

DEFERRED COMPENSATION COMMITTEE AGENDA

Wednesday, August 24, 2016 - 2:00 p.m.

**Anaheim West Tower – Utilities Large Conference Room
201 South Anaheim Boulevard – Ninth Floor**

- I. APPROVAL OF MINUTES:
 - A. MAY 26, 2016
(Discussion/Take Action)
- II. PUBLIC COMMENT:
- III. OLD BUSINESS:
 - A. SUB-COMMITTEE REPORT ON PLAN DOCUMENT REVIEW
(Discussion/Take Action)
 - B. UPTICK REPORT – Review Quarterly and Annual Options
(Discussion/Take Action)
 - C. COLLECTIVE INVESTMENT TRUSTS (CIT) – Retail Version of VantagePoint Funds RHS Lineup – *VOTE REQUIRED (8/26/16 deadline)*
(Discussion/Take Action)
- IV. NEW BUSINESS:
 - A. QUARTERLY PLAN REVIEW – Q2-2016
(Discussion/Take Action)
 - B. MESIROW REVIEW – Q2-2016
(Discussion/Take Action)
 - C. FUND FEE REVIEW – Fiduciary Responsibility in Preparation for RFP
(Discussion/Take Action)
 - D. ICMA-RC UPDATES – Online Tools for Participants
(Discussion/Take Action)
 - E. ADMINISTRATIVE STAFF REPORT
(Discussion/Take Action)
- V. COMMITTEE MEMBER COMMENTS:
 - Committee Member: Debbie Moreno
 - Committee Member: Joe Romines
 - Committee Member: David Albaugh
 - Committee Member: Lisa Stipkovich
 - Committee Member: Lenette Wardinski
 - Committee Member: Dan DeBassio
 - Committee Member: Jason Motsick
- VI. TOPICS FOR NEXT MEETING – *Thursday, November 17, 2016* AWT – 9th Floor Utilities Large Conference Room
- VII. ADJOURNMENT

CERTIFICATION

I certify that a copy of this notice was posted by 5:00 p.m. on August 19, 2016 at the City Council Chambers. Agenda documents are available for review in the Human Resources Office, 5th Fl, AWT. Signed: _____
Janice P. Garcia – H.R. Technician

HUMAN RESOURCES
DEFERRED COMPENSATION COMMITTEE MEETING
9th Floor LARGE CONFERENCE ROOM
August 24, 2016
2:00 p.m.

PRESENT: Jason Motsick, Debbie Moreno, Joe Romines, David Albaugh, Lenette Wardinski, Dan DeBassio

ABSENT: Elisa Stipkovich

STAFF: Moses Johnson, Janet Laszlo, Deidra Braun, Dona Vlha and Janice Garcia

GUEST(S): Lori Riley, Tom Axline, Ryan Carpenter

Jason Motsick, the Committee Chair, called the meeting to order at 2:05 PM.

I. APPROVAL OF MINUTES

David Albaugh made a motion to approve the minutes of the May 26, 2016 Deferred Compensation Committee meeting. Joe Romines seconded the motion. MOTION CARRIED (4-0-0). Dan DeBassio and Debbie Moreno arrived late.

II. PUBLIC COMMENTS

None

III. OLD BUSINESS

A. SUB-COMMITTEE REPORT ON PLAN DOCUMENT REVIEW

The sub-committee decided not to adopt the ICMA-RC Plan Document template at this time and that no action will be taken on the Plan Document due to timing of upcoming RFP.

B. UPTICK REPORT – Review Quarterly and Annual Options

Lori Riley deferred the UPTICK report since it will be replaced with Sales Analysis System (SAS). SAS is a new reporting application that will show data in a live format and will be covered at the next quarterly meeting.

C. COLLECTIVE INVESTMENT TRUSTS (CIT) – Retail Version of VantagePoint Funds RHS

Ms. Riley reminded the committee that action needs to be taken to adopt the Vantage Trust II for the City's Retirement Health Savings Plan by August 31, 2016. Mr. Albaugh made a motion to adopt the Vantage Trust II. Ms. Moreno seconded the motion. MOTION CARRIED (6-0-0).

