

**CITY AND COUNTY OF HONOLULU
DEFERRED COMPENSATION PLAN COMMITTEE MEETING**

MINUTES OF THE QUARTERLY MEETING OF THE COMMITTEE

A meeting of the City and County of Honolulu **Deferred Compensation Plan Committee** was held on Friday, February 21, 2020, commencing at 10:22 a.m., at the Mayor's Conference Room, 530 South King Street, 3rd floor, City Hall, Honolulu, Hawaii.

Present: Nelson H. Koyanagi, Jr. (Director of Department of Budget and Fiscal Services (BFS) & Committee Chair)
Amy Kondo (Acting First Deputy Corporation Counsel & Committee Member designee for Acting Corporation Counsel (COR) Paul S. Aoki)
Carolee Kubo (Director of Department of Human Resources (DHR) & Committee Member)
Douglas Chun (Committee Member)
Denise Peterson (Committee Member)
Joan Bolte (Internal Control Chief Accountant & Committee Member designee by Managing Director Roy K. Amemiya, Jr.)
Florencio "Bugs" Baguio Jr. (Chief, Industrial Safety and Workers Compensation Division, DHR & Committee Member Alternate for DHR Director Carolee Kubo)

Excused: Michael Golojuch (Committee Member)
Manuel T. Valbuena (BFS Deputy Director & Committee Member Alternate for BFS Director Nelson H. Koyanagi, Jr.)

Staff: Jennifer Tobin (Chief, DHR Benefits, Research, and Transactions Branch)
Lynn Wakatsuki (Deputy Corporation Counsel)
Laura Shimada (Deferred Compensation Plan Committee Administrator and BFS Administrative Services Officer)
Russell Kaya (BFS Administrative Specialist)

Guests: Bill Tugaw (Managing Director – NFP Retirement (NFP))
Paul Hackleman (NFP Senior Consultant)
Kellen Foley (NFP Investment Consultant)
Michelle Williams (Voya – Vice President – Strategic Relationship Management)
Jared Nakamoto (Voya – Hawaii Case Manager)
Matthew Takamatsu (Voya – Registered Representative)

I. CALL TO ORDER

With quorum present Nelson H. Koyanagi, Jr. (Chair) called the meeting to order at 10:22 a.m. and presided as chair of the meeting. Laura Shimada (Laura) acted as secretary of the meeting.

II. MINUTES OF PREVIOUS MEETINGS—Action

Committee members reviewed and unanimously adopted a motion by Carolee Kubo, seconded by Douglas Chun to approve the minutes of the November 15, 2019 quarterly committee meeting.

III. PUBLIC COMMENTS – Information

Chair asked if there was any public input. No one wished to speak.

IV. VOYA REPORT – Information/Action

A. Quarterly Report

The following is a summary of Voya's quarterly Market Review report provided by Michelle Williams (Michelle) for the quarter ending December 31, 2019.

1. Investment Policy – Michelle highlighted Voya's philosophy and said they believe that consistent long-term performance, participant liquidity, capital preservation and risk management are the key elements for a guaranteed stable value offering. She noted that security selection, nimble sector allocations and risk management are three key beliefs that frame an integrated strategy.
2. Performance Analysis – Michelle reviewed the different factors that Voya used and noted that the City's portfolio outperformed the benchmark. As of December 31, 2019, the portfolio was up 1.23% and that book to market was 102.3%.

IV. NFP CONSULTING REPORT – Information/Action

Paul Hackleman noted that the International Foundation of Employee Benefit Plans (IFEBP) conference is scheduled for November 14-18, 2020 at the Hawaii Convention Center. Jenny noted that Paul is working with IFEBP to assist with getting a speaker for our benefits fair. Paul extended an invitation to committee members to attend the conference and said to give the names to Jenny.

