



HYAS GROUP
— INVESTMENT ADVISORS —

Retirement Plans

Washington Public Ports Association's
Finance & Administration Seminar

June 20 18

Presenter:

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Agenda

- A (Riveting) History of 457 Plans
- The Current Plan- scape
- Better Practices
- Current Provider: To RFP or not to RFP
- Why a Consultant

Who is Hyas?

- Retirement Plan Consulting: Defined Contribution Focus
- \$26 Billion under Advisement: Plans from \$1M to \$2B
- Successfully managed \$10 B+ in search projects in last 5 years
- Completed over 60 RFP/RFI projects last 5 years
- Completed 18 client transitions to new vendor

Client List*

CITIES

City and Borough of Juneau/
Bartlett Regional Hospital
City of Anaheim
City of Arlington
City of Austin
City of Boise
City of Buena Park
City of Burbank
City of Carrollton
City of Corvallis
City of Elk Grove
City of Eugene
City of Galt
City of Glendale
City of Kenmore
City of Kent
City of Long Beach
City of Milwaukie
City of Oakland
City of Paramount
City of Pasadena
City of Peoria
City of Phoenix
City of Pittsburg
City of Portland
City of Renton
City of Richland
City of Richmond
City of Sacramento
City of Santa Clara
City of Santa Monica
City of Shoreline
City of Spokane
City of Tacoma
City of Tempe

City of Tucson
City of Whittier
City of Wichita
City of Yuba City
Richmond Retirement System
Spokane Employees' Retirement

COUNTIES

Butte County
Calaveras County
Clark County
Erie County
King County
Klamath County
Lane County
Marin County
Merced County
Monterey County
Napa County
Pierce County
San Joaquin County
Santa Cruz County
Sedgwick County
Solano County
Sonoma County
Stanislaus County
Washington County
Yolo County

COMPANIES

Adobe Systems, Inc.
Cadence Design Systems, Inc.
Electrical Workers VEBA
EO Media
InFocus Corporation
Intuit Corporation

Keystone- Pacific
Lattice Semiconductor
Milestone Systems, Inc.
Miller Nash Graham & Dunn LLP
Peet's Coffee & Tea
Roundhouse Agency
Symantec Corporation
Synopsis Corporation
Tonkon Torp LLP
Umpqua Holdings Corp.
Urban Airship
Veritas Technologies
Wieden + Kennedy

SPECIAL DISTRICTS

Alameda County Water District
Alaska Railroad Corporation
Assoc. of Orange County Deputy Sheriffs
Benton County Public Utility
Bonneville Power Administration
Central Lincoln Peoples' Utility District
Chelan County Public Utility District
City of Richland Firefighters
City of Spokane Firefighters
City of Tacoma Fire
Clackamas Fire District #1
Clark County Public Utility District
Clean Water Services
East Bay Municipal Utility District
Eastern Municipal Water District
Franklin Public Utility District
Grays Harbor Public Utility District
Irvine Ranch Water District
Kansas City Board of Police Commissioners

Lane Council of Governments
Mason Public Utility District
McMinnville Power & Light
Metro Oregon
Metropolitan Water District
Napa Sanitation District
Oakland Police Officers Association
Orange County Fire Authority
Port of Portland
Port of Seattle
Port of Tacoma
Port of Vancouver
Sacramento Metropolitan Fire
SAIF Corporation
San Diego County Water Authority
Santa Clara Valley Transit
Snohomish County Public Utility District
Sound Transit
Tri-Met
VIA Metropolitan Transit

NOT-FOR-PROFIT/OTHERS

Everett School District
First 5 Santa Cruz County
HRA VEBA Trust
Legal Aid Services of Oregon
Long Beach Unified School District
Mercy Corps
Oakland Police Widows & Orphans
OEA Choice
OMSI
Trillium Family Services
VEBA Trust

