Deferred Compensation  
August 23, 2018  
Tacoma Municipal Building  
Room 138  
1:00pm – 4:00 pm

Committee Members Present:
Committee Chair  
Jim Sant, Utilities Director, Deputy  
Kari Louie, Senior Compensation and Benefits Manager  
Chris Bacha, City Attorney, Deputy  
Gary Buchanan, Human Resources Director  
Teresa Sedmak, City Treasurer  
Alice Phillips, Business Manager, IBEW 483

Members Present:  
Greg Settle, Hyas Group, Senior Consultant  
Diane Peterson, Human Resources Specialist

Committee Staff Present:  
Peter Hoerber, Regional Vice President, Northwest  
Corey Wiggins, Director of Relationship Management

The meeting began at 1:05 pm.

I. Review and approval of prior meeting minutes  
The Committee reviewed the May 24, 2018 Deferred Compensation Committee minutes.

A motion was made to accept the May 24, 2018 minutes as presented.

1st motion: Chris Bacha  
2nd motion: Teresa Sedmak  
The motion was approved

II. ICMA-RC: Presentation on Cyber-Security and Fraud Prevention  
ICMA-RC presented on cyber-security and fraud prevention and also provided some details on the recent fraud attack on one of their larger clients which resulted in $200,000 being stolen from participant accounts, some of which had been recovered. All participants are being made whole. Greg Settle will continue to monitor this situation with ICMA-RC and provide an update at the next Committee meeting.

ICMA-RC representatives informed the Committee that account holders actually help prevent a possible breach as they periodically review their accounts online. This allows sophisticated systems to build a characteristic profile for authentication purposes to better protect assets.

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

a. After a strong second quarter and excellent YTD performance through mid-August, Hyas group recommends continued patience with the improving Vanguard Mid Cap Growth Fund. The fund will remain on Watch.

b. The AMG Managers /LMCG Small Cap Growth Fund was replaced in the fund menu with the Vanguard Explorer fund in both Plans in mid-August.
The Committee voted to replace the current R10 Share Class version of the ICMA-RC Plus Fund with the new, lower-cost R12 Share Class.

A motion was made to replace the current R10 Share Class version to the lower-cost R12 Share Class.
   1st motion: Teresa Sedmak
   2nd motion: Chris Bacha
   The motion was approved

This replacement will reduce the amount that ICMA-RC has to refund participant accounts in order to deliver a version of the Plus Fund at the .16% management fee level that has been negotiated for the City of Tacoma Plan. Greg Settle will send language to use in instructing ICMA-RC to make this change by 8/28/18.

IV. Hyas Group: Educational piece about the benefit of leaving assets in the Plan
The Committee continued discussing the negative cash-flow from the core 457 Plan. Greg presented an educational piece that shows the potential impact of higher fees on retiree assets, and the Committee approved using it with some minor edits. He will revise the document and send it to the Committee. Greg will also review this piece with representatives from the Fire Fighter’s Association and ask if they would like a customized version for the Nationwide program.

V. ICMA-RC: Service Delivery Report
ICMA-RC representatives reviewed their activity and service delivery for the City of Tacoma.

VI. City of Tacoma Staff: Review of Administrative Account and Plan Budget Update
In the month of August the Deferred Compensation Plan requested and received $42,500 from ICMA-RC and $7,500 from Nationwide to enable the payment of plan expenses. With the combination of both plans there is a current approximate balance $34,000 in the Administrative Account.

VII. Questions / Open Discussion / Housekeeping Items / Next Meeting Agenda
Currently, the Nationwide plan only allows the trading of mutual funds in their self-directed brokerage account. A participant would currently like the option to trade individual stocks. The Committee discussed the history and rationales behind the self-directed accounts and determined that it would be best for Nationwide participants to expand the self-directed investment options available. The Committee previously authorized the ICMA-RC plan to allow for self-directed investment options that go beyond mutual funds.

A motion was made for the Committee Chair to have the authority to expand the investment options available to Nationwide participants under their self-directed account dependent upon concurrence with the firefighter representatives.
   1st motion: Alice Phillips
   2nd motion: Gary Buchanan
   The motion was approved

Meeting adjourned at 3:35 pm