

8/21/19 Deferred Comp Committee Meeting

AOB-3B 9:30 to 12:00

Committee Members in Attendance:

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

Staff Members in Attendance:

Anika Klix

Guests in Attendance:

Greg Settle
Corey Wiggins
Sonia Rogers

<p>Approval of minutes from 5/29/19: Duane Hill moved to approve the 5/29/19 meeting minutes. Chris Nuttal seconded. All approve. None opposed. Minutes approved.</p>
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ICMA-RC:

Demo of Plan Health Monitor: HR is the only one currently who is familiar with EZLink but Committee members could get plan-level access. Corey will get it setup.

Participant services:

On-site Activity: Sonia reported that the STOC (SeaTac Office Center) location is great for meeting with participants. They like the ability to have meetings on-site rather than coming to the AOB. She also visited the Westfield Office and the Bus Terminal (ATO). At the ATO it's drop-in hours so that they can stop by between shifts.

Retiree interaction has been great, and they have been asking about required minimum distributions, how to locate it, etc. For those who are doing the pre-retirement catch-up, currently reports are only showing the \$25,000 limit but in September that will be updated to show the higher pre-retirement limit.

Sonia sent out an eBlast to participants about "retirement within reach" with information about managing their account online, setting up text access, and downloading the mobile app.

There is also a flyer for Jim Reinke's presentations and individual appointments at Pier 69 and the AOB that will be communicated in upcoming Total Rewards bulletins. In future CFP communications, note to reiterate that it's a free service to participants and he will not try to be selling anything to them.

Future webinars will be streamlined as well as run through the compliance department so that the content will be available for longer and not taken down after three months.

Participants have been encouraged to enter a personal email into their account and contact information is current. 2nd quarter account statements were sent out with a letter about the drop in fees and the change in the process for setting up contributions.

457 Loan Update: As of 10/1/19, the change in loan provisions have started to be communicated. There will be two separate articles in the Total Rewards bulletin and an account access message. There will also be a message on the 3rd quarter statements. Sonia sent out an email to all participants with an outstanding loan who have a loan in the system to let them know.

There is a new flyer being developed about the benefits of taking a loan out in retirement. Committee members discussed some verbiage changes and Corey will have it revised and send out another draft for review before it's distributed.

Brokerage Account Communication: An email communication planned is regarding the self-directed brokerage account. The Committee had some discussion and felt it was a good idea to inform and educate participants. It's also a good retention tool for those who feel confident to choose their own investment portfolio.

Hyas Group:

Greg presented the Plan and Investment Performance Report for the quarter ending June 30, 2019. One fund was found to be in violation of the Plans' Investment Policy Statement performance guidelines: the Carillon Reams Core Plus Bond Fund.

Greg updated the Committee on the Carillon Reams Core Plus Bond Fund. The fund has had mid-pack performance in 2019 thus far, which was not a surprise given the substantial decrease in interest rates experienced this year and the fund's defensive positioning to mitigate interest rate risk. Five-year underperformance vs. the benchmark was just .05% as of June 30, 2019. The Committee took no action.³

The Artisan Mid Cap Fund has continued its strong rebound and is no longer underperforming the standards of the IPS. However, the Committee decided to leave the fund on Watch and revisit its performance next quarter.

Greg provided an update on the new Fidelity index fund suite and presented sample participant communications that have been used to announce such a change with other plans. After some discussion, the Committee voted to switch all of the Plans' index funds from Vanguard to Fidelity. Greg will prepare instructions for the Port to submit to ICMA-RC to make this change effective and get them to Anika by August 30. ICMA-RC will send out a letter by Oct. 17th, 2019.

Committee Vote: Eric moved to switch from Vanguard Index Fund to the Fidelity Index fund as soon as practicable. Duane seconded. All approved. None opposed. Motion carried.

ICMA-RC presented an announcement and a time-table for making 457 plan loans available to retirees. Greg will have his staff revise the “Fees Matter” piece that describes reasons to keep money in the Plan after separating from service to include the availability of loans to retirees and will present the updated copy at the next Committee meeting.

Greg presented a brief comparison of the expense ratios for the Fidelity Index Target Date Fund series and the Vanguard Target Date Fund series that is presently utilized. Greg also noted that the Plans have exceeded \$94 million in TDF assets and can likely move to the \$100 million share class from Vanguard in the coming months and see the average expense ratio drop from .14% to .09%. He will contact Vanguard to see when we can make this lower pricing effective and report back at the next Committee meeting.

The Committee asked for Hyas Group to prepare a Target Date Fund review for the Annual Retreat to be held in January, including a comparison to other leading target date fund families. They will prepare this accordingly.

Greg discussed the difference between “Core” and “Core Plus” in Intermediate bond fund mandates and noted that little additional risk is incurred when small amounts of high yield bonds are added to these blue-chip portfolios. Elizabeth asked if we have seen or can provide a study showing what the “efficient frontier” for adding high yield bonds to such funds looks like. Greg will investigate and if such a chart can be found or produced and bring it to a future meeting.

Retiree Dinner plan update:

Oct 24 – 3:00 – 4:30 (breakdown by 5:00) at the AOB Central Auditorium (booked)

- AOB catering – need to choose menu and book catering

Nov 14 – 4:30 – 6:30 at Pier 69 Atrium (booked)

- Need to choose catering

Invitations will be created and sent via email by 10/17/19 asking for an RSVP by 10/21/19. Anika will setup a SharePoint sign-up for the RSVP list.

Participant survey: Corey will produce the survey in Qualtrix and send a link to Anika and we will send out an email to participants in September.

Meeting adjourned at 11:45 a.m.