

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

Wednesday, May 27, 2020 10:00 am – 12:00 pm
Virtual Meeting via Skype

TRUSTEES present: Teri Allen, Jeff Davis, Dennis Karl, Glen Lee, William Alves, and Bobby Humes

STAFF present: Michelle Ell, Tony Dozier, and Malia Bonham; Gary Smith, City Attorney's Office

CONSULTANTS present: Jake O'Shaughnessy and Stuart Payment from SageView Advisory Group; Mike Monaco and Gavin Parr from Mondress Monaco Parr Lockwood (MMPL)

GUESTS present: Andee Gravitt, Kris Morton, Kent Morrison, Susan Wilson, and Olivia Anastasi, Patrice Bordon, and Kirk Herath from Nationwide; George Emerson, FAS

BUSINESS

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

Introductions: Teri Allen welcomed attendees and asked for introductions.

Public Comment: There was no public comment.

Bobby Humes joined at 10:02 am.

Minutes of April 8, 2019 Regular Meeting: Teri asked for a review of the meeting minutes.

MOTION: Glen Lee moved to approve the minutes. Motion was seconded by Bobby Humes and passed unanimously.

Nationwide Cyber Security Update: Patrice Bordon and Kirk Herath from Nationwide provided an update on Nationwide cyber security procedures and safeguards for Nationwide retirement plan clients generally and the City of Seattle Deferred Compensation Plan specifically. Patrice described the multiple cyber security methods that Nationwide uses, including: online account registration, multi-factor authentication, features that prevent withdrawals or distributions without additional verification, verifying digital fingerprints (such as IP addresses) and regularly reviewing the dark web to ensure there haven't been any security breaches to Nationwide. In response to Teri Allen inquiring if there is any outreach to Plan members to inform them about these features, Andee Gravitt said Nationwide can partner with Plan Staff to work on that.

Nationwide Q1 2020 Update: Andee Gravitt reviewed Nationwide's Q1 2020 report for the Committee. She noted Q1 2020 had 385 new enrollees and good trending participant interactions. Olivia Anastasi added that while the on-site office continues to be physically closed,

they are continuing to meet with Participants and working with Plan Staff to ensure they present at virtual new employee orientations and scheduling virtual webinars for Deferred Compensation.

Market Overview and Executive Summary: Jake presented the Q1 2020 market overview stating there has been extreme market volatility due to the Covid 19 pandemic. After experiencing a dramatic pullback from Mid-February through March, equity markets have rebounded through late May. Jake recommended the MSCI USA ESG Select Growth and Russell 1000 Growth as benchmarks for the Calvert Equity Portfolio Class I investment option in the Specified Assets Window. He added the Plan was also qualified to move from the current Institutional (CEYIX) Share Class to the less expensive R6 (CEYRX) Share Class which has a lower expense ratio of 0.67%. He added the Vanguard Total Stock Market Index investment option was also now eligible to move from Admiral Share Class (VSTAX) to the less expensive Institutional Share Class (VITSX) which had an expense ratio of 0.03%.

MOTION: Glen Lee moved to adopt the MSCI USA ESG Select Index and Russell 100 Growth as Benchmarks for the Calvert Equity Portfolio Class I investment option. Motion seconded by Bill Alves and passed unanimously.

Plan Investment Menu review: Jake noted the Galliard Stable Value Fund remains on watch and the Plan remains in the fund's put queue for the fall. SageView recommended adding BrandywineGLOBAL Global Opp Bond I and Hotchkis & Wiley Small Cap Value I to the Watch List due to underperformance through Q1 2020. The committee discussed waiting one additional quarter before making this decision as these funds tend to naturally be more volatile and markets have rebounded dramatically thus far during Q2 2020. The committee decided to not put these funds on watch at this time and will review them again during our next meeting.

MOTION: Bill Alves moved that the Calvert Equity Portfolio Class I investment option be moved to the lower cost R6 Share Class and that the Vanguard Total Stock Market Index be moved to the lower cost Institutional Share Class. Motion seconded by Jeff Davis and passed unanimously.

Nationwide representatives noted that they would work with Plan Staff to implement the investment share class changes and communicate them to Plan Participants.

Plan Staff Update: Michelle Ell notified the Committee that notice of all CARES and SECURE Act changes have been sent to participants electronically and virtual meetings were held to answer questions. Plan Staff was working on mailing out updates to terminated participants.

Michelle informed the Committee that the Investment Advisor contract with Sageview would be up in September and she inquired whether, due to COVID-19 related Alternative Work Arrangements, the Committee desired to have Plan Staff proceed with the RFP or postpone it to next year once staff were back on site. The Committee decided to proceed as normal with Jeff Davis and Teri Allen offering to be on the subcommittee.

Adjournment: Jeff moved to adjourn the meeting at 11:34 am provided there were no objections and was seconded by Bill. Hearing none the meeting was adjourned without objection.

Next Meeting: The next regular meeting is scheduled for Wednesday, July 22, 2020, at 10:00 am via Skype.

F U N A L