

**Deferred Compensation Quarterly Meeting**  
**May 25, 2023**  
**Virtual Zoom/In Person Meeting**  
**Tacoma Municipal Building Room 243**  
**1:00 pm – 4:00 pm**

**Committee Members Present:** Kari Louie, Assistant Human Resources Director - TMB  
Chris Bacha, City Attorney, Deputy - virtual  
Andy Cherullo, City Finance Director (Interim Treasurer) - virtual  
Shelby Fritz, Human Resources Director - TMB  
Byron Allen, Local 483/Joint Labor - virtual

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

**Guests Present:** Jim Keeler - Nationwide - virtual  
Mike Ferguson - Nationwide - virtual

**MINUTES**

The meeting began at 1:01 p.m.

**1) Call to Order/Welcome**

Kari Louie opened the meeting and welcomed all of the participants. She reminded everyone that Jim Sant, the prior Chair of the committee had retired in April and so she would be chairing the meeting and as Vice Chair, she had been acting as the interim Chair of the committee following his retirement.

**2) Roll Call of Committee Members**

Committee Members Kari Louie, Shelby Fritz, Chris Bacha and Andy Cherullo, Byron Allen were present at the meeting. Committee Member Alex Yoon was absent.

**3) Adoption of the Agenda**

Kari Louie called for a motion to make modifications to the Agenda. Nationwide had asked due to some time constraints on their part if they could present earlier on the agenda. Additionally, the City is still working with our Legal Department on the implementation of the Vanguard Target Date CITs decision made at the last meeting. The motion was made that the committee remove agenda item #2 Review and Approval of the Prior Meeting Minutes and #10 Update on Implementation of Vanguard Target Date CITs to the August 2023 meeting and that Item #9 Nationwide: Service Delivery Report and Planning Discussion, be moved up on the agenda to Item #5.

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

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

All Approved, motion passed

#### **4) Call for Public Comment**

Kari Louie asked if there was any public comment. Cindy Farmer replied there was none.

#### **5) Nationwide: Service Delivery Report and Planning Discussion**

- Kari Louie introduced Jim Keeler and Mike Ferguson from Nationwide.
- Jim mentioned Kris Morton was delayed and would be joining the meeting soon. He did attend near the end of their presentation.
- Jim reported 2022 was a volatile year but there was an upturn near the end of the 4th quarter. Core assets increased by 5% and it was noted that participants are sticking with investments for the long term.
- Jim reviewed the Nationwide 1st Quarter report noting highlights and that they will follow up with employees who are not meeting their investment goals.
- There are industry concerns that the U.S. may move into a recession, and they will keep watch on that as year-end approaches.
- Greg Settle asked Jim if he had any suggestions on how to improve engagement, he noted that there were options on page 17 of the 1st Quarter report.
- Jim provided a summary of Secure 2.0 noting some highlights for 2024, including discussion of the Roth catch-up contribution rules and the emergency savings withdrawal option. Also noting that rules are still developing, and many government agencies are struggling to put the required details into place in time.
- Mention was made that the NAGDCA conference is coming up in October 2023.
- Mike reported that when visiting stations, he encourages enrollments with new firefighters and also counsel's employees as to the pros and cons when they want to move money out of Nationwide and additionally follows up with those not on track for meeting their investment goals.
- Online enrollments are happening successfully and the 63% that are on track for retirement planning is a good number overall.
- Mike has done two rounds of station visits but finds that fewer employees are reaching out, likely because they are now managing their portfolio and enrolling online. He generally coordinates visits with Matt Frank and Allyson from Local 31
- Kari noted that if Mike gives us a schedule for his visits, we can help promote the visits to increase participation.

#### **6) Hyas Group: First Quarter 2023 Combined Plan Investment Performance Review**

Greg Settle presented the First Quarter 2023 Plan and Investment Performance Report for the City of Tacoma 457 Deferred Compensation Plan. One presently available plan investment was noted as underperforming the standards of the Plan's Investment Policy Statement (IPS) – the American Funds EuroPacific Growth and continues to do so. Greg also

noted that the fund is outperforming thus far in 2023, following a solid 2022. The Committee left the fund on Watch status.

Greg also reported that the co-portfolio manager for the MFS Mid-Cap Growth R6 fund that had taken a leave of absence from his post has now retired. The Hyas Group considers this to be an expected outcome and feels the firm is well-prepared for it but recommends keeping the fund on Watch. The Committee concurred, taking no action.

It was noted that the change to the CIT version of the Vanguard Target Retirement fund suite is still in process. The required documentation is under review with the City's legal department.

