

City of Seattle Voluntary Deferred Compensation Plan Regular Plan Committee Meeting Minutes

Friday, November 20, 2015 10:00 AM – 12:00 PM
Seattle Municipal Tower, Room 6070

TRUSTEES present: Teri Allen, Bill Alves, Brian Smith (call-in), Scott Fuquay, and Susan Coskey (**absent:** Ken Nakatsu and Glen Lee)

STAFF present: Renee Freiboth, Crystal Roncek, and Kyle Miller SDHR; Jeff Slayton, CAO

CONSULTANTS present: Jake O'Shaughnessy, Arnerich Massena, Inc.; Usha Archer and Jason Tuscher, Prudential Retirement; Jeff Curnutt, Thorson Barnett & McDonald; Dena Herbolich and Danielle Mar, Moss Adams

GUESTS present: George Emerson, FAS; Jason Malinowski, SCERS; Steve Ebert, Nationwide; Gary Bozin, MassMutual; Anne Cappel, Empower; Julia King, Employee; Judy Wong, Employee

BUSINESS

Opening: Teri Allen, the Committee Chair, started the meeting at 10:08 AM.

Introductions: All attendees introduced themselves.

Public Comment: Teri asked if there were any public comments. There were none.

Minutes of Last Meetings: Teri allowed time for review of the September 9, 2015 meeting minutes.

MOTION: Teri Allen moved to accept the minutes without changes. Susan Coskey seconded the motion. Upon a call for a vote, the motion carried unanimously except for Bill Alves and Scott Fuquay, who abstained from the vote.

Executive Session: Commenced at 10:16 AM and concluded at 11:44 AM.

MOTION: Susan Coskey moved to vote to amend the Plan Document, specifically Sections 3.4 and 5.2. Scott Fuquay seconded the motion. Upon a call for a vote, the motion carried unanimously except for Bill Alves, who abstained from the vote.

MOTION: Bill Alves moved to vote to receive the funds from a Franklin Templeton mutual fund lawsuit and temporarily place the revenue in a separate expense account for the Plan at Prudential while City Staff continues to research the number of participant holdings from 2004 as well as the contract from the prior record-keeper, Fidelity Investments. Scott Fuquay seconded the motion. Upon a call for a vote, the motion carried unanimously.

Auditor's Report and Financial Statements for the Years Ending 12/31/2014 and 12/31/2013: Moss Adams: Dena Herbolich and Danielle Mar of Moss Adams provided thanks to Plan staff for their cooperation in providing data and answers to questions. Dena quickly reviewed the steps in the audit process and presented an unqualified opinion "clean" on the Plan's financial statements with no findings of any material weaknesses in internal controls. These summary findings were based on the review of the revised Plan Document; internal controls structure, compliance, contributions, and investments with respect to price testing and trade testing; interviews with all key City personnel, including but not limited to the Committee Chair; the Fire Fighter guarantee and SPOG match; the expense account activity; sampling of deferrals (pre-tax and after-tax sourcing); unforeseeable emergency withdrawals; and other transactions. Dena also discussed the responsibilities of the auditor and the management of the plan as well as new areas of focus given changes in financial reporting and scope in accordance with U.S. generally accepted accounting principles.

Brian Smith (call-in) left the meeting at 12:00 PM and Susan Coskey left the meeting at 12:04 PM.

Arnerich Massena: Jake O'Shaughnessy spoke about the "put" that has been extended for the Stable Value fund. Galliard has approved extending the "put" until June 30, 2016. This allows the Plan to liquidate the Stable Value fund assets before the June 30th deadline. Jake mentioned that the cost analysis information regarding potentially moving to the institutional mutual funds or the co-mingled products of the Vanguard target date funds could be discussed at the next meeting. Bill Alves also asked about the Vanguard target date funds which are dated at the 5-year mark, in-between the current Vanguard target funds of every 10-years that the City offers. Jake agreed to research Bill's request further and present his findings at the next meeting.

Adjournment: At approximately 12:07 PM, Scott Fuquay motioned to adjourn; Bill Alves seconded the motion, which received a unanimous vote.

Next Meeting: The next regular meeting is scheduled for Wednesday, January 27, 2016 at 10:00 AM in the Seattle Municipal Tower, Conference Room 1940/1946.