



**NASRA**

**NATIONAL  
ASSOCIATION  
OF STATE  
RETIREMENT  
ADMINISTRATORS**

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# NEWS

**S P R I N G 2 0 0 3**

## **NASRA 2003 ANNUAL CONFERENCE IN MONTEREY HAS SOMETHING FOR EVERYONE**

Robert Louis Stevenson called Monterey Peninsula "the greatest meeting of land and sea in the world." If you want to take in some breathtaking scenery, participate in one of the most informative retirement conferences in the nation, and enjoy a vast array of shopping and historical sites, then NASRA's 2003 conference is for you. Come join us in the heart of Old Monterey, just steps from Fisherman's Wharf, at The DoubleTree Hotel, where all meetings and social functions will be held or originate. The conference begins on Friday, August 1, with a late afternoon reception and will conclude around noon on Wednesday, August 6. Reservations for the NASRA room block will be available until July 1.



feed bat rays; laugh at the antics of the adorable penguins. This will be a magical, memorable evening.

Conference attendees will have a selection of three tours in addition to the annual golf tournament on Monday afternoon, August 4. The golf tournament will be held at the Quail Lodge Resort and Golf Club in Carmel. This course is a beautiful par 71 layout by Robert Muir Graves that features 10 lakes and the Carmel River meandering throughout. Rental clubs will be available.

The Monterey Bay Aquarium will be the setting for the NASRA Sunday night party on August 3. Enjoy a strolling dinner through the aquarium. Hand

One of the tours will offer a half-day guided tour of the Monterey Peninsula on the famous 17-Mile Drive, including the world-famous Pebble Beach golf course. Also included on the tour will be a stop at the historic Carmel Mission. A second tour through the farming community of Salinas and the National Steinbeck Center will provide insight into the life and times of

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## **SPEAKERS MEET THE CHALLENGE**



The challenges facing the public pension industry will be addressed by an outstanding group of speakers at this year's conference. General Henry Hugh Shelton, former Chairman of the Joint Chiefs of Staff, brings to light the glory and everlasting strength that has sustained our nation from its inception to today. General Shelton recalls history and the lessons it has taught in an ever-expanding and ever-changing world.

Walsh examining how history predicts the future; Olivia Mitchell who is executive director of the Pension Research Council; Leon Panetta, former chief of staff to the president; Peter Peterson, Chairman of the Federal Reserve Bank of New York; and Bill Campbell, chairman of Intuit. Other sessions will highlight system governance issues, the outlook for the economy, business continuity and disaster recovery, investment opportunities for the future, the impact of GASB's Retiree Medical Statement, and the cost of DB/DC choice. As always, the "Roll Call of the States" will examine common issues facing pension administrators.

Following General Shelton, attendees will benefit from the extensive experience of Tom

There will also be ample networking opportunities for allow attendees to get to know each other.

## NEW MEMBER SYSTEMS JOIN NASRA

At the annual business meeting held in August in Providence, Rhode Island, the members voted to broaden eligibility for NASRA membership to include directors of statewide retirement systems whose systems meet criteria defined in the NASRA Constitution. We welcome the following new member system directors:

GARY W. ANDERSON  
EXECUTIVE DIRECTOR  
TEXAS MUNICIPAL RETIREMENT SYSTEM

THOMAS R. ANDERSON  
EXECUTIVE DIRECTOR  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

GARY AUSTIN  
EXECUTIVE DIRECTOR  
MINNESOTA TEACHERS RETIREMENT ASSOCIATION

JON BAUMAN  
EXECUTIVE DIRECTOR  
ILLINOIS TEACHERS' RETIREMENT SYSTEM

WILLIAM E. CHRISTOPHER  
PHD, EXECUTIVE DIRECTOR  
INDIANA STATE TEACHERS' RETIREMENT FUND

LARRY DICKERSON  
EXECUTIVE SECRETARY  
ARKANSAS STATE HIGHWAY EMPLOYEES  
RETIREMENT SYSTEM

JACK EHNES  
CHIEF EXECUTIVE OFFICER  
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

JEFFREY L. EZELL  
EXECUTIVE DIRECTOR  
TEACHERS RETIREMENT SYSTEM OF GEORGIA

GARY L. HARBIN  
EXECUTIVE SECRETARY  
KENTUCKY TEACHERS' RETIREMENT SYSTEM

RAY HENRY  
DIRECTOR  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

LOUIS W. KOSIBA  
EXECUTIVE DIRECTOR  
ILLINOIS MUNICIPAL RETIREMENT FUND

BRIAN N. MINTURN  
DIRECTOR AND CHIEF EXECUTIVE OFFICER  
TEACHERS' RETIREMENT SYSTEM  
OF LOUISIANA

GEORGE M. PHILIP, EXECUTIVE DIRECTOR  
NEW YORK STATE TEACHERS' RETIREMENT  
SYSTEM

NORM ROBINSON  
EXECUTIVE DIRECTOR  
MISSOURI HIGHWAY & TRANSPORTATION  
EMPLOYEES' & HIGHWAY PATROL RETIREMENT  
SYSTEM

JOAN SCHLOSS  
EXECUTIVE DIRECTOR  
MASSACHUSETTS TEACHERS' RETIREMENT  
SYSTEM

WILLIAM R. SCHWARTZ  
CEBS, EXECUTIVE SECRETARY  
MISSOURI LOCAL GOVERNMENT EMPLOYEES  
RETIREMENT SYSTEM

MARY MOST VANEK  
EXECUTIVE DIRECTOR  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
OF MINNESOTA

ANNE M. WAGNER  
CHIEF EXECUTIVE OFFICER  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
OF MICHIGAN

M. STEVE YOAKUM  
EXECUTIVE DIRECTOR  
PUBLIC SCHOOL RETIREMENT SYSTEM OF  
MISSOURI

The NASRA constitution and bylaws are included in the NASRA directory. They are also available from the NASRA office.

