

## 3/6/19 Deferred Comp Committee meeting

Pier 69 3CC03 – 9:30 to 12:00

### **Committee members in attendance:**

Tammy Woodard  
Elizabeth Morrison  
Eric Baird  
Milton Ellis  
Duane Hill  
Taesan Hose

### **Staff members in attendance:**

Anika Klix, Human Resources  
Brad Jensen, ICT

### **Guests in attendance:**

Corey Wiggins – ICMA-RC  
Peter Hoerber– ICMA-RC  
Michele Martin– ICMA-RC  
Sonia Rogers– ICMA-RC  
James Reinke– ICMA-RC  
Mandeep Singh– ICMA-RC  
Armando Llanes– ICMA-RC

Approval of minutes from 1/10/19 retreat:

Duane Hill moved to approve the minutes. Tammy Woodard seconded. All in favor, none opposed.  
Minutes approved.

### **ICMA-RC**

#### **IT Cyber Security Presentation**

The ICMA-RC technical team provided an overview of the cyber security issues.

In event of a breach, ICMA-RC would notify the plan sponsor within 48 hours and any required laws and processes are followed. Corey will forward information to the Committee that details the process and where the responsibilities lie.

#### **Participant Services Report**

Sonia Rogers demonstrated an interactive tool that she can use when meeting with participants that helps them engage with the information. The tool asks questions to assess if someone is on track for retirement and can run various scenarios. It also shows the difference between the 457 and the Roth 457 to help them visualize each and assist with making a decision.

## **On Site Activity Report**

James Reinke consulted with several employees to develop financial plans. Sonia Rogers also has continued to meet with employees on-site at various locations around the Port.

## **457/Roth Project Update**

HCM self-service 457 contribution set-up will go-live on March 11, 2019 as well as the addition of the Roth after-tax option for all employees. ICMA-RC has updated their web portal with the new instructions, updated enrollment booklets, and information. Communication to Port employees is in progress.

## **Greg Settle – Hyas Group**

Greg presented the Plan and Investment Performance Report for the quarter ending December 31, 2018. Three funds were found to be in violation of the Plans' Investment Policy Statement performance guidelines: The Artisan Mid-Cap Fund, the Hartford Small Cap Growth HLS IA 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 finished with a strong performance for the year 2018. The fund has continued to do well into March of 2019 and the Committee took no action. The 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 managers were well-positioned for the volatile fourth quarter and the fund was ranked in the first percentile vs. peers in Q4, and 10<sup>th</sup> percentile for the year 2018. It seems likely that as the uniquely poor 2014 performance year drops off the five-year metric, the fund will be returning to full compliance with the standards of the IPS. The Committee took no action.

The Hartford Small Cap Growth HLS IA Fund was in underperformance for the first time, after many years of steady success. The fund is rebounding strongly this year and given the unique market dynamics of the fourth quarter and this track record, the Committee took no action.

Greg provided an update on the new Fidelity index fund suite, focusing on a comparison of Fidelity's securities lending practices to those of Vanguard. After some discussion, the Committee decided to allow more time for Vanguard to respond and to further observe the performance of these funds. Hyas Group will provide an update at the next meeting.

The Committee discussed items from the Annual Committee Retreat and took the following actions: The Committee continued discussion of the idea to allow former employees (retirees) with Plan accounts to take loans from the 457 Plan and repay them through ACH. The Committee voted to approve this change. Greg will work with ICMA-RC and Anika to develop a promotional message about

this new feature. The Committee also voted to allow participants to refinance an existing loan only one time per year.

The Committee further discussed having a retiree dinner or other function to raise awareness of retiree services available in the Plans and the value of staying in the Plan after leaving service. The Committee decided to conduct a brief survey of employees to learn about their present understanding of retiree services and what sort of function they might want to attend. Greg will send Anika some sample questions and assist with developing a survey.

Greg will send some sample language to Anika by March 22, 2019 for a communication to participants about the recent reduction in the Plan's Admin Fee from .05% down to .04%.

**Vote**

Milton Ellis made a Motion to allow retirees to take out a loan from their 457; loan provisions would be the same with a one-time refinance option. It was seconded by Duane Hill. All in favor. None opposed. Motion carries.

**Vote:**

Eric moved to accept the 2019 deferred compensation committee's budget that was presented and discussed at the January retreat; Milton seconded. All in favor. None opposed. The 2019 budget is approved. A copy of the approved budget is appended.

**Vote:**

Duane Hill moved to amend the current loan provisions to allow no more than one (1) loan refinance per year effective July 1, 2019. Tammy Woodard seconded it. All in favor. None opposed. Motion carries *pending clarification about whether it will be in a rolling year based on the loan origination date or a calendar year regardless of loan origination date.*

Meeting adjourned at 12:00.

Appendix: 2019 Deferred Compensation Committee budget

2019 Budget Hyas Contract executed 2/4/18

**REVENUE & EXPENSE**

<u>Expense Budget</u>	<u>2019</u>	
ICMA maintenance fee	\$	172,476
Investment consultant - Hyas	\$	65,000
RFP consulting services - Hyas		
NAGDCA membership	\$	600
Committee training & education	\$	7,218
Communications	\$	3,000
Sub-total Non ICMA costs	\$	75,818
<b>TOTAL EXPENSES</b>	\$	<b>248,294</b>

<u>2019 NAGDCA</u>			
airfare to NOLA	\$	500.00	transportation 300
hotel	\$	1,000.00	
conf fee	\$	550.00	
food	\$	200.00	
per person	\$	2,250.00	
2 ppl	\$	4,500.00	
3 ppl	\$	6,750.00	retreat lunch \$167.50
4 ppl	\$	9,000.00	

<u>Revenue Budget: Fees Collected Per Plan</u>				<u>2019 Forecast</u>		
as of 1/2/19	<u>Assets</u>	<i>(*active only)</i> <u>Participants</u>		<u>FEES</u>		
				<u>admin/asset</u>	<u>ICMA</u>	<u>TOTAL</u>
				<u>0.0005</u>	<u>\$52/acc't</u>	
457	\$ 175,652,011	75%	1759	87,826	94,986	182,812
non-rep	\$ 23,346,987	10%	1174	11,673	63,396	75,069
fire	\$ 15,255,631	7%	107	7,628	5,778	13,406
police	\$ 18,497,652	8%	154	9,249	8,316	17,565
				-		-
<b>TOTAL</b>	<b>232,752,281</b>		<b>3,194</b>	<b>116,376</b>	<b>172,476</b>	<b>288,852</b>
Target				75,818	172,476	
Surplus				40,559	-	

**FUND BALANCE**

Target - annual			81,028		
Target - RFP consultant			50,000		
Target - TOTAL			131,028		
<u>Per Plan</u>		<u>Target</u>		<u>12/26/2018</u> <u>Actual</u>	<u>suplus</u>
457 306867	75%	98,883	152,865.70	53,983	
non-rep 106370	10%	13,143	18,794.17	5,651	
fire 106376	7%	8,588	13,131.28	4,543	
police 106372	8%	10,413	13,573.57	3,160	
		131,028	198,365	67,337	

<u>Revenue Budget: Fees Collected Per Plan</u>	<i>(*active only)</i>		<u>FEES</u>
as of 1/2/19	<u>Assets</u>	<u>Participants</u>	<u>admin/asset</u>
market correction	<b>0.25</b>		<b>0.0004</b>
457	131,739,008	57%	1759
non-rep	17,510,240	8%	1174
fire	11,441,723	5%	107
police	13,873,239	6%	154
			-
<b>TOTAL</b>	<b>174,564,211</b>		<b>3,194</b>
			69,826