

**Deferred Compensation Quarterly Meeting
December 2, 2021
Virtual Zoom Meeting
1:00 pm – 4:00 pm**

Committee Members Present: Jim Sant, Utilities Director, Deputy
Kari Louie, Assistant Human Resources Director
Alice Phillips, Business Manager, IBEW 483
Chris Bacha, City Attorney, Deputy
Shelby Fritz, Human Resources Director
Andy Cherullo, City Finance Director (Interim Treasurer)

Committee Staff Present: Charles Lee, City Attorney
Greg Settle, Senior Consultant, Hyas Group
Monica Rutledge, Human Resources Specialist

Guests Present: Kris Morton, Nationwide
Mike Ferguson, Nationwide
Andee Gravitt, Nationwide
Community Member

MINUTES

The meeting began at 1:02 p.m.

I. Call to Order/Welcome

Jim Sant opened the meeting and there was some discussion about version control of the Agenda sent out and addition of some items for discussion at the meeting which were explained by Greg Settle.

II. Review and Approval of Prior Meeting Minutes (Committee action item)

Jim Sant asked for a motion to accept the August 26, 2021 meeting minutes as presented.

1st motion: Alice Phillips

2nd motion: Chris Bacha

All approved, motion passed

III. Hyas Group: Third Quarter 2021 Combined Plan Investment Performance Review

Greg Settle presented the Performance Report for the City of Tacoma 457 Plan for the quarter ending September 30, 2021. There were no currently available Plan investment options underperforming the standards of the Plan's Investment Policy Statement (IPS) for this period. Greg also reviewed the third quarter US Equity Market Data and commented that international markets have not fared as well.

Greg discussed the recent announcement by Vanguard about the merging of the Institutional and Investor Share Classes of the Vanguard Target Retirement Suite and the resulting reduction of the average expense ratio for these funds. After noting that this change will require no action by the Committee, he also explained that Vanguard has also reduced the minimum asset level required for utilization of the Commingled Investment Trust (CIT) version of these funds from \$250 million to \$100 million. After reviewing the pros and cons of engaging the CIT product, the Committee decided to take no action and revisit this opportunity in mid-2022, following the wave of initial transaction activity expected for this fund in the upcoming months. He will also provide updated training for the Committee on CIT's at that time.

Greg reported that a co-manager of the MissionSquare Plus Fund has recently left his position, and that the departure was rather abrupt, without a clear succession plan in place. After some discussion, the Committee considered placing this fund on Watch status.

Greg also reported that the Chief Investment Officer of Fixed Income for Metropolitan West will be retiring at year end after some well publicized turmoil among members of the firm's management team this past summer. Following discussion, the Committee also considered placing this fund on Watch status.

A motion was made to put both the MissionSquare Plus and Metropolitan West Funds on Watch status.

1st motion: Andy Cherullo

2nd motion: Alice Phillips

All approved, motion passed

IV. Hyas Group: Third Quarter 2021 Plan Review: MissionSquare Program

Greg Settle discussed the third quarter MissionSquare Performance Report and gave updates on the economic status affecting the market trends. Greg reported that current assets are at \$525,500,000 and although both plans have record assets, the percentage of loans are down and the year-to-date and cash flow is currently negative. MissionSquare has been asked to prepare an analysis of where the funds are going.

V. Hyas Group: Third Quarter 2021 Plan Review: Nationwide Program

Greg Settle presented information on the Nationwide Plan's third quarter performance. He reported they are having a milestone year with current assets above \$101,300,000. Both loan activity and fixed income are trending downward. They have experienced 5 million in positive cash flow. The average account balance has dropped slightly, possibly due to new participant enrollment with a zero to low balance.

VI. Nationwide: Participant Activity and Service Delivery Report

Kris Morton expressed thanks for the opportunity to continue to serve the participants. He introduced new Relationship Manager, Andee Gravitt. Kris reviewed the Nationwide Plan Health Report, currently experiencing a positive cash flow with current assets at \$102,600,000. Kris also discussed online participant engagement, with 75% of members on track to their retirement goals.

