457 DEFERRED COMPENSATION PLAN
MINUTES OF ADMINISTRATIVE COMMITTEE SPECIAL MEETING
June 8, 2016 at 9:30 a.m.

Members in Attendance
Eric Baird, Co-Chair, ICT Business Services
Milton Ellis, Labor Relations - arrived at 9:44 a.m.
Duane Hill, Accounting and Financial Reporting
Dayton Hostetler, Fire Department
Elizabeth Morrison, Co-Chair, Finance and Budget

Member Absent
Tammy Woodard, Human Resources & Development

Staff in Attendance
Claudia Kay, Human Resources and Development
Julia Tanga, Police Department

Guests in Attendance
Greg Settle, Hyas Group
Peter Hoerber, ICMA-RC
Jim Reinke, ICMA-RC
Sonia Rogers, ICMA-RC
Corey Wiggins, ICMA-RC

Agenda
A. Minutes of 2/29/16 meeting
B. Greg Settle, Hyas Group:
- Financial Markets and Economic Report
- Plan Performance Report – 1Q 2016
- The 457 Plan Fiduciary Advisor newsletter

C. IMCA-RC staff:
- Executive Summary Report – 1Q 2016
- Participant Services Report – 1Q 2016

D. Attendees for 2016 NAGDCA conference
E. Executive Session – Third Party Administration procurement process

Copies of the following were distributed prior to or during the meeting and, by reference, are incorporated into these minutes:
- Hyas Group
    - Performance Report for 1Q 2016
    - *The 457 Plan Fiduciary Advisor* newsletter
    - Financial Markets and Economic Report – 2Q 2016
    - Vanguard Cost Reduction and Management Change

- ICMA-RC documents:
    - Executive Summary Report – 1Q 2016
    - Education and Communication Activity Report – 1Q 2016
    - Participant communications: scavenger hunt literature and Pass the match flyer.

The meeting was chaired by Eric Baird and Elizabeth Morrison.

A. This item was addressed after item B. The minutes for February 29, 29106 were distributed electronically prior to the meeting.

> Upon motion by Duane Hill, seconded by Eric Baird, the Committee unanimously approved the meeting minutes for February 29, 2016.

B. Greg Settle presented the Markets & Economic Report – June 2016. He also reviewed the Plan Performance Report – 1Q 2016. He commented that all funds were in compliance with the Investment Policy Statement, the Administrative Account balances were fine, and that the Hyas Group has observed that proposal pricings for third party administrator services were dropping for some of their clients by 40%.

Greg discussed an article in *The 457 Plan Fiduciary Advisor* newsletter titled *Department of Labor Issues New Fiduciary Rules That Will Have Broad Impacts*. The rule becomes effective April 10, 2016 and impacts any plan whether subject to ERISA or not. It affects fiduciaries, brokers, insurance companies, and third party administrators (particularly those who have insurance company or mutual fund affiliates). The article is linked to another detailed article written by Fred Reisch, who is an attorney renowned for his expertise with defined contribution plans. Mr. Reisch stated that plan fiduciaries must be aware of what third party administrators are communicating to participants.

In regard to the article titled *Progress in Legalizing Auto Enrollment in Governmental DC Plans* in the newsletter, Greg learned that Washington state's legal counsel has stated that no conflict exists between the auto-enrollment feature and the anti-garnishment regulation because employees can elect not to participate in the 457 plan and have their money returned if the request is made within 90 days of date of hire. Greg said he will be meeting with other governmental staff from other jurisdictions with whom he has worked previously on this topic and this may result in a discussion with state staff.

Greg stated that the income guarantee option in the newsletter has a link to a good article. The Hyas Group staff are continuing to gather information on the new products because they continually change. Greg noted that recent RFP responses are not showing reciprocity of product portability among record keepers.

C. Peter Hoerber introduced Corey Wiggins who has replaced Jared Martin. Corey is based in Seattle.

Peter presented the Executive Summary – 1Q 2016. He made the following comments: (a) "inactive participants" on page 8 includes participants who have terminated Port employment as well as active employees who are not contributing, (b) mobile app feature became available in 2015 and any down time has been negligible, (c) no explanation for VRU upward spike in 2015, and (d) loans are in the median to high median range and the "new loans" include loans that have been refinanced.

The Committee discussed the need to diminish the number of plan withdrawals by improving communication of Jim Reinke's availability to provide financial planning services and also that assets do not need to be rolled out of the plan when separation from service occurs. The Committee also asked that an asset class breakout of inactive participants' account balances be provided by ICMA-RC in addition to providing loan information the compares the Port data to peers.

Sonia Rogers explained the online scavenger hunt activity she has planned for the end of June and distributed related literature. She also passed out a "don't pass the match" flyer that she will give to non-represented employees that shows the 401(a) match amounts based on tenure.

Jim Reinke mentioned that he will conduct phone consultations during the summer, is onsite once a month, and will conduct a monthly webinar. He described the topics he will cover. The Committee suggested that ICMA-RC develop a brainshark that explains the services Jim provides.

Peter stated that ICMA-RC is on schedule to close the Vanguard Prime Reserve Money Market fund on June 17, 2016.

D. Milton Ellis said he would check his schedule to see if he can attend the NAGDCA conference. Claudia Kay stated that Tammy Woodard wants to attend and that perhaps the Total Rewards staff person who is taking over the plan responsibilities might be able to attend. Eric is also interested if an opening remains.

E. The Committee convened into executive session at 10:55 to discuss the third party administrator procurement process.

Adjournment: The meeting was adjourned at 11:10 a.m.