

King County Employees Deferred Compensation Plan

Board Meeting Minutes

May 8, 2024

Board Members: Krista Camenzind, Tom Friedman, Pat Sainsbury, and Lusha Zhou

Staff: O.C. Collier and Valerie Garza

Guest: Patrick Brady (participant); Jayson Davidson of Hyas; Kelly Hanagan, Sam Smith, and Guen Toste all of T. Rowe Price; and Jennell Hicks (participant)

Participant / Employee Comments

Jennell Hicks is interested in the conversation on board composition and term limits, and asked how we get more diversity on the board.

April 2024 Meeting Minutes (Action Item)

The April meeting minutes were adopted as written.

TRP Quarterly Report (Discussion Item)

The following Plan Highlights were noted as of March 31, 2024:

- Plan assets were \$1,469,954,753.00 representing an approximate 18.37% increase since 3/31/2023.
- The Plan Participation Rate is at 56.5%.
- There were 13,153 participants in the Plan which is approximately a 3.75% increase from 3/31/23.
- The average participant account balance was \$111,758.
- The median participant account balance was \$29,437.
- Notably, there are 153 participants with a balance of \$1M and above.

Guen Toste presented the report, she noted that the Plan assets, participation rate, and the average account balance were up from the prior quarter. On the cash flow front, there was \$82.6M money in and \$102.2M money out for the quarter. On the contribution front, there was \$80.6M in employee contributions and \$97.6M in employee distributions for the quarter. Sam Smith and Kelly Hannigan reported on participant engagement in the first quarter of 2024: 18 education sessions were conducted over six (6) webinar days and one (1) in-person day during the quarter, with 233 total participants. Multi-lingual engagements will include a focus on six languages that will include language line, supplemental print materials, education, and live interpretation. Examples are the Plan Highlights booklet and custom educational recordings – which will be translated and closed captioned in those six languages.

The Board discussed education efforts around Plan asset retention as people leave County employment and increasing distribution amounts. The topic of participant retention may be a topic at a future board meeting.

Hyas Quarterly Report (Discussion Item)

Jayson Davidson presented the First Quarter 2024 Performance Report and provided updated numbers for the Second Quarter quarter-to-date performance, general market conditions, and expectations for the remainder of the year. The U.S. economy continues to post respectable

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economic growth numbers and the most recent employment report, which showed some slowing from previous months, still indicates a robust job market. Employers added 175K jobs in April and the unemployment rate remains below 4%. Expectations for several Federal Reserve rate cuts this year propelled markets during the First Quarter. These expectations have softened markedly as Federal Reserve leadership has expressed caution and inflation numbers appear to be somewhat stuck above targets. Markets have reacted in kind, with both fixed income and equity markets retreating from prior quarterly gains. The conflict in the Middle East and the continued war between Russia and Ukraine could further disrupt energy markets and global supply chains putting upward pressure on prices and strain global economic growth, which would further impact markets. At quarter-end, there were no watch status funds in the Plan and no funds in violation of investment policy parameters.

Board composition (Discussion Item)

Pat Sainsbury provided a high-level review of the history of the Board from its inception under King County, including a description of how Board composition has evolved over time. The Board engaged in a discussion regarding composition and expansion of the Board, and the prospect of conducting a survey to gather additional insight as to what participants might feel is lacking from the Board make-up. Jayson gave a comparison of other boards he supports, all of which are smaller than King County's. He emphasized that the primary role of the Board is to be the fiduciary for the Plan. The topic of board composition and recruitment is to be continued at future meetings.

Report on Hvas Fiduciary Training (Discussion Item)

Lusha Zhou reported on the highly successful half-day training. Highlights included useful frameworks, clarifying legislation, market updates (value and growth), incorporating feedback and the trend of emergency savings accounts. The conference will be added to the regular rotation of conferences. The training notes will be shared out with the board via email.

Report on the Board Chair

Krista Camenzind will not be attending the June meeting.

Report on the Plan Administrator

Valerie Garza reported the activities she and O.C. Collier are currently working on in addition to their daily tasks.

- ❖ O.C. is working on the finalization of the RFP for the third-party administrator.
- ❖ Road Services Division All-Hands Event at Renton Technical College was very successful. We had over 100 employees attend the DC class spoke with 50 + people while tabling.
- ❖ We'll be attending the upcoming T. Rowe Price conference next week.
- ❖ We helped 50+ people at the DNRP Parks employee appreciation event. King County's Chief People Office, Whitney Abrams, thanked us for being there.