Mike Ferguson discussed the current service delivery, still in virtual and phone call mode. They expect to keep these options available once face-to-face visits reconvene. They continue to encourage on-line engagement which helps to create a culture of retirement readiness within the fire group. They aim to meet in person with new-hire groups and continue to offer virtual webinars, with enhancements to their interactive investment planner coming soon. There was additional discussion on what determines retirement readiness.

VII. Hyas Group: Legislative and Regulatory Update

Greg Settle reviewed the 457 Plan Fiduciary Advisor newsletter and recent developments in the regulatory and legislative environment. In addition, Greg discussed the content of Legislative Bill H.R. 5891 proposing tools to assist people with retirement account issues.

VIII. Missionsquare Self-Directed Brokerage Account Change

Jim Sant reviewed the proposed changes to the MissionSquare contract to implement the changes approved at the last Committee meeting. A motion was made to approve an amendment accepting the changes.

1st motion: Andy Cherullo

2nd motion: Shelby Fritz

All approved, motion passed

IX. City of Tacoma Plan Document and ByLaws

Greg Settle presented an updated Plan Statement of Investment Policies and Guidelines document, which reflected the recent elimination of some under-utilized and redundant funds, in addition to other updates. The Committee voted to amend the document as presented. Greg will send a clean copy of the amended document to the Committee Chair for a signature in the upcoming weeks.

A motion was made to adopt the amended Investment Policy Statement.

1st motion: Andy Cherullo

2nd motion: Shelby Fritz

All approved, motion passed

As follow up to the discussion that took place at the last committee meeting, Kari Louie presented changes to the Plan Document and Bylaws Document for adoption.

Kari Louie presented the 457 Plan Document with proposed changes to some of the language, and revisions to include the SECURE Act and CARES Act provisions the committee adopted in 2020, along with various cleanup language. There was no more discussion on the Plan Document.

There was discussion on the changes in the Bylaws document which were mostly cleanup language along with updates that were made in the Articles relating to Duties of Officers and Meetings since the last committee meeting for discussion. Several suggestions were made to add “Adoption of the Agenda” as well as “Roll Call of Committee Members” to future meeting agendas. There was additional discussion on Section 2, Duties of the Chair, Item 6 regarding signing of contracts; a decision was made to remove the proposed text authorizing signing of emergency contracts or extensions if necessary. The committee discussed proposed text for Section 9. Filing New Matter.

The following motion was made to approve the Plan Document and ByLaws as amended:

“We recommend a motion be made to adopt the Deferred Compensation Plan document and Bylaws document as follows:

I move to approve the proposed edits to the Deferred Compensation Plan document and Bylaws as presented, which amendments are comprised of clean-up language and incorporation of previously approved amendments adding the emergency CARES Act legislative changes the Committee authorized to be made to the Plan at a special meeting held on 4/22/20 and the emergency SECURE Act legislative changes the Committee authorized to be made to the Plan at the regularly scheduled meeting held on 8/27/20.”

1st motion: Chris Bacha

2nd motion: Alice Phillips

All approved, motion passed

X. 2022 Deferred Compensation Committee Annual Meeting Schedule

The 2022 Committee meeting schedule was presented to the Committee. Calendar invites will be sent out for 2022.

XI. Election of Committee Officers Discussion

There was discussion around allowing current officers Jim Sant and Kari Louie to continue in their current roles until a new election is held, at the next quarterly Committee meeting. Jim Sant asked that committee members think about nominations for the election coming up in February.

XII. Review of Meeting Action and Discussion Items for Follow-Up

Jim Sant reviewed the action items from the meeting.

XIII. Questions/ Open Discussion/ Housekeeping Items/ Next Meeting Agenda

Draft meeting minutes from today's meeting will be presented to the Committee at the next quarterly meeting. Election of Committee Officers will also be added to the next quarterly meeting agenda.

Meeting adjourned at 3:16 p.m.