

Deferred Compensation Quarterly Meeting
August 25, 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 - virtual
Byron Allen, Local 483/Joint Labor - virtual

Committee Staff Present: Greg Settle, Senior Consultant, Hyas Group - virtual
Tammy Liddle-Lobban, Human Resources Manager - virtual
Monica Rutledge, Human Resources Specialist - TMB

Guests Present: Erika Armstrong, MissionSquare - virtual
Tom Oster, MissionSquare - virtual
Keith Penewit, MissionSquare - 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) Welcome – Introduction of new Committee Members

Chris Bacha introduced new Committee Members Michael San Soucie, Alex Yoon, and Byron Allen who have replaced three Members who recently retired.

3) Roll Call

Chair Chris Bacha, Vice-Chair Kari Louie, and Committee Members Michael San Soucie, Shelby Fritz, Alex Yoon, and Byron Allen were all present at the meeting.

4) Adoption of the Agenda (Committee Action Item)

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

1st motion: Shelby Fritz

2nd motion: Byron Allen

All Approved, motion passed

5) Public Comment

Chris Bacha asked if there was any public comment and Monica Rutledge replied that no public comment was submitted.

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

A motion was made to approve the minutes from the February 2023 deferred compensation meeting:

1st motion: Byron Allen
2nd motion: Shelby Fritz
All Approved, motion passed

A second motion was made to approve the minutes from the May 2023 deferred compensation meeting. Byron Allen corrected his attendance as noted in the draft minutes to virtual.

A motion was made to approve the minutes from the May 2023 meeting as amended:

1st motion: Byron Allen
2nd motion: Shelby Fritz
All Approved, motion passed

7) City of Tacoma Staff: Review of Administrative Account, Plan Budget Update and Fee Rate

Tammy Liddle-Lobban gave a 2023-2024 budget overview to benefit the new members, pointing out dollars budgeted for Committee Members to attend the NAGDCA conference this fall. The budget has been adopted by the Committee and City Council. Tammy explained that the mid-biennium budget process is coming soon, and the need to have any adjustments submitted prior to the end of October. Tammy reviewed the budget vs. actuals as well as the expense chart. The ending administrative account cash balance was approximately \$31,000.

8) Hyas Group: Second Quarter 2023 Combined Plan Investment Performance Review

Michael San Soucie asked for clarification of the role of HYAS Group. Greg Settle replied that the firm serves as an investment advisor, monitoring investments and cost, and assists with the RFP process for the City's Plan record keepers.

Greg Settle reviewed the overall status and current economic factors affecting the stock market.

Greg presented the second quarter 2023 Plan and Investment Performance Report for the City's 457 Deferred Compensation Plan. No presently available Plan investments were noted as underperforming the standards of the Plan's Investment Policy Statement (IPS).

Greg reported that the Metropolitan West Total Return Bond Plan Fund has announced the forthcoming retirement of the firm's two remaining founders and original portfolio managers. Greg advised that with such substantial changes to the key personnel and expected investment selection process changes also expected, that the Committee should place this fund on Watch status. Greg suggested that HYAS Group prepare a manager search for alternative funds for presentation at the next Committee meeting. The Committee voted to place the fund on Watch status and agreed to the recommendation that HYAS Group prepare the manager search.

A motion was made to put the Metropolitan West Total Return Bond Fund on Watch.

1st motion: Byron Allen
2nd motion: Kari Louie
All Approved, motion passed

A second motion was made to amend the first motion to include a manager search at the next Committee meeting.

1st motion: Byron Allen
2nd motion: Kari Louie
All Approved, motion passed

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.

9) Hyas Group: Second Quarter 2023 Plan Review: MissionSquare Program

Greg Settle reviewed the second quarter MissionSquare Program activity.

10) Hyas Group: Second Quarter 2023 Plan Review: Nationwide Program

Greg Settle reviewed the second quarter Nationwide Program participant activity. He indicated that the Nationwide Fire Plan currently has approximately 98 million in assets, despite a \$856,000 negative cash flow. This plan is heavier in Target Date Funds, with 1.36% of assets currently in participant loans.

Chris Bacha asked Greg to explain why firefighters have a different plan, and he replied that the National Association of Firefighters contracted with Nationwide 20 years ago. The Plan has a Nationwide Fixed Account, but the other investment options are identical to MissionSquare, so most of the discussion applies to both plans.

The Committee discussed the recent, substantial rollouts from both the Nationwide and MissionSquare programs and reviewed information provided by the firms about what investment companies those assets are being transferred to. No clear pattern was discerned.

11) MissionSquare: Service Delivery Report and Planning Discussion

Erika Armstrong explained that she was promoted and introduced Tim Oster as the new Participant Relations Manager. Tim presented a PowerPoint reviewing plan oversight and strategy, as well as participant engagement and communication. They continue to offer financial planning webinars once per month and have added a micro-site to provide information and address questions regarding passage of the Secure 2.0 Act. They are offering new ongoing surveys to collect participant input. Plan representative, Keith Penewit is back to in-person visits and offering on-site training as well as virtual visits for the City.

12) HYAS Group: Update on Implementation of Vanguard Target Date CIT's

The Committee reviewed a suggested amendment to the Plan document, to clarify that comingled investment trust (CIT) funds will be an allowed investment type in the City's 457 Plan. It was explained that making this amendment is considered to be an important part of the process of moving to the CIT version of the Vanguard Target Retirement Funds, an action that the Committee had approved earlier in the year. The Committee voted to approve the amendment.

There was a motion to approve the plan document as amended and authorize the Committee Chair authority to sign paperwork to coordinate the change in funds with Vanguard.

1st motion: Kari Louie
2nd motion: Byron Allen
All Approved, motion passed

13) HYAS Group: Legislative and Regulatory Update

Greg Settle reviewed information on the Secure Act Provisions 2.0. Some changes are mandatory, and some are optional. Greg explained that the age 50 catch-up provision issue related to Roth required contributions for 2024 for individuals with certain salary level was on hold awaiting guidance on the legislation from the IRS. Employers/lobbyists were requesting a delay in this requirement to allow further guidance and for smaller employer to plan and update their systems to implement the required changes. While this is going on he is not seeing any clients entertaining making optional changes at this time from Secure 2.0.

14) HYAS Group: Fees Matter Updated Communication Flyers

Greg Settle presented the updated "Fees Matter" participant communication drafts the Committee had asked for. The flyers provide information for participants on why they might want to consider keeping their funds in the plan after retirement/separation to avoid higher fees and have their money last them longer into retirement. The HYAS Group will send the Word and PDF versions of the documents to HR for distribution to participants.

15) NAGDCA 2023 Annual Conference

Kari Louie reviewed information for the upcoming 2023 NAGDCA conference, which will be held in Seattle. More detailed information will be shared with attending Committee members soon.

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

- There were introductions of new Committee members.
- A budget update was provided by Tammy Liddle-Lobban
- The Metropolitan West Total Return Bond Fund was placed on watch
- MissionSquare has a new Relations Manager, Tim Oster.
- The plan document was amended to include CIT Funds and Chris Bacha was provided authority to sign the paperwork authorizing the change in funds with Vanguard.

17) Questions/ Open Discussion/ Housekeeping Items/ Next Meeting Agenda

- HYAS will provide the Committee with a Manager search at the next Committee meeting.
- Greg Settle will provide "Investments for Fiduciaries" Training at the next meeting of the Committee. He will also provide "Fiduciary Fundamentals" training for newer Committee members either separately or at the February Committee meeting.

Meeting adjourned at 3:01 p.m.