

## City of Seattle Voluntary Deferred Compensation Plan Regular Trust Committee Meeting Minutes

Wednesday, March 23, 2022 10:00 am – 12:00 pm  
Virtual Meeting via Webex

**TRUSTEES present:** Teri Allen, Jeff Davis, Rick Sheridan, Glen Lee, Kimberly Loving, Tania Torres, and Dennis Karl

**STAFF present:** Michelle Ell, Tony Dozier & Malia Bonham (Plan Staff), and Gary Smith (CAO)

**CONSULTANTS present:** Ted Grigsby and Matt McDonald from Hyas Group; Mike Monaco and Gavin Parr from Mondress Monaco Parr Lockwood (MMPL)

**GUESTS present:** Andee Gravitt, Kris Morton, Chris Worthington & Susan Wilson, from Nationwide

### BUSINESS

**Opening:** Teri Allen, Committee Chair, started the meeting at 10:01 am.

**Introductions:** Teri Allen welcomed attendees and asked for introductions.

**Public Comment:** There was no public comment.

Tania Torres arrived at 10:05 am.

**Minutes of January 26 Regular Meeting:** Teri asked for a review of the meeting minutes.

**MOTION:** Dennis Karl moved to approve the minutes. The motion was seconded by Rick Sheridan and passed unanimously.

**Plan Staff Update:** Michelle Ell informed the Committee the National Association of Government Defined Contribution Administrators (NAGDCA) annual conference would be taking place September 18-22 in Baltimore. She notified the Committee if they wish to attend to reach out to Plan Staff.

Michelle informed the Committee of additional staffing changes with the Plan auditor. Jason Ostroski has left CliftonLarsenAllen (CLA). Audit work has been assigned to CLA's Brittany Smith who will also work on the City's pension audit. The annual audit reports are still on schedule and should be delivered at the Committee's July or September meeting.

Michelle reported on the Virtual Open House that occurred in February. There were 586 individual visits to the English site and 62 to the Spanish site. The Plan saw strong engagement with the features on the Open House site and many individuals followed up with 1-on-1 appointments with the Education Consultants.

Michelle notified the Committee that a replacement Committee Chair was needed due to Teri Allen's upcoming retirement. Additionally, her permanent replacement or acting replacement will immediately

become part of this Committee. The new Chair will serve the remainder of Teri's term, starting 03/24/22 and ending 03/27/24.

**MOTION:** Teri Allen moved for Rick Sheridan to be the new Trust Committee Chair starting 03/24/22 and ending 03/27/24. The motion was seconded by Glen Lee and passed unanimously.

Michelle added a new Committee member would be needed to take Teri's place on the Unforeseen Emergency Withdrawal (UEW) committee. Kimberly Loving volunteered to be on this subcommittee.

**Nationwide Q4 2021 Review:** Andee Gravitt provided a review of Nationwide's Q4 2021 report for the Committee. Andee pointed out that while the plan has increased in assets over the previous quarter, it has experienced negative cash flow when considering contributions and distributions. Nationwide also discussed the strong participant engagement despite the virtual environment. Andee noted there was a SLA performance standards penalty in Q4 due to call response time. This was due to the greater volume of calls and higher complexity of questions. There was also a penalty related to payroll processing, and Andee noted that in addition to the penalty, participants were made whole by Nationwide.

**Hyas Q4 2021 Investments Review:** Ted Grigsby reviewed plan investment performance and updates with the Committee relative to the City's investment policy. He noted that three of the funds offered in the plan were flagged in the compliance report as having not met the stated performance criteria in the investment policy as of Q4, including the Vanguard Target Retirement 2015 fund, American Century Mid Cap Value fund and the American Funds Europacific Growth fund. The Vanguard 2015 fund will be retired in June of 2022 and all assets invested in this fund will be mapped to the Vanguard Target Retirement Income fund. The American Century Mid Cap Value fund was initially added to watch in Q3 and will remain on watch. The American Funds Europacific Growth fund was recommended for watch due to underperformance over a 5-year period relative to the funds benchmark and peer group. Ted also shared with the Committee the Vanguard Target Retirement 2070 fund will be available to the plan in July of 2022.

**MOTION:** Glen Lee moved to add the Vanguard Target Retirement 2070 fund as soon as administratively feasible. The motion was seconded by Rick Sheridan and passed unanimously.

**MOTION:** Jeff Davis moved to put the American Funds Europacific Growth fund on watch. The motion was seconded by Glen Lee and passed unanimously.

Ted provided an update on economic and financial market themes that occurred throughout 2021 and the start of 2022. Ted highlighted the continuing trend of increased inflation and the central bank's posture in aggressively addressing inflation. Ted discussed the potential impact this environment could have on bond yields as well as stock prices. He reviewed with the Committee leading economic indicators, such as GDP, unemployment, and corporate profits. Additionally, he reviewed with the Committee the performance of both domestic and international capital markets, including fixed income and equity markets. He next discussed with the Committee discussed the current crisis in Ukraine and the potential impact on markets and global economies. He noted that FTSE and MSCI indices are removing Russian

positions. This will filter down into plan investments that mirror the indices. The Plan currently has very little exposure to Russian investment.

**Legal Updates:** Gavin Parr shared the IRS recently issued new proposed guidance around Required Minimum Distribution (RMD) death beneficiary rules. MMPL is still reviewing this and will provide an update later.

**Adjournment:** Kimberly Loving moved to adjourn the meeting provided there were no objections. Hearing no objections, the meeting was adjourned at 11:13am.

**Next Meeting:** The next regular meeting is scheduled for Wednesday, May 25, 2022, at 10:00 am via WebEx.



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Jeffrey S. Davis  
Secretary, Deferred Compensation Plan Committee

05/26/2022