

King County Employees Deferred Compensation Plan
Board Meeting Minutes

February 12, 2020

Board Members: Tom Beavers, Krista Camenzind, Thomas Friedman, Doug Hodson, Nigel Lewis, Lisa Parriott, Pat Sainsbury, and Mary Beth Short

Staff: O.C. Collier-Brown

Guest: Jayson Davidson, Guen Toste of T. Rowe Price, Mike Wilson, and Julie Varga of Morningstar.

Financial Engines Presentation

We began the meeting with a presentation from Morningstar on their managed account service. The Board will continue to assess whether or not to add a managed account program as an option for the Plan and will be evaluating both Morningstar and Financial Engine's programs.

Participant / Employee Comments

Tom Beavers would like the Board to consider adding an additional retiree representative position to the Board.

Adopt January Board Meeting Minutes

The January meeting minutes will be reviewed at the March meeting. No action taken.

Quarterly Report – Independent Financial Advisor

Jayson Davidson presented the Fourth Quarter 2019 Performance Report and discussed the continued strength for equity and fixed income markets. The US economy continues to grow slowly, and investors appear to be more comfortable that this slow growth is sustainable. As of quarter-end, the Plan had three funds on watch: Templeton Global Bond, Hotchkis & Wiley High Yield Fund and T. Rowe Price Equity Income Fund. Templeton and Hotchkis continue to be in violation of investment policy parameters and the Board discussed several factors contributing to each Fund's recent struggles. Both Funds shall remain on watch. The T. Rowe Price Equity Income Fund again posted performance in compliance with policy and Jayson recommended that the Board consider removing the Fund from watch. The Board voted to approve the recommendation and removed T. Row Price Equity Income Fund from watch status.

The Board briefly discussed the recently enacted Secure Act and its impact on 457 deferred compensation plans. While there are several provisions the Board will be anxious to consider adding to the Plan, we discussed the allowance for in service withdrawals at age 59 1/2 in particular. The Board determined that before approving any Plan amendments they would like to discuss a more systematic method for amending documents and issuing participant communications. All considered new provisions, both mandatory and optional, will be added to the 2020 work plan.

Quarterly Report – T. Rowe Price

Fourth quarter 2019 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 December 31, 2019:

- Plan assets were \$1,076,123,059 representing a 20.9% increase since 12/31/2018. This was largely due to market fluctuation;
- There were 9,576 participants in the Plan which is an 8.6.% increase from 12/31/2018;
- The average Participant account balance was \$112,377; and
- Notably, there were 452 participants with a balance of \$500,000 and above.

Report of the Chair

None

Report of the Plan Administrator

None