## MAKE YOUR 2003 CONFERENCE PLANS SOON

Monterey, California, is the site of the 2003 NASRA annual conference, August 1-6. We move from the Atlantic Coast of last year's conference across the country to the Pacific Coast and the magnificent Monterey Peninsula. The average daytime temperature in August is 69 degrees with average nighttime temperatures of 52 degrees. Temperatures fall off rapidly as the sun goes down, and jackets, sweaters, or sweatshirts are advised if you plan to be outdoors in the evenings.

All meetings and social functions will take place in or originate from the DoubleTree Hotel, located in the heart of Monterey. The conference will begin with a late afternoon reception on Friday, August 1, and conclude at noon on Wednesday, August 6. Conference packages were mailed in early May, and conference registration is also available through the NASRA website at [www.nasra.org](http://www.nasra.org).

### ACCOMMODATIONS



A NASRA room block has been established at the DoubleTree Hotel with space for all who plan in advance. The cutoff date to obtain the special rates provided to NASRA participants is July 1. Reservations received after that time will be accepted on a space available basis.

### TRANSPORTATION

The Monterey Peninsula Airport ([www.montereyairport.com](http://www.montereyairport.com)) offers more than 70 flights daily to major hubs in San Francisco, Los Angeles, and Phoenix. The airport is located on Olmsted Road off Highway 68, four miles from Monterey. Several rental car companies are located at the airport.

Many travelers prefer to fly into San Jose or San Francisco and rent a car. The San Jose International Airport is approximately 75 miles from Monterey. San Francisco International Airport is 106 miles, and Oakland International Airport is 105 miles. An airbus is also available from these airports at [www.montereyairbus.com/](http://www.montereyairbus.com/).

### RECREATION

Monterey provides an endless variety of recreation and sightseeing opportunities. A stroll enjoying the breathtaking views, a whale-watching cruise, and the famed 17-mile Drive are just a few of the possibilities. The NASRA staff has planned tours that are available for the Monday afternoon free time. Additionally, Monterey is approximately 40 miles from the fun of the Santa Cruz Beach and Boardwalk, 150 miles from the beauty of San Francisco and Napa Valley, and 200 miles from the splendor of Yosemite National Park.

### NASRA LUGGAGE TAGS

NASRA will provide up to four free luggage tags for members, associates, and attendees of the 2003 annual conference. The laminated tags feature a multicolor NASRA logo that makes it easy for you to spot your luggage winding around the airport carousel. To obtain the luggage tags, mail up to four business cards to:

NASRA  
PO Box 14117

Baton Rouge, LA 70898

You may also leave your business cards at the registration desk at the conference in Monterey. In either case, luggage tags will be mailed to you.

## NASRA WELCOMES NEW ASSOCIATE FIRMS

### **ARIEL CAPITAL MANAGEMENT, INC.**

Ariel Capital Management, Inc. is a Chicago based money management firm with 65 employees and \$10.3 billion in assets under management. We manage separate account portfolios in the small and mid cap value style and serve as investment advisor for the Ariel Mutual Funds, which are comprised of three no-load, publicly traded mutual funds.

### **ARNHOLD AND S. BLEICHROEDER ADVISERS, LLC**

The global investment management firm Arnhold and S. Bleichroeder Advisers, LLC offers a variety of domestic, international and global investment management services. Among our clients are corporations, foundations, endowments, major public retirement programs and high net worth individuals. The firm, which has its corporate offices on the Avenue of the Americas in New York City, employs approximately 90 professionals and has over \$8.5 billion in assets under management.

Since the 1800s, Arnhold and S. Bleichroeder has been in the business of providing conservative investment advice and counsel to governments, to institutions and to high-net-worth individuals. Since our inception, we have earned a reputation for sound money management and dedicated client service that has set us apart from other asset managers. Over the years, we have built a world-class global investment management business with a primary focus on preserving capital for our clients. Today, our client commitment, resources and international reach enable us to provide comprehensive, innovative investment solutions to our clients.

Stephanie Valeché is Arnhold and S. Bleichroeder's Senior Marketing and Client Service Representative and will be the NASRA contact person. She has eighteen years of experience in corporate finance and investments, including four years overseeing a \$2 billion corporate pension fund. She holds a BA degree in economics and history from Cornell University and an MBA degree in finance from the Wharton School at the University of Pennsylvania. Stephanie can be reached at 800-889-5439 or at [stephanie.valeche@asbai.com](mailto:stephanie.valeche@asbai.com).

### **BRIDGEWATER ASSOCIATES**

Bridgewater Associates is a leader in institutional portfolio management with over \$38 billion in assets under management. Throughout Bridgewater's twenty-seven year history, we have focused on the management of global credit and currency mandates for large institutional investors. Bridgewater manages portfolios for a wide array of institutional clients, including: corporate and public pension funds, university endowments, charitable foundations, supranational agencies, and central banks. We count among our clients some of the largest, most sophisticated, and most prestigious institutional investors in the world.

Bridgewater currently offers the following services: Core Plus and Global Fixed Income, Currency Overlay, Inflation-Index Bonds, Emerging Market Debt and Pure Alpha – our total return strategy that can be tailored as a global macro hedge fund, GTAA or portable alpha overlay.

Joel Whidden, Director – Public Fund Marketing, will be the NASRA contact. Joel can be reached at 203-291-7408 or at [whidden@bwater.com](mailto:whidden@bwater.com).

### **ENTWISTLE & CAPPUCCI LLP**

Entwistle & Cappucci LLP provides legal, advisory and related services to public and private institutional investors. Current legal services involve several areas of the firm's practice including Complex Business and Commercial Litigation, Securities Litigation and Corporate Governance, Business Transactions, Bankruptcy, Insolvency and Workouts, Employment and Labor, and Government Affairs and Administrative Law. Our litigators have a special expertise in prosecuting securities-related actions, recovering over \$1 billion in securities matters during the last three years. A more complete listing of the firm's services may be found at our website: [www.entwistle-law.com](http://www.entwistle-law.com). Our website includes updates on pending securities actions and other information useful to institutional investors, including summaries of all pending securities fraud acts and claim filing information.

