

**457 Deferred Compensation Plan  
Administrative Committee Meeting  
December 2, 2021  
9:30 a.m. to 12:00 p.m. Regular session  
MS Teams**

**Agenda**

9:00 a.m. to 9:30 a.m. <i>30 minutes</i>	<ul style="list-style-type: none"> <li>● <del>Executive session</del></li> </ul>	Committee only
9:00 a.m. to 9:05 a.m. <i>5 minutes</i>	<ul style="list-style-type: none"> <li>● Welcome / land acknowledgment</li> <li>● Approval of September minutes</li> </ul>	Committee Co-chair
9:05 – 10:05 <i>1 hour</i>	<ul style="list-style-type: none"> <li>● 3Q 2021 Performance Report &amp; Economy/Market Update</li> <li>● Small Cap Growth Manager Search (Potential Replacement of Hartford SCG Fund)</li> <li>● Admin Account Investment Opportunity- MSQ Plus Fund</li> <li>● Vanguard Target Date Fund Changes</li> <li>● Review: Available Tools for Participants' ESG Fund Research and Selection</li> </ul>	Hyas Group
10:05 a.m. to 11:05 a.m. <i>1 hour</i>	<ul style="list-style-type: none"> <li>● 2021 Q3 Virtual Service Delivery</li> <li>● Update on SS&amp;C Partnership and rollout timeline</li> <li>● Roth plan and Brokerage</li> <li>● Results from RPS surveys</li> </ul>	Mission Square Retirement
11:05 to 11:30 <i>25 minutes</i>	<ul style="list-style-type: none"> <li>● Annual Retreat Content Planning</li> <li>● Announcements / wrap-up</li> </ul>	All

**Next meeting: Annual Retreat: January 12, 2022  
MS TEAMS**

## Minutes

Committee members in attendance:

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

Staff members in attendance:

- Anika Klix, Human Resources

Guests in attendance:

- Greg Settle, Hyas Group
- Patricia Harte, Mission Square Retirement
- Sonia Rogers, Mission Square Retirement
- Diana Diaz, Mission Square Retirement

**Welcome/Land Acknowledgment:** Elizabeth called the meeting to order at 9:04am

### **Approval of September minutes:**

Moved: Duane Hill moved to accept the minutes from the last quarterly meeting

Seconded: Shawn Griffin seconded

All approved: yes

Opposed: no

### **Hyas Group:**

Greg Settle presented the Performance Report for the Plans for the quarter ending September 30, 2021. There were no Plan investment options underperforming the standards of the Plans' Investment Policy Statement (IPS) for this period. One investment, the MissionSquare Plus Fund, was noted for the recent and sudden resignation of one of the fund's co-managers. The Committee voted to place this fund on Watch for qualitative reasons.

### **Vote:**

Motion: Eric Baird moved to put the Mission Square plus fund on watch

Seconded: Duane Hill seconded

All approved: yes

Opposed: no

Greg reported that MissionSquare has revised its policies and will allow the Port to invest its Plan Administrative Accounts in the MissionSquare Plus Fund rather than in a money market fund. Noting the higher interest rate that the Plus Fund has been paying relative to money market fund options, the Committee voted to move the various Plans' Admin Accounts into the Plus Fund. Greg will send Anika language by December 9, 2021 to use when instructing MissionSquare to make this change.

### **Vote:**

Motion: Milton Ellis moved to invest the Administrative Account into the Plus fund

Seconded: Duane Hill seconded

All approved: yes

Opposed: no

Greg discussed the recent announcement by Vanguard about the merging of the Institutional and Investor Share Classes of the Vanguard Target Retirement Suite and the resulting reduction of the average expense ratio for these funds. After noting that this change will require no action by the Committee, he also explained that Vanguard has also

reduced the minimum asset level required for utilization of the Commingled Investment Trust (CIT) version of these funds from \$250 million to \$100 million. After reviewing the pros and cons of engaging the CIT product, the Committee decided to take no action and revisit this opportunity in mid-2022, following the wave of initial transaction activity expected for this fund in the coming months.

