457 DEFERRED COMPENSATION PLAN
MINUTES OF ADMINISTRATIVE COMMITTEE MEETING
March 29, 2017 at 9:30 a.m.

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

Staff in Attendance
Anika Klix, Human Resources
Julia Tanga, Police Department

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

Minutes from the February meeting were approved by the Committee.

ICMA-RC Q1 2017 – Executive Summary Report, Participant Services Report, On-site Activity, and Auto-rebalancing feature

It was reported that 2016 was a record year for rollovers. Since the end of 2017, into 1st quarter of 2017, participation has increased slightly. Representatives have delivered more consistent messaging and employees are becoming more familiar with Sonia and Jim as their representatives.

Inactive participants are at an all-time high; 459 have been inactive (participants who have a balance and did not make a contribution to the plan within the last 12 months). The mobile app is gaining popularity; touch-tone service is also increasing a bit. Loans are up; there were 179 new loans in Q1 for a total of 233. Six loans have defaulted in the past 12 months. The loan balance is $2.5 million.

Sonia Rogers reported that the pop-up events held in Q1 were a great success! Buzz was created and many questions were answered. Some employee comments were that it felt non-threatening and warm; people felt safe to ask questions and had some follow-up phone conversations as a result. A few rollovers were started on the spot, by phone. The event set the stage for the Retirement Truck event.

Realize Retirement Tour truck update: Anika is taking care of the required city permits and space reservations at both the Pier and the Airport. Flyers will be posted in elevators and break rooms.

Jim Reinke reported that so far in the first quarter he's had 15 phone meetings and 5 face-to-face meetings. The webinars were watched by 3 people (the recorded version). He reached out to the retirees (188 total) to let them know that there are recorded webinars and as a result of the outreach, 13 retirees watched them.

A review of the auto-rebalancing feature was given. Follow-up from the February meeting was to add a definition to the website. The Committee decided to table the decision until the June 28th meeting.

Hyas Group: Greg Settle
Greg provided regulatory updates and talked about policies possibly being affected at the Federal level. Markets rebounded and it's still a "watch-and-see" scenario. Follow-up on American Airlines case; Hyas team analyzed the case thoroughly and Greg provided commentary and explanations on the case. No news or developments have happened in the case since December 2016. Greg will continue to monitor its progress.

Employee statistics: Tammy reported as of 3/1/17 that Port-wide 5.5% were under age 29; that will increase after 150 high school interns are hired and it will reduce when they leave; largest population group 50-59 age bracket 32.5%; 60-69 (272 employees); 40-49 (529 employees); 30-399 (344 employees); 10+ people over 70. ICMA-RC will provide an ad-hoc report for next meeting with an age breakout over-laid with plan participation at the next meeting. Tammy noted that the normal retirement age (NRA) for PERS is 65, NRA is 63 for LEOFF, could use June 1 data for the June 28th meeting.

There was discussion about the state of healthcare and what employers paid to offset the delta and pre-existing condition risk that employers took on. It's an issue because of the uncertainty in certain age groups, particularly in the over 60 age group. People are starting to make decisions between investing in a 457 and an HSA.

Greg reported that some analysis has been underway on the Deferred Compensation budget and balance of the plans. More review needs to be done and it will be discussed in a special meeting.

It was decided that the fees will be reduced from 6bp to 5bp and the Admin fee is being reduced from $60 to $52 per participant, per year. Greg will help draft communication.
Review of Investment Policy and Guidelines: Greg shared a redline copy with the Committee and edits were discussed. Some suggestions were to remove Money Market, update investment objectives (added "international") and updated percentages; additions to list of custom benchmarks.

Milton motioned to adopt the Investment Policy with said changes. Duane seconded. All in favor. Motion passed to adopt changes.

Greg reviewed information about the stable value fund and a chart "net of management fee returns". Greg put in a formal request to reduce the basis points on their stable value fund and they agreed that they would and wouldn't do anything to the participant fee; they also are making the plus fund available throughout the industry – both private and public sector. It's on a more equal footing and removes any conflict of interest. A review of various stable value funds were compared; Columbia Stable Gov't, ICMA-RC Plus, Putnam Stable Value Fund, and T. Rowe Price Stable Value. The Committee was pleased at the reduction in the fee w/ ICMA-RC Plus.

Motion by Dayton to change to the ICMA-Plus Stable Value fund; Duane seconded; All in favor. Motion passed.

Committee vacancy for union-represented employee: one interview will be scheduled.

It was discussed to combine the year end meeting with the retreat; Committee will review next years' schedule later in the year.

Meeting adjourned at 1:15pm