

Deferred Compensation Committee Annual Retreat

Part 1: January 21, 2021

8:30 to noon

In attendance:

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

Port Staff: Anika Klix, Total Rewards Consultant

Guests: Greg Settle – Hyas Group, Peter Hoerber – ICMA-RC, Patty Harte – ICMA-RC, Sonia Rogers – ICMA-RC

Introductions were presented around the group and we met the new Regional Manager, Patty Harte for the first time who has replaced Corey Wiggins from ICMA-RC.

A motion to approve the meeting minutes from the November meeting was proposed by Eric Baird and seconded by Milton Ellis. All approved. None opposed. Minutes approved.

Budget review for 2021:

The committee discussed the training, education, communications, and events line items in the budget document. With NAGDCA being offered online, the cost per participant is lower so it's possible that more committee members can attend. We will put the cost together for three people to attend in person with travel included, while others may attend virtually. In Part 2 of the retreat, we will present a revised budget.

For communications and events a proposed place holder of \$1,000 was discussed. Since no in-person events are currently planned with other clients in the PNW, virtual events are preferred for 2021. The Port has taken a very conservative approach to planning on-site events and prefer to keep events virtual this year. The committee agreed to table it to Part 2 of the retreat after we have had further discussions about 2021 communication plans.

In Part 2 of the retreat, there will be follow-up regarding how the Port is funding the supplemental plan for 401a. Duane Hill said he will look at that and report back.

Hyas Group – Greg Settle

Greg presented an analysis of the investment style drift that has been observed in the American Funds EuroPacific Growth Fund. After some discussion, the Committee voted to reclassify this fund as a “foreign large growth” fund, rather than as a “foreign large blend” fund. This change will be reflected in a revised Investment Policy Statement (IPS) and in future performance reports that Hyas Group prepares.

Greg presented education about recent trends and best practices in DC Plan investment menu design. After some discussion, the Committee made the following decisions:

Committee Votes:

The Committee voted to reclassify the American Funds World Growth and Income Fund as a “miscellaneous” fund rather than as an “international” fund in the IPS and performance reports. The fund’s benchmarks shall remain unchanged.

The Committee voted to add a new asset class to the Plans, “foreign large value.” The IPS will be revised accordingly and the Hyas Group will prepare a manager search for a foreign large value manager for presentation at the March meeting.

The Committee voted to replace the Fidelity Extended Market Index Fund with a true passive mid-cap blend fund. Hyas Group will prepare and present a manager search for a passively managed mid-cap blend fund at the March meeting.

The Committee reviewed the Plans’ Administrative Budget and the forecasted revenue vs. expenses for 2021. It was noted that assets have again grown to a level where a reduction in the fee collected to pay for Plan oversight and administration can be considered. Hyas Group will prepare a study contemplating a potential fee reduction of various amounts and scenarios for discussion at the March meeting.

Greg presented information and case study research on the potential value of utilizing the Roth contribution option in the 457 Plan for individuals at higher income levels. The Committee then instructed ICMA-RC to prepare a marketing campaign to increase awareness among Port employees of these dynamics and to bring data about present levels of Roth utilization to the March meeting.

ICMA-RC

Expanded CFP Services

There is now a team approach of over 30 CFPs who are available now on-demand. This allows for greater access to CFP services and expanded live and recorded webinars. Employees will be offered a wider array of services such as on-demand offerings and proactive outreach of digital and marketing campaigns on a wide range of topics. In 2021, there will be monthly sessions of financial planning webinars on various topics.

In the March Committee meeting, ICMA-RC will report on how many people have used the CFP services to-date and review of what other clients have said about it and their experiences.

SS&C Partnership and Samples of Digital Tools

ICMA-RC is working closely with SS&C on marketing materials and what they will develop as new tools.

There will be an enhanced digital experience that will be more comprehensive and easier to navigate. Some enhancements include;

- Expanded financial wellness programs with personalized user experiences,
- Coverage for a wide range of life stages, budgeting, debt and credit management, college planning, and others,
- Real-time recommendations based on algorithms from the user experience on the website
- Gamification

A scalable and configurable platform will allow rapid technology enhancements tailored to client's needs.

Enhancements for the plan sponsor will include;

- 360 payroll integration
- Better user interface
- Robust reporting features with a full suite of pre-defined reports and customizable reports
- Self-service administrative allowance account payments

The transition will take 18 months and they are four months in. Six complete tests in total will need to be done before next March 2022. It was stressed that the Port needs to be folded into the transition process as soon as possible. We will need to coordinate an information call with Lauren Smith, ICT, Payroll, and HR to clearly understand the process.

Service Guarantee: 100% accountable for the experience and all aspects of the plan sponsor relationship. There will be no blackout period and a seamless transition rollout. Patty will share quarterly updates and more frequently when available. There will be a communication plan on the transition for plan participants and possibly an FAQ. Patty will check on communications and preview of beta version for some examples.