IV. NEW BUSINESS

A. QUARTERLY PLAN REVIEW – Q2-2016

Tom Axline started the quarterly plan review by discussing the economic highlights of the second quarter. Mr. Axline also reviewed the performance of the domestic equity markets, fixed income markets, international equity markets and the capital market returns. Ms. Riley followed the discussion with the fund review. The VT Plus Fund is still number one in performance in the one, three, five and ten-year ranking in the Hueler Stable Value Universe. The VT Equity Income Fund, Vantagepoint Select Value Funds and Columbia Acorn Z are under-performing and are on the watch list for performance. Walid Refai will bring alternatives for the VT Equity Income Fund to the next meeting. The Target Date Funds met seven out of seven of the performance criteria and the Equity Income Fund met five out of seven. Overall, the City's fund line up looks good with the majority of assets in the top performing funds that are outperforming peer group and benchmark.

B. MESIROW REVIEW – Q2-2016

The Mesirow report for the second quarter of 2016 still shows the VT Equity Income Fund on the watch list for performance with a 4th quartile rank relative to category on at least three out of the five performance criteria. Columbia Acorn Z remains on the watch list for both performance and organization. It has a 4th quartile rank relative to category on at least three out of the five performance criteria and had a change of fund manager last January. The Vanguard Developed Market Funds is on the watch list for investment policy due to its change to the FTSE Developed ex North America index to build exposure to small capitalization and Canadian equities. The Vanguard Target Date Funds are on the watch list for organization and investment policy due to a fund manager change in January and increased exposure to foreign equities.

C. FUND FEE REVIEW – Fiduciary Responsibility in Preparation for RFP

Moses Johnson requested Ms. Riley to review the fund fees with the committee as part of their fiduciary responsibility to make sure that our participants are paying reasonable fees for their funds. Ms. Riley discussed the Morning Star 2015 Fee Study to provide benchmarking. In comparison with the 0.64% asset-weighted expense ratio across all funds excluding money market funds in 2014, the City only pays 0.35% on the Plus Fund showing a better rate of return with lower cost. Ms. Riley also pointed out that once the Vanguard Target Date Funds reach the \$100 million mark, the basis points will be reduced from 14 – 16 to 8 -10 basis points. Ms. Riley reminded the committee that the current fee structure is according to the agreed upon contract six years ago and ICMA-RC can provide different fee scenarios for the upcoming RFP.

D. ICMA-RC UPDATES – Online Tools for Participants

Ms. Riley and Ryan Carpenter presented a demo of ICMA-RC's new account access on-line tools. The new feature includes a pie chart that shows the current and recommended portfolio allocation and personal performance that shows a one, three and five-year performance rate. The learning tools also include calculators, videos for millennials, text access, retirement and savings articles and guides. Ms. Riley reported that most of the participants access their account through the internet. ICMA-RC would like to provide a multi-media approach to participant education. Ms. Riley also

informed the committee that their Realize Retirement Truck Tour will visit the Health Expo on October 12 to promote financial wellness.

Mr. Albaugh made a comment on the increase in loans and Ms. Riley assured Mr. Albaugh that the loans in our plan are clean, not excessive and very minimal compared to other Plans. Mr. Albaugh also requested an electronic version of the PSR for the next meeting if readily available.

E. ADMINISTRATIVE STAFF REPORT

1. Dona Vlha asked the committee members who are attending the NAGDCA conference to forward her any lunch or dinner invitations from sponsors so she can obtain cost for their Form 700.
2. Ms. Vlha invited the committee members attending the NAGDCA conference to attend her presentation on September 19, 2016 in the morning or afternoon session.
3. The fourth quarter meeting will be rescheduled to November 30, 2016.

V. COMMITTEE MEMBER COMMENTS

David Albaugh – None

Jason Motsick – None

Lenette Wardinski – None

Dan DeBassio – Mr. DeBassio updated the committee members on the days that he will be out on vacation.

Debbie Moreno – None

Joe Romines - None

VI. TOPICS FOR NEXT MEETING – Wednesday, November 30, 2016 – Presentation on Cyber Security, Update on Plan Document, Update on Vanguard Funds, RFP for Consultant (sub-committee).

VII. ADJOURNMENT

Ms. Moreno made a motion to adjourn the meeting. Mr. Romines seconded the motion. MOTION CARRIED (6-0-0). The meeting adjourned at 3:55 p.m.

Respectfully submitted:

Janice P. Garcia
Deferred Comp Technician