



# City of Madison

City of Madison  
Madison, WI 53703  
www.cityofmadison.com

## Meeting Minutes - Draft DEFERRED COMPENSATION COMMITTEE

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Tuesday, December 9, 2014

10:00 AM

210 Martin Luther King, Jr. Blvd. Room 501  
Human Resources Dept. (City-County Building)

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### CALL TO ORDER / ROLL CALL

Others present: The Capital Group @ Lincoln Financial Advisors - Mark Strassburger and Carrie Waters-Schmidt; Alliance Benefit Group - John Blossom and Linda Blossom

The meeting was called to order by Brad Wirtz at 10:00 am.

**Present:** 5 - Brad Wirtz; David M. Gawenda; David Schmiedicke; Roger Allen and Mike Lipski

**Excused:** 2 - Lucia Nunez and Mark Hanson

### PUBLIC COMMENT

No public comment.

### DISCLOSURES AND RECUSALS

No disclosures or recusals.

### NEW BUSINESS

- 1 [36461](#) Investment and Plan information review including discussion of fund performance, any actions to be taken, and fund considerations as required.

Fund Performance information was presented by John Blossom based on attachment titled "CMD FIR 3Q14.pdf." Information on returns was based on performance through September 30, 2014 (Quarter 3) and 1 year returns were based on performance from October 1, 2013-September 30, 2014.

At the June, 2013 meeting, the following funds were either under scrutiny or on the watchlist:

Goldman Sachs Mid-Cap Value—Watchlist and contributions suspended  
Sentinel Small Company Fund—Under Scrutiny  
Cohen and Steers Realty Shares—Under Scrutiny  
BlackRock Inflation Protected Bond Fund—Under Scrutiny

The Committee reviewed funds against the criteria outlined in the Investment Policy Statement (IPS). Any fund that missed on a number of the criteria outlined in the IPS and scoring lower than 70 was given greater review by the Committee and are discussed below.

BlackRock Equity Dividend Fund scored a 57. This is the second monitoring period in a row that the fund missed the 70 benchmark, with a lower score this time than in June.

A motion was made by Gawenda, seconded by Lipski, to Place the Fund under Scrutiny. The motion passed by voice vote/other.

American Funds Fundamental Investors scored 65, just below the 70 threshold. It is a slightly more conservative fund, which does not perform as well compared to peers in a bull market, but is better positioned in a bear market. The Committee determined no action was needed on the fund at this time.

The Calvert Equity fund scored 55. Because this is a socially responsible fund, the Committee determined no action was needed on this fund at this time.

The Goldman Sachs Mid Cap Value Fund was discussed. It continued to miss benchmarks, scoring a 59. The fund lineup has 2 additional mid-cap value funds.

Lipski made a motion, seconded by Allen, to drop the Goldman Sachs Mid Cap Value fund and map contributions to the Prudential Mid Cap Value fund. The motion passed by voice vote/other.

The Calvert Capital Accumulation fund scored a 66, just below the 70 threshold. The Committee determined no action on this fund was needed at this time.

The Parnassus Small Cap Fund scored a 62. In part because of its status as a socially responsible fund, the Committee determined no action on this fund was needed at this time.

The Sentinel Small Company Fund scored a 46. In the same category, the Franklin Small Cap Growth fund has been performing much better. It has below average risk and expenses and above average returns. It is also more consistent in style with small cap growth.

Gawenda made a motion, seconded by Lipski, to drop the Sentinel Small Company fund, replace it with the Franklin Small Cap Growth fund and map contributions to the Franklin Small Cap Growth fund. The motion passed by voice vote/other.

The Cohen and Steers Realty fund scored a 62 and is currently under scrutiny. The Committee agreed to leave the fund under scrutiny.

The PIMCO Total Return fund scored a 63. This is one of the largest mutual funds in the country and had a manager turnover in September. However, there are a number of other managers involved in the fund asset management and other managers are coming into the fund who only left because of the style of the manager who left. InvestNet and Morningstar are neutral on the continued performance of the fund based on the people who are coming in and PIMCO did have a succession plan in place that is being executed.

Wirtz made a motion, seconded by Lipski, to place the PIMCO Total Return

fund under scrutiny. The motion passed by voice vote/other.

The Fidelity High Income Bond fund scored a 54. However, it continues to score well against its category average. The Committee determined no action was needed on the fund at this time.

The Blackrock Inflation Protection Bond Fund scored a 73.

Gawenda made a motion, seconded by Schmiedicke, to remove this fund from under scrutiny. The motion passed by voice vote/other.

The remaining funds were performing adequately.

### DISCUSSION ITEMS

- 2     [36466](#)     Review report of activities, meetings and interactions serving participant needs.  
  
          Mark/Carrie went over the activities report. It was also announced that the capability to do on-line enrollment without requiring a social security number is possible and Lincoln will work with HR/Payroll to implement.
  
- 3     [36471](#)     Target Date Funds  
  
          A special meeting of the Committee was requested in approximately March to go over this item in more detail.
  
- 4     [36472](#)     Qualifying Longevity Annuity Contract.  
  
          A special meeting of the Committee was requested in approximately March to go over this item in more detail.

### ADJOURNMENT

A motion was made by Lipski, seconded by Schmiedicke, to Adjourn. The motion passed by voice vote/other.