

**CITY OF PORTLAND**  
**DEFERRED COMPENSATION COMMITTEE MEETING MINUTES**  
**March 11, 2014 – 3:00-4:30**  
**Portland Bldg, 12<sup>th</sup> Floor, St. John's Room**  
**Semi-Annual Report to Committee - Hyas Group**

Present: Cathy Bless  
Jennifer Cooperman  
Fred Miller

Administrative: Jeanine Keller  
Ken McGair

Hyas Group: Jayson Davidson

**1. Jeanine welcomed attendees**

**2. Fourth Quarter 2013 Performance Review**

- a. Market commentary – Jayson reviewed the fourth quarter performance report and noted it was a relatively strong market quarter and calendar year for the Plan's equity options.
- b. Performance report – The Hotchkis and Wiley Large Cap Value Fund, the Managers AMG Systematic Value Fund, the Neuberger Berman Socially Responsible Fund and the Wanger USA Fund that were formerly on watch were removed from the Plan on 11/19/2013 as part of the broader Plan pricing and investment structure changes. The Committee voted unanimously to accept Hyas' recommendation to keep Munder Mid-Cap Growth Fund on watch. While the Munder Fund was not in technical violation of the investment policy as of December 31, 2013, it is only marginally above required benchmarks and performance remains relatively tepid. The Committee voted to accept Hyas' recommendation to place the TIAA-Cref High Yield Fund on watch due to performance in violation of investment policy criteria.
- c. Non-performance fund informational updates – Items reviewed:
  - Global vs. International funds – Global funds could include U.S. stocks.
  - JP Morgan Target Date Funds (TDF) – The new share class of TDFs is less expensive due to the new lineup being zero revenue share funds.

- The JP Morgan Target Date Funds are considered actively managed and they are benchmarked to a Custom Blended Index in the Investment Policy.

d. Fee and revenue analysis – Jayson provided Fee and Revenue analysis on the two separate timeframes within the fourth quarter 2013. The analysis is separated because of the transition of funds to the new ING fund line-up and fee structure effective November 20, 2013. The earlier timeframe extending back to September 1, 2013 through November 19, 2013 reflected the prior fund line-up structure which included Revenue Share Funds and discounted pricing related to the new contract effective September 1, 2013. The report then analyzed the timeframe of November 20, 2013 to December 20, 2013 reflecting the new flat-fee zero-revenue share fund structure. Overall costs of the Plan decreased due to the new Fee Structure and new zero revenue share fund lineup.

Cathy introduced a motion to accept the Hyas Report and the motion was seconded by Jennifer. The Committee voted unanimously to accept the Hyas Report.

3. **Fund Updates** - The Committee was provided an update on PIMCO. Jayson distributed a Hyas Group communication related to the recent departure of Mohamed El-Erian from PIMCO. Jayson felt this was a material change within PIMCO management. El-Erian was serving as the firm's CEO and co-CIO and because of the implied, broader implication for succession planning at PIMCO, and based on Hyas' recommendation, the Committee voted unanimously to place the PIMCO products available in the Plan on watch. Hyas also prepared a communication on Becker Capital Management and the retirement of Bob Schaeffer, a member of its Value Equity portfolio management team. Hyas believes this event is not material and does not warrant any action on the part of the Committee. Mr. Schaeffer is succeeded by several experienced portfolio managers and analysts who have extensive tenure working together.

The Committee discussed the availability of information about the Committee's actions and decisions. It was unanimously voted to post meeting minutes at the Bureau of Human Resources Deferred Compensation website.

4. **Review and Adopt Investment Policy Statement** – Jayson reviewed the updates to the Investment Policy and the Committee voted to make

changes to the Advantis section of the Policy and then review again and vote on final acceptance via email.

5. **Advantis Update** – the Committee reviewed Advantis participant data and the number of participants that are over the \$250,000 NCUA insured amount. The Committee directed staff to prepare/distribute a general communication to all Advantis participants that makes insurance protection limits clear. Future annual communications will be sent to those participants with accounts in excess of \$200,000.
6. **457 Plan Audit Considerations** – Jeanine reviewed the internal deferred compensation plan audit from 1999. The Committee discussed the possibility of having the Plan engage an outside auditor to conduct a performance audit of the Plan. Jayson will poll some of their existing clients to gather information regarding audit experiences, benefits and cost. Jayson will send this information to Staff in the coming weeks.
7. **Legal and Regulatory Updates** – Jayson reviewed the U.S. Department of Labor updates and they are seeking public comment about a proposed revision to fee disclosure rules that would simplify the way fee data is presented to some plan sponsors and participants. Jayson re-sent a Service Provider Disclosure Checklist and the results for ING from 2013. Jayson will check on the timing of the next review to be conducted for ING.
8. **Questions/Open Discussion** – due to time restraints no further discussions were held.  
[Jayson then left the meeting]
9. **Hyas Contract** – The Committee reviewed options available for the Hyas Contract which expires November 18, 2014. The City first contracted with Hyas Group November 18, 2009. The Committee can opt to extend the contract up to 5 additional years. The Committee directed Staff to obtain pricing options from Hyas for a 1- and 2-year contract extension. This information will then be sent to the Committee and a meeting will be held to discuss options available.
10. **Next scheduled meeting:** April 29, 2014 – Advantis Credit Union report to the Committee and May 8, 2014 – ING report to the Committee.
11. Meeting adjourned.

