NOTICE OF RESULTS
CITY OF PHOENIX
EMPLOYEES' DEFERRED COMPENSATION BOARD

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **EMPLOYEES' DEFERRED COMPENSATION BOARD** and to the general public, that the **EMPLOYEES' DEFERRED COMPENSATION BOARD** held a meeting open to the public on **December 20, 2012 at 8:30 a.m. located in Room 100, 1st Floor, Personnel Building, 135 North 2nd Avenue, Phoenix, Arizona.**

One or more members of the Employees' Deferred Compensation Board may participate via teleconference call.

The results of the meeting were as follows:

RESULTS			
	1.	Call to Order	Rick Naimark
Approved	2.	Board Consideration of the Minutes from the November 15, 2012 Meeting. This item is for discussion and action.	Rick Naimark
Nomination approved	3.	Selection of 2013 New Deferred Compensation Board and Post Employment Health Plan Board Vice Chair as Required by Ordinances G-4634 and G-5049. This item is for discussion and action.	Rick Naimark
Information reviewed	4.	Review of Morley's letter regarding downgrade to credit rating of BBB for Hewlett Packard securities in the portfolio of the Phoenix Stable Income Fund in the City's 457/401(a) Plans Audrey White and Ron Heath will participate via teleconference. This item is for information only.	Audrey White Ron Heath
	5.	The Board may vote to hold an executive session pursuant to A.R.S. § 38-431.03(A)(3) for the purpose of obtaining legal advice from the Board's attorney regarding Item 6 on the agenda. If authorized by a majority of the members present, the executive session will be held immediately after the vote and will not be open to the public. In open session, the Board will vote on the action to take in each of those matters.	Rick Naimark

Approval to implement account access program. Request for additional information for Board consideration next meeting.	6.	Proposal to allow Investment Advisory Firms/Advisors/Brokers who meet the City's requirements for third-party view access to the core accounts of participants in the City's 457 and 401(a) Plans with whom they are contracted. ● Staff review of information related to how account access is addressed by plan(s) of comparable size to the City's. ● Staff review of steps and timelines associated with implementation of a third party account view access program related to the Plans accounts including: ● Staff and Attorney review of appropriate documents associated with implementation of the program. This item is for discussion and possible action.	Kathy Schelbrock Mary Kyle Heidi Gilbert

Recommendations #1 & #2 approved	7.	Staff review of Budgets for 457 and 401(a) Plans. This includes Board consideration of two staff recommendations as follows: **#1)** Discontinue the interim structure of quarterly fees of $100,000 from 401(a) Plan assets paid to the City for expenses solely related to the City's 401(a) Plan after payment for fourth quarter Plans' year 2012 is received. ● The fourth quarter Plans' year fee is due to the City from Nationwide on January 30, 2013. **#2)** Amend the Fee Schedule in Nationwide's plan administration contract to reflect implementation of a new fee structure of quarterly fees of $30,000 from 401(a) Plan assets paid to the City for expenses solely related to the City's 401(a) Plan for Plan year 2013. ● This change would be effective with the fee paid for the City's administrative costs associated with the first quarter of Plan year 2013, which is due April 30, 2013. ● This change is projected to result in an excess of approximately $134,000 in the City's 401(a) Plan budget, as well as a reduction in the excess in the City's 457 Plan budget to over $711,000 as of the end of fiscal year 2013-14. The other options available for Board consideration are as follows: **#3)** Retain the current interim fee structure implemented for plan year 2012 of quarterly fees of $100,000 from 401(a) Plan assets paid to the City for expenses solely related to the City's 401(a) Plan through plan year 2013. ● This change is projected to result in an excess of approximately $414,000 in the City's 401(a) Plan budget and a reduction in the current excess in the City's 457 Plan budget to over $711,000 by the end of fiscal year 2013-14. **#4)** Amend the Fee Schedule in Nationwide's plan administration contract to resume originally contracted fee structure for plan year 2013 of annual fee of 5 basis points paid quarterly to the City from the assets of both Plans and deposited to the City's budgets for both Plans pro-rata based upon Plans' assets. ● This change would be effective with the fee paid for the City's administrative costs associated with the first quarter of Plan year 2013, which is due April 30, 2013. ● This change is projected to result in an excess of almost $128,000 in the City's 401(a) Plan budget and a small reduction in the excess in the City's 457 Plan budget to $1.17 million by the end of fiscal year 2013-14. This item is for discussion and action.	Kathy Schelbrock