Greg reviewed several websites that interested investors can use to learn about Environmental/Social/Governance (ESG) investing and to select ESG investment options. These various sites provide information about the cost, return histories, and purposes of various ESG funds. He will send the links to the websites presented to Anika for distribution to the Committee members, so that they may research them and be prepared for a further discussion about educating Port of Seattle DC Plan participants on the topic of ESG investing at the upcoming Committee Retreat in January.

Greg presented a manager search report for alternatives to the Hartford Small Cap Growth Fund. After review and discussion, the Committee voted to replace the Hartford Small Cap Growth Fund with the AB Small Cap Growth Z Fund. He will send Anika language to use when instructing MissionSquare to make this change.

Vote:

Motion: Duane Hill to move we add the AB small cap growth fund as an investment option; replacing the Hartford

Seconded: Eric Baird seconded

All approved: yes

Opposed: no

The Committee discussed topics for the annual Committee Retreat, which is to be held in two parts, on the mornings of January 11 and 12 of 2022. So far, Hyas Group tasks for this meeting include:

- Preparing a review of the Plans' Investment Policy Statement
- Preparing an Administrative Account review and a recommendation for Administrative Fees amounts for 2022
- Providing training for the Committee on a topic to be determined. Greg will send Anika a list of suggested topics for the Committee to choose from by December 9, 2021.

### **Mission Square Retirement:**

Patty Harte from MissionSquare reported that there is almost \$370 million in assets in all plans. The following updates were also presented:

457 Plan:

- Enrollments in Q1-Q3 compared to last year, were down 30% from 2020.
- Contributions are 10% up from the same time frame since last year.
- CFP consultations are up 53% with the new model.
- There were 657 RPS consultations with Sonia Rogers

401a:

- Enrollments are down 36%
- No change in contributions
- CFP consultations up 53%

Police plan:

- Enrollments down 43%
- Contributions down 2%

- Roll-ins were about \$919k

Fire Plan:

- Zero new enrollments through Sept 2021
- Contributions up 3%
- No roll-ins

Roll-outs for 457 Plan:

- Up 35% year over year (YOY) 2020 – 2021
- Roll-out rate 2.8%

401a Plan roll-out

- 100% YOY increase
- 17% increase in Police plan

Roll-outs Q3 2021 vs Q3 2020:

- 49% YOY in All plans

Roth 457 Plan:

- Assets are growing steadily with an increase from 2020.
- Total number contributing has decreased, but contributions have increased.

Brokerage Growth:

- Assets have increased steadily.
- Average assets are about 3.3% for the Port of Seattle vs. 4.4% for all MSP accounts.

Sonia Rogers, Retirement Plan Specialist, Mission Square Retirement reported that Q3 was very busy, especially with Police and Fire departments. The Financial Wellness Center was highlighted for employees with a Demo and live webinars presented by Sonia. They were well-attended.

Upcoming education:

December: live demo for separated or separating participants

- How to access online accounts
- Set-up online withdrawal
- Consolidations
- Final payout check options
- Services available post-separation, highlighting CFP services

CFP Webinars Monthly Topics in Q3 2021:

- College planning
- Retirement income planning
- Retirement basics
- Planning for long term care
- Your 10-question retiree guide
- Roth IRA basics

Topics trending in RPS Consultations:

- Retirement prior to age 65; how to bridge the gap to cover medical costs prior to Medicare eligibility
- Financial planning referrals
- Inheritance considerations for non-spouse beneficiaries
- Live demos on tools/services
- Brokerage – non-public safety employees

Doug Headley is the new CFP (but not new to Mission Square) who replaced Jim Reinke and will service the participants that Jim previously served.

RPS Survey Results:

- 4 surveys received
- Excellent: 4
- Likely to recommend: 9.75/10

CFP Survey Results

- 5 surveys received
- Excellent – 2 / Good – 3

Transition to SS&C update:

Patty reiterated that the project started about 18 months ago and the implementation was supposed to happen in March 2022. However, in the latest reassessment the target date will move to mid-summer 2022.

Core benefits of the partnership:

- Client-specific gateway pages
- Financial Wellness Center – Phase II
- Participant website with expanded capabilities

Plan sponsor core benefits:

- Plan reporting enhancements
- Plan health dashboard enhancements

The group discussed possible agenda items for the upcoming retreat and fiduciary training topics.

Meeting was adjourned at noon. The next meeting will be the annual retreat on January 11 & 12, 2022 via Teams.