

**Deferred Compensation Quarterly Meeting**  
**May 27, 2021**  
**Virtual Zoom Meeting**  
**1:00pm – 4:00 pm**

**Committee Members Present:** Jim Sant, Utilities Director, Deputy  
Kari Louie, Senior Compensation and Benefits Manager  
Alice Phillips, Business Manager, IBEW 483  
Chris Bacha, City Attorney, Deputy  
Gary Buchanan, Human Resources Director  
Andy Cherullo, City Finance Director (Interim Treasurer)

**Committee Staff Present:** Greg Settle, Hyas Group, Senior Consultant  
Charles Lee, City Attorney, Deputy  
Monica Rutledge, Human Resources Specialist  
Ana Lopez, Human Resources Specialist

**Guests Present:** Matthew Frank, Fire Lieutenant

**MINUTES**

The meeting began at 1:03 p.m.

**I. Welcome/New Support Staff**

Jim Sant opened the meeting and welcomed new Human Resources Specialist, Ana Lopez. Kari Louie introduced Ana and gave a brief background. Ana spoke briefly and there were introductions amongst the Committee members.

**II. Review and Approval of Prior Meeting Minutes (Committee action item)**

Alice Phillips made a motion to accept the February 25, 2021 and March 12, 2021 minutes as presented.

1<sup>st</sup> motion: Alice Phillips  
2<sup>nd</sup> motion: Andy Cherullo  
All approved, motion passed.

**III. Hyas Group: First Quarter 2021 Plan Review: ICMA-RC Program**

Greg Settle presented the ICMA-RC First Quarter 2021 Performance Report. There was strong market performance in equities, contributing to plan assets topping \$500 million.

**IV. Hyas Group: First Quarter 2021 Plan Review: Nationwide Program**

Greg Settle presented the Nationwide First Quarter 2021 Performance Report. Plan assets had grown to nearly \$100 million.

**V. Hyas Group: First Quarter 2021 Combined Plan Investment Performance Review**

Greg Settle presented the First Quarter 2021 Combined Plan Investment Performance Report. The market had shown tremendous growth due to strong U.S. markets and corporate profits, resulting in the yield curve on the rise. No plan investments were found to be underperforming the standards of the Investment Policy Statement. The Committee took no action on the two funds that were on Watch due to previous under-performance. The Hotchkis and Wiley High Yield Fund and the DFA Targeted Value Fund have both shown signs of rebounding. The Committee agreed to leave the funds on watch status for an additional quarter.

**VI. Hyas Group: Investment Menu Design and the High Yield Bond Fund Asset Class**

Greg Settle presented an educational piece on modern deferred compensation plan investment menu design. He identified four Tacoma 457 Plan funds that have low participant utilization and are of asset classes no longer commonly found in modern DC Plans; Hotchkis and Wiley High Yield Fund, DFA Emerging Markets Fund, DFA Global Equity Fund, and PIMCO GNMA/US Treasury Fund. The Committee asked Greg to follow up by providing participant utilization of these funds. He will provide this information along with updated percentage of asset utilization for consideration at the next Committee meeting. The Committee expressed interest in all parties being present for the discussion before making a decision to drop any funds and discussed communication strategies if a plan change like this were to be implemented.

**VII. Hyas Group: Legislative and Regulatory Update**

Greg Settle noted that the Department of Labor has recently indicated that it will be reviewing the ESG, or “social funds” benchmarked guidance released by the previous administration, and not enforcing that guidance in the meantime. Given this development and the likelihood of other changes to the Investment Policy Statement (IPS) developing from the menu review discussed above, the Committee agreed to delay updating the IPS until after potential investment menu change decisions have been made.

Greg also noted that both ICMA-RC and Nationwide are currently following all guidance from the Department of Labor in regards to Cyber Security efforts.

**VIII. City of Tacoma Staff: Contracts for Plan Administrators**

Kari Louie reported that she and the Legal team are currently working on the new contracts for our third party plan Administrators, following completion of the recent Request for Proposal (RFP). Both of the current ICMA-RC and Nationwide contracts expire in July and may require extensions if the new contracts have not been completed in time. A special meeting will be called to review and consider approval of the new contracts.

Greg Settle informed the Committee that the substantial increase in assets that has occurred over the past 18 months due to market activity has likely increased plan administration fee revenue above budget, and that the Committee might want to consider a reduction of the participant fee rate in the future. He will work with Kari Louie and staff to prepare an analysis of rates and revenues for the next Committee meeting.

**IX. Human Resources Director Committee Position**

Human Resources Director, Gary Buchanan, will be retiring end of June. He designated Assistant Human Resources Director, Shelby Fritz, as his interim replacement as a Deferred Compensation Committee Member.

**X. Review of Meeting Action and Discussion Items for Follow-Up**

The discussions, actions and follow-up items were reviewed and agreed upon by the committee.

Meeting adjourned at 2:12 p.m.