

**Deferred Compensation Quarterly Meeting  
December 7, 2023  
Virtual Zoom/In Person Meeting  
Tacoma Municipal Building Room 243  
1:00 pm – 4:00 pm**

**Committee Members Present:** Chris Bacha, City Attorney, Deputy - virtual  
Kari Louie, Assistant Human Resources Director - TMB  
Michael San Soucie, City Treasurer - virtual  
Shelby Fritz, Human Resources Director - TMB  
Alex Yoon, Utilities Deputy Director - TMB

**Committee Staff Present:** Greg Settle, Senior Consultant, Hyas Group - virtual  
Cindy Farmer, Human Resources Specialist - TMB

**Guests Present:** Jim Keeler – Nationwide - virtual  
Kris Morton – Nationwide - virtual  
Mike Ferguson – Nationwide - virtual  
Matt Frank – Local 31 - virtual

**MINUTES**

The meeting began at 1:02 p.m.

**1) Call to Order**

Chris Bacha opened the meeting and welcomed all the participants.

**2) Roll Call**

Chair Chris Bacha, Vice-Chair Kari Louie, and Committee Members Michael San Soucie, Shelby Fritz, and Alex Yoon (joined at 2:07pm), were all present at the meeting.

**3) Adoption of the Agenda (Committee Action Item)**

There was a motion to accept the agenda as presented with no changes:

1<sup>st</sup> motion: Shelby Fritz

2<sup>nd</sup> motion: Michael San Soucie

All Approved, motion passed

**4) Public Comment**

Chris Bacha asked if there was any public comment and Cindy Farmer replied that no public comment was submitted.

**5) Review and Approval of Prior Meeting Minutes (Committee Action Item)**

Motion was made to approve the minutes from the August 2023 deferred compensation meeting:

1<sup>st</sup> motion: Kari Louie

2<sup>nd</sup> motion: Shelby Fritz

All Approved, motion passed

**6) Election of Committee Officer for terms through 12/31/2026**

Chris Bacha explained that the position of vice-chair, currently held by Kari Louie would be expiring 12/31/23 and the committee need to elect a new vice-chair.

Chris Bacha called for nomination of vice-chair:

1<sup>st</sup> motion: Shelby nominated Kari Louie; Kari indicated she would be willing to serve.

2<sup>nd</sup> motion: Michael San Soucie

All Approved, motion passed.

Cindy Farmer was asked to continue service as Committee Secretary, and she agreed to continue.

**7) Hyas Group: Third Quarter 2023 Combined Plan Investment Performance Review**

Greg Settle presented the Third Quarter 2023 Plan and Investment Performance Report for the City of Tacoma 457 Deferred Compensation Plan. No presently available plan investments were noted as underperforming the standards of the plan's Investment Policy Statement (IPS). However, three funds were on Watch status.

Greg discussed how the performance of the American Funds EuroPacific Growth Fund is once again outperforming the standards of the IPS. The Committee took no action, leaving the fund on Watch status.

Greg noted that Hyas Group still considers it to be too early to change the status of the MFS Mid Cap Growth R6, on Watch due to the portfolio manager change. The Committee concurred and left the fund on Watch.

**8) Hyas Group: Third Quarter 2023 Plan Review: MissionSquare Program**

Greg reviewed the documents Hyas provided to the committee noting that MissionSquare had \$486.2 million in assets previously and its now \$580 million, showing some rebounding. Greg also made mention that loan activity is generally higher for younger investors than older participants.

**9) Hyas Group: Third Quarter 2023 Plan Review: Nationwide Program**

Greg provided an overview of the Nationwide Performance Report noting that Nationwide showed \$93.8 million in assets at the end of the prior quarter with a negative cash flow of \$1.85 million. Greg is working on getting participant numbers.