Fiduciary Training

Investments & Fiduciary Responsibilities Refresher by Hyas Group

To dos:

- The Payroll Manager and Account Payable Manager should have fiduciary training; it's recommended to have a policy and rule documented with regard to the plan and when the money is sent. Duane and Greg will coordinate on scheduling the training.
- 401a resolution needs to be updated to ensure we are consistent with the way we are administering it. Tammy to follow-up on post-probation vs. first six months at the Port language.

- We would like to start tracking plan amendments in a spreadsheet w/ ICMA-RC noting when it happened, what the changes was and why, where the documentation is saved to ensure amendments are made timely.
- The committee should review the resolutions that establish the plans annually as well as the CBAs for language related to the 457 and 401a plans.

Meeting ended at 11:49 a.m.

Deferred Compensation Committee Annual Retreat

Part 2: January 27, 2021

1:00 to 4:30

In attendance:

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

Port Staff: Anika Klix, Total Rewards Consultant

Guests: Greg Settle – Hyas Group, Peter Hoerber – ICMA-RC, Patty Harte – ICMA-RC, Sonia Rogers – ICMA-RC, Diana Diaz – ICMA-RC

The group did a 5-minute desk yoga practice/stretch to kick off the meeting.

<https://youtu.be/6fnLKyRJsrs>

The group reviewed the 2021 budget for a second time after making some adjustments to some of the anticipated expenses and scenarios. Anika and ICMA-RC will review all billing and reconcile accounts before the March meeting.

Vote: Milton motion to adopt the budget. Eric seconded. All approve. None opposed.

Hyas Group:

- See notes on Page 1.

The committee discussed the impact of the 457 ROTH and would like to have more communications to participants about its benefits and a possible webinar on the topic in March/April. At the March meeting, ICMA-RC will report on the number of participants currently utilizing the ROTH option and their demographics. We will also re-visit the investment menu options.

ICMA-RC

Sonia Rogers provided a recap of 2020. Instead of group sessions about online technology, one-on-one meetings were more popular ranging between 25 and 45 minutes. Individual appointments will continue in 2021. Text access has increased after participants learned about the benefits of it. Retirees are finding that zoom and team meetings are a great way to stay well connected and more convenient and user friendly.

Account aggregation is starting to be more popular at the Port and Sonia has been doing some training on that technology. On the custom website, the appointment scheduler is now open to more options

for scheduling. It used to be for two days per week. There are now evening hours for off shift workers or for other groups. Sonia also reviews their beneficiaries and how to update them on all of their plans and ensuring they have a contingent beneficiary.

Communications: Diana Diaz, ICMA-RC Marketing

2021 campaigns: Beneficiaries

In the March meeting, Diana will provide a calendar of proposed communications.

There is now a stronger digital marketing platform that is more targeted and focused for what participants want to know about. The approach is a multi-channel marketing experience through holistic engagement and how participants prefer to be contacted. Communications will help participants navigate their retirement journey through increased participation, encouraging savings, investment education, etc. A more dynamic personalized campaign will be implemented. Emails will engage participants at their key life stages and where they are in their journey.

In the newsletters to plan sponsors, there will be monthly themes. There will be links to financial planning webinars and targeted monthly communications to participants. An idea that was suggested was to add a feedback loop to see how popular particular topics are and how effective the campaigns are. Anika will reach out to the managers and directors of represented workers for recommended times and possible topics for consideration.

ICMA-RC deep dive: Pete Hoerber let us know about the new leadership at ICMA-RC and is very excited about the changes coming. Focus and emphasis about the participant experience is a priority for the firm.

Police/fire plan document update and review: Elizabeth

Elizabeth provided a review of how the deferred compensation organization is structured from a legal standpoint and all of the documents required from resolutions, to plan & trust documents, to adoption agreements, as well as the Administrative Policy and Procedure that spans across all plans.

Elizabeth also reviewed the Policy and Procedure document with the group. It was last updated in 2018 to incorporate the police and fire plans and that the investment committee is now merged with the administrative committee.

The position of Chair or co-Chair is open to change if anyone is interested in performing that role. Anika Klix is in the role of the committee secretary.

Anika, Elizabeth, and Eric are working with Port legal counsel to map over the police and fire plan documents for review and will incorporate the CARES act provisions in the current plan documents. Patty will help us to get the police and fire trust plans on file.

NAGDCA report-out:

NAGDCA offered virtual workshops in 2020. Shawn Griffin didn't attend NAGDCA but did receive some good information about Pension protection acts and other related topics through alternative training. It was a good primer, but not what he expected. Greg provided a resource for education with NAGDCA for new people who are wanting to learn. Pre-conference workshops are a good option during the annual conference.

Next meeting- March 4, 2021

Meeting adjourned at 3:38pm