**7) Hyas Group: First Quarter 2023 Plan Review: MissionSquare Program**

- Greg provided a brief review of the 1Q23 MissionSquare Performance Report some highlights included:
  - Nationally more jobs were opening up.
  - Inflation was trending down as interest rates creep up.
  - More people are moving money around seeking higher interest rate investments.
- Greg indicated he would talk to MissionSquare and Nationwide to understand where funds are moving that are rolled out of plan.
- Kari asked Greg if they could review the "Fees Matter" flyers they created for the City to provide to separating employees for possible improvements that may aid in keeping their money with the City vendors.

**8) Hyas Group: First Quarter 2023 Plan Review: Nationwide Program**

- Greg provided a brief review of the 1Q23 Nationwide Performance Report. Some highlights included:
  - Participant core assets are over \$90 million
  - New enrollments continue to increase, all via online enrollment.
  - Overall, the plan value is up and showing good growth.

**9) Hyas Group: Legislative and Regulatory Update**

- Greg highlighted walked through the Secure 2.0 legislation.
  - The Roth requirement is presenting a problem for many public entities as they don't have Roth programs and old payroll systems, which are preventing the necessary changes from being made quickly.
  - Further guidance from the federal government is expected later this summer (2023)
  - Congress sent a letter to the U.S. Treasury asking for clarification on several items.
  - The \$145k income limit for age 50 catch up may present difficulties for employees who have more than one job concurrently and there is no information about any income exclusions thus far.

**10) NAGDCA 2023 Annual Conference**

- Kari Louie recapped the committee decisions made last fall regarding the NAGDCA membership and conference funds were allocated in the current budget so that there is funding for members to attend.
- Chris, Charles, and Shelby all voiced that they thought attendance was a good idea.
- Kari called for a motion to enroll in the NAGDCA membership and register those members who wished to attend.
  - 1<sup>st</sup> motion: Byron Allen
  - 2<sup>nd</sup> motion: Shelby Fritz
  - All Approved, motion passed

Cindy will reach out to individual committee members to determine who is attending and will sign them up accordingly.

**11) Committee Membership Updates**

- Kari informed the committee of updates to the committee's membership.
- Alice Phillips retired with Byron Allen chosen as the new 483 Business Manager and he is taking her place.
- Michael San Soucie, City Treasurer, will join the Committee as of the August 2023 meeting and Andy will step down.
  - The Committee thanked Andy Cherullo for his participation as interim City Treasurer since the prior Treasurer position became vacant.
- Alex Yoon recently started with Tacoma Public Utilities as Deputy Director and would join the Committee in August 2023 as the replacement member for Jim Sant who retired.
  - It was discussed the fiduciary fundamentals training would need to be provided to the two new Committee members coming on board. Hyas Group will be prepared assist with this.

**12) Election of Committee Officers**

Kari Louie, mentioned per Article 4, section 1 of the Bylaws as Vice Chair she was serving as Acting Chair for the Deferred Compensation Committee. Per Article III, Section 2 of the Bylaws due to the retirement and vacancy of that position we needed to hold an election vote for the Chairperson of the Committee to finish out Jim's term. Jim was elected for a 3-year term December 2021, ending December, 31 2024. This appointment through the election would be effective immediately.

Discussion ensued and Shelby nominated Chris Bacha.

- 1<sup>st</sup> motion: Shelby Fritz
- 2<sup>nd</sup> motion: Andy Cherullo
- All Approved, motion passed

Chris accepted the appointment.

Kari mentioned now that had taken place there were two other issues to address:

- Would Chris like for Kari to finishing out the remaining items on the agenda or would he like to take over? Chris chose for Kari finish out the meeting.
- Per Article III, Section 2 of the Bylaws, the new Chair needs to confirm the Ex-Officio Secretary who is a non-voting member of the committee. Chris confirmed Cindy Farmer to continue in this support role for the committee.

**13) Review of Meeting Action and Discussion Items for Follow-Up**

- Greg will have Nationwide and MissionSquare provide information relating to the rollout activity from our plan. He will also have his team update the “Fees Matter” informational handout for discussion at the next meeting.
- Greg will provide Fiduciary Training in the future with new committee members.
- Greg will provide the previously scheduled update on Implementation of Vanguard Target Date CIT’s.
- February Minutes will be added to the August agenda for approval.
- Kari will follow-up with Cindy on the conference registrations.

**14) Questions/ Open Discussion/Housekeeping items/ Next Meeting Agenda**

- If something urgent happens with Secure 2.0, Greg will advise the committee immediately.
- Greg noted that the MissionSquare CEO resigned along with several other senior managers, while others have returned and as a result, he expects changes to be made.

Meeting adjourned at 2:32 p.m.