

**CITY OF PORTLAND**  
**DEFERRED COMPENSATION COMMITTEE MEETING MINUTES**  
**October 12, 2017 / 10:00 – 11:15**  
**Portland Bldg, 2<sup>nd</sup> Floor, Room B**  
**Semi-Annual Report to Committee by Hyas Group**

Present: Cathy Bless  
Jennifer Cooperman  
Ken Rust

Administrative: Jeanine Keller  
Ken McGair

Hyas Group: Jayson Davidson

1. **Jeanine welcomed attendees. Agenda corrected to include Items # 5 and change Committee Member view to Item #7**
2. **Second Quarter 2017 Fund Performance Review**

**Market commentary** – Jayson provided general market conditions for the second quarter 2017

- Gross Domestic Product (GDP) up 3.1%. Economy shows signs of life.
- Unemployment Rate at 4.2%; wages up 2.1%; Consumer Price Index (CPI) below 2%.
- Interest Rates higher; 10-year Treasury above 2.3%
- Equity Markets up 6% since 6/30/2017; Technology and Financials were the big drivers
- Earnings numbers exceeding expectations

**Plan Activity Data**

- Hyas reviewed Participant activity/information.
- Target Date Fund assets up but slowly

**Fund Performance**

- Current funds on watch
  - JP Morgan Large Cap Growth
  - Oppenheimer Global
  - Hyas recommends taking these funds off watch.
- Hyas stated both funds continued their strong relative performance streak and have remained in compliance with the deferred comp investment policy parameters for multiple quarters. They see limited risk of these funds falling below those parameters in the near-term and the

Committee in turn voted unanimously to remove both funds from the watch list.

- The JP Morgan 2015 target date fund was blended with the Income Target Date Fund on October 6, 2017. Voya sent an announcement around that date to inform the 92 participants in the 2015 fund.

#### **Fee and Revenue Analysis**

- Participants continue to experience cost savings on administration and fund manager fees since changing to zero-revenue-share funds in November 2013.
- Average total cost ratio on 6/30/2017 was .43% versus .436 on 12/31/2016.
- Hyas stated Voya sometimes short changes themselves on their quarterly report of fees collected. Hyas will continue to monitor and Administrator will review contract language and report back at next meeting.

Cathy Bless moved to accept the Hyas Report. Jennifer Cooperman seconded this motion. Committee voted unanimously to accept the Hyas Report.

### **3. JP Morgan 2060 Target Date Fund Addition –**

- Ken Rust presented a motion to add the JP Morgan 2060 Target Date Fund; Jennifer Cooperman seconded this motion. The Committee voted unanimously to add the JP Morgan 2060 Target Fund to its lineup. Administrator and Hyas will work with Voya to set a date it will become available.

### **4. Review Plan Budget**

- 2016-2017 Deferred Comp Budget was reviewed. The Committee agreed to delay further discussion until Hyas and Administrator can review Voya Contract renewal information (executive session item).

### **5. Update on Stable Value Information at City Deferred Comp Website**

- Ken Rust presented three options for updating the Stable Value information at the City's Deferred Comp Website.
  - Option 1 – Advantis and Voya - Include Gross, Admin Fees, Net Earnings Rate
  - Option 2 – Advantis – Include gross/net returns (Same); Voya show Gross, Admin Fees, Net Earnings
  - Options 3 – Advantis and Voya – Show just net returns without admin fee.
- The Committee agreed to select option 3 showing just net rates of return. The Committee agreed to re-name this page "Fixed Rate Investment Options" and remove the Vanguard Money Market information.
- Administrator will update and send to Committee for final approval.

**6. Update on Conseco Fair Fund Settlement**

- Jeanine provided update on search process for locating 6 remaining individuals who no longer have a deferred comp account. Reminder will be sent prior to next meeting.

**7. Review Committee Member Appointees**

- Review Chief Financial Officer's Designee due to Ken Rust's pending retirement 12/31/2017.
- Administrator will send a memo to Tom Rinehart to formally appoint a new designee effective 1/1/2018.

**8. Legal and regulatory updates**

- No legal/regulatory updates were reported.

**9. Questions / open discussion** – No further items were discussed.

**10. Next Meeting** – October 12, 2017 – Executive Session – Voya Contract end-date of August 31, 2018.

**11. Meeting adjourned**