The Firm has six offices located in New York City; Florham Park, New Jersey; Chicago, Illinois; Austin, Texas; Tallahassee, Florida; and Washington D.C. We are members of the Council of Institutional Investors, National Association of Public Pension Attorneys, and National Association of State

Treasurers. Our senior partners and law firm have been named “preeminent lawyers” by Martindale Hubbell.

Andrew J. Entwistle, Esq. and Tom Herndon will be the NASRA contacts. Andrew can be contacted at 212-894-7200 or [aentwistle@entwistle-law.com](mailto:aentwistle@entwistle-law.com). Tom can be contacted at 850-671-4401 or [Herndon@sostrategy.com](mailto:Herndon@sostrategy.com).

### **EUBEL BRADY & SUTTMAN ASSET MANAGEMENT, INC.**

Eubel Brady and Suttman Asset Management, Inc., (EBS), was formed in August 1993. The founders of Eubel Brady and Suttman Asset Management have been working together for over fifteen years. Our firm is 100% owned by employees and we are located in Dayton, OH. Prior to forming EBS, Ron Eubel was the Director of Research and Vice President, Mark Brady was Director of Portfolio Management, and Rob Suttman was Vice President of Consulting Services at Dean Investment Associates. Eubel and Brady were responsible for all security selection and asset allocation decisions from 1985 until August of 1993.

For equity investors we offer our “Small Cap Value” and “Mid Cap Value” product. EBS is a value oriented domestic equity manager. Within equity accounts, our style is most closely associated with domestic “Value” disciplines. We are looking for stocks that are historically cheap based upon fundamentals or growth prospects. Our Small and Mid Cap styles are offered to institutions as a separate account.

Our mission at EBS is to provide unequalled personalized service with exceptional performance, consistent with the goals of the client. Our focus is to develop a relationship with the client and consultant to better understand and serve the goals and objectives of the client.

### **ICE MILLER**

Founded in 1910, Ice Miller is a full-service firm with the resources it needs to counsel its clients and deliver quality legal and business advice. Ice Miller provides legal and business advice to private and public companies, government entities and individuals. As a client, you receive the benefit of the legal experience and knowledge we have developed over 90 years in business, as well as our ability to serve as business advisors.

Ice Miller offers a broad array of capabilities in virtually all areas of the legal practice. The Firm’s

broad practice areas include business, employment and labor law, litigation, public finance and real estate. Our dedication to maintaining and growing a wide range of more discrete practice areas enables us to identify options and offer the legal assistance needed to address clients’ needs creatively. We invite you to utilize our resources and learn how we can provide sound counsel so you can make the right decisions for your business or organization.

### **LORD ABBETT**

Lord Abbett is a private, independent money management company, managing over \$49 billion in assets, including a broad family of mutual funds as well as separately managed equity, fixed-income and balanced accounts for corporations, institutions and individuals. Currently, our 102 investment professionals average 15.4 years of industry experience.

Our disciplined, proprietary investment process, combined with our dedication to providing superior service to our clients, has helped us earn the trust of financial advisors, individuals and institutions worldwide.

Founded in 1929, Lord Abbett is one of the nation’s longest existing money management firms. We have never deviated from our core business or our time-tested, consistent, proprietary approach to investing in all market conditions.

### **LSV ASSET MANAGEMENT**

LSV Asset Management (LSV) is a quantitative value equity manager providing active management for institutional investors through the application of proprietary models. Our three founding principals, Josef Lakonishok, Andrei Shleifer and Robert Vishny, developed these models based on their well-known research of investor behavior and the performance of contrarian investment strategies.

We manage U.S. and International Value strategies all built from the same investment model. The fundamental premise on which our investment philosophy is based is that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence the decisions of many investors. The consistent success of this approach over time and across countries shows that the underlying patterns of investor behavior are pervasive and enduring features of markets. LSV uses quantitative techniques to select individual securities in a bottom-up approach, selecting undervalued stocks

within recent indicators of improvement in market sentiment. A risk control discipline limits the over- or under-exposure of the portfolio to industry concentrations and limits the exposure to individual names. Please visit [www.lsvasset.com](http://www.lsvasset.com) for more information.

### **LYSTER WATSON**

Founded in 1992, Lyster Watson & Company is an SEC-registered Investment Advisor specializing in hedge funds.

We have advised hundreds of institutional and qualified individual investors, providing them with the skills, experience, maturity, and specialized focus required to construct and manage prudent hedge fund portfolios matched to clearly defined goals and strategies. Underlying our approach to hedge fund management is our belief that quantitative tools must be used in tandem with seasoned experience and judgement in order to combine managers and investment styles so that portfolios will achieve client expectations. We welcome your interest and questions.

### **NEW ENGLAND PENSION CONSULTANTS**

New England Pension Consultants (NEPC) is one of the leading investment consulting firms in the country. Based in Cambridge, Massachusetts, NEPC has been providing institutional consulting services as its sole line of business for over seventeen years. Our full service retainer relationships are characterized by ready accessibility to our staff and resources, a high level of direct client contact, and comprehensive investment consulting services. Importantly, we seek to add value to our clients' portfolios by emphasizing improvements in long-term performance through diversification and the efficient implementation of our clients' investment programs.

NEPC offers its clients a full line of investment consulting services that address every phase of the investment process:

- investment policy development and risk control (for both financial and alternative assets)
- asset allocation
- investment manager and custodian searches
- due diligence/compliance
- investment performance analysis
- proxy voting services
- investment committee and staff education

A detailed description of our services can be found on our website: [www.nepc.com](http://www.nepc.com). For additional information, please contact Peter Gerlings, CFA or Glenn Johnson at (617) 374-1300 or by e-mail at [pgerlings@nepc.com](mailto:pgerlings@nepc.com) and [gjohnson@nepc.com](mailto:gjohnson@nepc.com).