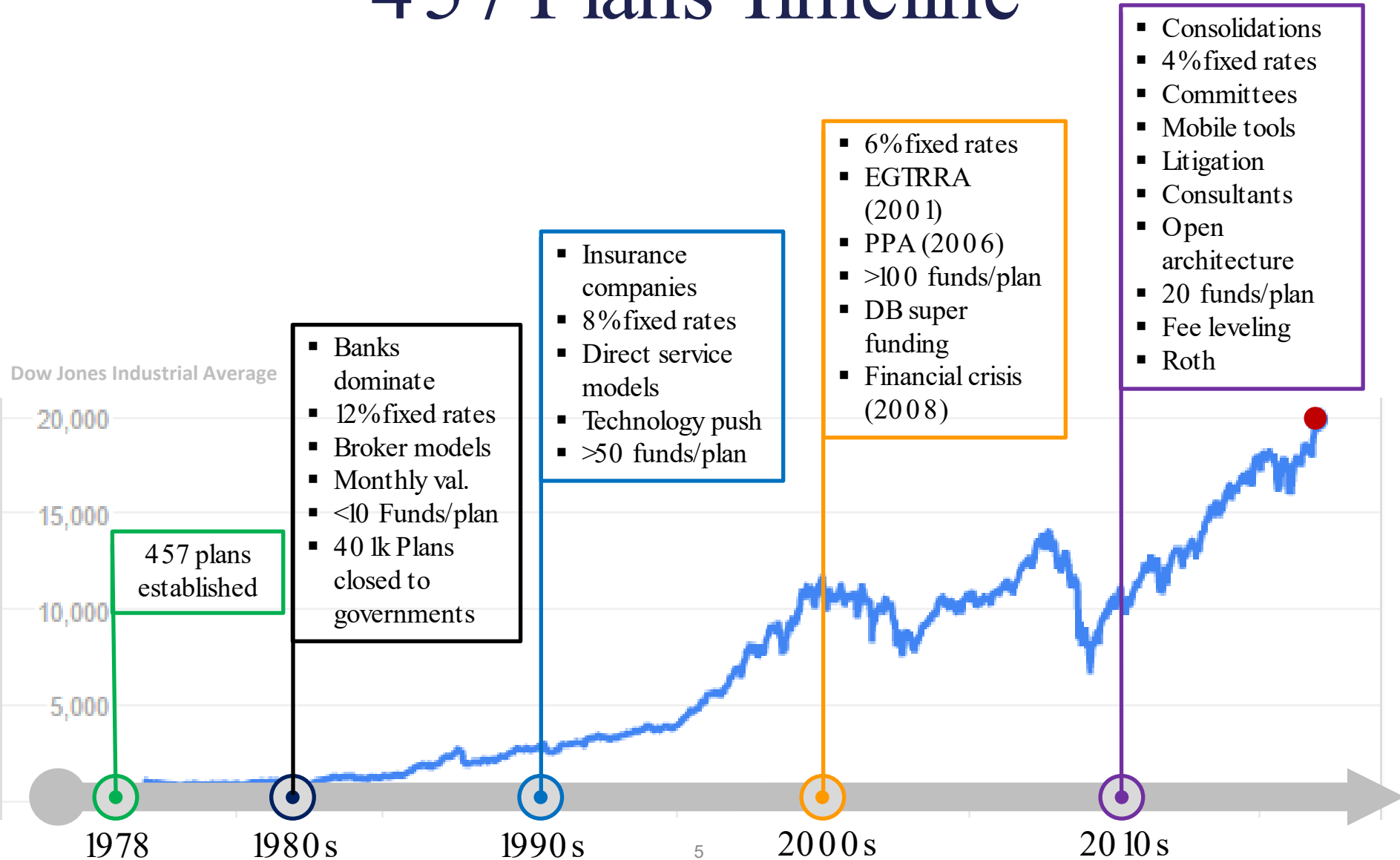
*List includes project and retainer clients. It is not known whether any of the above clients approve or disapprove of the Hyas Group.