A. Watch List Update – Bill Tugaw (Bill) noted that there is only one fund on the watch list.

1. Templeton Global Bond R6 – Bill said there are zeroes because the fund was mapped to the appropriate target date funds. The decision of the Committee was to map to the CIT small cap value fund.
2. PIMCO Real Return Instl – Bill noted there was a sudden manager change but the rest of the team is still there. This fund went from a 7 to a 5 because when there is a manager change, the fund loses two points and it will take a year to get back. We'll monitor and will let you know how they are doing.

Bill said that other than PIMCO, everything is in great shape.

For the replacement fund for DFA US Targeted Value fund, Bill asked if we wanted to select the retail equivalent of the Wilmington Trust CIT. Chair asked if we can't do the CIT because of the trust requirements, is there another recommendation. Bill said there were two or three alternatives but there is a retail version of the Small Cap Value that is 40 basis points

On a motion duly made by Joan Bolte, seconded by Douglas Chun, and unanimously carried, the Committee voted to approve the Watch List as recommended.

On a motion duly made by Joan Bolte, seconded by Douglas Chun, and unanimously carried, the Committee voted to move the DFA US Targeted Value fund to the BMO retail fund if we're not able to resolve the issues with the Wilmington CIT fund.

B. Legislative and Regulatory update: Bill briefly covered the information in News & Views.

1. Bill noted that the Senate RESA Act (S. 2526) gets rid of the first of the month rule for deferrals and the required minimum distribution (RMD) for Roth. He noted that also allows Roth IRAs to be rolled into the plan and adds a 60+ catchup.
2. A bill sponsored by Senators Portman and Cardin, known as the Retirement Security and Savings Act (RSSA) is in the Senate and we expect that it will pass as there is no opposition.

V. OTHER BUSINESS – Information/Action

A. Benefits Fair – Jenny reported that we are working on getting a speaker so we can work on dates and a location. We are also considering holding the benefits fair in November 2020 around the time of the IFEBP Conference or the 3rd Quarter Committee meeting.

B. Updates to By-Laws and Contracts

We are proposing to update the bylaws, primarily to clarify provisions prior to the next election which will be in 2021. We are also asking to change the term of the elected members so that we can stagger the terms of the appointed and elected members. We propose to have a five year term for the next election and then go back to four year terms. We've prepared a chart that shows the terms and the overlap period and a resolution to effect the by-law changes.

On a motion duly made by Douglas Chun, seconded by Carolee Kubo and unanimously carried, the Committee voted to accept the resolution and modify the By-Laws as recommended.

VI. REPORT ON ADMINISTRATIVE EXPENSES – Information/Action – Laura reviewed the quarterly report and noted that we got three checks from Voya in January.

On a motion by Carolee Kubo, seconded by Joan Bolte, the Committee unanimously approved the Committee’s administrative expenses.

VII. NEXT MEETING DATES – Information

- Second Quarter
Friday, May 15, 2020, 9:30 a.m. – 12:00 p.m.
- 457 University Training
Thursday, August 13, 2020, 9:00 a.m. – 3:00 p.m.
- Third Quarter
Friday, August 14, 2020, 10:00 a.m. – 12:00 p.m.
- Fourth Quarter
Friday, November 20, 2020, 9:30 a.m. – 12:00 p.m.

VIII. ANNOUNCEMENTS – There were no announcements.

Voya and NFP were excused from the meeting.

IX. VOYA QUICK ENROLLMENT PROCESS – Information

On a motion duly made by Joan Bolte, seconded by Carolee Kubo, and unanimously carried, the Committee voted to go into Executive Session at 10:55 a.m.

The Executive Session was called to order at 10:56 a.m. The Executive Session ended at 11:13 a.m.

On a motion duly made by Carolee Kubo, and seconded by Joan Bolte, and unanimously carried, the Committee voted to reconvene the meeting at 11:14 a.m.

X. ADJOURNMENT – There being no further business, the meeting was adjourned at 11:15 a.m.

Respectfully submitted,

Laura Shimada
Secretary