**10) Hyas Group: Review of Alternative Intermediate Term Bond Fund**

Greg provided an overview of possibilities and noted that there has been unprecedented turmoil in this area. He presented a manager search for alternatives to the Metropolitan West Total Return Bond Plan Fund, due to the announced retirement of all three of the fund's portfolio managers.

Chris Bacha asked Greg to provide information on what he thought was the best course of action for the committee. Recommendation was made to replace this fund with the Dodge and Cox Income X fund.

1<sup>st</sup> motion: Shelby Fritz

2<sup>nd</sup> motion: Michael San Soucie

All Approved, motion passed

Greg will send language to Kari to use when instructing MissionSquare to and Nationwide to make this change in the coming days. James from Nationwide noted that the cut off is December 15, 2023, for a February 2024 change. Chris asked for clarification on the overall process and Greg noted he will send her and Kari information on this.

- 11) Nationwide: Service Delivery Report and Planning Discussion**  
James, Mike, and Kris from Nationwide provided a review of the Plan Health Report they provided to the committee, as well as highlights of the Secure 1.0 and 2.0 optional changes. Mike made special mention that he liked the virtual benefit fairs the City held in November for Open Enrollment.
- 12) HYAS Group: Update on Implementation of Vanguard Target Date Fund CIT's**  
Greg noted that he did not have updated information on the process of changing from the Vanguard Target Retirement Fund mutual funds to the Vanguard Target Retirement CIT Fund product. Subsequently he has received an update from MissionSquare that they have scheduled the implementation for February 14, 2024. Hyas is in touch with Nationwide and expects to be confirming a similar, mid-February implementation from them as well.
- 13) HYAS Group: Legislative and Regulatory Update**  
Greg reviewed the guidance that has been provided to-date on the implementation of the numerous SECURE Act 2.0 optional features. He noted that most of those features will require further guidance from the U.S. Department of the Treasury before they can be engaged, and that thus far very little guidance has been provided. Hyas will be prepared to provide an update on this situation and to possibly discuss the merits of engaging some of these features at the next meeting of the Committee. Chris noted that it may take a lot of committee work in 2024 to put things into place once we have answers from the Federal Government. Kari asked Greg if he thinks the committee will have answers by the next meeting, and he responded that its unknown at this time. Chris called for questions – no questions were brought forward.
- 14) HYAS Group: Training Session: "Investments for Fiduciaries".**  
Greg provided the training virtually, there were no handouts.
- 15) Committee Review: Proposed updates to the Investment Policy Statement**  
Greg reviewed with the committee recommended changes to the Investment Policy Statement for the committee to adopt.  
1<sup>st</sup> motion: Shelby Fritz  
2<sup>nd</sup> motion: Michael San Soucie  
All Approved, motion passed
- 16) Committee Discussion and Vote on Plan & Investment Consulting Contract Extension**  
Kari brought forth a proposed amendment to the Hyas contract extending the term and funding for one year as allowed by the previous contract. It was noted that the Committee's legal advisor and Hyas had reviewed the document for compliance and were in agreement.  
1<sup>st</sup> motion: Shelby Fritz  
2<sup>nd</sup> motion: Michael San Soucie  
All Approved, motion passed
- 17) 2024 Deferred Compensation Committee Annual Meeting Schedule**  
The committee was provided the 2024 meeting schedule to review and approve.  
1<sup>st</sup> motion: Shelby Fritz  
2<sup>nd</sup> motion: Alex Yoon  
All Approved, motion passed
- 18) Review of Meeting Action and Discussion Items for Follow-Up**  
Greg will send language to Kari to use when instructing MissionSquare to and Nationwide to make the fund change.

**19) Questions/ Open Discussion/ Housekeeping Items/ Next Meeting Agenda**

Near adjournment, the zoom call dropped for a few minutes due to technical issues, the call resumed shortly thereafter once reconnection was established and all committee members were in the room (virtual or in person), the meeting was adjourned.

Meeting adjourned at 3:03 p.m.