

**Port of Seattle
457 Deferred Compensation Plan
Administrative Committee Annual Retreat**

**January 16, 2025 – 9:30am – 4:00pm
Airport Office Building, Room 4E
Agenda**

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| 9:30 a.m. to 9:45 a.m. <i>15 minutes</i> | <ul style="list-style-type: none"> Welcome & Introductions Approval of November 2024 meeting minutes | Committee Chair |
| 9:45 a.m. to 10:30 a.m. <i>45 minutes</i> | <ul style="list-style-type: none"> Review: Investment Policy Statement Review: Investment Line-up Review Benchmarking Plan Fees | Hyas Group: Ted Grigsby |
| 10:30 a.m. to 11:15 a.m. <i>45 minutes</i> | <ul style="list-style-type: none"> Investment Manager Presentation: DFA Investments | DFA Investments: Malcom Ray |
| 11:15 a.m. to 11:25 a.m. <i>10 minutes</i> | BREAK | |
| 11:25 a.m. to 12:00 p.m. <i>35 minutes</i> | <ul style="list-style-type: none"> DOL Cyber Security Review compared with Port of Seattle Cyber practices | MissionSquare: Andrew Sicora |
| Noon to 12:45 p.m. <i>45 minutes</i> | LUNCH | |
| 12:45 p.m. to 1:30 p.m. <i>45 minutes</i> | <ul style="list-style-type: none"> 2025 Budget and Administrative Fee Review | Hyas Group |
| 1:30 p.m. to 2:30 p.m. <i>60 minutes</i> | <ul style="list-style-type: none"> Strategy: How to reduce Plan leakage through participant support and Plan design. Auto-enroll and auto-increase: Understanding the impact for participants Washington auto-enroll legislation update | Hyas Group: Ted Grigsby MissionSquare: Tim Oster |
| 2:30 p.m. to 3:15 p.m. <i>45 minutes</i> | <ul style="list-style-type: none"> Secure Act 2.0 Provisions and Updates | Mission Square |
| 3:15 p.m. to 3:45p.m. <i>30 minutes</i> | <ul style="list-style-type: none"> Fiduciary Training: Fees Matter | Hyas |
| 3:45 p.m. to 4:00 p.m. | WRAP UP | |

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Committee members in attendance:

- Elizabeth Morrison, Eric Baird, Kecia Reichstein, Milton Ellis, Taesan Hose, Eloise Olivar

Staff members in attendance:

- Sherie Chipperfield, Human Resources
- Teddy McDonald, Human Resources
- Chandra Winston, Human Resources

Guests in attendance:

- Ted Grigsby, Hyas Group
- Tim Oster, Mission Square Retirement
- Andrew Sicora, Mission Square Retirement
- Scott Siedel, Mission Square Retirement
- Jennifer Lynch, Mission Square Retirement

Meeting called to order. On 1/16/2025 at 9:37 a.m

All Committee

Welcome & Introductions

The Committee members and financial services representatives introduced themselves.

Approval of November 2024 meeting minutes

VOTE:

Taesan Hose moved to approve the November 2024 meeting minutes.

Seconded: Milton Ellis

All approved: yes

Opposed: no

Hyas

Review: Investment Policy Statement

Ted Grigsby from Hyas Group went over the amendments he recommends to add to the Investment Policy Statement including updated verbiage to add a Target Date category under the Investment Option Termination and Watch Guidelines section.

VOTE:

Elizabeth Morrison moved to approve the new amendments to the Investment Policy Statement.

Seconded: Taesan Hose seconded.

All approved: yes

Opposed: no

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Review: Investment Line-up Review

Ted Grigsby from Hyas reviewed 2 different ideas for the Port of Seattle Plans line up. The committee discussed the option to update the index suite to a lower cost CIT option provided by State Street. Specifically, the international index appears to provide the most benefit to participants due to favorable tax treatment. The Committee requested more information to help with their decision, such as performance comparison, holdings comparison, and other elements. The Committee also discussed opening the Vanguard Money Market Fund to participants, since it was frozen in 2016 due to transitions in the fund line-up. Money Market was removed in 2016 due to government regulation reasons described in the 2015 Q4 meeting and 2016 retreat meeting minutes. The Committee would also like to see more comparison to help them with their decision. Hyas Group will work on providing more information to be available at subsequent Committee meetings.

Ted will produce an investment search comparison document.

Investment Manager Presentation: DFA Investments

Malcolm Rey from Dimensional Fund Advisors introduced himself and his team, Sonny Padilla and Charlotte Rice. They were invited to present to the Deferred Compensation Committee by Ted Grigsby from Hyas Group. DFA Investments provided an overview of the process and management for the DFA US Targeted Value Fund, which is utilized in the plan. Malcom Ray, who is the consultant relations director at DFA, introduced Sunny Podila, one of the funds portfolio managers. Sunny provided a thorough overview of the strategy including the trading approach, investment selection strategy, and their perceived advantages. The fund provides low-cost access to the small cap value space and has provided strong returns relative to peers and indices.

Benchmarking Plan Fees

The Committee discussed the Fee Benchmark Review report provided by Hyas Group which measured both the record-keeping and investment fees against relevant peers, a sample size of 26 other anonymous plan sponsors. By all measures the Port has maintained a competitive plan considering the level of service, lack of other record keeping revenue sources (e.g., managed accounts), and the ability for participants to access a CFP planning resource. The record keeping contract will come due in a few years and Hyas Group will work to conduct the RFP on behalf of the Port.

