

Deferred Compensation
March 16, 2018
Tacoma Municipal Building
Room 138
1:00pm – 4:00 pm

Committee Members Present:

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

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

Guests 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 December 7, 2017 Deferred Compensation Committee minutes was reviewed.

A motion was made to accept the December 7, 2017 minutes as presented.

1st motion: Teresa Sedmak

2nd motion: Chris Bacha

The motion was approved

II. Hyas Group: Fourth Quarter 2017 Performance Review: ICMA-RC & Nationwide Programs

Greg Settle presented the Fourth Quarter 2017 Performance Report. The Aston/LMCG Small Cap Growth Fund and the Vanguard Mid Cap Growth Fund both continue to underperform the performance standards of the Investment Policy Statement. Both funds have seen improving performance this year.

Funds to remain on Watch: Vanguard Mid Cap Growth Fund

The Hyas Group has reviewed the Aston/LMCG Small Cap Growth Fund in-depth and recommends the Committee consider alternatives. They will prepare a search of small cap growth managers for review at the May 2018 meeting.

Hyas Group will ask Nationwide to attend the May Committee meeting to present the steps they are taking to prevent fraud and enhance their cyber-security. ICMA-RC representatives will also be asked to attend the August Committee meeting and to prepare an in-depth review of cyber-security with experts to be conferenced in from their headquarters in Washington DC.

Hyas Group will provide the Finance Staff serving the Plan with the most recent end-of-month administrative account balances from each of the TPAs two weeks in advance of future Committee meetings.

III. ICMA-RC: Service Delivery Report

Peter Hoerber and Corey Wiggins of ICMA-RC presented the 2017 Review, 2018 Education Strategy to the Committee.

A motion was made to change the Traditional and Roth features to allow participants to choose different investment funds from each plan.

1st motion: Chris Bacha

2nd motion: Teresa Sedmak

The motion was approved

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

Sam Bencoter informed the Committee that a draw-down of \$50,000 will occur every two to three months. Of the \$50,000 ICMA-RC will transfer 85% and Nationwide will transfer 15%. The recent Administrative Allowance requests from ICMA-RC and Nationwide were transferred via wire.

V. Hyas Group: Legislative and Regulatory Update

- There will be no direct impact to 457 participants regarding the recently enacted tax reform.
- Retirement Plan issues remain a focus of Congress, as the newly proposed “Retirement Plan Simplification and Enhancement Act” tackles a list of defined contribution plan issues.
- U.S. financial firms plan to expand a project protecting bank accounts against cyber-attacks. The industry-led project, called Sheltered Harbor, already is known to back up data for savings and checking accounts. The ultimate goal is to expand to 401(k) accounts and pension funds.
- When plan sponsors were asked to identify the top three concerns about adding a retirement income guarantee product to a plan, they expressed fiduciary exposure the highest at (38.3 percent) for all plans, however that number jumps to 56.9 percent for plans with more than 5,000 participants. Following fiduciary liability was high costs and portability.

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

Required motions made and approved.

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

A motion was made to authorize Committee Chair Jim Sant the option, as deemed appropriate, to execute a contract, in an amount up to \$20,000, with a consultant to assist the committee as needed with the RFP process to obtain investment consultant services, including drafting a scope of work, designing and drafting selection evaluation criteria, reviewing responses to the RFP, participating as needed on interview and selection panels and assisting with drafting and negotiating the contract with the successful investment consultant proposer, with the agreement that the consultant will not submit a proposal for the investment consultant services.

1st motion: Chris Bacha

2nd motion: Teresa Sedmak

The motion was approved

Meeting adjourned at 3:30 pm