

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

Wednesday, March 22, 2023 10:00 am – 12:00 pm
Hybrid Meeting

TRUSTEES present: Jamie Carnell, Jeff Davis, Jessica Jaeger, Dennis Karl, Kimberly Loving, Rick Sheridan, and Tania Torres (left at 11:25)

STAFF present: Michelle Ell, Tony Dozier, and Malia Bonham (Plan Staff), & Gary Smith (City Attorney's Office)

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

GUESTS present: Jim Keeler, Kent Morris, Kris Morton, Chris Worthington, Lou Moreno, Susan Wilson, Olivia Anastasi, from Nationwide; Matt Courtois from FAS.

BUSINESS

Opening: Rick Sheridan, Committee Chair, started the meeting at 10:01 am.

Introductions: Rick Sheridan welcomed attendees and asked for introductions.

Public Comment: Michelle Ell read two public comments that were submitted to Plan Staff. One was from Brian Friske (SFD) asking the committee to consider low cost passively managed index funds. The second was from Stephen Hadley asking the committee to consider Mega Back Door Roth.

Minutes of January 25, 2023 Meeting: Rick asked for a review of the meeting minutes.

MOTION: Tania Torres moved to approve the minutes. The motion was seconded by Jeff Davis and passed unanimously.

Plan Staff Update: Michelle presented an amended contract for Hyas to assist with conducting the record-keeper and auditor RFP starting on May 1, 2023.

MOTION: Jeff Davis moved to approve the contract amendment for Hyas. The motion was seconded by Jessica Jaeger and passed unanimously.

Michelle added that with these two RFP's occurring in 2023-2024, the Committee members will need to consider if they would like to be a member of either sub-committee. This role will include meetings to review the RFP materials and selecting the winning bid. The Committee must decide who will participate on the sub-committees during the May meeting.

Hyas Group Q4 2022 Performance Review and Plan Fees Review: Ted Grigsby presented Hyas's Fourth Quarter 2022 Performance Report and briefly discussed the market conditions and expectations for 2023. He reviewed with the Committee the plan's allocations, fund investment performance relative

to peers and benchmarks, and fees. At the end of Q4 2022, the plan's assets totaled \$1,485,839,630. The following funds remain on watch and Hyas recommends no changes to their watch status at this time: The PIMCO Total Return Fund, The American Funds EuroPacific Growth Fund, and The Vanguard US Growth Fund.

The Committee reviewed the administrative budget analysis prepared by the Hyas Group. The Committee discussed potential action to reduce the current administrative budget that stood at approximately \$2.77 million at the time of this report. The Committee considered various actions such as a fee holiday, fee reductions, and fee rebates. Jayson Davidson noted there could be additional costs this year with the RFP.

MOTION: Jeff Davis moved to rebate \$1 million of the administrative budget back to participants on a pro rata basis in 2023 and as soon as administratively feasible. The motion was seconded by Jamie Carnell and passed unanimously.

Nationwide will develop a participant communication piece and will work with Plan Staff to implement.

Nationwide Q4 2022 Report: Jim Keeler reviewed the Q4 2022 Quarterly Nationwide report with the Committee. Jim noted the plan recognized an increase in assets for the fourth quarter of 2022. The increase was due to investment gains. Jim reported that of the participants with a Retirement Readiness score, only 32% were identified as ready to replace their income in retirement. Jim noted that customer service staffing levels had increased, and that the phone calls service levels SLA had been met for the quarter.

Tania Torres logged off at 11:25am.

Legal Updates: Gavin Parr reviewed the memo provided by MMPL to the Committee that described mandatory and optional provisions in Secure Act 2.0 that impact the Plan. The memo included an overview of the various provisions along with comments and recommended action by MMPL, Nationwide, and the City's plan staff. It was discussed that many of the provisions are operationally not available at present. Nationwide is working on updating their systems while the City is also in the middle of a payroll system upgrade. The Committee will continue to review the various provisions as progress is made.

MOTION: Jeff Davis moved to adopt the following SECURE Act 2.0 Plan changes that are effective for 2023 as recommended by MMPL: (1) increasing the triggering age for Required Minimum Distributions from age 72 to age 73, effective for participants born in 1951 or later, and (2) limiting the time period for participants to re contribute QBADs (Qualified Birth and Adoption Distributions) to the Plan to 3 years from the date of distribution (or by December 31, 2025 for QBADs taken before SECURE Act 2.0 was enacted). Motion seconded by Jamie Carnell and passed unanimously (Tania Torres was not present for vote).

Hyas Group Plan exposure to Silicon Valley Bank: Ted also provided an overview of the Plan's exposure to SVB bank. Total exposure was less than 0.04% of plan assets held within various mutual funds.

Adjournment: Rick Sheridan moved to adjourn the meeting. Hearing no objections, the meeting was adjourned at 11:57am.

Next Meeting: The next regular meeting is scheduled for Wednesday, May 24, at 10:00 am PT. The meeting will be hybrid via WebEx and a TBD location in Seattle Municipal Tower.



Jeffrey S. Davis
Secretary, Deferred Compensation Plan Committee

05/31/2023