

**DEFERRED COMPENSATION COMMITTEE MEETING MINUTES**  
**March 18, 2019 – 2:30 - 4:30 pm**  
**Columbia Square, Rm 518, Floor 5**

Present: Cathy Bless  
Jennifer Cooperman  
Brigid OCallaghan  
Ken McGair

Administrative: Christina Pham  
Jayson Davidson – Hyas Group  
Michelle Taylor  
Hanh Tran

Absent:

Presenters: Bishop Bastien – Sr. VP Tax Exempt Markets – West Coast  
Melinda Lewis – Voya Local Office Financial Planner Shelley  
Fredrick – West Coast Client Relationship Mgr Steve Platt –  
Voya Local Office Manager

1. **WELCOME** – No additions/changes to the Agenda;

1. Representatives from Voya provided a demonstration of their available online enrollment and online deferral change capabilities. The Committee engaged in a discussion regarding the prospects of adding these capabilities and whether or not they should be offered alongside the City's intranet portal. Voya agreed to further evaluate the type of indicative and demographic data that is required, and whether or not certain functions can be removed from the initial enrollment process. Voya representatives will also review whether the system can allow both dollar amount and percentage selections at the same time. Human Resources staff will continue to evaluate and will work with Voya on necessary operational steps.
2. The Committee discussed the staff prepared Quarterly Plan Activity Report and what type of information is most relevant for the report going forward. The report, in its current form, is largely a byproduct of the fact that, with Advantis, the Plan offers two provider choices; and there is no single repository to capture data for both. Voya will work with Plan staff to continually assess Voya system capabilities to determine if the separate, staff prepared report is necessary. It is worth noting that certain department and labor group data is considered valuable and the Committee would like to retain the information in future reports.
3. Jayson presented the Fourth Quarter 2018 Performance Report and we discussed the broad, global equity market sell-off that took place during the quarter, as well as the ensuing market rebound that has transpired thus far in 2019. The Plan's lone watch status fund as of the end of the quarter, the Munder Mid Cap Core Growth Fund, was removed from the Plan in January (as noted in #6 below). Additionally, as of quarter-end, there were two funds in violation of investment policy performance parameters, the Becker Value Equity Fund and the Vanguard Selected Value Fund. While both funds have suffered from some negative sequencing of returns, with very good numbers for 2013 moving out of the five-year policy term, they have also had bouts of poor security and sector selection as of late. It was recommended that the funds be placed on watch and the Committee voted accordingly. We will continue to monitor the funds and provide additional information as warranted.

4. Jayson also noted two qualitative, personnel-related items that impacted funds available in the Plan. The first was at TCW, the parent company of MetWest. TCW announced the retirement of Jamie Farnham, Director of Credit Research. While this is certainly a senior-level departure, we do not anticipate much impact on the MetWest Total Return Fund. Mr. Farnham had no investment management responsibilities for the fund and we are not recommending any actions. Jayson also informed the Committee of a change at DFA, where it was announced that Joseph Chi, the Co-Head of Global Portfolio Management and Chair of the Investment Committee, is stepping down from these roles. Mr. Chi's counterpart, Jed Fogdell, who has been with DFA since 2012, will assume the role as the sole lead for Global Portfolio Management. Given that DFA is primarily a quantitative model-driven investment manager and that Mr. Chi had been functioning more in an executive capacity than a day-to-day investment manager, Hyas Group is not recommending any actions here either.
5. Jayson referred the Committee to a Hyas Group distributed memorandum regarding allocation changes for the JP Morgan suite of target date funds. JP Morgan has announced that they are increasing the equity allocations for their most aggressive age-based portfolios and reducing some exposure for their most conservative ones. These changes are due to the firm's higher near-term return expectations for equities. The change is consistent with current market dynamics as well as JP Morgan's overall management goals for the target date suite. We are not recommending any actions.
6. Jayson informed the Committee that the Munder Mid Cap Core Growth Fund was removed from the Plan in January of this year. The fund was replaced with the MFS Mid Cap Growth Fund as approved by the Committee.
7. We spent considerable time discussing plan administrative expenses and Jayson distributed a revised draft of the 2017-18 and 2018-19 Fiscal Year Budgets. As noted in our last meeting, the Plan, at its current administrative fee levels, is still projected to take in less revenue than is needed to cover budgeted expenses. Based upon a review of projected revenue and expenses, it would still be several years before the current surplus in the administrative expense account would be exhausted. The Committee felt comfortable with the fee level as is for now but will revisit later this year and beyond to determine the most appropriate time for a raise in the administrative fee. Future budget drafts will need to be adjusted for the removal of the Advantis option and the revenue that is provided from said option.
8. We engaged in the annual review of the Plan's Investment Policy Statement and Jayson presented an updated version of the document with minor changes. The Committee approved the document as drafted. Jayson will forward a final, clean copy for your signature and file.
9. We again spent time considering the prospect of terminating the Advantis Credit Union option and migrating all assets to the Voya Fixed Account. Jayson reported on the total assets and participants invested in each tier of the Advantis product. We also entertained a revised proposal from Voya should they assume the Advantis assets at the end of the Advantis contract term. After discussion, the Committee voted to terminate the Advantis contract and to migrate all assets to the Voya Fixed Account. Prior to any official notice, Jayson will contact Voya and request a best and final offer. Additionally, Jayson will request that they provide a written explanation of the process for adjusting future rates under their proposal. The Advantis contract runs through the end of 2019 with a requirement for a six-month notice for any termination. Jayson will, however, contact Advantis and inquire if the agreement could be terminated sooner with assets moving on October 1st.

- Next Meeting – Hvas Report August 2019
- Meeting adjourned