

457 Deferred Compensation Plan

Minutes of Administrative Committee Meeting

September 19, 2018

Committee members in attendance:

- Elizabeth Morrison – Finance and Budget
- Eric Baird - ICT
- Milton Ellis – Labor Relations
- Tammy Woodard – Human Resources
- Duane Hill – Accounting and Financial Reporting

Staff:

- Anika Klix, TR Consultant – Human Resources

Guests:

- Sandra Spellmeyer, TR Manager
- Hewan Mengistu, HR intern
- Chris Caudill, Engineering
- Greg Settle, Hyas
- Corey Wiggins, ICMA-RC
- Ken Wedemeyer, ICMA-RC
- Sonia Rogers, ICMA-RC
- James Reinke, ICMA-RC
- Armando Llanes (phoned in) , ICMA-RC

Approval of meeting minutes:

Duane moved to accept the minutes from Q2 meeting on 6/20/18. Eric seconded, all in favor. Approved

NAGDCA conference agenda review: The Committee reviewed and suggested sessions for the two Committee members planning to attend the annual NAGDCA conference. They included enrollment techniques and challenges, ID and solving retirement income, holistic retirement session, and government breakout sessions by asset size – it was suggested that maybe Duane and Chris can each go to one (session 2 and session 3).

There was some discussion about HSA plans becoming more popular and there may be some overlap with other retirement plans. Employees are putting aside money to help with healthcare costs, but some are saving for costs in retirement as well. ICMA-RC may want to work some information into their education programs about how to address healthcare costs in retirement.

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ICMA-RC:

Sonia Rogers reported on Q2 activity and was able to visit a few different Port locations. Air Cargo is unique and some can only meet at certain times and Sonia has gone there a few times for education opportunities. Bus terminal employees cannot usually do individual appointments so Sonia did a drop in session so they could just come in when they had a few minutes to ask questions. Sonia also will extend information to the maintenance employees as well.

Realize Retirement tour; a lot of handouts were picked up; trending was information on online financial planning; learning about the brokerage window; informing people about logging into the portal.

For people leaving service with the Port, Sonia sent out personal letters to provide them with their options. The focus was about the ability to go online to access financial educational resources. Jim Reinke has done some new webinars and continues to meet with employees on more specific investment information and assisting employees with retirement financial planning. Jim is meeting more with pre-retirees and getting a lot of medical questions and how to cover those expenses. Webinars are gaining traction and we should communicate that employees can review recorded webinars. (Eric commented that signing up for the webinar is a bit clunky with many steps to have to register multiple times; Corey agreed that it's a bit clunky, but it's only offered regionally and will work with their home office to take out that extra step to make it a smoother process).

Two fund changes took place in the 2nd Qtr. On June 15 Columbia Stable Fund transitioned to the Plus Fund. The T Rowe Price Growth Stock assets and future contributions transitioned to the lower expense share class.

On Aug 15 there was an amendment to allow in service withdrawals of assets.

Roth/457 update: ICMA-RC will be working on instructions and communication materials. A question was asked if we can allow 457 funds to roll over to the Roth option. Corey suggested allowing conversions via a form to ICMA-RC and they will provide a 1099 at the end of the year to notify of tax liability.

Communication will be coordinated and launched after open enrollment so as not to communicate too much all at once.

There was a review of tax free distribution for public safety officer insurance premiums. Note on the provision was provided to the committee. The limit per year is \$3,000 annually and it must be sent directly from the provider to the healthcare provider. (It was noted that DRS does that for LEOFF payments, so we need to be careful about this because it could impact the ability of ICMA-RC to do this. Jim may be a good resources on the payments from DRS for LEOFF pension payments) Likely it would be up to the participant to track the amount. Corey will pull the form to review the process the participant

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would go through and review it. He will also consult with their legal department and to find out what happens if premiums get overpaid. It may need to be added to the police/fire plan documents as well.

Corey will report back on his findings at next meeting.

Hyas Group:

Hyas Group presented the Plan and Investment Performance Report for the quarter ending June 30, 2018. Two funds remained in violation of the Plans' Investment Policy Statement performance guidelines: The Artisan Mid-Cap Fund and the Carillon Reams Core Plus Bond Fund.

The Artisan Mid Cap Fund has continued to underperform the standards of the IPS, though it had a positive second quarter and is performing well year-to-date. Hyas Group will continue to monitor the fund and report back to the Committee at the next meeting.

Greg updated the Committee on the Carillon Reams Core Plus Bond Fund. The fund's performance in the second quarter was mid-pack, in a period when many leading funds suffered amid interest rate turmoil. Year-to-date through June performance has been positive. The Committee took no action.

The Committee continued discussing roll-outs from the Plans and Greg presented an educational piece on the impact of high private advisor fees. The Committee suggested edits, which Hyas Group will make, and send a revised version to Anika by October 8.

SEC fiduciary rule has been in a comment period for a few months. Hyas is keeping an eye on it.

Acknowledgment of the Committee vote taken on the plus fund was mentioned. ICMA-RC has been notified to make the change.

Elizabeth Morrison gave an update on the Fire/Police plan document updates that are with outside counsel and we will have an update next week. It should be ready by next meeting.

The committee discussed possible topics for the January all-day retreat and 2019 meeting schedules.

Meeting was adjourned to Executive Session at 11:15 a.m.