

DEFERRED COMPENSATION COMMITTEE MEETING MINUTES
August 19, 2019 – 2:00 - 4:00 pm
Columbia Square, Rm 518, Floor 5

Present: Cathy Bless
Jennifer Cooperman
Brigid OCallaghan

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

Absent: Ken McGair

Presenters:

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

1. We discussed the Advantis Credit Union termination and transition process. The official transition is scheduled to begin with liquidation of Advantis accounts on October 31st. The assets will be transferred, and the records tested over the proceeding several days with the full transition completed by November 8th. Voya is currently working to finalize the participant communication and we expect this communication to be distributed in September. Hyas Group will continue to work with the City and Voya on the timing of this transition. Additionally, the Advantis asset consolidation will also bring a rate enhancement to all those invested in the Voya fixed account. The enhancement will go into effect on November 1st and a separate communication will be prepared to announce this event. Again, Hyas Group will work with the City and Voya on the timing of this communication and whether it should be sent before or after the Advantis transition letter.
2. Work continues to be done to implement an online enrollment process. Online enrollment will also allow for better transfer of participant data and the specific Plan usage data by the City bureau. Once Voya has this more specific participant data, they will continue to work with the City to refine the annual plan report. The online enrollment implementation and revisions to the reports may need to be delayed until after the Advantis transition.
3. Jayson presented the Second Quarter 2019 Performance Report and we discussed what was a strong quarter on both an absolute and relative basis for the vast majority of the Plan's available investment options. We also discussed the increased volatility in both equity and fixed income markets that has taken place over the last several weeks. The Plan's two watch status funds, Becker Value Equity and Vanguard Selected Value, were again in violation of investment policy performance parameters as of quarter-end. Jayson did note, however, improvement in the year-to-date and quarterly numbers for the Vanguard Fund. Becker continued its relative performance struggles and we will continue to closely monitor the fund. No actions were recommended at this time and both funds will remain on watch.
4. Jayson informed the Committee that Morningstar has announced changes to the universe classification process for the Core Fixed Income category. Morningstar will now split the universe between Core and Core Plus managers. This is a recognition of the slightly different portfolio structures and allocations to below investment grade credit quality issues for many active managers. The Plan will now have one fund that is classified as Core, the Vanguard Total International Index Fund, and one as

Core Plus, the MetWest Total Return Bond Fund. Hyas Group will adjust the Investment Policy Statement and present an edited version at the next meeting. Future performance reports will continue to reflect the classification change.

5. Jayson distributed a Hyas Group prepared comparative analysis of Vanguard and Fidelity index options and, in particular, we discussed the average participant cost impact if the Plan were to switch all of its index funds. At this point, the cost impact appears relatively small and the Committee is comfortable with remaining in the Vanguard index options. We will continue to monitor related activity from the two companies and will inform you if Vanguard elects to follow suit and reduce the expense ratios for their index options, or if more of our other clients elect to make a transition.
6. We engaged in our annual review of the Plan's budget and we evaluated expected changes to the administrative expense account balance as a result of the Advantis transition. We are still projecting expenses to come in over projected revenues for the current fiscal year. It would appear that existing balances will continue to support the losses for at least a year beyond the current fiscal year. The budget was approved as drafted.
7. On the legal and regulatory front, Jayson called out the Hyas Group's most recent 457 Fiduciary Advisor Newsletter. In particular, Jayson noted recent pronouncements from GASB that may have impact on the reporting of 457 plan assets in financial statements. We also discussed the continued legislation reconciliation process for recently passed House and Senate versions of a retirement plan bill; as well as the implementation process for recently enacted changes to fiduciary regulations that will primarily impact advisors working with individual investors.

- Next Meeting – Hyas Report March 2020
- Meeting adjourned