

Deferred Compensation Committee (DCC) Quarterly Meeting
August 28, 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 – virtual
Michael San Soucie, City Treasurer – virtual
Steve Victor, Chief Deputy City Attorney – virtual
Alex Yoon, Utilities Deputy Director – virtual

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

Guests Present: Joshua Haia, Local 31 – virtual
Tim Oster MissionSquare – TMB
Audrey White, FCG Senior Consultant – TMB
Tammy Liddle Lobban, Human Resources Manager – TMB

Minutes

The meeting began at 1:06 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, Steve Victor and Alex Yoon (arrived at 1:17pm), were present at the meeting. Byron Allen was absent
- 3) Adoption of the Agenda (Committee Action Item)**
A motion was made to accept the agenda as presented:
1st motion: Steve Victor
2nd motion: Michael San Soucie
All Approved, motion passed
- 4) Review and Approval of Prior Meeting Minutes (Committee Action Item)**
A motion was made to approve the minutes from the May 22, 2025, DCC meeting:
1st motion: Steve Victor
2nd motion: Michael San Soucie
All Approved, motion passed

5) **Fiduciary Consulting Group: Introduction Future Account Representative**
Greg Settle introduced Audrey White, Fiduciary Consulting Group (FCG) Senior Consultant who will be taking over the City's account when he retires in 2026. Audrey also has a number of accounts in Oregon and Idaho and has been with The Group since 2019.

6) **City of Tacoma Staff: Review of Administrative Account, Plan Budget Update**
Tammy Liddle Lobban reviewed the year-to-date biennial budget and reminded everyone that due to the delayed payments for Morgan Stanley's 2024 services which posted in January, there was a resulting negative balance of the City's operating account at the beginning of this year.

7) **Fiduciary Consulting Group: Update on Administrative Account Allocation to Participants**
Greg reported that In August of this year, as a part of the pro-rata allocation of assets to participant accounts, Nationwide processed a lower amount than what was directed. They will make the adjustment and return the additional fee to participants.

There was discussion on the communication to employees regarding this, Greg will work with MissionSquare and Nationwide on this and follow up at the December meeting to confirm everything is completed.

8) **Fiduciary Consulting Group: Second Quarter 2025 457 Plan Investment Performance Review (Committee Action Item)**
Greg Settle presented the first quarter Plan and Investment Performance Report, highlighting that four presently available Plan investments were noted as being in under-performance of the standards of the Plan's Investment Policy Statement (IPS); the Nationwide Fixed Account, the American Funds Global Insight R6 Fund, and two of the Vanguard Retirement Trust Target Retirement Funds. Additionally, two other funds are in Watch status, the MissionSquare Plus Fund and the MFS Mid Cap Growth Fund.

Greg also noted that the unemployment rate was at 4.1% but that with a new person in charge in Labor and Statistics, the way this is formulated may change.

9) **Fiduciary Consulting Group: Second Quarter 2025 Plan Review: MissionSquare Program**
Greg Settle reviewed the MissionSquare Performance Report specifically noting that the MissionSquare Plus Fund continues to perform well under the direction of recently appointed Portfolio Manager Oliver Meng. However, since he has only been in this role for less than a year thus far, I recommended keeping the Fund on Watch, and the Committee concurred.

Greg reported that:

- The **MFS Mid Cap Growth Fund** is now outperforming the standards of the IPS and having a solid year. He recommended keeping the Fund on Watch
- Though the **American Funds Global Insight R6 Fund** has continued to perform very well year-to-date, with performance remaining in the top quintile vs. peers. He recommended that the Committee keep this fund on Watch Status.
- And Lastly, Greg updated the performance of the **Vanguard Target Retirement Trust II Funds**, which are all having very strong performance relative to their index benchmarks. He noted that while two of the funds are still underperforming the standards of the IPS, performance is heading in the right direction.

Greg recommended no action on all three, and the committee concurred, leaving them on Watch.

10) Fiduciary Consulting Group: Second Quarter 2025 Plan Review: Nationwide Program

Greg Settle reviewed the Nationwide Performance report noting that they have continued keeping the Fixed Account's crediting rate at 3% and it is comparing well to peers year-to-date. However, the Fund is still performing below the standards of the IPS. He recommended leaving the Fund on Watch and the Committee concurred.

11) MissionSquare: Service Delivery Report and Planning Discussion

Tim Oster provided an update that their website is moving from a .org to a .com to make it easier to find and they have improved the website experience. They have also launched a new call center platform and improved their quality and training programs.

Tim reviewed their Retirement Planning Savings program for Teenagers, and Kari asked if they could do a special presentation for City employees and their families. Kari will work with Tim on scheduling this.

