

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

Wednesday, September 9, 2015 10:00 AM – NOON
Seattle Municipal Tower, Room 6070

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

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

CONSULTANTS present: Jake O’Shaughnessy and Stuart Payment, Arnerich Massena, Inc.; Usha Archer, Prudential Retirement; Jeff Curnutt, Thorson Barnett & McDonald;

GUESTS present: George Emerson, FAS; Jason Malinowski, SCERS; Dennis Karl, IAFF, Local 27; Kristopher Morton, John Chavez and Steve Ebert, Nationwide; Kelly Bush, MassMutual; Anne Cappel, Empower

BUSINESS

Opening: Teri Allen, the Committee Chair, started the meeting at 10:01 AM.

Introductions: All attendees introduced themselves.

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

Minutes of Last Meetings: Teri provided the group time for the review of the July 30, 2015 meeting minutes.

MOTION: Glen Lee moved to accept the minutes without changes. Susan Coskey seconded the motion. Upon a call for a vote, everyone approved the motion except for Bill Alves, who abstained from the vote.

Staff Update: Renee Freiboth of SDHR provided an update on RFP activities, stating that the RFP was published on Friday, September 4, 2015 and the plan is currently in a “quiet period” from the RFP publication date to the Announcement of Intent to Award, which is currently scheduled for March 2016. Staff presented and handed out an updated contact list to and of the Committee. Renee reminded the group about NAGDCA’s annual conference at the end of September and mentioned that Scott Fuquay and Crystal Roncek of SDHR would attend.

Assignment of Committee Member as Secretary: Staff started the discussion by reading an excerpt from Section 3.2 of the Plan document, “the Plan Committee shall choose from among its members a Chairperson and a Secretary. The Secretary shall keep minutes of the Committee’s proceedings and all dates, records and documents pertaining to the Committee’s supervision of the Plan”. Susan Coskey asked for a staff

recommendation on how this process could be facilitated. Renee stated that the Committee could do one of two things: have the Committee member who is elected as Secretary draft the meeting minutes and then sign off on them when approved by the full Committee, or have Staff draft the meeting minutes and have the elected Secretary sign them once approved. Brian Smith volunteered to become the Secretary with the understanding that Staff will continue to draft the meeting minutes.

MOTION: Glen Lee moved to elect Brian Smith as Secretary of the Plan. Teri Allen seconded the motion. Upon a call for a vote, everyone approved the motion except for Bill Alves, who abstained from the vote.

Limits of Liability: Bill Alves started a discussion about the Limits of Liability, specifically Sections 3.4 and 5.20 of the Plan document. In Section 3.4, the document states that the City “shall indemnify and hold harmless, and defend each member of the Committee” while section 5.20 states that the City “shall indemnify, hold harmless and defend each current or former member of the Committee.” He explained he needed clarification on these limits of liability before he would vote on ongoing Committee matters.

Jeff Curnutt of Thorson Barnett & McDonald agreed that the provisions should be consistent with one another and could be amended to clarify the scope of the protection for Plan Committee members and for Trustees. Jeff Slayton of CAO stated that, where it is practical to do so, we have to give a 30-day notice to participants before the Committee can vote to adopt a Plan Amendment. There was a general discussion about City and Plan protections for Committee members. The Committee asked legal counsel to clarify the levels of City and Plan protections and create an amendment that provides equal protection for all Committee Members. They also indicated that they would like the Amendment ready by the next Committee meeting in November.

Arnerich Massena: Jake O’Shaughnessy gave a quick update on the Plan’s performance for the quarter and asked if there were any comments or questions. With no questions, Jake then began the presentation titled “Blueprints: Fiduciary Education Session One”.

In this session, Jake discussed the roles and responsibilities of fiduciaries and the different risk management tools fiduciaries have with the Plan. Fiduciaries should always act solely in the best interest of Plan Participants and they should follow a prudent and well-documented process. Fiduciaries have responsibilities relating to investment choices, monitoring plan expenses, monitoring the performance of the Plan’s service providers, and following the Plan document. Fiduciaries of the Plan can become liable if they don’t keep these responsibilities in mind, especially if their actions are based on their own self-interest. Jake applauded the Committee on the previous discussion of limits of liability. He continued the discussion by defining the role of fiduciaries regarding performance standards within the Plan. He emphasized the importance of having a process in place to pick and monitor the investment options, and following this process is instrumental to the role of a fiduciary.

Susan asked about investment choice and monitoring of investments in the Plan and how this is delegated in the City's Deferred Compensation Plan, which led to a discussion about fiduciary Advisors. Teri and Bill brought attention to a timeline of services in the members' packets titled "Welcome to Arnerich Massena's Blueprints: Fiduciary Education for New Committee Members: Participant-Directed Retirement Plans", which provided a yearly timeline broken up into quarters showing when these things might occur. Bill suggested creating a customized matrix for the Plan which would show a timeline for activities and who is responsible. Staff agreed to do this for the next meeting. Jake continued his presentation by going into the risk management tools fiduciaries have (i.e., documentation, following a prudent process, and hiring legal and investment advisors and consultants to help manage risk). Jake finished the session by reiterating that fiduciaries should always act solely in the best interest of Plan Participants.

Executive Session: Commenced at 11:05 AM and concluded at 11:59 AM.

MOTION: Teri Allen moved to vote to amend the contract with Arnerich Massena to include all services provided, specifically the proxy voting language. Once finalized, both members of legal counsel are to review and finalize the document before the Committee Chair executes the Amendment. Glen Lee seconded the motion. Upon a call for a vote, everyone approved the motion except for Bill Alves, who abstained from the vote.

Adjournment: Glen Lee motioned to adjourn; Scott Fuquay seconded the motion at approximately 12:05 PM

Next Meeting: The next regular meeting is scheduled for Friday, November 20, 2015 at 10 AM in the Seattle Municipal Tower, Conference Room 6070.