

NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT

WORK SESSION OF THE BOARD OF DIRECTORS
Acting as the Board of Trustees for the District's Retirement Plan

SEPTEMBER 4, 2018

PRESENT: Dan Williams, President
Connie Karp, Vice President
Roger Howe, Secretary
Clay Smith, Treasurer
Howard Gonser, Director

President Williams called the Work Session of the Board of Directors, acting as the Board of Trustees for the District's Retirement Plan, to order at 2:00 p.m.

The following individuals were present during the Work Session of the Board of Trustees:

Board of Trustees: Dan Williams, Connie Karp, Roger Howe, Clay Smith, Howard Gonser, Paul Titus and Kathy McBride

Counsel: James Foster

NWCPUD Staff: Principal Engineer & Strategic Asset Planner/Board of Trustees Paul Titus; Executive Assistant/Board of Trustees Kathy McBride; Senior Financial Analyst/Retirement Plan Administrator Becky Holce; Director of Corporate Services Cyndi Gentry; Engineering Associate Garrett Mauritson; Sr. Financial Analyst/Contracts & Risk Specialist Sue Powers

Visitors: Iris Tilley, Barren Leibman, LLP; John Coats, John Coats Financial Group; and Martin Parise and Ryan Christensen, John Hancock Retirement Plan Services Representatives

RETIREMENT PLAN PRESENTATION FROM JOHN COATS

John Coats, John Coats Financial Group, provided the Board of Trustees with his financial background and his ability to provide Retirement Plan Services to Northern Wasco County People's Utility District in conjunction with John Hancock Retirement Plan Services.

Coats stated that he assists people locally with their retirement planning needs. Coats is a Certified Financial Planner and has a master's Degree in financial services. Coats currently has three District employees who use his services, in addition to many past employees. Coats has been providing financial services for 22 years.

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Ryan Christensen, John Hancock Retirement Plan Services, provided to the Board of Trustees several documents, which are identified as: Committee Booklet and a Sample Plan Review. He will be covering in his presentation what John Hancock offers for retirement plan services.

Director Smith asked Coats how many different companies he represents.

Coats responded by stating that he is a registered investment advisor. Coat's broker license for his fiduciary work is through NYlife Securities LLC. Coats stated that he could have brought in other retirement plan companies for the Board's consideration, however he is looking at local service and what John Hancock can provide to the District's staff.

Christensen informed the Board of Trustees that John Coats role is doing what he does every day, meeting with individuals to discuss their financial needs. John Hancock Retirement Plan Services is the recordkeeper. John Hancock helps take care of employees' retirement assets, giving them tools and features that help them retire comfortably.

Christensen informed the Board that he grew up near Beaverton, Oregon and graduated from Oregon State University. He joined John Hancock ten years ago.

At this time, Christensen began going through a portion of the Committee Booklet. Topics covered in his presentation are as follows:

- Why John Hancock
- Leadership – John Hancock services over 57,000 retirement plans; one of which is Emerald People's Utility District's retirement plan.
- Martin Parise, VP Strategic Relationship Management, is the person that will work with the District's plan on a one to one basis.
- John Hancock's core principals are: save early; save more; and invest smart.
- Unparalleled service and support
- Investment platform – No hidden fees or undisclosed revenue; no proprietary fund requirements; and investment funds are chosen that result in the lowest net share class for participants.

Martin Parise stated that he has been with John Hancock for 11 years and has lived in Oregon for three years.

Parise told the Board of Trustees that his role is two-fold. One main focus is to partner with advisors and plan sponsors, and to meet with participants and plan sponsors. The other focus is working with plan participants.

Some of the highlights and topics covered in Parise's presentation are as follows:

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- John Hancock representatives will meet twice annually with plan participants and once with Trustees to go over the health of the retirement plans, etc.
- John Hancock would also craft the message to plan participants as needed.
- Dedicated service team
- The plan implementation manager manages the entire conversion process.
- Training will be provided.
- After six to eight weeks of implementation, a client account manager will be assigned to each plan.
- Customer service excellence
- Administrative support – EZAdmin
- Ongoing enrollment
- Ongoing education support – John Hancock has online information to craft an education program for any client to get their message out.

