

**Deferred Compensation Quarterly Meeting  
December 1, 2022  
Virtual Zoom/In Person Meeting  
Tacoma Municipal Building Room 243  
1:00 pm – 4:00 pm**

**Committee Members Present:** Jim Sant, Utilities Director, Deputy - virtual  
Kari Louie, Assistant Human Resources Director - virtual  
Chris Bacha, City Attorney, Deputy - virtual  
Andy Cherullo, City Finance Director (Interim Treasurer) - virtual  
Alice Phillips, IBEW Business Manager - virtual  
Shelby Fritz, Human Resources Director - virtual

**Committee Staff Present:** Greg Settle, Senior Consultant, Hyas Group - TMB  
Tammy Liddle-Lobban, Management Analyst III - virtual  
Cindy Farmer, Human Resources Specialist - virtual  
Monica Rutledge, Human Resources Specialist - virtual

**Guests Present:** Kris Morton, Nationwide - virtual  
Mike Ferguson, Nationwide - TMB

**MINUTES**

The meeting began at 1:03 p.m.

**I. Call to Order/Welcome**

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

**II. Roll Call of Committee Members**

Committee Members Jim Sant, Kari Louie, Shelby Fritz, Chris Bacha, Andy Cherullo and Alice Phillips were present at the meeting.

Kari Louie and Shelby Fritz temporarily left the meeting at 2 p.m., and returned at 2:45 p.m.

**III. Adoption of the Agenda**

The meeting agenda was reviewed. Jim Sant called for a motion to adopt with no changes.

1<sup>st</sup> motion: Andy Cherullo

2<sup>nd</sup> motion: Chris Bacha

All Approved, motion passed

**IV. Call for Public Comment**

Jim Sant asked if there was any public comment. Cindy Farmer replied there was none.

**V. Review and Approval of Prior Meeting Minutes**

Jim Sant asked for a motion to accept the December 1, 2022 meeting minutes as presented.

1<sup>st</sup> motion: Andy Cherullo  
2<sup>nd</sup> motion: Chris Bacha  
All approved, motion passed

**VI. City of Tacoma Staff: 2023/2024 Biennium Budget Update**

Tammy Liddle-Lobban presented the budget and noted the only change was from the prior meeting where the committee asked for the addition of training funding which was added. Jim called for motion to adopt the budget as presented.

1<sup>st</sup> motion: Andy Cherullo  
2<sup>nd</sup> motion: Chris Bacha  
All approved, motion passed

**VII. City of Tacoma Staff and Hyas Group: Update on Admin Accounts and Fees**

Greg Settle reported that the process of reducing the balance of the administrative account was completed by MissionSquare in September 2022 and participants should have seen that in their accounts. The administrative account funds were appropriately reduced per the committee’s wishes.

Mike Ferguson reported that the Nationwide process was also completed.

**VIII. Hyas Group: Third Quarter 2022 Combined Plan Investment Performance Review**

Greg Settle reviewed the current market and overall status of the economy. He commented that both unemployment and inflation rates have dropped. He added that although plan asset allocations have increased slightly, cashflow reported the worst year ever.

**IX. Hyas Group: Third Quarter 2022 Plan Review: MissionSquare Program**

Greg Settle presented the third quarter 2022 Plan and Investment Performance Report for the City of Tacoma 457 Deferred Compensation Plan. Three plan investments were noted as being in underperformance of the standards of the Plan’s Investment Policy Statement (IPS)—the Invesco Global R6 Fund, the American Funds EuroPacific Growth Fund R6, and the Vanguard Target Retirement 2065 Fund.

Greg reviewed the Invesco Global R6 Fund, noting its continuing “bottom of the peer group” performance and its volatile performance history. He suggested that less volatile alternatives might be found and noted that global funds have largely disappeared from deferred compensation plan lineups over the past two decades. The Committee asked that Greg prepare a manager search for alternatives to review at the next Committee meeting.

Greg discussed the performance of the American Funds EuroPacific Growth Fund R6 and noted that it had been performing well in 2022. He recommended no action, as the fund appears to be on track to cure its longer-term underperformance. The Committee agreed and left the Fund on Watch Status.