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Riveting History of 457 Plans

457 Plans Timeline



Provider/vendor acquisition

Committees more common

Guaranteed Minimum Withdrawal Products

Target Date Funds

Emphasis on financial wellness

More retirees than ever

Plan Consolidations

Revenue equity

Plan leakage problematic

Managed Accounts

Self Directed Brokerages

Current 457 Plan-scape

- Provider/vendor acquisition
- Committees more common
- Emphasis on financial wellness
- More retirees than ever
- Plan leakage problematic
- Revenue equity
- Target Date Funds
- Managed Accounts
- Self Directed Brokerages
- Guaranteed Minimum Withdrawal Products
- Plan Consolidations



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Better Practices

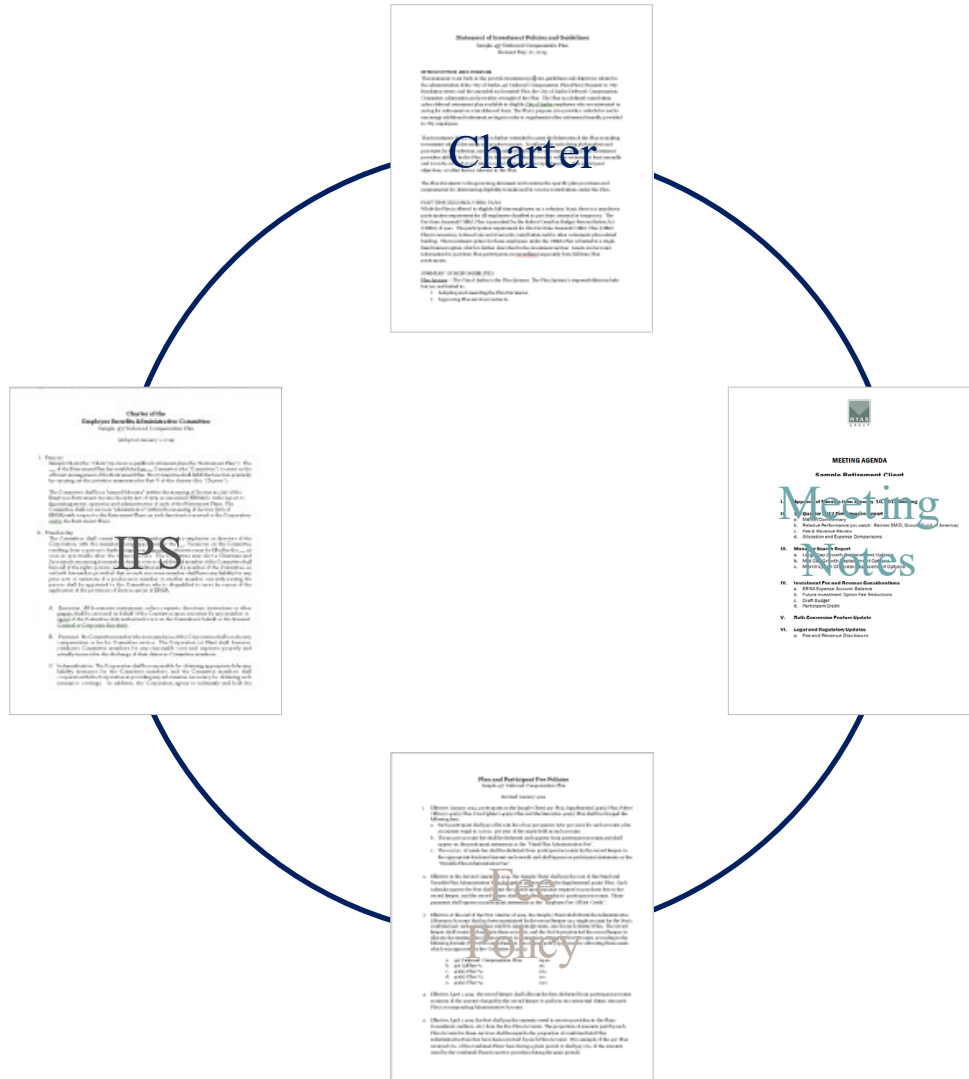
Better practices mean...

