

**Deferred Compensation Quarterly Meeting
February 22, 2024
Virtual Zoom/In Person Meeting
Tacoma Municipal Building Room 243
1:00 pm – 4:00 pm**

Committee Members Present: Chris Bacha, City Attorney, Deputy - TMB
Kari Louie, Assistant Human Resources Director - TMB
Michael San Soucie, City Treasurer - virtual
Shelby Fritz, Human Resources Director - TMB
Alex Yoon, Utilities Deputy Director - TMB

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

Guests Present: Matt Frank – Local 31 Union Representative - virtual
Tim Oster – Vice President, Relationship Manager-MissionSquare - TMB

MINUTES

The meeting began at 1:01 p.m.

1) Call to Order

Chris Bacha opened the meeting and welcomed all the participants.

2) Roll Call

Chris Bacha, Kari Louie, Michael San Soucie, Shelby Fritz, and Alex Yoon, were all present at the meeting.

3) 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: Kari Louie

All Approved, motion passed

4) Public Comment

Chris Bacha asked if there was any public comment and Cindy Farmer replied that no public comment was submitted.

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

Motion was made to approve the minutes from the December 7, 2023, deferred compensation meeting:

1st motion: Kari Louie

2nd motion: Shelby Fritz

All Approved, motion passed

6) City of Tacoma Staff: Review of Administrative Account, Plan Budget Update

Tammy Liddle Lobban reviewed the budget report and indicated expenses were at or near as planned. Chris Bacha asked if she had any recommendations for the committee on the budget, she had none. Tammy also noted that proposed budgets for next biennium were to come in a couple of months, Chris and Kari said the committee will address it at the August meeting if changes are needed.

Greg Settle noted that with assets increasing and meaningful interest income now being received from the Administrative Account's money market fund, that a careful review of the fee level required should be part of the process.

7) Hyas Group: Fourth Quarter 2023 Combined Plan Investment Performance Review

Greg presented the Fourth Quarter 2023 Plan and Investment Performance Report noting growth in the later quarters of 2023 and 29% growth to-date, in the first quarter of 2024 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 Nationwide Fixed Account. Additionally, two funds were on Watch status.

Chris asked about the losses in early 2023 and Greg explained that the losses from the end of 2022 were reported in early 2023 skewing those numbers.

8) Hyas Group: Fourth Quarter 2023 Plan Review: MissionSquare Program

Greg discussed how the performance of the American Funds EuroPacific Growth Fund continues to outperform the standards of the IPS, though narrowly, and advised leaving the fund on Watch for one more quarter. The Committee agreed and left the fund on Watch.

Greg also noted that with over a year now passing since the management changes at MFS and no issues having developed, Hyas Group removed the Watch status of the MFS Mid Cap Growth R6 internally and recommends the Committee do the same. The Committee concurred and motion was made to take the fund off Watch.

1st motion: Kari Louie

2nd motion: Chris Bacha

All Approved, motion passed

Chris asked if there were any questions before moving on. None were asked.

9) Hyas Group: Fourth Quarter 2023 Plan Review: Nationwide Program

Greg reported that Nationwide's Fixed Account's performance fell below the standards of the IPS in the fourth quarter, and that he had contacted Nationwide about this development. Nationwide representatives informed him that they are reviewing the situation and will get back to him soon with a proposed response. Motion was made to put the fund on Watch.

1st motion: Shelby Fritz

2nd motion: Alex Yoon

All Approved, motion passed

10) MissionSquare: Service Delivery Report and Planning Discussion

Greg discussed the high number of rollouts from the Plan in 2023 and Tim Oster from MissionSquare provided some detail on where the funds are going.

Tim reviewed the numbers from December 2023 and noted that the average balance is double what other organizations are with 4.5% growth in 2023. This is likely because of long time workers who have been saving most of their career. He also suggested a save your raise campaign and outlined where the roll out money was going to, citing that Edward Jones is an aggressive marketer. There was discussion on the save your raise campaign and the timing as there is no set time of year when raises happen at the City. Michael suggested June and December.

Michael noted that TD Ameritrade is now owned by Charles Schwab Investments.

Tim mentioned that they can do in person seminars and that Keith Penewit, currently the City's MissionSquare Representative, is also Certified Financial Planner (CFP) and there is no income limit for the MissionSquare CFP services. Whereas other organization may charge several hundred dollars for it. He also noted that he has other documents available for employees such as rollover checklists and worksheets.

Kari noted that Shannon Carmody, the City's Wellness Coordinator, is working on retirement seminars for this spring and that may be a good time for financial seminars as well.

Michael brought up that he had not seen any advertisements for the free CFP services and cautioned about using an acronym that others may now know. He also asked how to connect with these services. Tim referred him to Keith Penewit.

Alex asked if the free CFP services were still available after retirement and Tim indicated they were.

MissionSquare offered to conduct a "retention" campaign and will prepare materials, which will be sent to the City for review. Kari noted that we had not done an employee survey in a few years. Greg Settle offered to work with her to prepare a survey for employees which will also be intended to increase awareness of the availability of no-cost financial planning services to participants.

11) Hyas Group: Update on Implementation of Vanguard Target Date Fund CIT's

Greg noted that the implementation had been completed.

12) Hyas Group: Legislative and Regulatory Update

Greg provided an update on the SECURE Act 2.0 optional features, noting that guidance from the U.S. Department of the Treasury is still needed for many features before they can be engaged. He noted there are over a dozen such optional features, and that it may take a special meeting of the Committee or multiple meetings to work through discussions about adopting them. He hopes to have more to report about the various features at the next meeting of the Committee.

Greg also noted that there was no expectation of interest rate reductions soon, but there was speculation in the marketplace that it may come in 3rd quarter 2024. Michael San Soucie noted that the City's investment advisors are also saying that the interest rate cut is delayed.

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

- The MFS Mid Cap Growth R6 plan was removed from Watch
- American Funds EuroPacific Growth Fund was kept on Watch
- Nationwide's Fixed Account was put on Watch
- Tim will work with Kari on a retention campaign
- Greg will work with Kari on creating an employee survey

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

- Kari noted that there would be a contribution change blackout period March 12-15, while MissionSquare made some updates to their system.

Motion was made to adjourn the meeting at 2:43 p.m.

1st motion: Kari Louie

2nd motion: Alex Yoon

All Approved, motion passed