

8/26/2020 Deferred Compensation Committee meeting minutes

Committee members in attendance

Eric Baird, Duane Hill, Milton Ellis, Shawn Griffin, Tae Hose, Tammy Woodard, Elizabeth Morrison

Guests in attendance:

Sonia Rogers, Corey Wiggins, Pete Hoerber, Greg Settle

Staff in attendance:

Anika Klix

Minutes from May 2020: Duane Hill made a motion to approve the May minutes as amended.

Second: Elizabeth Morrison. All in favor none opposed.

Hyas Group:

Greg presented the Plan and Investment Performance Report for the quarter ending June 30, 2020. One fund was found to be in violation of the Plans' Investment Policy Statement (IPS) performance guidelines, the DFA Targeted Value Fund. The Comments on this fund and the other funds presently on Watch status are further detailed below.

- a. He noted that the DFA Targeted Value Fund had rebounded in the second quarter and has continued to do well in the third quarter. Greg advised further patience and the Committee took no action, leaving the fund on Watch status.

- b. The American Funds Cap World Growth and Income R6 Fund continued to be in compliance with the performance standards of the Plans' IPS in the first quarter. However, the Committee decided to keep the fund on Watch.

Greg discussed the recent outsized performance of the American Funds EuroPacific Growth Fund, and how a Hyas Group review of this fund leads us to believe that the fund's present benchmarking of the fund against "blend" benchmarks may no longer be appropriate, as the fund has become much more of a growth fund in the past few years. He suggested that we review this topic and the implications for the Plans' investment menu design at the January Committee Retreat, and the Committee agreed. He will have an analysis of the fund's style and a review of the latest industry thought on menu design prepared for that meeting.

Greg presented an updated IPS with a revised Fee and Expense Policy included as a new Appendix A. The Committee approved of the updates to the IPS and to the Fee and Expense Policy, and the combination of the two documents. He will prepare a clean copy of the new IPS and send it to Anika for the Port to sign and return copy to Hyas Group for their records.

The Committee continued its discussion of the SECURE Act's optional features. The Committee then voted to add the Qualified Birth or Adoption Distribution (QBOAD) feature to the 457 Plan. The Committee also discussed the new, lower age 59½ In-Service Distribution feature for the 457 Plan and voted to add this feature as well. ICMA-RC will be providing the needed documentation to engage these features to the Port shortly.

Vote: Revised IPS and fee and expense policy:

Elizabeth Morrison made a motion to amend IPS as drafted to include the fee and expense policy as an appendix and that it replaces any prior actions related to the fee management and to attach/append the fee and expense policy as revised. Seconded: Duane. All approved, none opposed.

ICMA-RC:

Sonia Rogers reported that virtual consultations increased due to COVID-19 and have received positive feedback. The appointments were more meaningful and included significant others who were meeting remotely. More people signed up for text access. Live webinars were offered with lower attendance than past in-person seminars.

Corey Wiggins talked about some enhancements to the CFP program. Pete Hoerber went into more detail about COVID-19 reasons and opportunities to expand the CFP program. There are now more CFPs available and is more accessible for participants. CFP consultations can be scheduled based on participant availability. Expanded ability of live webinars will be available on a monthly basis, as well as an expansion of the recorded webinar library.

Corey presented a visual of some of the communications that were sent out to participants in the past quarter. The "Don't Pass on the Match" flyer was mailed out physically as well as via email. Another communication was sent out to let folks know they didn't have an email or phone number on file and provided the instructions for HCM contributions. Consultations pivoted seamlessly into online meetings and the transition has gone very smooth. A text access flyer was sent out as well as a roll-in overview flyer.

Pete Hoerber reported that they are planning a specific communication campaign each month with targeted messaging around an education program plan. The goal is to drive consultation activity to meet with Sonia Rogers, ICMA-RC Retirement Specialist.

CARES Act Update: The Port implemented the Coronavirus related distributions (10), loan repayment suspensions (2), and the CARES Act loans (16).

SECURE Act Update: (passed at the end of 2019)

- ICMA-RC is ready for implementation, pending plan adoptions

- Age 59 ½ In-service 457 withdrawal up to 100%: it would provide access to distributions at a younger age while still employed at the Port. The downside is that it opens up the opportunity for participants to roll money out of the plan earlier.
- Qualified birth or adoption distribution (457 plan): of up to \$5,000 per birth or adoption from their 457 account with the ability to repay it. Repayment would be through an indirect rollover and they are responsible for their taxes when they repay it.

The committee discussed whether or not to adopt the SECURE Act provisions that resulted in a vote to implement them. Hyas Group encourages the Age 59 ½ in-service 457 withdrawal provision and doesn't feel it's not a big threat to roll-outs or distributions.

Vote: Motion: Duane Hill moved to include the at 59 ½ provision. Shawn Griffin seconded. All approved. None opposed. Motion carries.

Motion: Elizabeth Morrison moved to adopt the Qualified Birth or Adoption distribution. Milton Ellis seconded. All approved. None opposed.

Moss Adams audited our 401a plans and it will be an annual occurrence. In the fall, they gather information about the plan and then they develop an audit plan to begin in February. ICMA-RC is available to assist with information gathering. Revisit audit process and missing 401a contributions at the November meeting.