### **ROSEMONT INVESTMENT PARTNERS, LLC**

Rosemont Investment Partners, LLC is a private equity firm focused on providing strategic capital and investment banking services to firms in the investment management and related industries. For more than a decade, Rosemont's principals have advised investment management firms of all sizes, market and product orientations on acquisitions, divestitures, management buyouts, valuations and business strategy issues. Rosemont serves as the General Partner to Rosemont Partners I, L.P. (the "Fund"), a \$40 million private equity fund founded in April 2000, whereby the firm makes minority investments alongside dynamic management teams and companies, employing its industry expertise to further the growth of its investments. The Fund has made seven investments as of March 2003. For more information, please visit <http://www.rosemontpartnersllc.com>.

George Cones and Chas Burkhart will be the NASRA contacts. George can be contacted at 610-260-2623 or [gcones@rosemontpartnersllc.com](mailto:gcones@rosemontpartnersllc.com). Chas can be contacted at 610-260-2600 or [cburkhart@rosemontpartnersllc.com](mailto:cburkhart@rosemontpartnersllc.com).

### **STATE STREET GLOBAL ADVISORS**

State Street Global Advisors provides comprehensive investment management services across all major asset classes to institutional investors worldwide. We serve clients of every size and investment objective, and are ranked as one of the leading global money managers in assets under management. Our depth of investment strategy selection, management expertise and cost-effective trading capabilities enable us to design client-specific investment solutions to meet a wide array of investors' needs, however specific they may be.

Successful organizations focus on building creative, long-lasting relationships with equally successful partners. We count among our clients some of the world's most prestigious and effective corporations, central banks, plan sponsors, universities and foundations. These leading

institutions recognize the unique combination of global resources SSgA has to offer and profit from them through this partnership.

### **THE KENWOOD GROUP, INC.**

The Kenwood Group, Inc. is a 100%, minority-owned investment management firm that utilizes a value-oriented approach, with a focus on mid-capitalization companies, especially those that are not widely followed by the brokerage community. The firm celebrated their 14th year of offering investment advisory services in March 2003.

Sharon Morrow, Senior Vice President, Marketing/Client Services, will be the NASRA contact. Sharon can be reached by phone at 312-368-1666 ext. 227 or email: smorrow@kenwoodfund.com.

### **TRANSAMERICA INVESTMENT MANAGEMENT, LLC (TIM)**

Transamerica Investment Management, LLC is a full-service asset manager with a 35-year history of strong results. A wholly owned subsidiary, TIM is a registered investment adviser which provides fee-based investment management to retail and institutional clients. TIM manages \$12.5 billion in equity and fixed-income assets for mutual funds, funds of funds, separately managed accounts, retirement plans, institutional accounts, pension funds, variable insurance accounts, and various for-profit and nonprofit entities. Transamerica Investment Management is headquartered in Los Angeles, CA with major offices in San Francisco, Denver and Dayton. TIM offers a wide variety of managed accounts, mutual funds, and institutional separate accounts for institutional clients.

### **TURNBULL CONSULTING, INC. (TCI)**

Turnbull Consulting Inc. (TCI) was established in 1998. TCI provides Business Continuity Planning and Disaster Recovery Planning services to a variety of industry sectors including city, county and state government agencies; manufacturers; pharmaceuticals; food distribution and sales; and health, financial, insurance and transportation services.

TCI has developed a proven business continuity and technology disaster recovery planning methodology. The procedures used will assist an organization in identifying the most critical

technology infrastructure and business processes and then determine the recovery time objectives and recovery point objectives for these business processes.

Based on these recovery objectives Business Continuity Plans and technology Disaster Recovery Plans are developed to meet the business recovery objectives for the organization or agency. Facing the increasingly difficult challenge of high service to all customers at all times can only be possible in a disaster if a well-documented recovery plan is available.

Mark Turnbull, President of Turnbull Consulting Inc. will be the NASRA contact. Mark can be reached at 910-285-8606 or 910-284-1224. Email mark@turnbullconsulting.us. Turnbull holds a Certified Business Continuity Professional (CBCP) designation. Prior to starting TCI, Turnbull spent over twenty-five years in the information technology field holding a number of senior IT positions with major US and Canadian companies.

### **WORLD GOLD COUNCIL**

Founded in 1987 and funded by the world's leading gold mining companies, the World Gold Council is a marketing association with the mission of stimulating worldwide demand for gold in all its forms.

The WGC's strategy is to focus its resources on those programs likely to yield the highest return in each of its key sectors, with investment and jewelry as top priorities. In the investment sector the WGC is working to develop simpler and easier access to investing in gold.

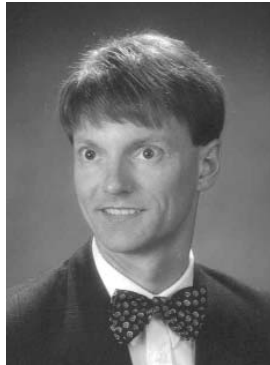
In addition to undertaking jewelry marketing initiatives to drive demand, the World Gold Council is instrumental in working to reduce regulatory barriers to the widespread ownership of gold products, in promoting the role of gold as a reserve asset in the official sector and in growing industrial gold demand by stimulating and supporting the development of gold science and technology.

The World Gold Council also acts as an information source for its Members and others in the gold industry, providing data on gold consumption and research and commentary on other aspects of the gold market.

NASRA contacts will be Jim Burton, CEO of World Gold Council at + 44 207 766 2720 james.burton@gold.org and Stuart Thomas, MD of World Gold Trust Services LLC at 212 317 3818 stuart.thomas@gold.org or Simon Village at + 44 207 766 2758 simon.village@gold.org.

## WELCOME TO NEW SYSTEM DIRECTORS

### ARIZONA



The Arizona State Retirement System Board has selected Paul Hugh David Matson as the new director, replacing LeRoy Gilbertson who retired January 6.

