

**Deferred Compensation Committee (DCC) Quarterly Meeting
May 22, 2025 - Virtual Zoom/In Person Meeting
Tacoma Municipal Building, Room 243
1:00 p.m. – 4:00 p.m.**

Committee Members Present: Kari Louie, Acting Human Resources Director – TMB
Michael San Soucie, City Treasurer – virtual
Byron Allen, Joint Labor – virtual
Chris Bacha, City Attorney – virtual
Alex Yoon, Utilities Deputy Director – virtual

Committee Staff Present: Greg Settle, Senior Consultant, Hyas Group – TMB
Cindy Farmer, Human Resources Specialist – TMB
Debra Casparian, Deputy City Attorney – virtual

Guests Present: Joshua Haia, Local 31 – virtual
Jim Keeler, Nationwide – virtual
Mike Ferguson, Nationwide – virtual
Steve Victor, Chief Deputy City Attorney – virtual

Minutes

The meeting began at 1:01 p.m.

1) Call to Order

Kari Louie, Vice-Chairperson, opened the meeting and welcomed all the participants.

2) Roll Call

Kari Louie, Michael San Soucie, Byron Allen, Chris Bacha, and Alex Yoon (arrived at 1:17pm), were present at the meeting. Shelby Fritz was absent.

3) Adoption of the Agenda (Committee Action Item)

A motion was made to accept the agenda as presented:

1st motion: Byron Allen

2nd motion: Chris Bacha

All Approved, motion passed

4) Public Comment

Kari Louie 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)

A motion was made to approve the minutes from the February 27, 2025, Deferred Compensation Committee meeting:

1st motion: Byron Allen

2nd motion: Chris Bacha

All Approved, motion passed

6) Hyas Group Updates

Greg Settle provided updates on Hyas and announced his retirement in 2026. Audrey White, Hyas Senior Consultant, will be taking over the City's account. As an introduction, Audrey will be attending the August DCC meeting in anticipation of taking over the City of Tacoma's account upon Greg's retirement.

Greg also explained a brief history of their corporate mergers, previously with Morgan Stanley and now with Cook Street Consulting. The new name of the combined Hyas and Cook Street firms will be the Fiduciary Consulting Group, consolidating both under one roof and under the Morgan Stanley overall umbrella.

7) Hyas Group: Administrative Account Balance Reduction: Review of options (Committee Action Item)

Greg Settle presented the options for reducing the Administrative Account Balance, which was over \$630k.

The options discussed included a one-time allocation distributed back to the participants (which was being recommended by Greg Settle) or a fee holiday in which participants would not pay fees for a period of time but requires more administrative oversight and has more risk of reducing the balance too low.

After Committee discussion, a motion was made to direct Nationwide and MissionSquare to allocate Plan Administrative Account assets in excess of \$154,000 to those Plan participants who have a balance, on a pro-rata basis, based on balances on 12/31/2024. Nationwide would be directed to allocate assets in excess of \$24,640, and MissionSquare would be directed to allocate assets in excess of \$129,360, which reflects a 16%/84% proportion of the amount in excess of the \$154,000 total amount to be allocated.

1st motion: Chris Bacha

2nd motion: Byron Allen

All Approved, motion passed

Greg will assist the City in developing communication to participants regarding the fee credit and the Third-Party Administrator (TPA) firms with making the allocation.

8) Hyas Group: First Quarter 2025 Combined Plan Investment Performance Review (Committee Action Item)

Greg Settle presented the first quarter Plan and Investment Performance Report. The Gross Domestic Product (GDP) showed a steady increase in 2024, and the tariffs had not had the expected negative affect. Greg also noted that housing sales were down, and international stocks were significantly up.

Greg noted that seven presently available Plan investments were in under-performance of the standard of the Plan's IPS: the Nationwide Fixed Account, the MFS Mid Cap Growth R6, the American Funds Global Insight R6 Fund, and four of the Vanguard Retirement Trust Target Retirement Funds.

9) Hyas Group: First Quarter 2025 Plan Review: MissionSquare Retirement Program

Greg Settle reported that Oliver Meng, the former Interim Portfolio Manager for the MissionSquare Plus Fund, was named as the Lead Portfolio Manager for the Fund. Hyas was wanting to see a new Co-Portfolio Manager named soon to provide depth in oversight. Greg recommended keeping the Fund on Watch, and the Committee concurred.

He also discussed the performance of the MFS Mid Cap Growth Fund, which was still under-performing the standards of the Committee's IPS, noting that it was performing very well relative to peers year-to-date in 2024. He recommended keeping the Fund on Watch, and the Committee concurred.

Greg reported that though the American Funds Global Insight R6 Fund continued to be in under-performance of the standards of the Committee's IPS, the Fund was performing very well year-to-date as of May 22, 2025, with performance in the top quintile vs. peers. He recommended keeping the Fund on Watch, and the Committee concurred.

Greg discussed the under-performance, as of March 31, 2025, of the Income, 2020, 2035, and 2040 funds of the Vanguard Target Retirement Trust II Funds. He noted that all four of the funds were performing very well verses both their benchmark indexes and peer groups as of May 22, 2025, and that they expect all the funds to be back in compliance with the standards of the Committee's IPS by the third quarter. He recommended keeping the Fund on Watch, and the Committee concurred.

