

**Deferred Compensation
December 6, 2018
Tacoma Municipal Building
Room 138
1:00pm – 4:00 pm**

Committee Members Present: Kari Louie, Senior Compensation and Benefits Manager
Chris Bacha, City Attorney, Deputy
Teresa Sedmak, City Treasurer
Gary Buchanan, Human Resources Director
Attended by phone for quorum to approve action items

Committee Members Absent: Jim Sant, Utilities Director, Deputy
Alice Phillips, Business Manager, IBEW 483

Committee Staff Present: Greg Settle, Hyas Group, Senior Consultant
Martha Lantz, City Attorney, Deputy
Sam Benscoter, Management Analyst III
Hayley Falk, Management Analyst II
Diane Peterson, Human Resources Specialist

Guests Present: Mike Ferguson, Nationwide Sr. Retirement Specialist

The meeting began at 1:05 pm.

Topic sequence was adjusted to accommodate phone-in from Gary Buchanan for approval of action items.

I. Review of Administrative Account and Plan Budget Update

Haley Falk informed the Committee there will be one final pull from the Administrative Account in 2018. An additional \$10,000 is needed to cover unplanned labor costs for the 2017/2018 biennium.

Motion: Teresa Sedmak made a motion to contact Gary Buchanan for the fourth member regarding action items.

Action Items: Approve additional \$10,000 to the 2017/2018 biennium budget
Approve \$431,501.00 2019/2020 Deferred Compensation Biennium budget

II. Review and approval of prior meeting minutes

The Committee reviewed the August 23, 2018 meeting minutes. It was requested to add complete vendor titles to outside guests present.

A motion to accept the August 23, 2018 meeting minutes as presented with minor updated vendor titles.

1st motion: Teresa Sedmak

2nd motion: Chris Bacha

Final approval at end of meeting.

III. Hyas Group: Third Quarter 2018 Performance Review: ICMA-RC & Nationwide Programs

Greg presented the Third Quarter 2018 performance report. Only the Vanguard Mid Cap Growth Fund was underperforming the performance standards of the Investment Policy Statement.

After another good quarter and excellent year-to-date performance through early December, Hyas Group recommends continued patience with the improving Vanguard Mid Cap Growth Fund. The fund will remain on Watch.

Greg also reported that Vanguard has lowered the asset minimums for the Admiral share class of the Social Index Fund, and that Vanguard will be automatically moving the City Plans to the lower cost version in 2019. This will result in a fee reduction from .20% to .14%. There may be an opportunity to move to the lower cost share class sooner than Vanguard will move the City; he will report on that opportunity at the next meeting.

Also reviewed was the new Fidelity index fund suite, comparing their fees and performance histories to those of the Plans' Vanguard index funds. The Committee noted the lower cost but decided to allow more time for Vanguard to respond and to observe the performance of these funds. Teresa Sedmak asked if Hyas Group can find out more about how Fidelity is managing risks in their securities lending in these index portfolios, especially about how often the assets are marked to market, and whether collateralization was 100% at all times. Hyas Group will research and provide an update at the next meeting.

IV. Nationwide Service Delivery Report

Mike Ferguson of Nationwide presented an update on the Fire Fighters' Plan and recounted his activity in the field. It was noted that Nationwide is seeing an increasing number of roll-outs and Mr. Ferguson was asked if he can provide a report showing where the money is going when it leaves the Plan. Greg Settle will have him send this report to him and present it at the next Committee meeting, as Nationwide will not be attending that meeting.

V. Hyas Group: Third Quarter Legislative and Regulatory Update

- 1) The Trump Administration is pursuing retirement plan rule changes, including relaxing minimum distribution requirements.
- 2) Proposed legislation would impact the employees of public employers not participating in social security.
- 3) IRS announces 2019 contribution rates.
- 4) House passes new retirement plan bill, sends it on to the Senate.

VI. Questions / Open Discussion / Housekeeping Items / Next Meeting Agenda

Kari Louie gave an update on the Request for Proposals regarding completing the contract process with Hyas Group. It was requested to give Jim Sant, Chairperson for the Deferred Compensation Committee, authority to sign the Hyas contract.

Recess taken from 2:37 to 3:45.

Meeting reconvened at 3:47pm.

Committee Members Present: Kari Louie, Senior Compensation and Benefits Manager
Chris Bacha, City Attorney, Deputy
Teresa Sedmak, City Treasurer
Gary Buchanan, Human Resources Director, by phone

A motion was made to give Jim Sant, Chairperson for the Deferred Compensation Committee, authority to approve and execute the Hyas contract.

1st: Teresa Sedmak

2nd: Chris Bacha

Motion was approved

A motion was made to accept the August 23, 2018 minutes with minor vendor titles updates.

1st: Teresa Sedmak

2nd: Chris Bacha

Motion was approved

A motion was made to accept the additional \$10,000 to the 2017/2018 biennium budget.

1st: Teresa Sedmak

2nd: Chris Bacha

Motion was approved

A motion was made to accept the 2019/2020 budget of \$431,501.00 as per council.

1st: Teresa Sedmak

2nd: Chris Bacha

Motion was approved

A motion was made to adjourn the Deferred Compensation Committee meeting.

1st: Teresa Sedmak

2nd: Chris Bacha

Motion was approved

Meeting adjourned at 3:54pm.