

King County Employees Deferred Compensation Plan

Board Meeting Minutes

August 14, 2024

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

Staff: O.C. Collier and Valerie Garza

Guest: Patrick Brady (participant), Jayson Davidson of Hyas, and Samantha Smith & Guen Toste of T. Rowe Price

Participant / Employee Comments

None

July 2024 Meeting Minutes (Action Item)

The July meeting minutes were adopted as written.

Hyas Quarterly Report (Discussing Item)

Jayson presented the Second Quarter 2023 Performance Report and discussed general market conditions as well as expectations for the remainder of the year. As with recent prior quarters, the U.S. economy continues to post respectable economic growth numbers and the much-discussed inflation appears to be softening. With recent price and employment data, the Federal Reserve appears to be poised to begin cutting rates this year. Hyas expect them to be wary of coming monthly data and likely will engage these cuts in a gradual, measured fashion. Markets appear to be reacting to the rate cut prospect and we have seen a slight rotation from the large cap technology sector led gains to more mainline sectors such as energy, real estate, and finance. Additionally, small capitalization stocks also seem to be benefiting from the anticipated lowering of interest rates. At quarter-end, the Plan again did not have any investment options on watch and none in violation of investment policy parameters.

Jayson informed the Board that Vanguard has announced some adjustments to the sub- advisor allocations within the Vanguard International Growth strategy. The allocation to Ballie Gifford will be reduced from 70% to 65%. Schroeders will pick up the additional 5% moving to 35% of the portfolio. This change should provide a slight reduction in growth exposure and volatility. The Vanguard International Growth Fund is a component of the custom International Equity Fund.

On the legal/regulatory front Jayson and Guen focused our discussion on the status of the DOL's final "Fiduciary Rule" as well the implications of the Supreme Court's recent overturning of the so-called Chevron Deference Doctrine. Jayson and Guen will continue to keep the topic in mind for further discussion. Given, the current lawsuits challenging the rule and the potential for changes after the November election, no additional consideration is needed at this time.

T. Rowe Price Quarterly Report (Discussion Item)

The following Plan highlights were noted as of June 30, 2024:

- Plan assets were \$1,491,560,454 representing an approx. 14.57% increase since 6/30/2023. This was largely due to market fluctuation.
- The Plan Participation Rate is at 57.6%.
- There were 13,519 participants in the Plan representing approx. 8.6% increase from 6/30/2023.
- The average Participant account balance was \$110,330.
- The median Participant account balance was \$28,436.
- Notably, there were 153 participants with a balance of \$1,000,000 and above.

Guen Toste from T. Rowe Price, Guen Toste, shared the standard, quarterly "big picture" assessment. Ms. Toste noted that 60% of participants have all their assets in a target date fund. Plan assets, participation rate and average account balance were, again, all up from the prior quarter. For participant engagement, it was reported that 18 education sessions were conducted during the quarter with a total of 148 attendees participating. Similar numbers of education sessions are scheduled for the remaining two quarters of the year.

New Member for Hardship Approvals (Action Item)

Clara Gao volunteered to review unforeseen hardship applications.

Report of the Chair

Krista informed the board there will be an update to the by-laws and they will discuss recruiting a replacement for the open board seat vacated by Doug Hodson.

Report of the Plan Administrator

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

- ❖ O.C. will be out of the office on August 14th & 15th.
- ❖ Valerie will be out from August 19th thru September 3rd.
- ❖ RFP daylong review is scheduled for August 23rd.
- ❖ Will be scheduling a meeting for the fee committee to discuss administrative fees.
- ❖ NAGDCA conference 9/14 thru 9/18
- ❖ Metro wellness fair scheduled for September 23rd thru September 25. O.C. will be on vacation but Valerie will be tabling at this event.