

King County Employees Deferred Compensation Plan

Board Meeting Minutes

May 10, 2023

Board Members: Krista Camenzind, Gennevie Cook, Tom Friedman, Clara Gao, Doug Hodson, Lisa Parriott, Pat Sainsbury, Sherry Stroud, and Lusha Zhou

Staff: O.C. Collier

Guest: Jayson Davidson of Hyas, Sean Reagan and Samantha Smith, and Guen Toste of T. Rowe Price

Participant / Employee Comments

Krista reported that a participant asked if the self-directed brokerage account through the Plan (Schwab) offers the purchase of partial shares. Guen Toste will research and report back to the Board.

April 2023 Meeting Minutes (Action Item)

The April meeting minutes were adopted as written.

T. Rowe Price Quarterly Report (Discussion Item)

The following Plan Highlights were noted as of March 31, 2023:

- Plan assets were \$1,241,849,283 representing an approx. 6.58 % decrease since 3/31/2022. This was largely due to market fluctuation.
- The Plan Participation Rate is at 53.7%.
- There were 12,174 participants in the Plan which is a 2.6% increase from 3/31/2022.
- The average Participant account balance was \$102,007.
- The median Participant account balance was \$28,678.
- Notably, there were 555 participants with a balance of \$500,000 and above.

Guen Toste, T. Rowe Price relationship manager, presented the quarterly plan review which has been reformatted to focus on "The Big Picture". Of note was that the participation rate rose slightly to 53.7% and cash flow for the past year was positive. Guen also shared that 56% of all participants have all their assets invested in a single TDF (target date fund) and 66.5% of participants are contributing all new money to a single TDF. It is expected that these percentages will increase as automatic enrollment for certain bargaining groups continues to take hold. Finally, the Board received an update on participant engagement education activity from Samantha Smith. First Quarter 2023 attendance outpaced all attendance numbers for the entirety of 2022. All session topics were well attended.

Hyas Quarterly Report (Discussion Item)

The Board reviewed the First Quarter 2023 Performance Report, and we discussed current market conditions as well as near term market expectations. The quarter provided for strong fixed income and equity market returns in a continuation of the rally that began with the Fourth Quarter of last year. Markets remain focused on what has been cooling, but still high, inflation

numbers and the Federal Reserve's tightening actions related to these numbers. Additionally, economic activity has shown signs of cooling and lending activity has slowed in the wake of the pressure put on regional banks from rapidly rising interest rates. In this environment, the Plan's available suite of investment options have performed in-line with expectations. There were no investment options in violation and no funds on watch at the end of the quarter.

Digital Security – Money Transfer Protocols (Discussion Item)

Sean Reagan discussed digital security and what T Rowe Price does to protect client/participant data. Sean will follow up with Plaid, the third-party verification company, to get their security protocols and report back to the board.

2022 Year End Report (Discussion Item)

The Board received a report on 2022 plan expenses, administrative fee revenue and balance in the administrative account. Activity for the year included \$426,000 of fee revenue and expenses of \$340,000. This leaves the account with a balance of \$451,158 after an increase approximately \$86,000. Also, the Board entertained the 2023/2024 bi-annual budget. It was noted that expenses will be up from 2022 as it is expected that additional staff will be added.

2023/2024 Budget Adoption (Action Item)

The 2023/2024 administrative budget was approved

Workplan Update (Action Item)

The Board reviewed the 2023 Work Plan. No action taken or needed as the Work Plan is a working document and will constantly change.

Report of the Chair

None

Report of the Plan Administrator

O.C. Collier reported the activities she is currently working on in addition to her daily tasks:

- ❖ Processing deductions for mid-year retirees
- ❖ Maintenance files cleanup/ K-Z was missing dues to an error with someone's email address. Due to that issue anyone with the last name starting with "K" and beyond was not loading into TRP's system. We will send marital status and gender. Once TRP's system can accommodate we will send race and language
- ❖ Visit transit bases for the month of June
- ❖ Working with HR to finalize the interview panels and interview questions for the Administrative II position for Deferred Comp.
- ❖ Working with Sherry and Michael on auto-enrollment legislation