

King County Employees Deferred Compensation Plan

Board Meeting Minutes

August 13, 2025

Board Members: AngaLee Alexander, Gennevie Cook, Tom Friedman, Clara Gao, Grey Lewis, Jeff Lundt, Lisa Parriott, Sherry Stroud, and Lusha Zhou

Staff: O.C. Collier and Valerie Garza

Guest: Cynthia Adams (participant), Eliza Kruszynski (participant), Jayson Davidson of Morgan Stanley, and Michelle McKeag, Pedro Rodriguez, and Guen Toste of T. Rowe Price

Participant / Employee Comments (Action Item)

Eliza Kruszynski asked about sustainability funds and encouraged the board to offer additional options. Jayson Davidson, Morgan Stanley Financial Advisor, responded that the Fidelity Sustainability Index is offered in the investment line-up and viewing funds investment prospects can help screen out fossil fuels. Lusha remarked that the board has fiduciary responsibilities to all participants. Just keep in mind we are bound by that as much as the mission statement may align with those goals that you are expressing as well. Cynthia Adams thanked the board for their work and asked them to consider emergency savings accounts. Sherry remarked that Payroll is reviewing that apart from deferred compensation, considering emergency savings accounts. O.C. also stated the limit is \$2500 for emergency savings accounts while hardships and loans can offer above that amount.

Adopt June 2025 meeting minutes (Action Item)

Meeting minutes were approved as written.

Hyas Consulting Quarterly Report (Discussion Item)

Jayson Davidson, Morgan Stanley reviewed the Second Quarter 2025 performance report, general economic and quarter market conditions. The U.S. economy contracted slightly during the quarter as growth was hampered by a surge in imports ahead of anticipated tariff increases. The gross domestic product is expected to regain its muted, positive momentum through the second half of the year as the tariff picture becomes clearer. May and June labor market conditions remained steady as monthly job additions continue to come in above expectations. The July report offered a bit of surprise with below expectations 43,000 jobs added and sharp downward revisions to May and June reports. June headline inflation came in at 4.1%. Inflation has remained relatively muted throughout the quarter and into July; but forward-looking expectations show uncertainty as consumers and economists continue to weigh the potential impact of tariffs on overall price levels. After the significant decline following the "Liberation Day" tariff announcements, global markets sharply recovered, posting solid quarterly performance numbers across asset classes. The Plan held one option, the King County International Equity Fund, that posted performance in violation of quantitative investment parameters at quarter-end. This option is a custom fund composed of an equal split between Vanguard International Growth and Vanguard International Value strategies. Most of the weakness here comes from the International Value side, where one of Vanguard's subadvisors shifted allocations from pure value to more blend/growth securities which did not line up well

with the recent International Value rally. Jayson recommended the International Equity Fund be placed on watch and the board discussed the possibility of replacing Vanguard's Value strategy within the Fund outright. The Board agreed and at the next quarterly meeting will discuss engaging a manager search for Value strategy.

Jayson also informed the board that T. Rowe Price Retirement Hybrid 2070 Trust Fund was added to the menu of available investment options on July 18th and this addition will be reflected in the Third Quarter Report. Cryptocurrencies and Private Equity are topics being discussed within the financial industry. The board discussed whether they should have a more formal position on the use of private assets in the Plan, and whether guidelines or policy should be developed. Lusha recommended it be added to the board's work plan.

Jayson announced that the Fiduciary Essentials conference will be held in Denver at the end of October.

T. Rowe Price Quarterly Report (Discussion Item)

Second quarter 2025 information was circulated prior to the meeting. Guen Toste, T. Rowe Price shared the quarterly "big picture" assessment with the board. She also stated that the cash flow was positive for the quarter, which had not been the case for the past several quarters. Automatic enrollment continues to push the participation higher since it was first implemented from under 40% to the current participation rate at 60.4%. It is expected that the Plan's overall deferral rate will increase as the recently implemented automatic deferral increase feature continues to run alongside the automatic enrollment feature. The Plan continues to see growth in loans and hardship activities. Pedro Rodriguez, Participant Engagement Specialist, noted participation decreased this quarter. There were 12 live webinars offered and 12 attendees this quarter. Additional webinars on Roth may be offered as that has been an ongoing request from attendees.

The following Plan highlights were noted as of June 30, 2025:

- Plan Assets were \$1,673,213,243, representing an approx. 12.1% increase since 6/30/2024.
- The Plan Participant Rate is at 60.4%
- There were 14,708 participants in the Plan which is a 8.8% increase from 6/30/2024.
- The average Participant account balance was \$113,759
- The median Participant account balance was \$28,269
- Notably, there were 607 participants with a balance of \$500,00 and above.

A board member requested a breakdown in rollover distributions from T. Rowe Price.

Report of the Board Chair

The next meeting will be a discussion of the board's work plan.

Report of the Plan Administrators

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

- ❖ The 3rd party administrator contract is nearing completion.
- ❖ The financial advisor RFP is scheduled to be advertised next month.
- ❖ Community engagement and education events attended within the last month:
 - 6/16 – WTD – West Point Treatment Plant (WTD)
 - 6/25 – Metro North Facility Maintenance
 - 7/21-8/8 – Metro Pick
 - 7/24 – Solid Waste ESRJ Subculture Summit