- Plan Governance/Fiduciary Training
- Investment Oversight
- Fee Monitoring
- Plan benchmarking/reviews
- Provider Management

Governance/Fiduciary Oversight

- Good policy equals good structure
- Proper governance documents serve as a foundation for all fiduciaries
- Establish guidelines for critical functions
- Guidelines should balance specificity with flexibility

Establishing A Proper Structure



Fiduciary Education

- Consultant should be your education partner
- Assist clients in meeting fiduciary responsibilities
- Communicate important legal and regulatory changes and trends
- Industry voice/ears
- Full curriculum for fiduciary and retirement trends issues

Fiduciary Curriculum

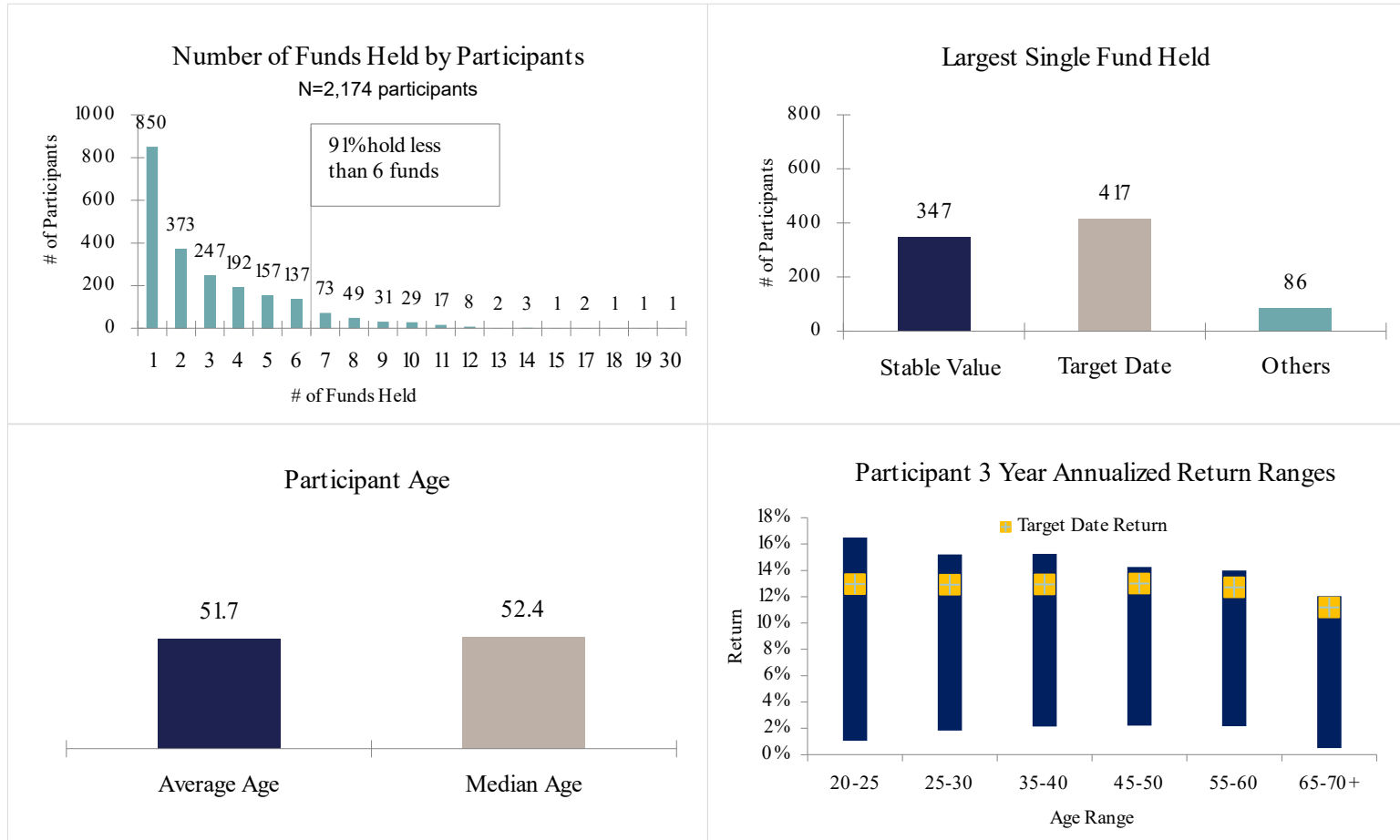


Plan Benchmark Analysis

- Over 100 data points that can be used for comparison
- Evaluate plan utilization metrics
- Assess allocations, returns, participation, and expenses