A lengthy discussion occurred after numerous questions were raised by Iris Tilly and members of the Board of Trustees.

Some of the highlights from the discussion are as follows:

- John Coats would be the local point of contact for the retirement plan through John Hancock Retirement Services.
- Plan participants can also choose to work directly with Parise.
- Parise will come out quarterly to meet with plan participants.
- The District's retirement plan administrator would work with the client account manager.
- Retirement plan statements are sent out quarterly; with daily evaluations on John Hancock's website.

The sample plan review document, presented to the Board of Trustees, was reviewed at this time.

Further discussion occurred after additional questions were raised.

Some of the highlights from the discussion are as follows:

- The plan review document is sent out annually; it can be prepared every month.
- John Hancock representatives can assist the District with communications to plan participants.
- Coats has not considered a cap on the number of participants that he would be assisting under his proposed fee.
- Coats does not currently handle any 401(k) or 457B Retirement Plans; the District's would be his first.

Tilly asked if John Hancock offers a fixed offering.

Christensen responded by stating that John Hancock made the decision not to use the general account to back a fixed account. They use stable value funds that are made to have a guaranteed principal and interest. John Hancock offers the Guaranteed Income for Life (GIFL) Select Plan.

At this time, Christensen began going through additional sections of the Committee Booklet. Topics covered in his presentation are as follows:

- Employment retirement readiness
- Enrollment – John Hancock would enroll new employees. John Coats would be available to sit down with the employee to assist them in their retirement planning.
- Guaranteed Income for Life (GIFL) Select – Maximum growth is 3%. An employee would invest in one of four portfolios. This is a pension like benefit. An employee would pay an additional cost above the cost of the funds to participate in this option. A plan participant is able to pull out of the GIFL option.
- John Hancock has 500 investment options. John Coats will work with the Plan Sponsor to narrow the investment options down to 30 funds.
- Plan costs

A lengthy discussion occurred after Christensen presented John Hancock Retirement Plan Services proposal to provide retirement services to the District for the 401(k) and 457B Retirement Plans.

Some of the highlights of Christensen's presentation are as follows:

- John Hancock's proposal for both the 401(k) and 457B Retirement Plans are the same. They looked at the two plans as one plan for pricing purposes.
- A third-party administrator will reconcile the plan every year. They can also take on the roll for the loan program. The third-party administrator is based in Vancouver, Washington.
- John Hancock would collect the financial representative services fee, which would go directly to John Coats for his services.
- John Hancock works with TIA on the investment standpoint. They have 12 target date funds that can be used.
- It is the Plan Sponsors choice on what funds are used.

A lengthy discussion occurred regarding the conversion process if the Board of Trustees was to decide to transition from Nationwide to another retirement plan provider.

Further discussion occurred after questions were raised by General Counsel James Foster and members of the Board of Trustees.

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The following are some highlights of the responses received from questions raised during the discussion:

- The fees listed in the initial proposal are based on the assets of the plans.
- In three years, John Hancock would be looking at the pricing of the retirement plans.
- The relationship with John Hancock would be "at will"; there are no penalties imposed if the Plan Sponsor was to leave John Hancock.
- Distribution of "Black Notices" is included in their proposal.
- There is no additional cost for offering a Roth IRA to plan participants.
- A Financial Wellness Assessment feature is offered on the John Hancock Retirement Plan Services website.
- Enrollment kits are provided, which can be customized to include the District's logo.
- John Coats will be available to meet with individuals on their retirement needs.
- An investing spreadsheet is available for plan participants.
- Christensen believes there is a five-day turn around by the third-party administrator on the issuance of loans from a plan participants retirement account.

There being no further business the Work Session of the Board of Trustees was adjourned at 3:35 p.m.



President

ATTEST:



Secretary