

**457 DEFERRED COMPENSATION PLAN  
MINUTES OF ADMINISTRATIVE COMMITTEE MEETING  
March 21, 2018 at 9:30 a.m.**

**Members in attendance:**

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

**Staff in attendance:**

Anika Klix, Human Resources  
Julia Tanga, POS PD

**Guests On Phone:**

Corey Wiggins  
Peter Hoerber  
Armando Llanes

**Guests in attendance:**

Greg Settle, Hyas Group  
Sonia Rogers, ICMA-RC

Meeting called to order.

**Duane Hill moved to approve the meeting minutes from the 12/13/17 Committee Meeting with one minor change at the bottom of page two, action to move from, not to, revenue sharing. Eric Baird seconded the motion. All in favor. None opposed. Minutes approved.**

**Duane Hill moved to approve the meeting minutes from the January retreat Meeting minutes from January Retreat on 1/17/18. Eric Baird seconded the motion. All in favor. None opposed. Minutes approved.**

NAGDCA conference update: Duane and Chris plan to attend the conference this year in Philadelphia.

**ICMA-RC:**

Sonia Rogers provided a re-cap of the January retreat and year-in-review. The pop-up events have been popular and fun and they get a lot of foot traffic. Sonia did some drop-ins at the bus terminal two months in a row as well as ongoing outreach to participants and new employees who are receiving the match flyer and getting assistance with roll-ins.

Jim has done some webinars that were well received. Participants are starting to get used to the new platform to sign up for them. There is a recording for how to do a financial plan online as a 15-minute overview. This year, there is a push to assist folks with doing a financial plan. Jim also conducts

appointments off-site, sometimes with the employee and the spouse. There has been pro-active outreach to retirees. Phone appointments are also still available.

There was some discussion about age-specific communications when a participant turns age 50. Armando can create some initiative flyers for us. The Port can include a message in What's Happening to remind participants to increase their contributions for the age 50 catch-up amount. On the new website there are also some targeted communications outlining specific benefits.

Armando Llanes created some new outreach messages and the landing page has gone live for Port employees. 2018 initiatives include: the new web portal; auto-rebalancing; email campaign "save more" calculator; pop-up flyer; retention flyer; "meet your representative" flyer; and a "get to know your 457 plan" flyer.

E-news featured services are available; an announcement of the new website went out Port-wide, and information about auto-rebalancing. 457/ROTH feature will go out as another email campaign later this year. There are some people that have opted out of email notices so the information is also included on the website. An email was also created for Sonia to send out to help them increase their contributions.

Greg asked if they can monitor how many times people click on the various links and they can track click and open rates of the emails they send out. In the future, Armando said that he will report on the statistics. Due to the all of the initiatives this year, measuring the results will be important.

Corey Wiggins provided a brief service update. The Realize Retirement tour is in the planning stages and will be at the Pier on 4/25/18. The 457 plan document has been updated and received a favorable Private Letter Ruling from the IRS. What that means, is that the new plan document will be adopted but does not affect how the plan is administered. Corey proposed to have the new plan document officially adopted by the Committee.

The plan document is updated to reflect all of the changes. If the Committee does nothing, it automatically becomes our plan document after 4/23/18. Corey will send the updated plan document to the Committee to review prior to the deadline.

ICMA-RC will do a fiduciary review with and Greg Settle from Hyas Group to ensure the features are being administered appropriately with how the plan document reads for both the Port internally and for ICMA-RC. Greg discussed doing a "true-up" to find where the gaps are in administering the procedures of the plans to know what is in the plan for each feature and check that the Port is adhering to what the plan says. Corey will keep the Committee updated on this project.

Vanguard Federal Money Market Fund Update; ICMA-RC added it for participant investment at the same time they added the fund to the plan strictly for use of the admin allowance account, but through an administrative error it was available for participants. Sonia and Corey did some research and outreach, 9 participant accounts had transferred assets to the account or made contributions to it. On March 9, the account was soft closed to participants for any future contributions or transferred assets. Through the outreach, participants have been moving money out, but there is approx. \$425k still in the fund which will be rectified soon.

**457 DEFERRED COMPENSATION PLAN**  
**MINUTES OF ADMINISTRATIVE COMMITTEE MEETING**  
**March 21, 2018 at 9:30 a.m.**

There are three options going forward:

1. There are 4 participants who have a balance still; do we want them to forcibly take action and move the funds?
2. Or, remain in the soft close environment and as they transfer out they can never transfer in again?
3. Or, maintain the fund as a viable investment fund for participants?

Discussions on the options were weighed and the Committee decided to do a soft close of the fund, option #2.

Corey explained that anyone who transferred money in had to have made an active selection. No automatic transfers were made to it. The money was transferred out to the stable value fund and money wasn't lost as a result. The mistake was made due to a communication error between Corey and the internal staff making the changes to the Port's plan accounts but the message was lost in translation.

**Hyas Group Report:**

Greg Settle provided the Q4 2017 Market and Economic Update and the Q4 Investment fund update. He reviewed the performance of each of the plans and identified where the changes happened.

Hyas Group presented the Plan and Investment Performance Report for the Quarter ended 12/31/17. Two funds were found to be in violation of the Plan's 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, with a very weak fourth quarter ending the year. Hyas Group will do a "deep dive" on the fund and report back to the Committee at the next meeting.

Greg reviewed the Carillon Reams Core Plus Bond Fund. The fund's performance in 2017 was just under the benchmark and 2018 performance year-to-date through 3/19/18 has been strong relative to peers and the benchmark. Hyas Group advised continued patience. The Committee took no action.

The Hyas Group recommended that the Plans switch to the institutional version of the T. Rowe Price Growth Stock Fund from the present share class in order to eliminate the revenue sharing component and reduce cost. The Committee voted to make this change. Greg will send language to Anika to use when instructing ICMA-RC to make this change.