Measure Investment Menu Effectiveness

Sample Output





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Your Current 457 Provider: To RFP or Not to RFP

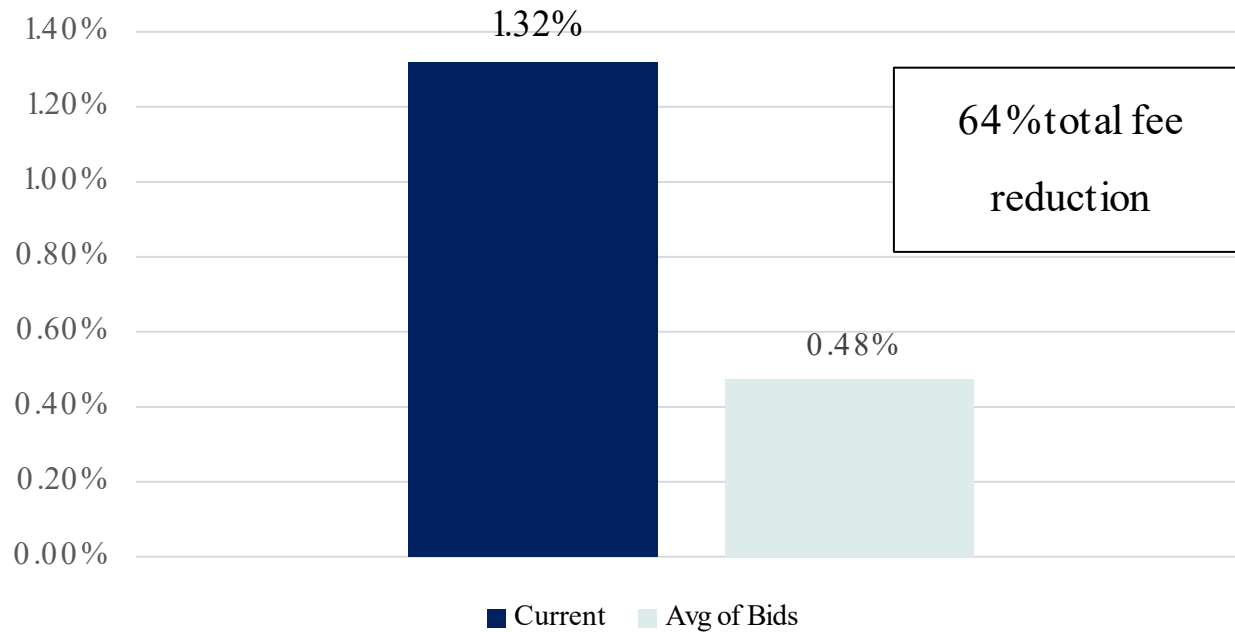
Benefits of Provider RFP

1. Analyzing the overall competitiveness of the Plans;
2. Providing for the integrated administration and reporting for the Plans;
3. Offering the most appropriate investment menu(s);
4. Improving participant education and communication services;
5. Providing education for the Defined Contribution Plans Committee;
6. Providing robust online and mobile transaction and information capabilities;
7. Providing support for as many administrative functions as deemed appropriate;
8. Evaluating alternative pricing structures;
9. Reducing participant and Plan expenses;
10. Providing for an orderly and timely transition of assets and services if necessary;
11. Formalizing the working relationship between the provider(s) and the Defined Contribution Plan Committee.

