into the Plan.
- Held 1,730 one-on-one consultations.
- Trustee Vanairsdale commented that he followed up with the UHPA Director who will support marketing the Plan on campus. Ms. Takacs thanked him for his assistance in having the opportunity to meet with UH faculty.

Chairperson Chu asked to take agenda item no. 5 out of sequence to discuss at this time. There were no objections .

Agenda

Item # 5:

RFP No. DCP-11-1, Request For Proposals for an Emerging Market Equity Option and RFP No. DCP-11-2, Diversified Inflation Hedge Investment Option

- a. Best and Final Offers Received
- b. Scoring of Proposals and Award of Contract

A motion was made by Trustee Krieg and seconded by Trustee Young to move into Executive Session at 9:45 a.m. to discuss these procurement matters. The motion passed unanimously.

ING staff and guests were excused from the meeting.

EXECUTIVE SESSION

Meeting

Reconvened: **A motion was made by Trustee Kami and seconded by Trustee Krieg to move out of Executive Session at 10:01 a.m. The motion passed unanimously.**

A motion was made by Trustee Krieg and seconded by Trustee Kami to adopt the median method of scoring for RFP No. DCP-11-1 and RFP No. DCP-11-2. The motion passed unanimously.

A motion was made by Trustee Krieg and seconded by Trustee Kami to move into Executive Session at 10:02 a.m. The motion passed unanimously.

EXECUTIVE SESSION

Meeting

Reconvened: **A motion was made by Trustee Vanairsdale and seconded by Trustee Young to move out of Executive Session at 12:13 p.m. The motion passed unanimously.**

Chairperson Chu noted returning back to Agenda item no. 4

Agenda

Item # 4: Discussion on Proposed Budge for Plan Years 2011-2013

The Board discussed the expense report distributed which reflected the period ending September 30, 2011. DAG Tam reported that the staff is working with ING to confirm the numbers and more information will be provided at future meetings.

Agenda

Item # 6: PTS Plan (agenda reflects as agenda item no. 7)

- a. Approval of Report on Funds Not Deposited in the State/County Treasuries for the Period Ending September 30, 2011

A motion was made by Trustee Young and seconded by Trustee Kami to approve the report as provided. The motion passed unanimously.

Agenda

Item # 7: Other Business/Announcements (agenda reflects as agenda item no. 8)

- a. Next Board Meeting(s)

Ms. Akiyoshi stated that there are pending responses on the Board's

availability, but confirmed the meetings for January for January 17 and 31, 2012.

- b. Ms. Akiyoshi asked if the Board would like to discuss selecting a new Chairperson, keep it the same, or defer the discussion to a future meeting. The Board agreed to defer the discussion to a future meeting.

Chairperson Chu adjourned the meeting at 12:20 p.m.

(NOTE: Signed copy on file.)