Greg also noted that MissionSquare's cash flow was down by \$5M, however participation continued to increase.

10) Hyas Group: First Quarter 2025 Plan Review: Nationwide Program

Greg Settle presented the first quarter Plan and Investment Performance Report and reported that Nationwide had increased the Fixed Account's crediting rate to 3% from the 2% level observed in 2024. However, the Fund was still performing below the standards of the IPS. Greg recommended leaving the Fund on Watch and the Committee concurred.

Greg noted that the SDBA (Self-directed brokerage account) usage was up over 6% from this time last year. There was some discussion of this, with Michael Ferguson noting that some users have outside brokers providing direction for this. Greg noted the usage (currently 12.54%) is a little high but not excessively so.

Jim Keeler noted that the Market value of the Nationwide contributions as of May 21, 2025, was at \$119,811,000 and 64% of enrollees were on track to meet their retirement needs. He pointed out that the retirement calculator on their website is robust and helpful in retirement planning for our employees.

11) Nationwide: Service Delivery Report and Planning Discussion

Mike Ferguson reminded everyone that our retiring LEOFF II employees need to be sure to apply for retirement with DRS at least 3 months in advance and reiterated the value of the Nationwide online retirement calculator as a tool for our employees to help meet their retirement savings goals.

Jim Keeler brought up the Secure 2.0 mandatory Roth catch-up provision starting in 2026, and Nationwide will be delaying some of the programming for the voluntary provisions the City approved due to focusing on implementation of the Roth catch-up provision.

12) Update: Engagement of the T Rowe Price US Equity Research Fund CIT

Greg Settle provided an update on the replacement of the mutual fund version of the T. Rowe Price US Equity Research Fund I with the CIT version of the fund, as directed at the last meeting of the Committee. The Hyas Group has assisted with completing the required paperwork with T. Rowe Price and prior to this meeting, forwarded the relevant documents to the City for finalization.

13) Hyas Group: Legislative and Regulatory Update

Greg Settle provided an update on the Mandatory Catch-Up Provision for Secure 2.0 and what additional was known at this time following the federal update in January and that while we're waiting for direction following public comment feedback received, employers are proceeding with implementation based on their understanding of the provision. Kari Louie indicated they have begun initial discussions with Payroll and the IT Department related to this legislation and programming compliance.

Greg Settle discussed the passage of HB1270, which has made it possible for local government employers in Washington State to engage in auto-enrollment for their 457 Plans. After some committee discussion and questions, Greg offered to present information about the impacts of auto-enrollment and the experience of other governmental employers that have utilized this feature at the next Committee meeting. Greg said that while this allows auto-enrollment, it still allows employees to opt out and opt back in later, if they so choose.

14) City of Tacoma Staff: Committee Bylaws Review (*Committee Action Item*)

Debra Casparian recapped the decision of the committee from the February 2025 meeting to amend the Bylaws by removing the reference to the Open Public Meeting Act (OPMA). After research, it was determined by City Legal that the Deferred Compensation Committee does not have the OPMA requirement. She walked through the updates that were made to the Bylaws to incorporate this change.

After review and discussion, a motion was made to adopt the amended Bylaws as provided:

1st motion: Byron Allen

2nd motion: Chris Bacha

All Approved, motion passed

It was discussed that the new Bylaws would be posted on the DCC website.

15) City of Tacoma Staff: Administrative Updates

Kari Louie provided an update on the RFP for the Deferred Compensation Plan Financial Advisor, which was released to the public in early June. A recommendation by the subcommittee is expected around September 2025.

Kari also briefly discussed the Deferred Compensation Survey that occurred in early spring. They received 988 responses and 150 of those asked to be contacted. Outreach to these people will happen over the next few weeks from the City's Benefits Office staff. Kari and Greg will be presenting the survey results along with an analysis at the next Committee meeting.

16) Introduction: New Committee Member

Chris Bacha announced this was going to be his last meeting with this Committee and was delegating the role to Deputy City Attorney, Steve Victor, effective immediately.

17) Review of Meeting Action and Discussion Items for Follow-up

- Updated Bylaws to be posted to the City DCC website.
- Kari/Greg to take action on the one-time fee implementation.
- Finalize documents regarding replacement of the mutual fund version of the T. Rowe Price US Equity Research Fund I with the CIT version of the fund as mentioned in item 12 above.
- Employee Deferred Compensation Survey results and analysis to be presented at the next meeting.
- Presentation on HB1270 Washington State Auto-Enrollment.

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

Kari discussed the 2025 NAGDCA conference this Fall in San Diego and asked for discussion on whether the committee would choose to send any committee members given the budget freeze activity for the biennium.

- It was discussed that the 2026 conference would be held in Florida and the current conference in 2025 would be less expensive to attend.
- \$10,000 was budgeted for this biennium to attend conferences.

Greg Settle noted that other agencies use the administrative funds for this and similar purposes. Chris Bacha recommended sending the new committee members, Debra Casparian, Steve Victor, and Michael San Soucie, as the conference provides great educational information and networking opportunities. Cindy Farmer was assigned to work with the Steve, Michael, and Debra to see if were able to attend and assist with registration and travel information.

19) Motion to Adjourn

1st motion: Alex Yoon
2nd motion: Chris Bacha
All Approved, motion passed

Meeting adjourned at: 2:55 p.m.