Recommendation to reduce revenue sharing fee to 3 basis points approved.	8.	Nationwide's Review of the Retained Revenue Outlook for 2012 for the City's 457 and 401(a) Plans. ● This review includes a recommendation to decrease the revenue sharing fee paid to Nationwide for the Phoenix Stable Income Fund from 10 basis points to 3 basis points effective April 1, 2013 IF the Board approves staff recommendation #2 stated in Agenda item #7 related to the City's administration fee for the Plans. ● There are no recommended changes to the revenue sharing fee paid to Nationwide for the Phoenix Stable Income Fund IF the Board approves option #3 stated in Agenda item #7 related to retaining the current interim structure for the City's administration fee for the Plans. ● This review includes a recommendation to increase the revenue sharing fee paid to Nationwide for the Phoenix Stable Income Fund from 10 basis points to 15 basis points effective April 1, 2013 IF the Board approves option #4 stated in Agenda item #7 related to the City's administration fee for the Plans. Sam Brown of Nationwide Retirement Solutions will participate via teleconference. This item is for information and action.	Sam Brown Michelle Murphy
Approved	9.	Review of Nationwide's Preliminary Annual Communication and Education Plan for Enrollment, Participation, and Education Goals for Calendar Year 2013 for 457/401(a) Plans and Post Employment Health Plan (PEHP) including: ● Review of reporting activities ● Review of commitments ● Review of goals Renee Spencer of Nationwide Retirement Solutions will participate via teleconference. This item is for discussion and action.	Michelle Murphy Renee Spencer
Approved	10.	Board Consideration of Nationwide Retirement Solutions' Engagement of CliftonLarsonAllen, LLP as the Independent Certified Public Accountant to conduct the Annual Audit with respect to the 2012 calendar year for the City's 457 and 401(a) Plans. The fee will remain the same as the fee for the audit of 2011 plan year. This item is for discussion and action.	Michelle Murphy

Information reviewed	11.	Plan Administrator's Monthly Report for September through November 2012 on Nationwide Retirement Solutions' Services related to the City's 457 and 401(a) Plans including: ● Annual Communication and Education Plan ● Privacy Policy Statement ● Discontinuation of U.S. Conference of Mayors endorsement of Nationwide ● Beneficiary Designation Rate Comparison ● Retained Revenue Outlook ● 401(a) Enrollments ● Market Timing Activity ● Redemption Fees ● Federal Legislative and Regulatory Reports ● Required Minimum Distributions ● Annual Tax Notification ● Catch-up Mailing This item is for information and possible action.	Michelle Murphy
Information reviewed	12.	Attendee highlights of the National Association of Government Defined Contribution Administrators (NAGDCA) Conference conducted September 29 through October 3, 2012. This item is for information only	Joe Clure Brian Moore David Nieto James Mullany Lori Roediger Kathy Schelbrock
Information reviewed	13.	Staff's Report on General Plan Administration Issues including: ● 2013 Board Meeting Schedule for Board Manuals (tab #2) ● "Pensions & Investments" article regarding stable value funds This item is for information only.	Kathy Schelbrock
	14.	Future Agenda Items.	
	15.	Call to the Public.	
	16.	Adjournment.	

For further information, please call Kathy Schelbrock, Senior Human Resources Analyst, Human Resources Department, Benefits Office at 602-256-3282.

For reasonable accommodations, call Jenelle Hancock at Voice/602-534-3910 or TTY/602-261-8687 as early as possible to coordinate needed arrangements.

December 20, 2012