Matson has been with the ASRS since 1995, serving as chief investment officer for the almost \$20 billion system trust fund. He previously served as the financial analyst and portfolio analyst for the Investment Management Division at the Alberta (Canada) Treasury, and as a senior investment advisor for the Alberta Workers Compensation Board. Matson is a certified investment manager, a certified cash manager, and a chartered financial analyst. He is a fellow of the Canadian Securities Institute and brings substantial investment experience to the ASRS, which provides retirement and other benefits to more than 370,000 state, county, municipal, and school employees.

He holds a master's degree of Business Administration from Simon Fraser University in Canada, and a bachelor's degree of Commerce from the University of Alberta. He has a broad background in investment management and has served as a guest lecturer at several universities and professional conferences throughout North America.

Matson will be in charge of an agency that has nearly 300 full-time and contract employees and an annual budget of approximately \$24 million.

### ILLINOIS

The State Employees' Retirement System of Illinois named Bob Knox as the executive secretary effective January 1, 2003. Bob replaces Mike Mory, who retired December 31, 2002. Mory was executive secretary since 1974 and is a past president of NASRA.

Knox begins his 29th year with the retirement system, having served as associate executive secretary since 1980, and prior to that was division

manager for the Claims and Administrative Services Division. Knox has a bachelor's degree from Southern Illinois University and is married with four children. He frequently attends the NASRA conference and has spoken on the program.

### INDIANA

The Board of Trustees of the Indiana Public Employees' Retirement Fund appointed Craig E. Hartzler to be the new PERF executive director effective February 10, 2003. Hartzler has served as commissioner of the Department of Workforce Development since August 1997.



"We are delighted to have a leader of Craig Hartzler's caliber," said PERF Board Chairman Jonathan L. Birge. "He has done an outstanding job running an agency whose operations include distributing tens of thousands of benefit checks every week and managing substantial amounts of federal, state, and employer money."

Hartzler holds a Ph.D. from Miami University and did his undergraduate work at Indiana University. Prior to his appointment as commissioner of DWD, Hartzler served as chief operating officer for the Indiana Department of Commerce and as policy director for Governor Frank O'Bannon.

### IOWA

Donna Mueller has been named as the state's first chief executive officer of the Iowa Public Employees' Retirement System.

Mueller was picked after a nationwide search. Since 1996, she has been chief executive officer of the Boston Retirement Board retirement system, which serves 33,000 members and manages \$3 billion in assets.

IPERS, created in 1953, is the largest public employee retirement system in Iowa with 320,000 active, vested, and retired members and 2,400 participating employers. The market value of IPERS' investment portfolio is about \$14 billion.

Mueller has a law degree from Washington & Lee University in Virginia and a bachelor's degree in political science from the University of Minnesota.

She completed the Institute of Chartered Pension Professionals in Boston, as well as the Program for Senior Executives at Harvard University. She is licensed to practice law in Wisconsin and Massachusetts.

## MARYLAND



The Maryland State Retirement System Board of Trustees appointed Thomas K. Lee as Executive Director effective May 15, 2003. Mr. Lee was previously Deputy Secretary of the Maryland Department of Budget and Management where he was responsible for day-to-day operations including oversight of a staff of over 500 and a budget of over \$100 million. Previously he served as Assistant State Superintendent of Education, state legislative committee staff member, and budget analyst.

Lee completed the Senior Executives in State and Local Government Program at Harvard University, a Masters of Business Administration from George Washington University, a Masters of Political Science from Temple University, and a B.A. degree from Dickinson College.

## MASSACHUSETTS

Nicola "Nick" Favorito has been appointed as the Director of the Massachusetts State Retirement Board. Previously, he was an associate in the firm of Murphy, Hesse, Toomey & Lehane, LLP. He has extensive knowledge in the areas of public employee retirement law, education, special education and municipal law.

"I have worked very closely with Nick during my six years as chairman of the Norfolk County Retirement Board and was honored to have him join my new administration," said Treasurer Timothy Cahill. "He brings a strong legal background with extensive knowledge of public employee retirement law to our team. This expertise is critical to running our State Retirement system, with its 130,000 active and retired members."

Favorito is a graduate of Boston Latin School, Harvard College and Suffolk University Law School. He is a member of the Massachusetts Bar Association and Massachusetts Council of School Attorneys. He is married and has four children.

## MASSACHUSETTS

On March 28, 2003, the Massachusetts Teachers' Retirement Board appointed Joan Schloss as its new executive director effective April 7, 2003. Schloss has served as the board's general counsel since 1986. Prior to joining the MTRB staff, she served as counsel to the Boston Retirement Board. She has been an active member of the National Association of Public Pension Attorneys (NAPPA) and is currently co-chair of its tax section. Schloss is a graduate of Boston University and the Suffolk University Law School. She is married to Robert K. DeLena (retired Director of Benefits for the MTRB) and resides in Melrose, Massachusetts.

## NEW YORK

Laura Anglin has been appointed deputy comptroller for the New York State and Local Retirement Systems by Comptroller Alan G. Hevesi. Anglin has served the New York State Assembly for eight and a half years, most recently as director of budget studies. She has also held positions in New York State with the Department of Taxation and Finance and the Department of Environmental Conservation.



Anglin holds master's and bachelor's degrees from the State University of New York, Albany.

## SOUTH DAKOTA

Wade A. Hubbard has been named interim administrator of the South Dakota Retirement System. Mr. Hubbard previously served as general counsel of the system. He also has experience as South Dakota's deputy attorney general, assistant attorney general, and deputy state's attorney. As a captain in the U. S. Air Force he was a flight instructor for F-4 Phantom fighter-bombers.

Hubbard is a graduate of the South Dakota College of Law where he served as senior editor of the South Dakota Law Review. He also earned his M.A. in Political Science/Public Administration from the University of South Dakota. During his military career he received the Distinguished Flying Cross, Air Medal, Purple Heart, and Air Force Commendation Medal.

## RESEARCH ROUNDUP By: Keith Brainard, Director of Research

One overarching objective of the NASRA research office is to develop and maintain a repository of information about public retirement systems. Such a resource requires input from many sources—public retirement systems and the organizations that represent them, professional service providers, academia, and the media. Meeting this objective will result in a mosaic of facts, studies, news, surveys, opinions, tables, charts, and graphs that come together to create a comprehensive and accurate picture of the public retirement system community.

