

King County Employees Deferred Compensation Plan
Board Meeting Minutes

November 5, 2020

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

Staff: O.C. Collier

Guest: Jayson Davidson, Hyas Group, Scott Winn, Social Transformation Project, and Guen Toste, T. Rowe Price

Board Development

Over the past three months, the Board has undergone Equity & Social Justice training. Scott Winn has facilitated this training. The first hour of today's meeting the Board created a racial equity commitment that will help guide its work going forward.

Participant / Employee Comments

None

November Meeting Minutes

The November meeting minutes were adopted as written.

Hyas Quarterly Report

Jayson presented the Third Quarter 2020 Performance Report. Third Quarter was a good one for equity markets on an absolute basis, with most categories continuing the upwards momentum. Bond markets were relatively flat as the economic recovery across the world remains fragile and renewed lock downs and restrictions have been implemented in other countries. While we are seeing some U.S. market volatility around the election, it is expected that this will subside as results emerge and we see a clearer picture of the parties in charge of the different branches of government. As of quarter-end, the Plan had five funds on watch. Two of the five funds, the DFA US Targeted Value and the Oakmark International Fund, actually posted numbers in compliance with investment policy parameters but will remain on watch. The Templeton Global Bond Fund, the Hotchkis & Wiley High Yield Fund and the T Rowe Price Equity Income Fund continue to be in violation and will also remain on watch. The Board briefly discussed the prospect of removing the Templeton Fund from the Plan and either replacing it with another Global Bond option or consolidating the assets into one of the Plan's other fixed income options. The Board continues to discuss the overall investment menu and whether it should be restructured to streamline certain asset classes while considering participant utilization within the broader diversification construct. The Board will also consider the administrative fee levels, revenue sharing and to the way those both are applied.

Jayson informed the Board that the recently approved addition of the T. Rowe Price 2065 Target Date Fund is on track for January 4th of 2021. Also noted was the recently announced 3 bps management fee cut for the DFA US Targeted Value.

The annual review of the Plan's Investment Policy Statement was deferred until our next quarterly meeting in February.

The Board will continue to hold off on implementing any SECURE Act provisions until it has had the opportunity for a broader discussion on overall philosophy and direction for the Plan as noted in “Board Development” listed above.

T. Rowe Price Quarterly Report

Third quarter 2020 information was circulated prior to the meeting. During the meeting, Guen Toste distributed a Comprehensive Plan Health Review handout.

The following Plan highlights were noted as of September 30, 2020:

- Plan assets were \$1,133,273,818 representing a 11.7% increase since 9/30/2019. This was largely due to market fluctuation;
- There were 9,998 participants in the Plan which is a 7.6.% increase from 9/30/2020;
- The average Participant account balance was \$113,350; and

Notably, there were 495 participants with a balance of \$500,000 and above.

Report of the Chair

None

Report of the Plan Administrator

None