

**Deferred Compensation Quarterly Meeting
February 24, 2022
Virtual Zoom Meeting
1:00 pm – 4:00 pm**

Committee Members Present: Jim Sant, Utilities Director, Deputy
Kari Louie, Assistant Human Resources Director
Chris Bacha, City Attorney, Deputy
Shelby Fritz, Human Resources Director
Andy Cherullo, City Finance Director (Interim Treasurer)

Committee Staff Present: Charles Lee, City Attorney
Greg Settle, Senior Consultant, Hyas Group
Monica Rutledge, Human Resources Specialist

Guests Present: Erika Armstrong, MissionSquare
Community Member

MINUTES

The meeting began at 1:03 p.m.

I. Call to Order/Welcome

Jim Sant opened the meeting and welcomed all of the attendees.

II. Roll Call of Committee Members

Committee members Jim Sant, Kari Louie, Chris Bacha, Shelby Fritz, and Andy Cherullo were all present. Alice Phillips was absent from the meeting.

III. Adoption of the Agenda

The meeting agenda was reviewed, no changes were made.

IV. Review and Approval of Prior Meeting Minutes

Jim Sant asked for a motion to accept the December 2, 2021 meeting minutes as presented.

1st motion: Chris Bacha

2nd motion: Shelby Fritz

All approved, motion passed

V. City of Tacoma Staff: Review of Administrative Account and Plan Budget Update

Tammy Liddle Lobban reviewed the budget status of the Administrative account and reported that although the Office of Management and Budget were finalizing year-end accounting, reports indicate expenses were at or under budget. There was a November spike in external fiduciary liability insurance premium cost. Greg Settle briefly explained the reason for the spike. Tammy also reviewed the Administrative Account balances on hand and with the vendors. There was discussion of the Plan's Administrative Account balances and the current fee charged to participants. Greg Settle agreed to work with the team at the City to prepare a review of the balances, budget needs going forward, and recommend an appropriate fee level in the present environment, for presentation at the Committee meeting in May.

VI. Hyas Group: Fourth Quarter 2021 Combined Plan Investment Performance Review

Greg Settle reviewed the December 31, 2021 Plan and Investment Performance Report for the City's 457 (b) Plan. He reviewed the economic factors affecting the market. Two funds were found to be underperforming the standards of the Plan's Investment Policy Statement and they are discussed in further detail below:

- The American Funds EuroPacific Growth R6 Fund was in underperformance following a poor fourth quarter. The Hyas Group believes the circumstances of the fourth quarter performance were unique and the management of the fund will be proven to be effective in the long-run. Performance is rebounding thus far in 2022, with performance year-to-date in the 32nd percentile vs. peers through February 18, 2022. Greg recommended patience and the Committee took no action.
- The Vanguard Institutional Target Retirement 2015 Fund was in underperformance; however, the fund is scheduled to be eliminated and assets moved to the Vanguard Institutional Retirement Income Fund later this year, so the Committee took no action.

VII. Hyas Group: Fourth Quarter 2021 Plan Review: MissionSquare Program

Greg Settle discussed the Fourth Quarter MissionSquare performance report. Both Fixed income and loans were down, combined with a negative cash flow for the year.

VIII. Hyas Group: Third Quarter 2021 Plan Review: Nationwide Program

Greg Settle discussed the Fourth Quarter Nationwide performance report. The Nationwide plan was showing similar downward loan trends but experienced a positive cash flow.

IX. MissionSquare: Participation Activity, 2022 Planning and Service Delivery Report

Jim Sant introduced Erika Armstrong from MissionSquare. Erika introduced Amaya Fine as the City's new Plan Representative. Erika presented a PowerPoint reviewing the plan performance and participant activity. MissionSquare is working on improvements to their Participant Engagement Program as well as their website and its features.

X. Hyas Group: Legislative and Regulatory Update

Greg Settle reviewed the most current Legislative and Regulatory Newsletter. He summarized a recent Supreme Court decision to require monitoring of retirement plans to avoid excessive fees and under-performance of plan assets.

XI. Election of Committee Officers

Jim Sant reviewed the current terms of service for the Committee Chair and Vice-Chair. There is a provision in the By-laws that allow an extension of the terms of service. Jim opened nominations for these positions and proposed staggered terms of 2 and 3 years. Andy Cherullo asked the current Chair Jim Sant, and the current Vice-Chair, Kari Louie, if they were willing to continue serving in their current roles and both answered 'yes'. It was agreed that the Term of service would commence retroactively to 12/02/2021.

Chris Bacha nominated Jim Sant to serve a 3-year term as Committee Chair.

1st motion: Chris Bacha

2nd motion: Andy Cherullo

All approved, motion passed

Chris Bacha nominated Kari Louie to serve a 2-year term as Committee Vice-Chair.

1st motion: Chris Bacha

2nd motion: Andy Cherullo

All approved, motion passed

XII. Plan Administrative Changes (Loans/enrollment)

Kari Louie updated the Committee on some administrative process improvements that are being coordinated with both vendors. One change involves streamlining the participant loan application process with Nationwide from paper to electronic and telephonic options directly with the Nationwide by second quarter this year. This would provide efficiency and consistency for loan administration with both vendors. Additionally, there are plans to transition from paper to electronic enrollment options for the Plan with both vendors by second or third quarter.

XIII. Review of Meeting Action and Discussion Items for Follow-Up

Jim Sant reviewed the action items from the meeting. Andy Cherullo requested that any proposed changes to the budget for next year be submitted for review at the next Committee meeting in May.

XIV. Questions/ Open Discussion/ Housekeeping Items/ Next Meeting Agenda

Next Meeting Agenda:

- Review and analysis of Plan Administrative Fees
- Draft minutes from today's meeting for committee review and approval.

Meeting adjourned at 2:22 p.m.