

**Deferred Compensation Quarterly Meeting**  
**August 27, 2020**  
**Virtual Zoom Meeting**  
**1:00pm – 4:00 pm**

**Committee Members Present:** Jim Sant, Utilities Director, Deputy  
Kari Louie, Senior Compensation and Benefits Manager  
Alice Phillips, Business Manager, IBEW 483  
Chris Bacha, City Attorney, Deputy

**Committee Members Absent:** Teresa Sedmak, City Treasurer  
Gary Buchanan, Human Resources Director

**Committee Staff Present:** Greg Settle, Hyas Group, Senior Consultant  
Charles Lee, City Attorney, Deputy  
Tammy Liddle Lobban, Management Analyst II  
Diane Peterson, Human Resources Specialist

The meeting began at 1:02 pm.

**MINUTES**

**I. Review and Approval of Prior Meeting Minutes** (Committee action item)

Kari Louie made a motion to accept the February 27, 2020, April 22, 2020, and May 28, 2020 minutes as presented.

1<sup>st</sup> motion: Kari Louie  
2<sup>nd</sup> motion: Chris Bacha  
All approved

**II. City of Tacoma Staff: Review of Administrative Account and Plan Budget Update**

Tammy Liddle Lobban presented on the Deferred Compensation Budget vs. Actuals for June and July 2020 and presented the proposed budget for 2021-2022.

- Through June, actuals were below budget in both revenue (by \$60k) and expenses (by \$25k) and cash on hand remained positive.
- Through July, actuals remained below budget in both revenue (by \$28k, balancing out with expense variance) and expenses (by \$34k).
- At the close of July, account balances were as follows:
  - ICMA-RC: \$236,606
  - NRA: \$29,963
  - Cash on hand: \$56,639
- The proposed budget for 2021-2022 is largely the same as 2019-2020. Differences include a small increase in personnel services to better reflect actual COT staff time and increasing the first year of the biennium external services by \$15k to cover the cost previously contracted with HYAS Group for their expertise and work toward the Third-party Administrator RFP.
  - There may be negligible changes to the numbers presented today due to finalization of wage projections and internal service costs
  - The committee approved the preliminary budget as presented and will revisit the final version at its next meeting. This is expected to occur after assumptions are final and the

City Council has adopted the 2021-2022 City Operating Budget on November 24, 2020.

A motion was made to approve the proposed 2021/2022 budget as presented as a preliminary budget.

1<sup>st</sup> motion: Chris Bacha  
2<sup>nd</sup> motion: Alice Phillips  
All approved

### **III. Hyas Group: Second Quarter 2020 Combined Plan Investment Performance Review**

Greg Settle presented the Second Quarter 2020 Performance Report. The Hotchkis and Wiley High Yield Fund, the DFA Targeted Value Fund and the American Funds EuroPacific Growth Fund were found to underperforming the standards of the Investment Policy Statement.

- Greg reported that the Hotchkis and Wiley High Yield Fund had rebounded strongly in the second quarter, although it still lags the index YTD. He noted the portfolio yield was nearly 3% higher than the index at quarter-end, and that Hyas Group had met with the fund management team in July. Hyas Group recommended further patience and the Committee concurred, leaving the fund on Watch status.
- Greg noted that the DFA Targeted Value Fund had rebounded in the second quarter and has continued to do well in the third quarter. He advised further patience and the Committee took no action, leaving the fund on Watch status.
- American Funds' EuroPacific Growth Fund continued to underperform as well, although it also had a strong second quarter, with positive security selection mostly overcoming over-weights to energy and financial services. The Committee noted this and took no action but will review again next quarter.

### **IV. Hyas Group: Legislative and Regulatory Update**

Greg reviewed recent developments in the regulatory and legislative environment that touched on topics of both defined benefit and defined contribution plans.

### **V. RFP for Third-Party Administrator**

The Committee discussed the upcoming RFP for the Plans' Third Party Administrator(s) and reviewed the draft timeline for the project. The Committee selected an RFP Selection Advisory Sub-Committee and authorized Chair Jim Sant to approve release of the RFP once it is ready. Greg Settle will work with Kari and Purchasing to select a date for training and discussion with the Selection Advisory Committee in the coming weeks.

Committee members discussed the selection of sub-committee members. It was agreed to have less than a quorum of committee members, one police representative, and fire representative. Sub-committee members: Kari Louie, Teresa Sedmak, Alice Phillips, Ryan Mudie, and one police representative yet to be named. Charles Lee will advise in a consultation role to the committee.

Chris Bacha made a motion to authorize Jim Sant, Committee Chairperson, on behalf of the Committee to move the RFP forward based on the recommendation from the sub-committee.

1<sup>st</sup> motion: Chris Bacha  
2<sup>nd</sup> motion: Alice Phillips  
All approved

Chris Bacha moved to amend his previous motion to exclude requirements for recommendation from the sub-committee.

1<sup>st</sup> motion: Chris Bacha  
2<sup>nd</sup> motion: Alice Phillips  
All approved

**VI. Review of Meeting Action and Discussion Items for Follow-Up**

The discussions, actions and follow-up items were reviewed and agreed upon by the committee.

**VII. Questions / Open Discussion / Housekeeping Items / Next Meeting Agenda**

2021 – 2022 final budget approval

Meeting adjourned at 2:45 pm