MissionSquare

DOL Cyber Security Review compared with Port of Seattle Cyber practices

Andrew Sicora from MissionSquare's Cyber Security group presented information on the cyber security practices that MissionSquare employs to keep the Port of Seattle's deferred compensation accounts safe. Andrew reviewed the regulations guiding MissionSquare's cyber security as well as the structure. MissionSquare's Cyber Security team tests their systems daily, weekly, monthly and yearly by using

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specialized vendors that attempt to hack into their systems to identify any weaknesses in their systems. As a best practice, MissionSquare reports any breach of PPI within 48 hours to the Port of Seattle. MissionSquare goes above and beyond DOL regulation standards to keep Port of Seattle accounts safe.

Break for lunch

All Committee

2025 Budget and Administrative Fee Review

The Committee discussed the current fee and what would happen if we decreased the amount but decided against that at this time. The current fee policy is outlined in the Investment Policy Statement.

The Committee discussed building out the budget to manage expenses factoring in how long we can withstand a potential market decline. Hyas will work on stress testing and market sensitivity of the budget to discuss at a future meeting.

VOTE:

Milton Ellis moved to approve the 2025 Budget.

Seconded: Kecia Reichstein seconded

All approved: yes

Opposed: no

MissionSquare & Hyas

Strategy: How to reduce Plan leakage through participant support and Plan design

Both Ted Grigsby and Tim Oster discussed options on how to make the plan more attractive to retired participants to keep their money in the plan.

Auto-enroll and auto-increase: Understanding the impact for participants

Both Ted Grigsby and Tim Oster discussed the potential issue with auto escalation which would be Payroll/Accounting making sure employee's paycheck don't dip below the Seattle Minimum Wage Ordinance.

As a best practice, the average employee needs to be saving 17-18% of their income for retirement. Employees have a need to come up with the amount created by the gap between social security and pension benefits for employees. Hyas will need to figure out what the average tenure of employees are to model data.

Washington auto-enroll legislation update

The Port will need to switch to enrollment through MissionSquare before we can implement auto enrollment due to employees with limitations on access to HCM. The Port could possibly start to make the changes before 2026.

MissionSquare

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The feedback that Total Rewards heard from the recent Benefits Survey is that employees would like more education about their retirement benefits.

MissionSquare would like to offer seminars or webinars to target groups and do a presentation to explain deferred comp plans.

MissionSquare's mission for 2025 is to offer more services to their clients to prevent customers/employees from rolling out their funds to other services and better technology.

Secure Act 2.0 Provisions and Updates

Tim Oster from MissionSquare provided an overview of Secure Act 2.0 optional provisions. The industry is still awaiting guidance on many of the provisions. The Committee will continue to discuss these items as they become operational and establish a timeline for implementation. MissionSquare will play a significant role in providing details around these provisions and with implementation.

Secure Act 2.0 Optional Provisions Update

- *Higher Contribution Limits for Plan Participants Age 60-63 (Item 109)*
This provision is actually optional plan allows over 50 catch-up so it does not need a committee vote or amendment to implement. MissionSquare is ready to accept this update and can turn on the module for 2025 but will automatically turn it on for 2026. HRIS and Payroll will work together on implementing this provision for the 2026 plan year.
- *Exclusion from Taxable Income of some distributions paid to disabled first responders (item 309)*
This is a mandatory provision that must be implemented for plan year 2027 so more information and clarification will be needed before implementation.
- *Self-Certification of Hardship Claims (Item 312)*
This provision is possibly available for the 457 plan but more information is needed to make a decision.
- *Penalty-Free Distributions for Victims of Domestic Abuse (314)*
MissionSquare implemented this change.
- *Penalty-Free Distributions for Federally Declared Disasters (Item 331)*
MissionSquare has implemented this.
- *Distributions for Payment of LTC Insurance Premiums (Item 334)*
MissionSquare has worked on a solution for this provision and will be ready to implement for the 2026 plan year.
- *Unique RMD Rules for Special Needs Trusts for Disabled Beneficiaries (Item 337)*
This provision would be managed by MissionSquare and does not need to be voted on or implemented by the committee.
- *After-tax Roth Catch-up Contributions (item 603)*
This provision affects age based catch-up contributions and not special catch-up contributions. More clarification and information is needed to implement for plan year 2026.

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| VOTE: |
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Taesam Hose moved to approve the optional provision of Secure Act 2.0 item 331: Penalty-Free Distributions for Federally Declared Disasters.

Seconded: Eric Baird seconded

All approved: yes

Opposed: no

VOTE:

Taesam Hose moved to approve the optional provision of Secure Act 2.0 item 314: Penalty-free Withdrawals for Individuals in Case of Domestic Abuse.

Seconded: Eric Baird seconded

All approved: yes

Opposed: no

Sherie Chipperfield will send the Request for Secure 2.0 and Other Plan Changes Checklist to MissionSquare authorizing the adoption of these optional provisions.

Hyas

Training: Fees

Ted Grigsby from Hyas provided fiduciary training for the Committee, which focused on “Fees Matter.” Ted discussed the ERISA guidelines for fiduciaries and the applicability to non-ERISA government plan sponsors. Ted also discussed notable litigation and trends in current lawsuits, such as the focus on use of forfeiture accounts. Ted described best practices for fiduciaries to monitor and review fees on an ongoing basis.

Meeting ended at 3:56 pm