



City of Madison

City of Madison
Madison, WI 53703
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Meeting Minutes - Approved DEFERRED COMPENSATION COMMITTEE

Wednesday, June 20, 2018

2:00 PM

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

CALL TO ORDER / ROLL CALL

Others Present: Michelle Drea, John Blossom, Linda Blossom, Mark Strassburger, John Litscher.
John Blossom, Linda Blossom

Present: 4 - Harper Donahue; David M. Gawenda; David Schmiedicke and William Wick

Excused: 2 - Roger Allen and Byron Bishop

APPROVAL OF MINUTES

A motion was made by Gawenda, seconded by Wick, to Approve the Minutes of the March 9, 2018 and April 26, 2018 meetings. The motion passed by voice vote/other.

PUBLIC COMMENT

No Public Comment.

DISCLOSURES AND RECUSALS

No Disclosures or Recusals.

NEW BUSINESS

1. [52090](#) City of Madison Investment information review including discussion of fund performance, any actions to be taken, and fund considerations.

Quarterly Monitoring Report – Fund Review: John Blossom lead the Committee’s review – brief overview of Market Environment and asset allocation across the fund line up. He talked about the current scoring process, standards and criteria suggesting that the Committee re-visit standards and weighting during the next review meeting. Based upon the scoring (less than 69) 3 funds were marked for “Review”. Two of them had been placed “Under Scrutiny” during previous meetings.

Calvert Equity Fund (CSIEX) - a “Socially Responsible Investment” fund (SRI) scoring a 44 - had been placed “Under Scrutiny” for several consecutive review cycles. It is offered in the investment line up, but not in the Asset Allocation Models. Blossom stated that ABG had recently contracted with a specialist in SRI’s and ESG funds (Environmental, Social and Governance) to

assist them in compiling recommendations for City of Madison and other clients. ABG will provide recommendations and information in advance of the next meeting. The Committee concurred that no action would be taken at this time, serious consideration will be given the upcoming recommendations and information during the next review.

Franklin Small Cap (FSMLX) – a Small Cap Growth fund scoring a 58 – had been placed “Under Scrutiny” as the result of the last review cycle. It had had a low score over the past five consecutive quarters. ABG provided fund alternatives for the Committee’s consideration – Harbor Small Cap Growth (HNSGX) and Janus Henderson Venture N (JVTNX). The Committee discussed the fund comparison provided. David Gawenda made a motion to remove the Franklin Small Cap and replace it with the Janus Henderson fund. David Schmiedicke seconded the motion. The motion carried. ABG will draft an employee communication and mail it the Participants in early July and map the assets from the outgoing fund to the new fund late July or early August.

Templeton Global (FBNRX) – a World Bond fund - scored 65. This is the first review cycle that it had received a score lower than 69; therefore, the consensus of the Committee was to take no action at this time. It will be reviewed again during the next cycle.

Review of Plan Costs and Fees: The Committee reviewed the detail provided. The fee benchmark report showed the total fees (or 75 bps) to be below the 50th percentile in comparison to other plans of similar asset and Participant size.

2. [52103](#) Committee Topics- Plan Demographic Data, Plan Activity Report (Lincoln Financial Group) and Legislative Updates, individual marginal tax brackets.

John Litscher reported the Participant onsite meetings and activities (including after hours, phone conversations and office visits) scheduled for the first six months of 2018.

John Blossom presented a brief overview of the tax changes for individuals included in the recent “Tax Cut and Jobs Act”.

DISCUSSION ITEMS

3. [52102](#) Plan Service Processes.

Over the past few years Lincoln Financial Group and ABG have been systematically reducing internal fund costs (expense ratios) and recommended continuing this process. More fund families are offering new (lower cost) share classes. Action: ABG will run an assessment of the existing funds to determine which funds have a lower cost share classes available and provide information to the Committee for consideration and action.

ADJOURNMENT

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