Tim also provided some plan statistics to the Committee

- Average age of participant – 53.3
- Average number of years in the plan – 15.6
- Percentage with Beneficiaries on file – 91%
- Percentage with an email address on file – 94%
- Percentage of employees invested in only one fund – 53%

Tim presented the Award of Distinction to the Committee which was for the Rev up Retirement marketing campaign the City held, which Kari Louie graciously accepted for the Committee.

12) Fiduciary Consulting Group: Update on Engagement of the T Rowe Price US Equity Research Fund CIT

Greg Settle updated the committee 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. Nationwide has completed their part of this fund change, but an error occurred in executing the change at MissionSquare, in part due to some confusion between T. Rowe Price, Morgan Stanley and MissionSquare. In this case the mutual fund assets did get transferred into a lower-cost, CIT version of the same fund, but it was the wrong fund, and it has an expense ratio of .32% vs the .31% of the intended fund. MissionSquare is now moving to correct this error, and the assets will be moved into the correct fund in the coming weeks. Fiduciary Consulting Group (FCG) will review and compare the performance differential that may result from this error and report back to the Committee at the next meeting and make a recommendation regarding corrective action at that time, if needed.

13) Fiduciary Consulting Group: Review and Discussion: City of Tacoma 457 Plan Employee Survey

Kari Louie provided an overview of the Employee Survey noting that during the survey period, employees were sent 3 emails asking them to take the survey, response was positive, and the Benefits office received many inquiries about doing better at saving their money and signing up for the Deferred Compensation plan. Many employees that emailed Benefits indicated that they were unaware of the program even though its covered thoroughly when they are hired.

Greg Settle presented the results of the recently completed survey of City employees about the Deferred Compensation Plan. He provided some analysis and commentary about the survey results in comparison to the whole City of Tacoma population and some comparisons to the survey results of other cities that Fiduciary Consulting Group (FCG) works with. Greg also noted that the response rate to the survey was extraordinarily high.

14) Fiduciary Consulting Group: Auto Enrollment Continued Discussion and Updates

Greg Settle provided some additional information about auto-enrollment in 457 Plans. It was then agreed that this topic will be reviewed by the Committee again in mid- 2026, at which time the actions and experiences of other Washington public employers regarding implementation of this feature can be observed. Some employers do auto-enrollment at the time of hire giving the employees the ability to opt out and then opt back in if they wish.

15) Fiduciary Consulting Group: Legislative and Regulatory Update

Greg Settle said there is a push to allow private investments and cryptocurrency. FCG is watching developments to see what others are doing and how it's going. They are seeing very little movement towards this.

He also mentioned that NAGDCA requested that the Secure 2.0 Roth catch-up requirement be delayed one more year. Kari Louie provided another update that the City has to have time to program the Roth changed into the current computer system in order to remain compliant. The short or lack of notice makes this difficult.

16) Proxy Vote Discussion (Committee Action Item)

Kari Louie brought forth the occasional receipt of proxy vote requests for governing board and plan changes received from mutual fund companies that are applicable to our plans. Discussion ensued, and the committee felt that they should be reviewed to see if a response was needed, and they were value added. FCG offered to review them when they come in to see if the DCC needed to respond to them. Kari will watch for them to come in and take action as needed.

Discussion occurred about whether online (email) voting was allowed for the committee, Debra Casparian said there was no mention of online voting in the bylaws.

17) Election of Committee Officers (Committee Action Item)

Kari Louie presented information on the election of DCC Committee members noting the Committee is currently short one member and that she has been acting as the interim Chairperson. Kari's position as Vice-Chair expires the end of this year, and the Chair position has a remaining year left on the unexpired term. The Committee agreed that Kari would continue in her current capacity until the vote at the December meeting.

At the December meeting, the Committee will need to vote on the two positions, the Chairperson to fill the remaining year of the unexpired term, and if Kari were chosen, someone would need to fill her current position of Vice-Chair for a new three-year term.

Alex Yoon nominated Kari Louie for Chairperson

Michael San Soucie nominated Alex Yoon for Vice-Chair

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

- MissionSquare CIT follow up.
- Nationwide fee error follow up
- Auto-enrollment will be revisited in August of 2026
- December DCC elections

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

Members should expect to see a meeting scheduled for September for the results and vote of the Deferred Compensation Financial Advisor as a result of the recent RFP.

20) Motion to Adjourn

1st motion: Alex Yoon

2nd motion: Michael San Soucie

All Approved, motion passed

Meeting adjourned at: 3:16 p.m.