

Deferred Compensation Committee Quarterly Meeting
May 23, 2024
Virtual Zoom/In Person Meeting
Tacoma Municipal Building, Room 243
1:00 p.m. – 4:00 p.m.

Committee Members Present: Kari Louie, Assistant Human Resources Director - virtual
Michael San Soucie, City Treasurer - virtual
Byron Allen, Joint Labor - virtual
Shelby Fritz, Human Resources Director - virtual

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

Guests Present: Jim Keeler – Nationwide - virtual
Kris Morton – Nationwide - virtual
Mike Ferguson – Nationwide - virtual

MINUTES

The meeting began at 1:04 p.m.

1) Call to Order

Kari Louie opened the meeting and welcomed all the participants.

2) Roll Call

Kari Louie, Shelby Fritz, Byron Allen and were present at the meeting.
The acting Chair, Kari Louie, declared no quorum.

The meeting stops – informational only prior to commencement of the meeting starting.

While there was no quorum, some items were presented out of agenda order and as “informational only” prior to the official start of the meeting. Number (#) notations are in reference to the numbering order that item was listed on the meeting agenda.

▪ **(#10) Nationwide: Service Delivery Report and Planning Discussion** *(presented for informational purposes only)*

Kris Morton reviewed the 2024 first quarter plan sponsor report.

Mike Ferguson noted that Tacoma Fire had a new class of firefighters starting at the end of June and that Nationwide is rolling out a new website soon with enhancements in several customer focused areas.

Jim Keeler spoke about Secure 2.0 noting some of the optional items that apply to government plans and public safety.

Kari Louie noted that it would be helpful to have determinations on 2.0 soon as the City will have to program the computer system to accommodate any changes.

- **(#5) Introduction of Staffing Change – Legal Support for the Committee** *(presented for informational purposes only)*
Kari Louie introduced Debra Casparian, Deputy City Attorney, as the new legal consultant for the Committee
- **(#11) Hyas Group: Legislative and Regulatory Update** *(presented for informational purposes only)*
Greg Settle noted that new rules for Secure 2.0 are still under development and there is still more information to come from the federal government on the implementation requirements and timelines.

Michael San Soucie (joined the meeting at 1:54pm), completing the quorum. The meeting began at 1:54 p.m.

3) Call to Order

Kari Louie opened the meeting.

4) (#3) Adoption of the Agenda

There was a motion to adopt the agenda with changes resulting from the delayed quorum:

1st motion: Byron Allen
2nd motion: Shelby Fritz
All Approved, motion passed

5) (#4) Public Comment

Kari Louie asked if there was any public comment and Cindy Farmer replied that no public comment was submitted.

6) (#6) Review and Approval of Prior Meeting Minutes

A motion was made to approve the minutes from the February 22, 2024 deferred compensation committee meeting:

1st motion: Byron Allen
2nd motion: Shelby Fritz
All Approved, motion passed

7) (#7) Hyas Group: First Quarter 2024 Combined Plan Investment Performance Review

Greg Settle reviewed the current market and overall status of the economy. He indicated we had growth in both plans with the first quarter of 2024. Last year's growth was better than expected at 3.4% with the economy slowing down to 1.6% in the first quarter of this year. Second quarter numbers were coming in at a high for this year last week at 3.6%. He noted growth activity in the second quarter on bonds, large cap growth stocks, and the international market even with the issues taking place with Ukraine and Asia.

8) (#8) Hyas Group: First Quarter 2024 Plan Review: MissionSquare Program

Greg Settle presented the First Quarter 2024 Plan and Investment Performance Report for the City of Tacoma 457 Deferred Compensation Plan.

Greg reported that the MissionSquare total assets were just under \$560M, which was an all-time high. He also noted that enrollment in the Self-Directed Brokerage Accounts (SBDA) had really grown over the past few years.

Greg reported that the American Funds EuroPacific Growth Fund continues to outperform the standards of the Plan's Investment Policy Statement (IPS). He advised leaving the fund on Watch since a narrow margin for underperformance remains. The Committee agreed and took no action.

