

King County Employees Deferred Compensation Plan

Board Meeting Minutes

June 8, 2022

Board Members: Krista Camenzind, Doug Hodson, Nigel Lewis, Lisa Parriott, Pat Sainsbury, Sherry Stroud and Lusha Zhou

Staff: O.C. Collier

Guest: Jayson Davidson of Hyas, Michelle McKeag (participant), Kelly Hanagan, Samantha Smith, & Guen Toste of T. Rowe Price

Participant / Employee Comments

None

April Meeting Minutes

The April meeting minutes were adopted as written.

Hyas Quarterly Report (Discussion Item)

Jayson presented the First Quarter 2022 Performance Report that included April and May flash reports. Jayson also covered the Plan and investment option balances as well as performance metrics. Jayson discussed near term market expectations as well as broader economic and geopolitical topics. The inflation/growth dynamic appears to be the main driver of market activity in the U.S. Interest rates have continued their sharp upward trajectory as the Federal Reserve has taken action (and signaled further action) to tamp down inflation. Interest rate increases have weighed on bond prices and growth-oriented equity sector in particular. For the remainder of this year, Jayson expects markets to continue to react to the Fed's actions and specifically to whether inflation can be controlled without damaging economic growth too severely. Outside the U.S. the inflation/growth dynamic is similar, but in other large economic markets the dynamic is exacerbated by the Russia/Ukraine conflict and the impact this conflict has had on commodity prices, especially gas and oil. At first quarter-end, two funds, the Metropolitan West Total Return and T. Rowe Price US Equity Research remain on watch for qualitative, non-performance reasons related to personnel/leadership changes. Jayson expects to maintain the qualitative watch status for these funds until next quarter.

T. Rowe Price Quarterly Report (Discussion Item)

First quarter 2022 information was circulated prior to the meeting.

The following Plan highlights were noted as of March 31, 2022:

- Plan assets were \$1,323,489,085 representing an approx. 2.87% increase since 3/31/2021. This was largely due to market fluctuation.
- The Plan Participation Rate is at 51.1%.
- There were 11,357 participants in the Plan which is an 8.96% increase from 3/31/2021.
- The average Participant account balance was \$116,535.
- The median Participant account balance was \$34,453
- Notably, there were 636 participants with a balance of \$500,000 and above.

As part of the TRP quarterly report conversation, the Board members and staff who attended the May TRP conference reported out on key takeaways:

- Some jurisdictions are considering or implementing auto re-enrollment to capture people who were not auto enrolled when they started employment or who had left the plan over the term of employment. Auto re-enrollment would default people back into the plan and periodically (typically every few years) give them the ability to opt out. O.C. is checking with the Office of Labor Relations to see if there might be interest in negotiating such a policy.
- Some jurisdictions are looking at allowing people to cash out paid leave to pay for student loan debt.
- There is an increased availability of dashboards to evaluate equity trends in the industry.
- TRP gave a presentation at the conference on its emergency savings planning app called WaySaver; the Board agreed to have a presentation on the app at a future meeting.

International fund fact sheet (Action Item)

The Board revisited the topic of making more comprehensive information for the custom International Equity option available for participants online. In particular, we discussed options for displaying longer term, modeled performance. T. Rowe Price provided two options for the Board to consider. The first would provide a linked page on the King County Deferred Compensation Plan website that would take participants to Hyas prepared performance sheets for all the Plan's funds; and the second would have Hyas Group creating custom fact sheets with quarterly performance estimates included on the fact sheets. The fact sheets could also be posted on-line. The Board elected not to move forward with either option at this time. T. Rowe Price will look into posting a footnote on the performance page or Morningstar attributions directing participants to the DC plan coordinator for additional information.

Travel approval for NAGDCA conference (Action Item)

The Board voted and approved to send an additional board member to the NAGDCA 2022 conference.

Report of the Chair

The Governor has rescinded the waiver for the Open Public Meeting Act, so we are now required to have a physical space for Board meetings. Krista and O.C. will be physically present in an assigned meeting room if members would like to attend. We will continue to offer hybrid meetings utilizing Microsoft Teams.

The Prosecuting Attorney's Office has advised all King County boards and commissions subject to OPMA record their meetings and post the meetings on public websites. The Board agreed to adopt this practice.

Report of the Plan Administrator

None