

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

Wednesday, July 24, 2019 10:00 am – 12:00 pm  
Seattle Municipal Tower, Room 4080

**TRUSTEES present:** Teri Allen, Jeff Davis, Dennis Karl, Scott Fuquay (via phone), and Bobby Humes

**STAFF present:** Michelle Ell, Tony Dozier, Malia Bonham; Jeff Slayton - CAO

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

**GUESTS present:** Andee Gravitt, Kris Morton, Susan Wilson, and Olivia Anastasi from Nationwide; Mat Irwin and Brandon Holish (via phone) from Nationwide; George Emerson, FAS

### BUSINESS

**Opening:** Teri Allen, Committee Chair, started the meeting at 10:02am.

**Introductions:** Teri Allen welcomed attendees and asked for introductions.

**Public Comment:** There was no public comment

**Minutes of May 22, 2019 Regular Meeting:** Teri asked for a review of the meeting minutes.

**MOTION:** Jeff Davis moved to approve the minutes. Motion was seconded by Dennis Karl and passed unanimously.

Bobby Humes arrived at 10:07 am.

**Nationwide Q2 2019 Update:** Andee Gravitt reviewed Nationwide's Q2 report with the Committee. She noted the difference in contributions between Q1 and Q2 is due to the SPOG retroactive payment. Andee then previewed for the Committee upcoming enhancements to Nationwide service offerings. Andee stated Online Distribution Processing is being piloted in Arizona and will be available in the future as an option for the Committee to add. The Committee agreed they wanted to hear more about security measures, fraud prevention, and specific parameters before deciding on this. Gavin Parr recommended a review of Nationwide's SOC2 Audit as a part of any decision on whether to add this. Andee noted that a mobile app is also now available for participants to download called "My Retirement," which became fully functional as of July 19.

**Nationwide Survey Results:** Survey results were presented by Matt Irwin and Brandon Holish from Nationwide via phone. Matt Irwin informed the Committee that the survey was sent to all Participants who had a balance in the Plan and a valid email address with Nationwide. The

response rate was just under 10% of the population. Survey results were reviewed and discussed with the Committee, including aspects of the survey related to questions on investments and gauging Participant interest in the potential addition of investment options with an Environmental, Social, and Governance (ESG) focus. It was reported that 62% of respondents indicated they were interested in investment options incorporating non-economic factors, especially environmental issues.

Michelle noted that respondents to the survey were mostly male (60%) and were generally highly compensated (79% with income over \$75,000) and highly educated (67% with a 4+ year degree). She added she will collaborate with citywide HR staff next year in order to develop a process to obtain responses that are more representative of the total City workforce, including those who are not currently enrolled in the Plan.

**Market Overview and Executive Summary:** In addition to providing a Q2 2019 market overview, Jake O'Shaughnessy provided an update on the performance of the Plan as a whole and individual investment funds. Jake also provided the Committee with updates on retirement plan trends, as well as legislative and regulatory activity pertaining to retirement plan sponsors. Jake noted that auto enrollment and auto escalation features were becoming more prevalent in corporate (ERISA) retirement plans. Michelle and Gavin added that state law impacts the ability of governmental plans to provide for auto enrollment, and that currently Washington State law only allows automatic enrollment for the Department of Retirement Systems' Deferred Compensation Plan, at least with respect to non-bargained employees.

**Galliard Stable Value Fund:** Jake reviewed with the Committee recent organizational developments concerning Wells Fargo, the parent company of the Galliard Stable Value Fund as discussed at the May meeting, which he noted that SageView was continuing to monitor. As discussed previously, exiting this fund would require that Galliard be provided a 12-month 'put notice', which could be rescinded at a future date. He informed the Committee the current put queue for the fund is at 12%, which is where it has consistently hovered for the last year, and the industry average for such a 'put queue' is typically around 4%. Discussion ensued concerning issues surrounding the put-notice requirement and the timeline for reviewing potential replacements for Galliard if the Committee decided to make a change. The Committee requested further information on issues surrounding the put-notice requirement be provided at the September meeting.

**Executive Session:** The Committee met for Executive Session to receive advice on a potential litigation matter beginning at 11:39 am and ending at 11:58 am.

**Other Business Items:** The discussion on Specified Assets and Fiduciary Training was tabled until a future meeting.

**Nationwide Fees:** Jake presented several scenario analyses for the Nationwide administrative fee structure. He noted that the Committee may want to evaluate the various pricing options currently available in the agreement with Nationwide to determine which is most prudent. It was also noted that a decision to change the fee structure must be provided to Nationwide by November 1. Thus, a decision to change would need to be decided by the Committee at the

September meeting in order to meet this deadline as such, he wanted to prepare the Committee for that discussion and possible decision at the upcoming September.

**Adjournment:** Teri Allen moved to adjourn the meeting at 12:06 pm provided there were no objections. Hearing none the meeting was adjourned without objection.

**Next Meeting:** The next regular meeting is scheduled for Wednesday, September 25, 2019 at 10:00am in the Seattle Municipal Tower, Conference Room 4080.

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