Greg discussed the recent promotion of the MissionSquare Plus Fund's portfolio manager, Karen Chong-Wulff, to the position of the firm's Chief Investment Officer, following the retirement of the former CIO Wayne Wicker. Due to this change and the relatively recent promotion of Oliver Meng to assistant portfolio manager of the fund, Greg recommended placing the fund on Watch.

A motion was made to put the MissionSquare Plus fund on watch:

1st motion: Byron Allen

2nd motion: Shelby Fritz

All Approved, motion passed

9) (#12) Hyas Group: Secure Act 2.0 Optional Provisions Review and Discussion

Greg Settle presented information on six of the optional provisions of SECURE Act 2.0 noting that none of these provisions are ready for implementation at MissionSquare, and Nationwide will be ready to implement just two of them in the upcoming quarter. Industry firms are still awaiting guidance on some of the other provisions. Greg will review progress with the various optional provisions again for the next Committee meeting when preparing the agenda.

Jim Keeler noted that he had additional information and will connect with Greg on it and that he does expect the implementation of all the changes to extend past January 2026.

Michael San Soucie asked if any requests have been submitted to the City's IT department on this to start the planning stages and suggested that payroll be brought into the discussion as much of it affects payroll as well. Kari Louie indicated there were no requests officially submitted at this time due to the fluctuation of the regulation and rulemaking, but they had plans to meet with IT soon to discuss the status of Secure 2.0.

10) (#9) Hyas Group: First Quarter 2024 Plan Review: Nationwide Program

Greg Settle reported that the Nationwide Fixed Account's performance continues to fall below the standards of the IPS in the first quarter. Nationwide had requested a meeting with Greg and the Hyas Group investment team to discuss this fund and he will report the results of that meeting next quarter. The Committee left the fund on Watch.

Greg noted a difference in the performance report's average account balance calculation that seemed to indicate that the Self-Directed Brokerage Option (SDBO) assets were not being included in the calculation. With the increased utilization of the SDBO option this would be a material factor. Greg will investigate this further and make corrections as needed for the next meeting of the Committee.

11) (#13) 2024 457 Plan Participant Survey Draft: Review and Discussion

Greg Settle presented a draft survey that is intended to help identify the needs and goals of participants and to inform them about the availability of financial counseling and planning services. Committee members made several suggestions about how to better optimize the survey. Greg will make the edits and send the revised document to Kari in anticipation of further discussion at the

next Committee meeting. Kari explained the history of prior surveys that were conducted and how the proposed survey might roll out. Greg was involved previously and is aware of the audience we are working with at the City.

12) (#14) MissionSquare Financial Planning Services Promotion Update

Kari Louie provided an update from the last meeting that MissionSquare has put together their financial planning services promotional campaign “Rev Up Your Retirement”, which was the theme the committee chose. This campaign was going to kick off this summer and MissionSquare would be at the August meeting and would report the details of the campaign. MissionSquare and Nationwide also created flyers to advertise their financial planning services, which the Benefits Office began sharing with employees with the retirement seminars offered by the Wellness Program and Retirement Office this Spring. These communication pieces have also been added to the Benefits website.

13) (#15) Contribution Posting Error MissionSquare Update

Kari Louie updated the committee that there was a posting error by the City following payroll processing that impacted accounts for MissionSquare participants. The issue was now resolved and she had advised the Chair, Chris Bacha on this matter.

14) (#16) Review of Meeting Action and Discussion Items for Follow-Up

- Greg Settle will make the suggested changes to the plan participant survey and follow up with Kari Louie
- Greg will follow up on Nationwide’s Fixed Account’s performance
- Greg will provide a Secure 2.0 update at the August 2024 meeting

15) (#17) Questions/Open Discussion/Housekeeping items/Next Meeting Agenda

Kari Louie noted that MissionSquare would be attending the August 2024 meeting.

As there was no further business, a motion to adjourn was raised:

1st motion: Michael San Soucie

2nd motion: Shelby Fritz

All Approved, motion passed

Meeting Adjourned at 2:40 p.m.