

King County Employees Deferred Compensation Plan

Board Meeting Minutes

May 14, 2025

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

Staff: O.C. Collier and Valerie Garza

Guest: Jayson Davidson of Hyas, and Pedro Rodriguez, and Guen Toste of T. Rowe Price

Participant / Employee Comments (Action Item)

There were none at this time.

Adopt April 2025 meeting minutes (Action Item)

Meeting minutes were approved as written.

Fee Structure Subcommittee Setup minutes (Discussion Item)

The board established a subcommittee comprised of AngaLee, Clara, Tom and Grey that will review current fees and how participants are charged. Scheduling will occur after the RFP concludes.

2026/2027 Biannual Budget Review & Approval (Action Item)

There are no anticipated changes to the budget. O.C. clarified what expenses are covered for professional/legal services and Rainy Day. Motion approved unanimously.

T. Rowe Price Contract Extension #2 (Action Item)

A 6-month extension was obtained in October 2024 as the original contract was set to expire 12/31/24. Another extension is needed that will end on 10/31/25. No additional costs or time will be added. The new fee structure went into effect on 1/1/25. Motion approved unanimously.

T. Rowe Price Quarterly Report (Discussion Item)

First quarter 2025 information was circulated prior to the meeting. Guen shared the quarterly “big picture” assessment with the board. It is expected that the participant increase will continue as the broader auto-enrollment process is fully implemented. Both the number of active participants and overall participation rate increased since last quarter. The deferral rate continues to trend up, now at 8%. The median deferral rate increased as well from 5% to 6%. Despite market volatility participants have largely stayed the course. Loans have grown to 6.4% with an average loan amount of \$9,082. Overall, all plans and industries have seen an increase in loans and hardships. There were 4,497 distributions in the amount of \$107,529,280 with 70% of assets rolled over versus cashed out.

The following Plan highlights were noted as of March 31, 2025:

- Plan Assets were \$1,538,291,359, representing an approx. 4.7 % increase since 3/31/2024
- The Plan Participate Rate is at 59.8%
- There were 14,398 participants in the Plan which is an 9.5 % increase from 3/31/2024.
- The average Participant account balance was \$106,839.
- The median Participant account balance was \$26,508.

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- Notably, there were 561 participants with a balance of \$500K and above.

Pedro presented first quarter 2025 participant outreach. 12 education sessions were held on various topics with the most requested being: deferred compensation basics, financial wellness, and retirement readiness with 78 participant attendees. Four educational recordings were available for participants. Topics are developed based on survey results. Promotion is handled by Kelly and is sent via email to all participants with an account balance. O.C. added that the education session information is also posted to Employee News.

T. Rowe Price Retirement Dated Fund 2070 (Action Item)

The board added an additional target date fund to the Target Date Fund series. Guen clarified that each target date funds follows a glide path and then continues across the whole-time horizon. T. Rowe Price will identify a date for the implementation. Motion approved unanimously.

Hyas Consulting Quarterly Report (Discussion Item)

Jayson presented the report. US economic growth remained firmly positive through the last GDP estimates. The job market strength continued above expectations with 228,000 jobs added for the month of March and 177,000 for April. The unemployment rate held at 4.2% low by historical standards. Inflation remained above the Federal Reserve's assumed targets. In the backdrop has been the Trump administration's tariff policy and, on again, off again actions. Whether tariff plans work to strengthen US manufacturing, and the economy remains an open question. It is the uncertainty of the outcome of the policies that has whipsawed US equity and bond markets, and dramatically increased market volatility. Negotiations with trading partners, economic growth, inflation, and US government debt will continue to be the focus over the coming months and will likely determine the near-term direction of financial markets. At quarter-end, the Plan again did not have any investment options on watch and none in violation of investment policy parameters.

The board was informed that Morgan Stanley is working to consolidate its RIA business into a single operating and branded union. The Hyas Group and acquired firm, Cook Street Consulting, will be merging resources and functions and rebrand as the Fiduciary Consulting Group. The anticipated changes will not alter the consulting relations or contract with the County.

In response to a question on examining outgoing funds, Jayson responded that he doesn't think the asset levels are of concerns, like all retirement plans, more money is moving out than coming in. Market activity continues to sustain the account value and assets continue to grow.

Report of the Board Chair

Co-Chair facilitated the May meeting and there was no report.

Report of the Plan Administrators

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

- ❖ The three new board members will be attending NAGDAC 2025 in San Diego.
- ❖ The T. Rowe Price 2026 conference will take place in Nashville.
- ❖ Community engagement and education events attended within the last month:
 - 4/29 – WTD Brightwater Treatment Plant (2 in-person presentations)

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- 5/7 – Roads Division Employee Retreat (in-person all-day)