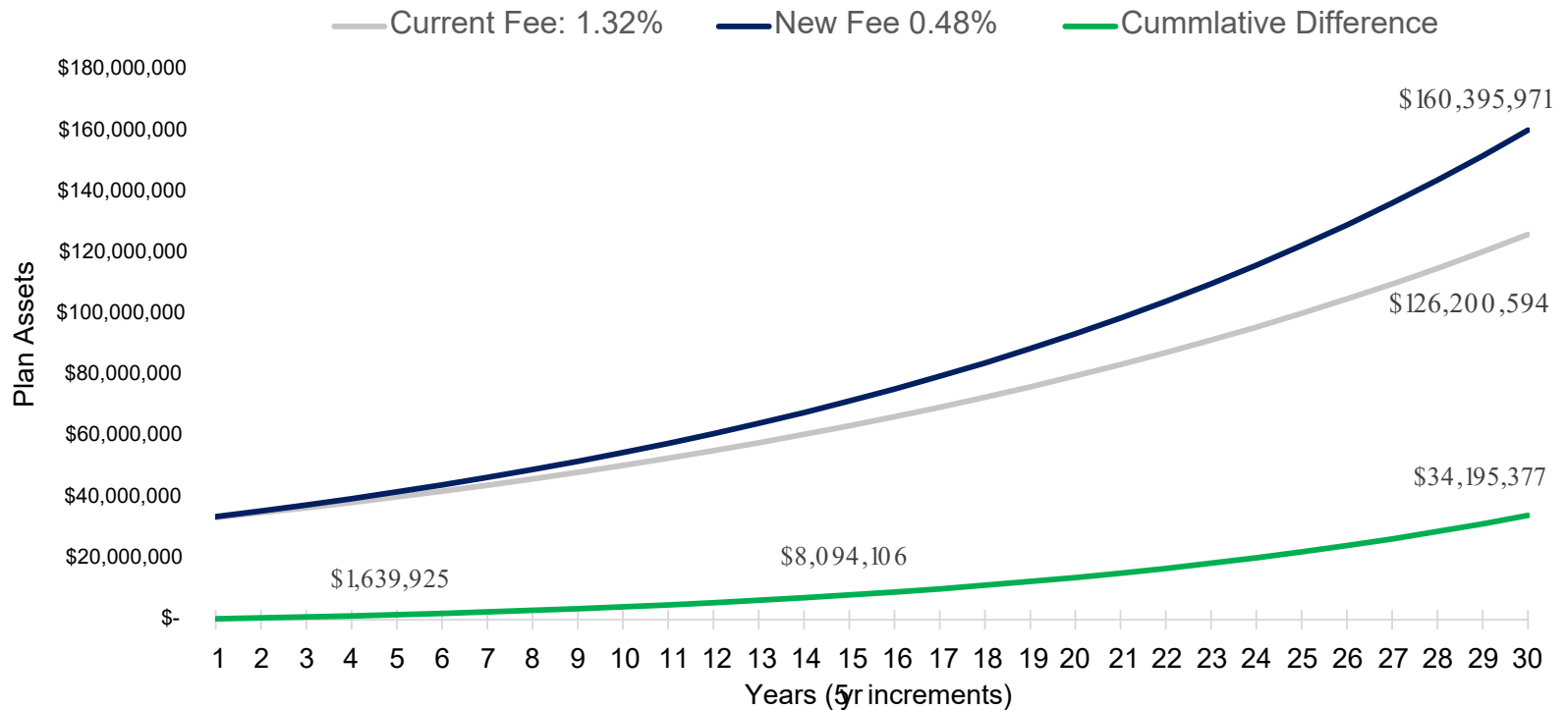
Successful Provider RFP Outcomes

- Competitive bidding process typically results in lower
- We leverage our experience and expertise to obtain best pricing
- We measure a number factors so you will understand the results

Total Estimated Fee Reductions



Savings Compounded



- Assumes a 6% gross of fee growth rate and plan assets start at \$32 million
- 5 year savings is \$1.6m, 15 year savings is \$8.1m, 30 year savings is \$34.2m

