

457 Deferred Compensation Plan
Minutes of Administrative Committee Meeting
December 19, 2018

Members in Attendance:

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

Staff in attendance:

Anika Klix – Human Resources

Guests on Phone:

Armando Llanes – ICMA-RC

Guests in attendance:

Corey Wiggins– ICMA-RC
Michael Guarasci – ICMA-RC
Ken Wedemeyer – ICMA-RC

Meeting commenced at 9:34 am

Introductions were made around the room.

Approval of meeting minutes:

Eric Baird made a motion to approve the minutes from the Sept. 19, 2018 meeting. Milton Ellis seconded. All in favor. None opposed. Minutes were approved.
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ICMA-RC:

Michael Guarasci, ICMA-RC CFO reported out on strategy and strategic initiatives. He has been out with clients asking what their needs are to understand what ICMA-RC needs to be thinking about, employer issues, and also how they can serve the Port better. Mr. Guarasci went over the organization structure. ICMA-RC has a strong financial position to carry out their mission and help build retirement security for the public sector. There will be more educational tools available developed specifically for public sector employees.

Mr. Guarasci presented some statistics on their public sector accounts which have historically increased every year, \$55.5 billion in public sector assets, over 9,800 public sector plans. Their strategy is to talk to their clientele and find out how best to provide services, continue to add more products and services, and a more efficient infrastructure to deliver the products. Cybersecurity is key and they have a very robust security system in place already. It was reported that just under 1,400 in the Port plan have

457 Deferred Compensation Plan Minutes of Administrative Committee Meeting December 19, 2018

account access credentials. Out of the 1,400, just under 500 use the mobile app, 51 employees use account aggregation. It's a good tool to look at the full financial picture. Quovo is the outside service for account aggregation and they are comfortable with the security of their service.

For the Plan Sponsor, there is Role-based EZLink experience, self-service data visualization, file error-correction automation loan approval automation, and plan health monitor.

For the Participant, there is mobile keyword text access, mobile account access, financial account aggregation, account access personalization, loan processing automation, thumbprint and facial recognition (mobile biometrics), and voice activation account information (Alexa platform) rolling out in Q2 2019.

RealizeRetirement track: 91% recommend tour to others, 65% are more likely to increase their contribution, and 22% increased contributions to their 457 plan. A Time Machine is the next iteration of the RealizeRetirement track experience to see the effect of compounding inflation.

Digital innovation continues with biometrics, robotics process automation, blockchain exploration, customer service alternatives, and artificial intelligence for personal financial management.

There was a review of cybersecurity policy management. The budget for cybersecurity is going up every year and there is a whole team who continuously monitor it and they have good tools to stay in front of any security breaches. ICMA-RC has a cybersecurity guarantee with no limit. Participants are encouraged to setup their credentials through online access to secure their account.

Guided Pathways Advisory Services offers participants a variety of benefits before and through retirement. The Am I on Track tool has been used by 761 Port employees and have run projections ~3,100 times.

Corey Wiggins presented the participant services report. Sonia has been on-site and in several locations to meet with employees and retirees. In March, a 4th quarter report will be presented to the Committee. At the retreat, a full view of 2019 marketing plan and report will be presented.

Pop-up events have continued in lobbies and entry ways of the Port to meet with employees and Sonia also attended the retiree luncheon. Employee communication efforts continue to happen and reaching out to those who separate from service. The "Don't pass on the match" flyer has gone out to those who are not participating, or at a low contribution rate. The "Rollover" flyer is getting emailed out for additional information to encourage roll-ins.

Jim Reinke has met employees in person and on the phone or via web-ex. The webinar series will have a custom Port of Seattle presentation on HSA accounts. Tammy noted that not all employees are eligible for an HSA (about 40% of eligible employees are electing the high deductible plan). Registering for webinars has been a bit clunky in the past but they are changing the system to WebEx and it should make it easier to get access to the webinars in the future.

457 Deferred Compensation Plan

Minutes of Administrative Committee Meeting

December 19, 2018

The Plus fund share class change took place on 10/19/18. Tax-free distributions for public safety insurance premiums (\$3k is an aggregate limit). ICMA-RC also has it available but it is not currently turned on. The insurance carrier would refund any overages above the \$3k limit. If there is a demand for it, it can be turned on for them. Chris will inquire at the next Fire Dept. (and Police Dept) union meeting to see if they have been in contact with DRS about their premiums and report out at the next Committee meeting. Tammy cautioned that there are a limited number in the police department that could be excluded from LEOFF because they are participating in another pension and it could create confusion.

Hyas Group: Greg Settle

Greg presented the Plan and Investment Performance Report for the quarter ending September 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 strong third quarter and is performing well year-to-date as of December 18, 2018. Hyas Group will continue to monitor the fund and report back to the Committee at the next meeting.

The Committee was on the Carillon Reams Core Plus Bond Fund. The fund's performance in the third quarter was poor relative to the benchmark and peers. However, the fund has rebounded sharply in the fourth quarter and had strong year-to-date performance numbers as of December 18, 2018. The Committee took no action.

The Committee discussed next month's Annual Committee Retreat, and Greg suggested several items for the agenda. They included:

- Review of Administrative Account balances, budgetary needs, and the Administrative Fee amount. He will bring updated income level forecasts for different asset and fee levels to the meeting.
- Basics of 457 and 401(a) Plan training: Greg will prepare and present a brief training on the history and unique features of 457(b) and 401(a) retirement plans.
- A discussion and review of the tools and features the Committee may wish to utilize to educate participants about the value of continuing to invest in the Plans after retirement and to motivate them to review options carefully before rolling to an IRA. He will prepare a presentation on this topic.
- A training on "Fiduciary Fundamentals for Committee Members."

Greg reviewed the new Fidelity index fund suite, comparing their fees and performance histories to those of the Plans' Vanguard index funds. The Committee noted the lower cost but decided to allow more time for Vanguard to respond and to observe the performance of these funds. Hyas Group will provide an update at the next meeting.

**457 Deferred Compensation Plan
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The NAGDCA conference re-cap will be discussed at retreat on 1/10/19.

Elizabeth updated the group on the police/fire plan documents and proposed that we switch to the ICMA-RC plan document format to simplify any future updates. It's with legal and outside counsel at the moment for review.

Meeting Adjourned at 11:32