Greg discussed the performance of the Vanguard Target Retirement 2065 Fund. He noted that this Vanguard fund was performing well relative to peers in 2022, that it is passively managed, and that the fund was anticipated to come back into compliance with the Plan's IPS in the coming quarters. No action was taken. Greg noted that the CIT version of the Vanguard Target Retirement series had been available since early in the year and that the initial wave of transfers into the product had been completed. He suggested that the Committee review the CIT alternative at the next meeting. He will prepare materials to review the implications of moving to the CIT product and the potential benefits for continued discussion.

**X. Hyas Group: Third Quarter 2022 Plan Review: Nationwide Program**

Greg Settle noted that Nationwide was down to \$83 million in assets with \$2.1 million in negative cash flow. This is the only time in history this has happened and is due to retirements and money being moved out. However, they are performing better than MissionSquare.

Kris Morton noted he was seeing positive contributions for Nationwide as well.

**XI. Nationwide: Participant Activity, Service Delivery Report and Planning Discussion**

Kris Morton briefly reviewed the third quarter numbers as of the end of November reporting a 10% increase in participation with 54 new enrollments in 2022.

Mike Ferguson addressed the online enrollment change and noted he had many conversations and conducted many walkthroughs on the new process with employees. Mike had returned to visiting the Fire Stations to meet with employees.

He additionally discussed the virtual "Teaching Thursdays" which are available to applicable employees and their families.

Kari Louie asked about a schedule and information on any future webinars so that the City can publicize them.

Mike offered a hard copy of the quarterly report.

Nationwide left the meeting at 1:59 p.m.

**XII. MissionSquare Website Transition Update**

Greg briefly discussed the new MissionSquare platform and its difficulties citing that there were some bumps but that it is now fixed. Part of the confusion for the participants was that they had to logon and re-setup their access. However, he did note that other clients were having more trouble than the City of Tacoma was.

When Kari Louie returned to the meeting, the committee came back to this topic for Kari to comment on. She noted there are continued issues taking place with the website transition and that MissionSquare was scheduled to attend the February meeting and we will have them provide an update on this matter. She also noted that it is not just a problem with the City of Tacoma's account, their entire customer base is experiencing similar issues.

**XIII. Hyas Group: Legislative and Regulatory Update**

Greg briefly discussed the Secure Act 2.0 noting that it had not passed yet and the hold-up was believed to be that it decreases the revenue to the Treasury. Greg indicated he will advise the committee if the legislation passes.

**XIV. Hyas Group: Training: Fiduciary Roles and Duties**

Greg briefly reviewed the roles and duties of a fiduciary, noting that currently the ERISA model is used. Greg offered to meet with those committee members who were absent to provide this training information.

Chris Bacha started a discussion about whether the Plan Governance Board and the Deferred Compensation Committee serve the same purpose since they were the same members and don't convene separately. It was discussed that Charles Lee will look into whether they can be combined into one or one eliminated since they are redundant.

Alice and Andy agreed that they are redundant.

**XV. 2023 Deferred Compensation Committee Annual Meeting Schedule**

The 2023 meeting schedule was shared with committee members and Kari noted that calendar requests would be sent soon by Cindy Farmer.

**XVI. Change in Committee Support Staff**

Kari introduced Cindy Farmer who will be taking over the support for duties for the committee and thanked Monica Rutledge for her hard work while she was serving in this role.

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

- a. August 2022 minutes were approved
- b. 2023 Budget was adopted
- c. Greg Settle will present alternatives for the Invesco Global R6 Fund at the next meeting
- d. Charles will look into the Trustee Board Committee Member duties

**XVIII. Questions/ Open Discussion/ Housekeeping items/ Next Meeting Agenda**

In anticipation of Alice Phillips' retirement from IBEW 483, she announced that Byron Allen will be taking over the role as Business Manager when she leaves this summer. Adam Brinkman will take over Byron's job.

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Meeting adjourned at 2:56 p.m.