

**457 DEFERRED COMPENSATION PLAN
MINUTES OF ADMINISTRATIVE COMMITTEE REGULAR MEETING
May 19, 2015 at 9:30 a.m.**

Members in Attendance

Eric Baird, Co-Chair, ICT Business Services
Duane Hill, Accounting and Financial Reporting
Dayton Hostetler, Fire Department
Mikel O'Brien, Labor Relations
Tammy Woodard, Human Resources & Development

Member Absent

Elizabeth Morrison, Co-Chair, Finance and Budget

Staff in Attendance

Claudia Kay, Human Resources and Development
Spencer Thomas, Fire Department

Guests in Attendance

Peter Hoerber, ICMA-RC*
Michele Martin, ICMA-RC*
Dale Parker, Hyas Group (by phone)
Jim Reinke, ICMA-RC*
Sonia Rogers, ICMA-RC*
Greg Settle, Hyas Group*

*ICMA-RC staff left at 11:30 a.m.

Agenda

- A. Minutes of March 9, 2015 meeting
- B. Executive Summary Report – 1Q 2015 and plan updates
- C. Roth 457 conversion presentation and education plan
- D. Account access during voluntary lockdown
- E. Hardship process and revised Withdrawal Directive form
- F. ICMA-RC Administrative Account reconciliation issues
- G. ICMA-RC revenue sharing record keeping issue
- H. Plan Performance Report – 1Q 2015
- I. Regulatory review
- J. Target retirement fund survey
- K. NAGDCA conference in Indiana
- L. Executive session – Third party administrator procurement process

Copies of the following were distributed prior to or during the meeting and, by reference, are incorporated into these minutes:

- ICMA-RC documents:
 - o Executive Summary Report – 1Q 2015
 - o Unforeseeable Emergency Withdrawal Directive for 2015
 - o Hardship Agreement for 2015

Minutes of May 19, 2015 Meeting

- o AFA Correction cover letter
 - o Executive Summary of AFA Correction
 - o Premier Planning newsletter
 - o 457 Plan Roth Conversion Flyer
- Wilmington Trust documents:
 - o Wilmington Trust Matrix – PowerPoint
 - o Matrix Trust Questions
 - o Passive custodian new account documents
- Hyas Group documents:
 - o Performance Report for 1Q 2015
 - o Financial Markets and Economic Report
 - o Summary of Administrative Account reconciliation issues
- Sample target retirement funds survey

Eric Baird chaired the meeting.

A. The minutes were distributed electronically prior to the meeting.

Upon motion by Tammy Woodard, seconded by Duane Hill, the Committee unanimously approved the meeting minutes for March 9, 2015.

B. Peter Hoerber and Sonia Rogers conducted a presentation of the Executive Summary report and described the various methods of participant outreach they have used, ranging from emails to home visits.

The Committee and Peter agreed to collaborate on a participant survey that will: (a) assess the effectiveness of services provided by the ICMA-RC field representatives, and (b) include the survey questions developed by the Committee to assess the role of the 457 and 401(a) plans in participants' retirement planning.

Peter mentioned that ICMA-RC is on track to add the Vanguard Target Retirement 2060 fund on July 19 and that the administrative fee will be reduced from 0.075% to 0.06% effective July 1, 2015.

C. Jim Reinke conducted the Roth in-plan conversion presentation that he will use for the employee presentations in July. He also solicited feedback from the Committee to refine his delivery and PowerPoint.

D. Michele Martin and Peter Hoerber addressed a recent situation where a participant who had experienced an identity breach with the IRS asked ICMA-RC for additional security on his 457 and 401(a) accounts. ICMA-RC was able to comply, but this also locked the participant out of being able to view his accounts. Michele and Peter explained the complexity of these types of situations and that one approach does not fit all. They also emphasized ICMA-RC's vigilance with monitoring and addressing the changing landscape of security breaches.

E. Eric Baird notified the Committee that he recently learned that ICMA-RC does not have on file instructions from the Committee for them to handle the entire hardship review and

determination process. ICMA-RC has since revised the agreement the Committee would have to approve. The revised agreement states explicitly that an aggrieved participant can appeal ICMA-RC's decision to the Committee whereas the previous agreement did not. However, ICMA-RC staff said that designating the Committee as the court of last resort has always been the practice. After discussion, the Committee reaffirmed its intent to have ICMA-RC administer the entire hardship process and that the Committee's response to an appeal would be to accept ICMA-RC's decision.

Upon motion by Duane Hill, seconded by Dayton Hostetler, the Committee unanimously agreed to accept the current ICMA-RC hardship agreement.

- F. Dale Parker joined the meeting by phone at 10:53 a.m. to explain the discrepancies he identified through his audit of the 457 and 401(a) Administrative Accounts. Michele Martin addressed each of the discrepancies.
- ICMA-RC is not expecting the plans to reimburse ICMA-RC for a net amount of \$1,751 of revenue share they estimated the plans would receive from Blackrock and had credited to the Administrative Accounts. ICMA-RC did not receive reimbursement of the revenue share from Blackrock due to a misunderstanding with Blackrock regarding the revenue sharing agreement.
 - ICMA-RC should not have charged the 0.075% asset-based fee on the Administrative Accounts and will cease this practice. As a result, the amount of \$122 will be credited to the accounts.
 - ICMA-RC is going to post \$1,909 of BlackRock asset-based fees collected from participants that was not posted to the Administrative Accounts.
 - ICMA-RC is not expecting reimbursement for \$880.76 of revenue sharing that ICMA-RC over-credited to the Administrative Accounts when the BlackRock fee was being phased out.
- G. Beginning January 2014, participants invested in certain funds were supposed to have the revenue share generated by those funds deposited into their accounts. Michele Martin explained that an internal audit found that reimbursement of revenue sharing to participants invested in certain funds did not occur from January 2014 through July 2014. Credits have since been posted retroactively and also posted correctly since August 2014. Affected participants were notified on their first quarter statements.
- H. Greg Settle discussed the information in the Financial Markets and Economic Report, as well as the Plan Performance report. Greg and the Committee briefly discussed that the Fidelity Strategic Real Return fund represents almost 0% of the plans' portfolios and whether there is merit in retaining it as a counter-inflation fund is not in vogue at the present time.
- I. Greg Settle shared his insight on articles in The 457 Plan Fiduciary Advisor.
- J. The Committee reviewed and edited the Participant Survey that Duane, Dayton and Eric had prepared. The intent of the survey is to evaluate how participants plan to use assets in their accounts when they retire.

K. Mikel O'Brien said that she would like to go to the NAGDCA conference, but will have to see if the new director prefers to attend. Eric Baird, Elizabeth Morrison and Tammy Woodard also expressed interest, but needed to check their schedules.

L. The executive session began at noon and ended at 12:17 p.m.

Adjournment: The meeting was adjourned at 12:17 p.m.