

**457 Deferred Compensation Plan
Administrative Committee Annual Retreat**

February 22, 2017
9:00 a.m. to 4:00 p.m.
AOB 4-E

Minutes

Members in Attendance

Eric Baird, Co-Chair, ICT Business Services
Milton Ellis, Labor Relations
Duane Hill, Accounting and Financial Reporting
Dayton Hostetler, Fire Department
Elizabeth Morrison, Co-Chair, Finance and Budget
Tammy Woodard, Human Resources

Staff in Attendance

Claudia Kay, Human Resources
Anika Klix, Human Resources
Julia Tanga, Police Department

Guests in Attendance

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

Milton Ellis moved to approve the minutes from the November 2016 quarterly meeting. Julia Tanga seconded. All approved. The minutes were passed.

Fiduciary Training was provided by Greg Settle from Hyas Group, the Port's Deferred Compensation Investment and Plan Consultant.

A quick summary of the NAGDCA Conference last fall was given by two attendees; Tammy Woodard and Greg Settle.

There was some discussion by the Committee around various communication channels for different age demographics, social media, text notices, etc. It was recognized that effective communication is a challenge and more time for discussion around how best to communicate to Port employees. It was reported that the average age at the Port currently is 48 with an average tenure of 9.5 years. This is down a bit from recent years past.

Regarding the recent Benefit survey that Port employees participated in, most said they prefer to get information about their benefits electronically on their own as opposed to the information being pushed out to them. Employees generally don't feel well prepared for retirement so there are opportunities to

do more, but staffing resources are an issue. ICMA-RC may be of assistance with reaching out to employees and with various channels of communication.

The Committee reviewed the Administrative policies and procedures as well as the Investment Policy Statement (IPS). It was discussed that #3 in Exhibit C should be left in even though the CEO (or former CEO) is currently not in the plan. It was determined that nothing in the policies and procedures needed to be changed. The IPS is due for another review and will be on the next meeting agenda.

The Committee reviewed the application documents, Mission Statement, Terms & Conditions, and email drafts for advertising the vacancy that will be left when Dayton Hostetler steps down as Committee member in July. Anika will circulate documents for final review and Elizabeth will send out the announcement regarding the opening for a union-represented employee to apply by March 17, 2017. [Deadline since updated to March 24, 2017]

Greg Settle, Hyas Group, gave the 4Q Fiduciary Advisor (newsletter) updates on the pending new Fiduciary Rule, recent lawsuits regarding a credit union savings account instead of a stable value fund, multi-vendor DC plan case study, and making sure HR staff doesn't incur fiduciary liability per the new proposed DOL Fiduciary Rule.

Greg Settle presented the results of a manager search for alternatives to the Columbia Government Stable Value Fund. Three leading alternative funds were reviewed, the T Rowe Price Stable Value Fund, the Putnam Stable Value Fund and the ICMA-RC Plus Fund. Hyas Group noted that the Plus Fund may be available with a lower management fee. The Committee asked Mr. Settle to check into this possibility and report back at the next meeting of the Committee.

The committee discussed the American Airlines case referred to in the newsletter and how it relates to the decision to be made on the stable value fund manager choice and how the Committee monitors investments. More research is required into the case and the implications to the Committee's decision.

Fourth Quarter 2016 Plan and Investment Performance Report: Greg summarized the report for the Committee and reiterated that the Port plan is performing really well.

The Committee conducted a fee review: Projected revenue vs. collected vs. budget requirements

Discussion commenced regarding the current fees and if they could be reduced. If so, could participants receive a return from the higher fee structure, who would do the calculations and how would we communicate that to participants. Greg offered to assist with drafting a communication.

Tammy Woodard moved to reduce the basis points from 6 to 5 for the 457 and the Police and Fire 401a's and reducing the 401a to zero effective April 1, 2017. In January, 401a supplemental will go back to receiving 5 basis points from the Port. Eric Seconded. None opposed, all in favor. The motion passed.

Eric Baird moved to distribute excess account balances applying only to the 457, fire 401a and police 401a. The plan will distribute funds in excess of the minimum balance, provided by Greg, in consultation with Anika. Duane seconded. None opposed, all in favor. The motion passed.

ICMA-RC Participant Services

Realize retirement tour bus on-site visit was proposed for April 11, 2017. A video was shown to illustrate what employees can see and learn at the retirement bus. It can be parked at one or two locations, takes an hour to set up and 40 minutes to take down. Anika will check into how to reserve employee busses to transport employees to the retirement truck location and will follow-up with appropriate parties to reserve a space for the truck to park for half a day at the waterfront, and half a day at the airport.

As part of the new agreement recently executed between the Port of Seattle and ICMA-RC, there will be more communication support provided to Port staff by ICMA-RC and a dedicated Communication Manager, Kathleen Wilson. They can build a new custom logo and theme, design the mobile app and web portal to incorporate Port colors and themes, and assist with customization of materials and messaging.

Corey Wiggins presented information about the auto-rebalancing feature and explained that it's pretty standard across the industry, easy automated opportunity to keep risk profile in alignment with the fund selections they already made. Participants who go into the account management feature, a menu would pop up to ask them to choose between the following options; transfer funds only, transfer funds and change my future allocations, transfer funds, change my future allocations and setup automatic rebalancing; quarterly, semi-annually, or annually.

The Committee asked if a link could be added to the definition of auto-rebalancing so that participants know and understand what they are being asked before they will decide whether or not to turn the feature on. It will be further discussed in the next quarterly meeting.

ICMA-RC Representatives – Communication Plan

Sonia gave suggestions and remarks about themes seen from employees in 2016. A breakdown of participants and how many people were seen face to face, via email and phone calls, seminars, round tables drop n'learn were shown. Pier 69 was most effective because of the location. She would like to try it again (meet-n-greet at a table) right inside the front door by the elevators downstairs and at the AOB, by the terminal level elevators might be a good location for AOB employees.

Jim Reinke discussed how he tag-teams with Sonia to talk about what's going on as employees get ready to retire, to understand their options, retirement planning, etc. They want to touch base with people who are ready to leave and then coordinate their withdrawal payments. Webinars are recorded; first one was in January; on the scheduler it says it's recorded but you have to register for it on a specific time but you can watch it anytime. There is a new topic every month - the next is on Tax Planning.

ICMA-RC would like to reach out to retirees to send links to the recorded webinars since they don't have access to Compass.

ICMA-RC Focus in 2017; Jim's services and financial planning services on the website.

ICMA-RC 2017 Initiatives: relationship building, delivering resources to participants, encouraging savings increases, and asset retention strategies.

The Port may like to arrange a few brown bags for ICMA-RC representatives to come and walk through all of the new features for employees. Meeting adjourned at 4:00 p.m.