

## **King County Employees Deferred Compensation Plan**

### **Board Meeting Minutes**

August 10, 2022

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

**Staff:** O.C. Collier

**Guest:** Jayson Davidson of Hyas, Lorenzo Frazier (participant), Michelle McKeag (participant), and Guen Toste of T. Rowe Price

#### **Participant / Employee Comments**

None

#### **July Meeting Minutes**

The July meeting minutes were adopted as written.

#### **T. Rowe Price Quarterly Report (Discussion Item)**

Second quarter 2022 information was circulated prior to the meeting and Guen provided an overview of plan participation.

The following Plan highlights were noted as of June 30, 2022:

- Plan assets were \$1,154,739,432 representing an approx. 18.3% decrease since 6/30/2021. This was largely due to market fluctuation.
- The Plan Participation Rate is at 51.6%.
- There were 11,617 participants in the Plan which is an 8.94% increase from 6/30/2021.
- The average Participant account balance was \$99,401.
- The median Participant account balance was \$28,583
- Notably, there were 487 participants with a balance of \$500,000 and above.

Guen raised the issue of the International Fund fact sheet, which has been discussed at prior meetings. Because this a custom fund for the King County Plan, historic information on its performance is not available. The Board agreed that they would defer to Guen and O.C. on how to implement the fact sheet so that interested Plan participants would know where to go to get more information if they had questions.

#### **Hyas Quarterly Report (Discussion Item)**

Jayson presented the Second Quarter 2022 Performance Report. From an economic and market perspective, the broad themes impacting markets have remained generally the same since the Board last met. The inflation/growth dynamic continues to be the main driver of market activity across world markets. Price pressure has not shown any material signs of lessening and it is expected that the Federal Reserve will maintain its aggressive monetary actions to try to tamp down inflation. Again, whether they can do this without any more severe recessionary consequences remains the question.

At quarter-end, the Plan had two investment options, Metropolitan West Total Return Bond Fund and T. Rowe Price US Equity Research Fund, on watch for policy violation.

Both options were placed on watch for qualitative, non-performance related reasons due to material personnel and leadership changes that happened last year. Hyas is now comfortable that the changes should not disrupt the management or operations of either option, so Jayson is recommending removal from watch status. The Board concurred with the recommendation and voted unanimously to remove the Metropolitan West Total Return Bond Fund and the T. Rowe Price US Equity Research Fund from watch.

Jayson informed the Board of a recently announced change for the T. Rowe Price Stable Value Fund. T. Rowe Price has communicated that they will be changing the definition of what constitutes a competing option subject to the Fund's 90-day equity wash rule. The definition will no longer reference the alternatives' durations and will more specifically apply to options that maintain a stable asset value or provide a guaranteed rate.

**Hardship Policy Update Resolution (Action Item)**

The Board voted and approved changes to the Plan's Hardship Withdrawal Policy via Resolution 2022-01. The changes were drafted by outside counsel to have the language more closely match what is now in the IRS code regarding these withdrawals.

**Administrative Fee Work Group Update (Discussion Item)**

Nigel provided the Board with an update from the Administrative Fee Work Group. The group met several times since the beginning of the year and evaluated several fee structure scenarios. The primary goal was to promote a more equitable structure while covering expected Plan budgetary needs. Ultimately, it was concluded that it would be premature to make any changes to the current fee structure until more is known about how auto-enrollment will impact participant counts revenue collected to support administrative costs, especially given the plan to add a position late this year.

**Report of the Chair**

Krista reported that the Council will take final action on 8/16/2022 for the additional Plan FTE.

**Report of the Plan Administrator**

None