Creating a data bank to describe public retirement systems is no mean feat. According to the United States Census, there are more than 2,200 public retirement systems that provide pension coverage for nearly 14 million employees of states, counties, cities, towns, school districts, and other political subdivisions, and that pay \$100 billion annually to six million retired members and beneficiaries. These systems have assets of approximately \$2 trillion, an amount roughly equal to one-fifth of the nation's annual economic output. In addition to pensions, public retirement systems variously provide disability benefits, group health care coverage and health care premium benefits, supplemental retirement savings plans, and an array of other benefits and services. This community is governed by an ever-changing assortment of federal laws, state constitutions, statutes, codes, by-laws, case laws, professional standards, and administrative procedures.

In creating this repository, the role of the NASRA research office includes gathering information and presenting it in ways that are useful and convenient to users. The ultimate success of this effort, however, relies on public retirement systems. In addition to making contributions of news, studies, and reports, sharing your questions and inquiries about the issues and events that are interesting and important to you is essential for this resource to reach its full potential. Without input from those who actually administer public retirement systems, we cannot fully comprehend or present information about this community. Please feel free to contact us: your questions and suggestions initiate a process that expands and enriches the public retirement system knowledge base. As school teachers like to say, if you have a question about something, you're probably not alone.

The Resources page on the NASRA website is one segment of the public retirement system repository. This page presents the results of some of the surveys we have conducted, model practices, studies, reports, presentations, and links to many more resources. We will continue to add information to this page as it becomes available.

Another important component of the public retirement system repository is the Public Fund Survey. Funded jointly by NASRA and NCTR, this project is an effort to promote sound public pension management, administration, and policies by providing convenient and constant access to basic information about retirement systems, both individually and as a group. The Public Fund Survey builds on other surveys of the public retirement system community such as the Wisconsin Study, PPCC's PENDAT, and the State & Local Pension Exchange. Although still under development, the Public Fund Survey is accessible in draft form at [www.publicfundsurvey.org](http://www.publicfundsurvey.org).

Many retirement system administrators already have reviewed the information on this site; if you have not done so, please consider taking a look and identifying any errors, omissions, or amplifications pertaining to your system. If there are other features of individual systems or of the retirement system community that you would like to see presented, please let us know that, too.

In addition to public retirement systems, another expected audience for the Public Fund Survey is the media. The financial media often appear poorly informed about public retirement system issues: for instance, many reporters and columnists seem not to understand basic differences between defined benefit and defined contribution plans, and concepts such as underfunding and fully funded are misunderstood. This lack of understanding unfortunately results in news stories and opinions that distort rather than reveal the status of public retirement systems.

Ultimately, the NASRA Research initiative is about more than increasing the transparency of the public retirement system community. It is about more than gathering and presenting numbers and facts and studies and reports. This initiative is about the community of public retirement systems taking ownership of its information, and by doing so, expanding its influence in the high calling of protecting benefits for system members.

## THE NEXT WAVE OF FEDERAL PENSION TAX REFORMS

By: Jeannine Markoe Raymond, Director of Federal Relations

On April 11, 2003, Representatives Rob Portman (R-OH) and Ben Cardin (D-MD), longtime champions of federal pension tax reform, introduced their next round of reforms in the Pension Preservation and Savings Expansion Act of 2003 (H.R. 1776). This 207-page proposal includes numerous beneficial provisions for State retirement systems and participants. The House Committee on Ways and Means may soon consider all or some of these. NASRA members are encouraged to contact their House delegation and relay support for the helpful public sector provisions in H.R. 1776 and urge their retention as the legislation works its way through the House.

Key provisions within H.R. 1776 relevant to NASRA member systems include:

- Restoring and indexing for inflation the 415(b) limit age 55 floor for non-public-safety public sector employees that allows a minimum pension (\$130,000) at age 55 without running into tax code limitations or necessitating costly administrative tests and procedures. (Section 907)
- Assisting retirees in paying for increased health care costs by allowing health care premium expenses to be deducted from their retirement income similar to the way active employees may have premium expenses deducted from their earned income. (Section 1401)
- Providing technical corrections to the EGTRRA purchase of service credit provisions to clarify: 1) 415 limits (including 415(n) limits on nonqualified service) are not applicable to the use of funds from section 403(b) or section 457(b) plans; 2) that transfers may be made State to State from any governmental plan; 3) that the defined benefit plan's distribution rules apply to the transferred amounts; and 4) that individuals may purchase service credits to increase benefits attributable to past service (in addition to purchasing credits with respect to new service). (Sections 903 and 904)
- Directing Treasury to issue minimum distribution regulations under which governmental plans can operate on a good-faith basis, possibly remedying conflicts with proposed regulations that would have an adverse affect on State and local government defined benefit plan cost-of-living allowances, non-spouse surviving beneficiaries, and forms of annuity benefits. (Section 905)
- Making permanent and expanding a low- and middle-income tax credit contained in EGTRRA to encourage voluntary contributions to retirement savings vehicles. (Sections 102 and 401)
- Allowing participants to roll \$500 of unused assets in their flexible spending accounts into their retirement savings plans instead of being forced to spend-down or lose those savings. (Section 404)
- Removing the 10% early distribution penalty tax on distributions from Deferred Retirement Option Plan (DROP) distributions to qualified public safety employees. (Section 902)
- Allowing further portability between retirement plans to make it easier for workers to retain retirement savings. (Sections 303, 304 and 306)
- Encouraging retirees to make their retirement nest egg last through their retirement years by allowing them to deduct from taxation a portion of their retirement income attributable to annuity distributions, and permitting retirees to use a different permissible method of determining "substantially equal periodic payments" due to down market conditions lowering expected returns. (Sections 305 and 307)
- Providing certainty to plans and their participants by making the many pension provisions enacted as part of EGTRRA permanent. (Section 101)
- Accelerating the increased defined contribution limit increases passed as part of EGTRRA, thereby making the contribution limit to 457, 401(k) and 403(b) plans equal to \$15,000 in 2004 and the age 50 and over catch-up contribution equal to \$5000 in 2004. (Section 401)
- Increasing the minimum required distribution age to 75, lowering penalty from 50% to 20%
- Excluding up to \$75,000 of pension income (from qualified plans, 403(b) and governmental 457 plans) from income used to determine eligibility for supplemental Social Security benefits to the aged, blind and disabled. (Section 311)
- Providing greater distinctions between

governmental and nongovernmental 457 plans by creating a new Section 459 for nongovernmental plans. (Section 901)

