



**State Investment Commission**  
**Defined Contribution Semifinalist Meeting Minutes**  
**Tuesday, February 14, 2012**  
**9:00 a.m.**  
**Conference Room, Department of Administration**

The Defined Contribution Semifinalist Presentation Meeting before the State Investment Commission (SIC) commenced at 9:00 a.m., Tuesday, February 14, 2012 in Conference A, Department of Administration Building.

## **I. Semifinalist Presentation**

The semifinalists who presented were Fidelity, Great West, ICMA-RC and TIAA-CREF. Each team of presenters was allotted forty-five minutes with thirty minutes at the end for question and answer.

## **II. Roll Call of Members**

The following members were present: Ms. Rosemary Booth Gallogly, Mr. J. Michael Costello, Mr. Thomas Fay, Ms. Paula McNamara, Ms. Marcia Reback, Mr. Andrew Reilly and General Treasurer Gina Raimondo.

Also in attendance: Mark Dingley, Treasury General Counsel, Chris Feisthamel, Treasury COO, Ken Goodreau, Treasury CIO, Frank Picarelli and Casey Hoffman of Segal Advisors, Andrew Raucci, Treasurer's Office, as well as various members of the media and union representatives.

Treasurer Raimondo called the meeting to order at 4:00 p.m. and thanked all in attendance for their participation on what is one of the more important issues facing the SIC this year. Frank Picarelli counseled the group on the primary goal of the meeting, which was to determine the best two vendors to bring back for the finals presentation. He noted all four semifinalists have developed outstanding record-keeping and administrative services with respect to defined contribution plans and the focus today was on the infrastructure, implementation plan and advisory services. Mr. Picarelli noted all vendors offer an open architecture platform for investment lineup. With that in mind, the SIC will focus on investments after the record-keeping provider is chosen.

The four semifinalists then made their presentations, copies of which are available upon request to the General Treasurer's Office. After the presentations, Mr. Picarelli discussed the RFP, fees and the unique situation Rhode Island is in. The State and SIC are building a defined contribution plan from the ground up. In that light, it was a challenge for respondents to price a startup program with zero assets or seed capital. TIAA-CREF distinguished themselves with very competitive pricing, responsiveness to the RFP and responsiveness to the follow-up questions. It was noted that Fidelity, especially, and ICMA-RC have limited public client experience with over 30,000 participants. The Treasurer, various SIC members and Mr. Picarelli discussed the fee proposals from all four finalists. TIAA-CREF was lowest and offered some compelling managed account services or products.

A discussion followed revolving around managed accounts, stable value and life cycle funds. Mr. Goodreau advocated that a simple lineup at the onset was preferable given the limited amount of assets in the beginning. This would also keep the cost of administering the program lower and more features could be added as the program matures.

The discussion shifted to personnel dedicated to servicing the RI account, both during the implementation and education phase as well as beyond. Three of the semifinalists, Great West, ICMA and TIAA-CREF, distinguished themselves by offering to allocate a dedicated team of professionals to Rhode Island, both during and after the transition, and one even suggested that they would open a RI office with 7 full time staff. Vendor representative performance evaluation was discussed next and Mr. Picarelli advocated that the State develop metrics to gauge performance.

To varying degrees, each semifinalist spent considerable effort on branding and marketing the plan. The Treasurer and various SIC members added that branding is not a priority, especially at this stage, for a mandatory program. Mr. Picarelli explained that the semifinalists were treating this like an optional 457 plan and this was also reflected in the pricing.

The next topic of discussion was member participation in investments such as annuity and stable value products. It was a consensus of the SIC that portability of investment products should be a priority.

There was much consensus that TIAA-CREF should be a finalist. TIAA-CREF's pricing or fee proposal was very reasonable in addition to outstanding record-keeping and administrative services. The portability aspect of Great West's investments was recognized and their presentation was very responsive. On a motion by Ms. Reback and seconded by Mr. Reilly, it was unanimously **VOTED: To approve Great West and TIAA-CREF as record-keeping vendor finalists for the defined contribution plan.**

### **III. Next Meeting**

The next meeting will be held at 9:00 am in room 135 at the State House on February 27<sup>th</sup> 2012. The two finalists will present during the scheduled SIC meeting.

### **IV. Adjournment**

There being no other business to come before the Board, on a motion by Ms. Reback and seconded by Mr. Reilly the meeting adjourned at 5:01 p.m.

Respectfully submitted,



**Gina M. Raimondo**  
General Treasurer