

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

Wednesday, September 24, 2025, 9:30 am – 11:30 am
Hybrid Meeting

TRUSTEES present: Jeffrey Davis, Rick Sheridan, Jessica Jaeger, Dennis Karl, and Tania Torres

STAFF present: Michelle Ell, Tony Dozier, Jessica DiCione (Plan Staff); Gary Smith (City Attorney's Office)

CONSULTANTS present: Ted Grigsby and Stuart Thomas from Fiduciary Consulting Group; Michael Monaco and Gavin Parr from Mondress Monaco Parr Lockwood (MMPL).

GUESTS present: Jim Keeler, Susan Wilson (Nationwide); Andrew Robinson (City Finance); Brittany Smith and Matt Bone from Clifton Larson Allen (CLA).

BUSINESS

Opening: Rick Sheridan, Committee Chair, started the meeting at 9:32 am.

Introductions: Rick Sheridan welcomed attendees and asked for introductions.

Public Comment: No public comment.

Minutes of July 23, 2025 Meeting: Rick Sheridan requested a review of the meeting minutes.

MOTION: Tania Torres moved to approve the minutes. The motion was seconded by Jessica Jaeger and passed unanimously.

CliftonLarsonAllen LLP (CLA) Update: Brittany Smith provided the 2024 audit results, reviewing the audit scope and process, communications, and the audit opinion. Ms. Smith noted that the financial statement audit opinion for 2024 is unmodified, and that there were no significant deficiencies or reporting items. She stated that management was cooperative and professional during the audit and that there were no delays in the process, despite additional work performed to ensure cross-checking of Workday data. Ms. Smith discussed the scope of the upcoming 2025 audit, including potential new GASB standards to be addressed in that audit.

Fiduciary Consulting Group Q2 2025 Performance Review: Ted Grigsby discussed his firm's investment performance report as of June 30, 2025 and provided an overview of current economic conditions, performance of global and domestic financial markets, and overall investment strategies. He reported that the Plan's investment options provided positive results despite uncertainty from tariff policy, as well as inflation and unemployment concerns.

Mr. Grigsby noted that total plan assets were \$2,081,638,284 at the end of the second quarter of 2025. Combined administrative and investment fees were .02517%, a decrease from previous periods.

Mr. Grigsby then provided an update regarding the funds currently on watch. Regarding the Brandywine Global Opportunity Bond Fund, he stated that the fund remains on watch but has been rebounding. Regarding the Vanguard US Growth fund, he reported that it is performing well relative to peers, and is one of the strongest performing funds in its category over the last three years. He stated that the American Century Mid Cap Value R6 fund has been impacted by an overweight to the health care sector and underweights to the information technology and communications sectors, and will remain on watch to be further addressed at an upcoming Committee meeting. He noted that the additional funds shown in the report as being on watch, Calvert Equity R6, Victory Sycamore Small Company Opportunity Fund, and Artisan Small Cap Institutional, would not appear in future reports following their replacement. He reported that his firm is investigating conversion of the plan's PIMCO Total Return fund to a collective investment trust (CIT) structure instead of a mutual fund, with lower investment fees and a new approach where the CIT for this fund would have exactly the same investment guidelines as the current mutual fund option.

Mr. Grigsby then discussed the recordkeeping fee options offered by Empower for its services when it becomes the plan's recordkeeper in 2026. He provided investment and participation level scenarios, including both the asset-based and the per-capita fee options, and discussed the fee impacts of using the proprietary or nonproprietary stable value fund.

MOTION: Jeff Davis moved to have Plan recordkeeping fees under the Empower contract be charged under the per capita option presented. The motion was seconded by Dennis Karl and passed unanimously.

Stuart Thomas then reviewed the stable value options available to the Plan under the Empower contract. Mr. Thomas discussed three options available to the Committee – maintaining the current Galliard Stable Value fund (which would necessitate moving to a different version of the fund as the Plan transitions from Nationwide as recordkeeper), and moving to either the Putnam Stable Value fund or the T. Rowe Price Stable Value fund. He discussed the benefits, risks and other elements of each fund option, noting that Putnam had the strongest performance of all of the funds and was Fiduciary Consulting Group's recommended option. He and Mr. Grigsby also discussed the question of whether, if the Putnam Stable Value fund were selected, the Committee would prefer to use a collective investment trust or separate account as the vehicle for the fund, and discussed the pros and cons of each approach.

MOTION: Jeff Davis moved to change the Plan's stable value fund from Galliard to Putnam Stable Value. The motion was seconded by Dennis Karl and passed unanimously.

Mr. Stuart and the Committee members extensively discussed potential returns and other considerations under the Putnam Stable Value with a CIT or under a separate account approach, and the possibility of obtaining a reduction in recordkeeping fees with the proprietary version of the Putnam Stable Value fund. The Committee discussed the advantages and disadvantages of each option. Mr. Stuart stated that it would be possible to switch from the CIT to a separate account in the future.

MOTION: Dennis Karl moved that the Plan opt for the separate account version of the Putman Stable Value fund. There was no second to the motion.

Rick Sheridan asked if the decision whether to use a CIT or separate account for the stable value fund could be delayed, and Mr. Grigsby responded that this was a time sensitive issue due to the transition to Empower. The Committee continued with further questioning and discussion of the issue.

MOTION: Jeff Davis moved that the Putman Stable Value fund to be offered by the Plan be the collective investment trust option. The motion was seconded by Jessica Jaeger. Rick Sheridan, Jeffrey Davis, Jessica Jaeger and Tania Torres voted in favor; Dennis Karl opposed. Motion passed.

Mr. Grigsby reviewed the Investment Policy Statement and noted that he did not recommend any changes; he suggested that the dates on the document be updated to the current date.

MOTION: Jeff Davis moved to approve the Investment Policy Statement as written, with updates to reflect the current date. The motion was seconded by Jessica Jaeger and passed unanimously.

Legal Counsel Report: Michael Monaco updated the Committee on the status of the Empower contract, stating that the decisions made by the Committee would enable the Plan to move forward with finalizing and executing that contract.

Gavin Parr provided an update on the status of the Roth catch-up contributions rule under SECURE Act 2.0, following the recent finalization of regulations by the IRS. He stated that under the final regulations, catch-up contributions for certain highly-compensated employees will still be required as of 2026 to be made only as Roth contributions, and so the Plan would need to move forward with implementation of that rule on that timeline. Michelle Ell stated that she will coordinate with City personnel, the Workday team, and Empower to implement this provision of SECURE Act 2.0, and will work with the City payroll department to review W-2s. She stated that Plan staff will work with City staff to re-characterize contributions if that becomes necessary in the implementation process.

Adjournment: Rick Sheridan moved to adjourn the meeting. Hearing no objections, the meeting was adjourned at 11:27 am.

Next Meeting: The next hybrid meeting is scheduled for Wednesday December 3, 2025, at 9:30 am PST.



Jeffrey S. Davis
Secretary, Deferred Compensation Plan Committee