- Allowing employers to offer employees a choice between cash compensation and tax-free investment and retirement planning services. (Section 1104)
- Requiring new investment education notices be provided to employees in public and private self-directed plans at the time of enrollment and quarterly thereafter. (Section 1101)
- Requiring new blackout notices (regarding direction of investments, loans, or distributions from a plan) be provided to employees in public and private plans that "maintain accounts" for employees. (Section 1102)

*(The notice provisions are not expected to be retained for consideration as a modified provision requiring investment education notices was passed by the House this week as part of H.R. 1000. A blackout notice provision for ERISA plans was passed last year as part of the Sarbanes-Oxley Act of 2002 and committee staff have indicated they will not take up another provision in that area this year).*

A detailed summary of the various provisions in the Pension Preservation and Savings Expansion Act of 2003 (H.R. 1776) applicable to public pension systems can be found on NASRA's website at: [www.nasra.org/resources/HR\\_1776\\_Summary\\_Table.pdf](http://www.nasra.org/resources/HR_1776_Summary_Table.pdf). In addition, a sample letter for NASRA members to use to contact their House delegation is posted at [www.nasra.org/resources/House%20Sample%20Letter.doc](http://www.nasra.org/resources/House%20Sample%20Letter.doc).

If you have any questions or would like further information on these provisions, please feel free to contact NASRA's Washington, D.C. Office at (202) 624-1417 or [jeannine@nasra.org](mailto:jeannine@nasra.org).



## NASRA EXECUTIVE COMMITTEE HARD AT WORK

The Executive Committee has been hard at work to continue to address current issues and improve services for NASRA members. Some of the actions taken by the Executive Committee this year include:

The Internal Revenue Service invited responses to IRS Notice 2002-43 regarding phased retirement arrangements under qualified defined benefit plans. A committee, chaired by Laurie Hacking, was appointed to prepare a response. The response incorporated six principles on phased retirement that were developed jointly by President Frank Ready and NCTR President Dave Mills and approved by the Executive Committee. The NASRA response is located on the NASRA web site under the Resources Section.

Under the provisions of the NASRA Constitution, the Executive Committee must appoint a member to fill the unexpired term of a vacated officer position. The office of 2nd Vice President was vacated in October when Bill Butler (Indiana) resigned his position. The Executive Committee appointed Ed Hennessee (Tennessee) to fill the vacancy. This appointment created a vacancy in the position of Vice President, Region II, which was filled by the appointment of William Hanes (Kentucky).

The Executive Committee reviewed the dues structure for members and concluded that an increase was necessary to support the increased services being provided. The dues established are \$1,600 for 2003, \$2,000 for 2004, and \$2,400 for 2005.

Gary Findlay, Frank Ready, Mike Carter, Mark Gibello, and Cathie Eitelberg were appointed to a Strategic Planning Committee. Working with NASRA staff and with input from members, a strategic plan was presented to the Executive Committee for approval. The plan will be presented to the members at the annual meeting. (See article on page 13)

As a result of the feedback from members at the 2001 Directors' Workshop, the position of Director of Research was established last year. Keith Brainard was hired on contract to fill this position; he has been working on a comprehensive annual survey of public retirement systems, conducting ad hoc surveys, drafting position papers, and other projects. A Research Section, featuring a variety of information of interest to the public pension

industry, was added to the NASRA web site. At its spring meeting, the Executive Committee voted to make the position a NASRA employee and Keith Brainard was hired to fill the position.

The change in membership criteria resulted in 19 additional members. The Executive Committee considered the uneven distribution of members in each Region and will propose a Constitutional amendment at the Annual Meeting. The proposed new Regions are as follows:

**REGION I:** Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Vermont.

**REGION II:** Alabama, District of Columbia, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virgin Islands, Virginia, and West Virginia.

**REGION III:** Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, South Dakota, and Wisconsin.

**REGION IV:** Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas.

**REGION V:** Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

Several technical corrections will also be presented for approval.

The Executive Committee approved motions to present two resolutions, one on Phased Retirement and one on Identification of Companies with Hidden Terrorist Links, to the membership at the Annual Meeting.

A Committee on Liability Limitations for Actuarial Services was established to review the issues and develop recommendations for addressing them. The committee plans to complete their work prior to the annual meeting.

A Committee on Health Care, chaired by Bill Hanes, was established at the spring Executive Committee meeting. This committee will address the health care issues affecting our members.

The Public Pension Coordinating Council approved the Public Pension System Standards, which are designed to promote excellence in plan design and administration among state and local public pension retirement systems. Plans are underway to develop this program for presentation to members of NASRA, NCTR and NCPERS.

## STRATEGIC PLAN BEING DEVELOPED

At the 2001 annual conference held in Santa Fe, the Directors' Workshop provided a forum for NASRA administrators to discuss the current state and future direction of the Association. Prior to the meeting, members were surveyed on their attitudes and perceptions of the existing services and asked to submit recommendations on future needs and directions. Based on feedback from the survey, administrators divided into three groups at the workshop to discuss membership eligibility and fee structure, defined benefit and defined contribution issues, and NASRA services. Reports from the workshop groups were presented to the Executive Committee.

Several changes have taken place as a result of the suggestions from the Directors Workshop. The part-time position of administrative officer was changed to a full-time position of executive director. An Office of Research was established and staffed with a full-time position. The membership eligibility criteria in the NASRA constitution were amended to allow additional public fund systems to join NASRA. The dues were reviewed and increased to fund the new initiatives.

