

King County Employees Deferred Compensation Plan

Board Meeting Minutes

August 9, 2023

Board Members: Krista Camenzind, Gennevie Cook, Tom Friedman, Clara Gao, Doug Hodson, Lisa Parriott, Pat Sainsbury, Sherry Stroud, and Lusha Zhou

Staff: O.C. Collier

Guest: Jayson Davidson of Hyas, Kelly Hanagan of T. Rowe Price, Michelle McKeag (participant), and Guen Toste of T. Rowe Price

Participant / Employee Comments

None

June 2023 Meeting Minutes (Action Item)

The June meeting minutes were adopted as written.

Hyas Quarterly Report (Discussing Item)

Jayson presented the Second Quarter 2023 Performance Report and discussed what has been a strong, but somewhat unexpected equity market rally. Economic and market themes remain largely the same since the start of this year, but economic and subsequent market resilience has been different than forecast. The U.S. economy is growing ahead of expectations and seems far removed from any sort of recessionary concern. U.S. equity markets continue to march in a positive direction even with the expected drop in quarterly earnings numbers and the continued focus on controlling inflation by the Federal Reserve. International markets are marching in step with the U.S. and themes are generally the same across the global landscape. Hyas have been pleased, generally, with the relative performance of the Plan's available investment options. There were no options in violation of policy and no funds on watch at the end of the quarter.

Jayson will inquire with the Hyas analytics team to see if they are able to deduce what impact Artificial Intelligence (AI) prospects have added to the performance of the S&P 500's returns. Jayson will provide any information as appropriate.

Jayson also shared a Hyas Group prepared memorandum on some recently announced changes for the T. Rowe Price target date retirement trusts. During the second half of this year, T. Rowe Price will be modifying the composition of its offerings dated 2030 and earlier. They will be adding a Hedged Equity strategy and a Dynamic Credit strategy to the affected vintages. These additions will bring slight reductions in current holdings within the overall equity and fixed income within the trusts. The total equity and fixed income composition will not change, however. Hyas is comfortable with the changes and are not recommending any action.

T. Rowe Price Quarterly Report (Discussion Item)

The following Plan highlights were noted as of June 30, 2023:

- Plan assets were \$1,301,974,613 representing an approx. 12.75% increase since 6/30/2022. This was largely due to market fluctuation.
- The Plan Participation Rate is at 54.3%.

- There were 12,451 participants in the Plan representing approx. 7.17% increase from 6/30/2022.
- The average Participant account balance was \$104,558.
- The median Participant account balance was \$28,862.
- Notably, there were 106 participants with a balance of \$1,000,000 and above.

Guen Toste, the T. Rowe Price relationship manager, began her portion by introducing the T. Rowe Price managed income option to complement their target date suite. If the Board is interested, the managed income option could be added alongside the specific target date vintage once it hits the prescribed target date. The Managed Income solution is geared towards helping participants manage their payouts once they have begun. Ms. Toste presented the quarterly Plan review and noted that cash-flow for the quarter was positive, reducing a trend of negative numbers in several recent quarters. The overall participation rate held steady from the prior quarter. The Board also received information on the planned webinars and on-site meetings scheduled for the remainder of the year.

The Board briefly discussed the prospect of updating the web and communication materials "look and feel" to be more appealing to a diverse workforce and better promote financial wellness to underserved segments within the participant population. T. Rowe Price would also be able to provide more specific data regarding different segments of the population and how they are using the Plan. The Board requested that T. Rowe Price provide case studies from other clients that may have engaged such an offering.

Secure 2.0 strategizing (Discussion Item)

In the interest of time this agenda item will be postponed to a future meeting.

Non-represented Employee Auto-Enroll legislative (Discussion Item)

The Board received an update on recent efforts to get the State of Washington to pass legislation to allow for auto-enrollment for non-represented employees. This concept will be introduced to lawmakers as a potential 2024 agenda item. It will remain to be seen if lawmakers take it up for next year.

Report of the Chair

None

Report of the Plan Administrator

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

- ❖ DC Administrator II posting has closed. Had a promising candidate pool. Will administer Microsoft Office testing this week.
- ❖ Working with Jayson on the third-party administrator RFP will receive a draft from him soon.
- ❖ Payroll processing week
- ❖ Follow up with Doug and Lusha regarding Secure 2.0 hardship provision in September.
- ❖ Will be on vacation September 1st thru 6th.