The Committee asked if Hyas Group can add a note on the performance report indicating upon what date a fund became available in the Plans. Greg will check with the Hyas Group team and report back at the next Committee meeting.

**Committee vote: Eric Baird made a motion to move to the institutional share class of the T Rowe Price Fund. Duane Hill seconded the motion. All in favor. None opposed. Motion carries.**

2018 budget review: communication dollars of \$3,000 were removed from the DC budget.

**Duane Hill moved to formally adopt the 2018 budget. Tammy Woodard seconded the motion. All in favor. None opposed. Motion carries.**

\*2018 Budget attached

The Committee discussed adding a 3<sup>rd</sup> employee representative to the Committee and felt it would be a good idea. Consideration could be made when selecting someone to include any underrepresented group on the Committee. The consensus was that it would be beneficial to add another employee representative.

The additional position could be added as an optional position to further benefit the Committee. Active employees and retirees can apply and must have money in the plan and able to attend the meetings. We can ask ICMA-RC or send out emails through their system to communicate the opportunity to sit on the Committee which would include retirees and anyone with money still in the plan.

**Duane Hill made a motion to add a 3<sup>rd</sup> at-large employee or retiree representative for five years with an additional 3 year option. Tammy Woodard seconded the motion. All in favor. None opposed. Motion carries.**

At the next meeting in June, Anika will bring recommendations on a communication plan and a draft application for review.

Administration Policy and Procedures update:

Elizabeth Morrison gave an update on the committee structure and how the various committees seem disconnected. Elizabeth and Eric met with outside counsel and Anne Purcell to identify edits to the policy. There are technically four different committees but in reality, only one committee meets and performs all of the functions. The recommendation is to consolidate into one committee for all of the plans: 457, 401a sup and ED plan, as well as for the police and fire department's plans. Milton could assist with looking at the CBAs with Anne Purcell from Legal.

Options:

1. Everything flows through one administrative committee
2. Have police/fire committee delegate authority to the main administrative committee unless there are specific changes they want to meet on separately

We would then revise the policy to delegate one committee responsible for the administration and investment decisions for all of the plans. Police/fire may need to retain some control via some type of

**457 DEFERRED COMPENSATION PLAN**  
**MINUTES OF ADMINISTRATIVE COMMITTEE MEETING**  
**March 21, 2018 at 9:30 a.m.**

trustee agreement. It would be best to simplify it and maintain representatives from both the police and fire plans on the Committee as well as another union represented employee.

Anika will schedule a meeting with the current Joint Committee members to discuss. Purpose of meeting: to reactivate the committee on record and delegate authority to the investment committee or change up the membership.

After all decisions are made, ask Anne and outside counsel (Rich) to re-write the policy document, the Committee will review the final version and then Steve Metruck would need to sign it and execute the changes.

Meeting adjourned at 11:57 a.m.

## 2018 Budget

### REVENUE & EXPENSE

<u>Expense Budget</u>	<u>2018</u>
ICMA maintenance fee	\$ 161,406
Investment consultant - Hyas	\$ 65,000
RFP consulting services - Hyas	
NAGDCA membership	\$ 600
Committee training & education	\$ 8,200
Communications	
Sub-total Non ICMA costs	\$ 73,800
<b>TOTAL EXPENSES</b>	<b>\$ 235,206</b>

#### 2018 NAGDCA

airfare to	
PHI	\$ 500.00
hotel	\$ 800.00
conf fee	\$ 550.00
food	\$ 200.00
per person	\$ 2,050.00
2 ppl	\$ 4,100.00
3 ppl	\$ 6,150.00
4 ppl	\$ 8,200.00

<u>Revenue Budget: Fees Collected Per Plan</u>			<u>(*active only)</u>	<u>FEES</u>		
as of 9/30/2017	<u>Assets</u>		<u>Participants</u>	<u>admin/asset</u>	<u>ICMA</u>	<u>TOTAL</u>
				<u>0.0005</u>	<u>\$52/acc't</u>	
457	179,264,767	77%	1647	89,632	88,938	178,570
non-rep	21,533,127	9%	1109	10,767	59,886	70,653
fire	16,985,383	7%	131	8,493	7,074	15,567
police	15,332,021	7%	102	7,666	5,508	13,174
				-		-
<b>TOTAL</b>	<b>233,115,298</b>		<b>2,989</b>	<b>116,558</b>	<b>161,406</b>	<b>277,964</b>
Target				73,800	161,406	
Surplus				42,758	-	

<u>FUND BALANCE</u>					
Target - annual			77,252		
Target - RFP consultant			50,000		
Target - TOTAL			127,252		
				12/31/2018	
<u>Per Plan</u>		<u>Target</u>	<u>Actual</u>	<u>suplus</u>	
457 306867	77%	97,856	115,954.65	18,099	
non-rep 106370	9%	11,754	19,297.17	7,543	
fire 106376	7%	9,272	10,368.63	1,097	
police 106372	7%	8,369	10,164.23	1,795	
		127,252	155,785	28,533	

<u>Revenue Budget: Fees Collected Per Plan</u>			<u>(*active only)</u>	<u>FEES</u>	
as of 9/30/2017	<u>Assets</u>		<u>Participants</u>	<u>admin/asset</u>	
market correction	<u>0.25</u>			<u>0.0004</u>	
457	134,448,575	58%	1647	53,779	
non-rep	16,149,845	7%	1109	6,460	
fire	12,739,037	5%	131	5,096	
police	11,499,016	5%	102	4,600	
				-	
<b>TOTAL</b>	<b>174,836,474</b>		<b>2,989</b>	<b>69,935</b>	