

# City of Seattle Voluntary Deferred Compensation Plan Regular Trust Committee Meeting Minutes

Wednesday, May 26, 2021 10:00 am – 12:00 pm  
Virtual Meeting via Webex

**TRUSTEES present:** Teri Allen, Jeff Davis, Rick Sheridan, Tania Torres, Glen Lee, Dennis Karl, and Bobby Humes

**STAFF present:** Michelle Ell, Tony Dozier, & Malia Bonham; Gary Smith (CAO)

**CONSULTANTS present:** Ted Grigsby and Jayson Davidson from Hyas Group; Gavin Parr from Mondress Monaco Parr Lockwood (MMPL)

**GUESTS present:** Andee Gravitt, Kent Morrison, Chris Worthington, Susan Wilson, & Olivia Anastasi, from Nationwide; Francis Albanese, Tim Morrison (FAS), John Balaod, and Paul Root, CFA.

## BUSINESS

**Opening:** Teri Allen, Committee Chair, started the meeting at 10:01 am.

Glen Lee and Bobby Humes arrived at 10:02 am.

**Introductions:** Teri Allen welcomed attendees and asked for introductions.

**Public Comment:** There was no public comment.

**Minutes of March 24 Regular Meeting:** Teri asked for a review of the meeting minutes. Michelle Ell stated there were two minor edits to the minutes.

**MOTION:** Bobby Humes moved to approve the minutes with the two corrections. The motion was seconded by Jeff Davis and passed unanimously.

**Nationwide Q1 2020 Update:** Andee Gravitt reviewed Nationwide’s Q1 2021 report for the Committee. Andee noted there was good growth for the quarter with Plan Assets totaling 1.74B and over 10,600 participants in the Plan. Andee noted there were Service Level Agreement failures due to high volume of end of year COVID withdrawals. Rick Sheridan asked about the difference in participation rates between the plans in the report. Michelle noted that a Memorandum of Understanding (MOU) between the City and the Coalition of Unions during the pandemic is leaving part time and temporary employees listed as “active”, which artificially deflates the participation in the plan. This should be corrected when the MOU expires.

**Market Overview and Executive Summary:** Jayson Davidson from the Hyas Group presented the First Quarter Investment Consultant Report, noting several economic indicators provide evidence of a swift Q1 rebound. Ted Grigsby reviewed the Plan allocation and noted the Victory Sycamore Small Cap R6 Fund is now reflected in the report as a replacement for Hotchkis &

Wiley Small Cap Value. Additionally, the Vanguard 2065 Target Date Fund was added in mid-May 2021. Nationwide noted that at the time of the report, there was roughly \$126,000 in the fund. Ted added the Galliard Stable Value fund is noted as on Watch and the put notice had been invoked for March 31, 2022. The Committee will review fund recommendations and the investment policy at the July meeting.

**In-Plan Roth Conversions:** Gavin Parr presented a proposed Plan amendment titled Plan amendment #6 that would allow participants the ability to convert their pre-tax Plan assets to Roth assets, which will require paying the appropriate taxes for the year converted. Andee noted this would be managed completely at Nationwide and it is a product that is widely in use for many of their plans. Andee and Gavin explained that communication and education is key when rolling this product out to participants, so that the tax impact of the conversion is understood.

**MOTION:** Dennis Karl moved to adopt the changes to the Plan made by the sixth amendment which allow In-Plan Roth Conversions. The motion was seconded by Bobby Humes and passed unanimously.

**Loans for Separated Employees:** Gavin Parr presented a proposed revised loan policy to allow participants who are no longer employed with the City to take loans from the Plan. Additionally, the revised loan policy accommodates loan payments via ACH for participants who have separated from employment with the City. Jayson stated that loans to non-actives is a common feature in the industry and should not be an issue if the Plan changes recordkeepers. Glen Lee asked for Nationwide to report on this going forward if approved. Michelle noted this will be handled by the recordkeeper and the City will not be involved.

**MOTION:** Jeff Davis moved to adopt the updated the loan policy to allow loans for separated employees and to allow ACH repayments for separated employees. The motion was seconded by Tania Torres and passed unanimously.

**Executive Session:** The Committee entered an Executive Session to review publicly bid contracts beginning at 11:21 am and ending by 11:47 am. The Executive Session ended, and the Committee returned to open session.

**Adjournment:** Teri Allen moved to adjourn the meeting provided there were no objections. Hearing no objections, the meeting was adjourned at 11:48am.

**Next Meeting:** The next regular meeting is scheduled for Wednesday, July 28, 2021, at 10:00 am via Webex.



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Jeffrey S. Davis  
Secretary, Deferred Compensation Plan Committee

07/30/2021