Provider RFP Timeline – first half

| <u>Action</u> | <u>Date</u> | <u>Responsible Parties</u> |
|--|-------------|----------------------------|
| Initial meeting to discuss goals and objectives, timelines and any requirements | week 1 | Hyas, Sponsor |
| Distribute data request to Sponsor's current provider | week 2 | Hyas |
| Receive data request information from providers | week 4 | Providers |
| Review RFP with Sponsor | week 5 | Hyas |
| Sponsor provides RFP comments to Hyas | week 5 | Sponsor |
| RFP is distributed to providers | week 6 | Hyas |
| RFP related questions from providers due to Hyas group | week 8 | Providers |
| Responses of questions due to providers | week 9 | Hyas, Sponsor |
| RFP responses due | week 12 | Providers |
| Response analysis | week 13, 14 | Hyas |
| RFP summary report and scoring (if applicable) delivered to Sponsor | week 15 | Hyas |
| Meeting to discuss RFP summary report, recommendations and Investment Policy Statement | week 16 | Hyas, Sponsor |
| Determine if Provider interviews are required | week 16 | Hyas, Sponsor |
| Interview format, timing, questions and scoring finalized (if needed) | week 17 | Hyas, Sponsor |

Provider RFP Timeline – second half

| <u>Action</u> | <u>Date</u> | <u>Responsible Parties</u> |
|--|-------------|----------------------------|
| Provider interviews (if needed) | week 19 | Hyas, Sponsor, Providers |
| Final clarifications with best and final offer due | week 20 | Hyas, Providers |
| Notice of intent to award contract | week 21 | Sponsor |
| Provider contract drafting begins | week 22 | Hyas, Sponsor, Provider |
| Analysis of investment options presented | week 24 | Hyas, Sponsor |
| Final fund line-up selected | week 25 | Hyas, Sponsor |
| Final contract ready for Agency approval | week 26 | Sponsor, Provider |
| Sponsor to approve and adopt revised Investment Policy Statement | week 28 | Hyas, Sponsor |
| First participant communication sent | week 29 | Provider(s) |
| Second participant communication sent | week 31 | Provider(s) |
| Participant meetings and provider presentations begin | week 32 | Sponsor, Provider |
| Transition Complete | week 36 | Hyas, Sponsor, Provider |



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Why a Consultant?

Minimize Headline Risk...

Schwab Faces Excessive Fee, Self-Dealing Lawsuit:

A class action Employee Retirement Income Security Act (ERISA) lawsuit has been filed against Charles Schwab Corporation retirement plan fiduciaries alleging fiduciary breaches and prohibited transactions. The lawsuit claims plan fiduciaries engaged in the imprudent and disloyal exercise of their discretionary fiduciary authority over the plan to include Schwab's own affiliated investment products as investment options within the plan and sale of their own services to the plan.

Recordkeeping Fees Trigger Latest Excessive Fee Suit

A new excessive fee lawsuit claims that plan fiduciaries caused plans to “pay excessive fees” and failed to “monitor and control the Plans’ escalating costs,” resulting in millions of dollars of losses to the plans – and this time share classes are not the issue.

Oracle Fails to Get 401(k) Excessive Fee Suit Dismissed

A judge concluded that the legal and factual merits of plaintiffs’ claims are better resolved on a fuller factual record, either in the context of a motion for summary judgment or at trial.

T. Rowe Price Accused of Self-Dealing in 401(k)

The lawsuit alleges the defendants failed to loyally and prudently monitor the fees and performance of 401(k) plan investment options, and simply retained in-house funds to enrich T. Rowe Price.

In short...

- To Manage Your Provider RFP (if applicable)
- Best Possible Investments
- Most Effective Education
- Best Technology
- Lowest Costs
- Co-Fiduciary to your Plans

What we discussed...

- History of 457 Plans
- Current 457 Plan- scape
- Better Practices
- To RFP or not to RFP
- Why a Consultant

Thank you!