In 2002, the Executive Committee began developing a strategic plan for the association to formalize the suggestions from members. A draft plan was presented at the February 2003 administrator's meeting held in Washington, D.C. Following that meeting, a survey was conducted to receive feedback from the members prior to finalizing the strategic plan. The Executive Committee continued to work on the plan at its March 2003 meeting. The final plan will be distributed to the members a month before the annual conference. President Frank Ready will present the plan to members at the Directors' Workshop on August 2 in Monterey, California.

NASRA is poised for change to meet new challenges. The strategic plan will provide the roadmap for our future.

*Check the NASRA website [www.nasra.org](http://www.nasra.org) for up-to-date information and current news items*

## COMMITTEE ASSIGNMENTS

Audit and Finance	Ed Hennessee, Chairman David Shimabukuro    Tony Brown
Government Accounting Standards Advisory Council	Steve Weinberger (CT)
Legislative	Ed Hennessee, Chairman Mike O'Connor        Bill Hanes Jerry DeVore
Nominations	Gary Findlay, Chairman Dave Bergstrom        Frank Ready Eddie Vandiver
Phased Retirement	Laurie Hacking, Chairman Cynthia Webster        Sandy Dzinski
Program	Dave Bergstrom, Chairman Guy Bell                Jack Gastler
Public Pension Coordinating Council	Frank Ready            Dave Bergstrom Glenda Chambers
Resolutions and Constitution & Bylaws	David Shimabukuro, Chairman Cynthia Webster        Bill Hanes Carol Wardlaw
Special Programs	Guy Bell, Chairman Laurie Hacking        Mike O'Connor Jennifer Hunt
Strategic Planning	Gary Findlay            Frank Ready Mike Carter            Mark Gibello Cathie Eitelberg
Committee on Liability Limitations for Actuarial Services	Dave Bergstrom, Chairman
Committee on Health Care	Bill Hanes, Chairman Laurie Hacking

## 2003 OFFICERS

President	Frank Ready (MS)
President Elect	Dave Bergstrom (MN)
First Vice President	Guy Bell (AK)
Second Vice President	Ed Hennessee (TN)
Immediate Past President	Gary Findlay (MO)
Regional Vice Presidents:	
Region I	Cynthia Webster (VT)
Region II	Bill Hanes (KY)
Region III	Laurie Hacking (OH)
Region IV	Mike O'Connor (MT)
Region V	David Shimabukuro (HI)

*continued from page 1*

the Pulitzer and Nobel Prize-winning author John Steinbeck. Attendees will also enjoy a private wine tasting at a chateau in Carmel Valley. The third tour explores the Monterey Bay National Marine Sanctuary by kayak. The ocean kayaks are safe and fun for people of all levels of experience, even beginners. Docents will share information about the ecology of the sanctuary, local history, and the biology and habits of the various marine life.

On Tuesday, August 5, spouses, guests, and children will be treated to an all-day tour to Hearst Castle at San Simeon, about 94 miles south of Monterey. Built by publisher William Randolph Hearst, it was one of the most lavish private dwellings in the U.S. before becoming a California state park in 1958. Hearst Castle also provides spectacular views of Big Sur and the Pacific coast. Anyone who'd like to make the drive on their own can plan on a two-and-a-half hour trip each way.

From the world-class Monterey Bay Aquarium to the National Steinbeck Center in Salinas, Monterey is a beautiful seaside community that provides an endless variety of recreational and cultural activities. Monterey's rich history, the saga of California's Mission Trail, historic Fisherman's Wharf and Cannery Row, 17 world-class golf courses, the world's best aquarium, a unique variety of shops and galleries and a spectacular assortment of parks and natural areas combine to provide a variety of activities when the day's meetings adjourn. Don't miss it!

## ASSOCIATE ADVISORY COMMITTEE

Mike Carter, Chairman  
(*Gabriel, Roeder, Smith*) - 2003\*  
Tony Brown  
(*Rockwood Capital*) - 2005\*  
Jerry DeVore  
(*Atlanta Capital*) - 2003\*  
Sandy Dzinski  
(*GE Asset Mgt.*) - 2004\*  
Jack Gastler  
(*Nicholas Applegate*) - 2004\*  
Mark Gibello  
(*Trust Company of The West*) - 2003\*  
Jennifer Hunt  
(*Loomis, Sayles*) - 2005\*  
Eddie Vandiver  
(*Mellon Equity*) - 2005\*  
Carol Wardlaw  
(*Dimensional Fund Advisors*) - 2004\*

*\*Year Term Ends*

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## SHEILA BECKETT HONORED



Sheila Beckett was awarded the National Public Service Award for 2003. The American Society for Public Administration and the National Academy of Public Administration established this award in 1983 to honor individuals who make outstanding contributions to the public service.

As executive director of the Employees Retirement System of Texas (ERS) since 1996, Beckett administers programs that provide retirement, health insurance, deferred compensation, and flexible benefits for more than 200,000 current state employees and retirees. She manages the Texas Employees Uniform Group Insurance Program, which provides health care coverage to more than 500,000 employees, retirees, and their families. The agency manages an investment portfolio with a market value of approximately \$17 billion.

The Texas Public Employees Association named Beckett Agency Administrator of the Year in 1998. She was also named Professional Administrator of the Year by the Central Texas Chapter of the American Society for Public Administration in 2001, for her commitment to ensuring ERS accomplishes its mission of enhancing the lives of its customers.

In endorsing her nomination, Governor Rick Perry cited not only her exemplary public service career but also her involvement in community activities such as serving as president of the Eanes Orchestra Parent Association and as a community advisory board member for Helping Hand Home.

Beckett holds a master's degree in Public Affairs from the University of Texas at Austin, Lyndon B. Johnson School of Public Affairs, and a bachelor's degree in Political Science from Texas A&M University.



**NATIONAL  
ASSOCIATION  
OF STATE  
RETIREMENT  
ADMINISTRATORS**

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