

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

### **Board Meeting Minutes**

November 12, 2025

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

**Staff:** O.C. Collier, Valerie Garza

**Guest:** Zerai Asgedom (participant), Linda Eaves (participant), Michelle McKeag (participant), Ralph McQuillan (participant), Karen Pohio (participant), Adam Young (participant), Jayson Davidson of Morgan Stanley, and Tracy Aguilar, Sonali Bhattacharyya, Pedro Rodriguez, and Guen Toste of T. Rowe Price

#### **Participant / Employee Comments (Action Item)**

There were no participant comments.

#### **Adopt October 2025 meeting minutes (Action Item)**

Meeting minutes were approved. 7 (Yes), 2 (Absent)

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

Guen Toste announced to the board that for 2026 brokerage participants will have a separate Roth account to go along with the pre-tax account so participants can make different investment selections amongst the two accounts. Communications will be sent out to brokerage participants to notify them of a blackout period. Guen then shared the quarterly “big” picture assessment with the board.

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

- Plan Assets were \$1,762,955,770 representing approx. 12% increase from since 9/30/24
- The Plan Participant Rate is at 60.9% representing an increase
- There were 14, 958 participants which is an increase of approx 8% from 9/30/24.
- The average Participant account balance was \$117,858
- The median Participant account balance was \$29,287
- Notably, there were 226 participants with an account balance of over \$1M

At the request of the board, Guen shared information related to retired/terminated participants. Notably, there were 3,947 terminated participants with a total balance of \$782M. 85% of terminated participants with remaining balance after one year. Rollovers from the plan over a 1-year period were \$65M, \$174M after 3-year period, and \$286M over a 5-year period of the plan.

Pedro Rodriguez, Participant Engagement Specialist, went over participant engagement and education for third quarter. There were 12 live webinar topics offered for 30 sessions, and 212 attendees this quarter. The most attended sessions were related to Financial Wellness, Investing Basics, and Retirement Readiness. The most common questions received from attendees were service credits, Roth contributions, and taxes.

### **Fiduciary Consulting Group Quarterly Report (Discussion Item)**

Jayson Davidson, Morgan Stanley reviewed the Third Quarter 2025 performance report, and what have been the primary areas of U.S. economic focus over the last several quarters: growth, employment, and inflation. The economy expanded at 3.8% annualized rate in the second quarter and is expected to moderate over the balance of 2025. The labor market showed signs of weakness during the third quarter with measures of unemployment increasing in July and August. With the labor market weakness in focus, the Federal Reserve lowered interest rates at its September and October meetings. The prospects for an additional cut in December will remain highly data dependent. While inflation increased over third quarter, the aforementioned labor market conditions have taken over as the Fed's primary concern. Both domestic and international equity markets posted impressive quarterly returns with small capitalization stocks leading core domestic markets and emerging markets topping the international arena.

At quarter-end, the Plan held one option, the King County International Equity Fund, on watch status. This option is a custom fund composed of an equal split between Vanguard International Growth and Vanguard International Value strategies. The Fund again underperformed requisite policy criteria and will remain on watch. Relative weakness for this custom option comes primarily from its style positioning within both underlying strategies. International markets have favored value-oriented securities, unlike in the U.S. where Growth and AI/technology specific names have been dominant. Vanguard's sub-advisors, in the value strategy, shifted allocations from pure value to more blend/growth securities. This continues to weigh on performance amidst the International Value rally. On the Growth side, Vanguard is positioned aggressively, this too has lagged during the more moderate/Value oriented rally.

At the board's request, Jayson will prepare a Manager Search to evaluate alternatives for the Vanguard International Value Fund held within the custom fund for board consideration at the next quarterly meeting.

We briefly discussed the prospect of adding the T. Rowe Price offered Managed Payout Program and/or Managed Lifetime Income option. The Board still has remaining questions and asked that the Fiduciary Consulting Group provide a more formal analysis of the products. The Board will take up the topic again at a future meeting.

### **Investment Policy Statement (Discussion Item)**

Jayson Davidson, Morgan Stanley lead the annual review of the investment policy statement with the board. Jayson went over the minor revisions in the document to accommodate the following changes: date of review, changes to the Target Date Fund's trust class, and the addition of the Target-Date 2070 alternative. The board voted to approve the changes. 6 (Yes), 0 (No), and 3 (Absent)

### **Report of the Chair/Co-Chair (Discussion Item)**

The Co-Chair had no updates at this time for the board. Lusha thanked O.C. and Valerie for their work.

**Report of the Plan Administrators (Discussion Item)**

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

- ❖ Continues to work on the RFPs for the Third-Party Administrator and Financial Advisor.
- ❖ Community engagement and education events attended within the last month:
  - 10/15 – Wastewater Treatment Division South Plant Maintenance Crew
  - 10/23 – Department of Public Health Nurse Family Practitioners Staff Meeting
  - 10/23 – Metro BIPOC Employee Resource Group
  - 10/20-11/14 – Open Enrollment