

King County Employees Deferred Compensation Plan
Board Meeting Minutes

August 12, 2020

Board Members: Thomas Friedman, Patrick Hamacher, Doug Hodson, Nigel Lewis, Lisa Parriott, Pat Sainsbury, Mary Beth Short, and Lusha Zhou

Staff: O.C. Collier-Brown

Guest: Thomas Beavers, Jayson Davidson of Hyas, and Adam Brown & Guen Toste of T. Rowe Price

Participant / Employee Comments

The Board heard participant comments in favor of adding the new Secure Act provision allowing for in-service age 59 ½ withdrawals from the Plan. It remains the Board's intent to, later this year, give further consideration to this option under a broader discussion of other available distribution options, such as more flexible loans and the qualified birth and adoption distribution.

July Meeting Minutes

The July meeting minutes were adopted as written.

Retirement Date Fund 2065

The Board voted and approved to add the T. Rowe Price Retirement Date Fund 2065 to the fund lineup.

T. Rowe Price Quarterly Report

Representatives from T. Rowe Price provided a brief discussion on the performance of the T. Rowe Price Target Date options. They provided commentary regarding the relative performance differences between the first and second quarters of this year and noted that even though the Fund's more aggressive allocations have hurt shorter-term performance, longer-term numbers still have a superior ranking.

The Board reviewed T. Rowe Price provided activity for Corona Related Distributions (CRDs). The Plan has had a total of 357 CRDs through the end of July for a total of \$6.6 million. The average CRD was approximately \$17,000. T. Rowe Price will provide data for other clients in the County's respective peer group at the next meeting.

The following Plan highlights were noted as of June 30, 2019:

- Plan assets were \$1,063,654.800 representing a 4.6 increase since 6/30/2019;
- There were 9,876 participants in the Plan which is an 8.3% increase from 6/30/2019;
- The average Participant account balance was \$107,701; and
- Notably, there were 438 participants with a balance of \$500,000 and above.

Hyas Quarterly Report

Jayson presented the Second Quarter 2020 Performance Report and we discussed the dramatic stock market rebound that ensued during the quarter. While the Covid-19 pandemic continues to cause economic disruption, global stock markets have mainly recovered what was lost during the first quarter, at the onset of the pandemic. World governments and central banks continue to

provide unprecedented levels of support to keep economies afloat as society looks for relief from the outbreak. As of quarter-end, the five watch status funds remained in violation of performance related policy criteria and will thus remain on watch. Jayson did note that the Hotchkis & Wiley High Yield Fund, DFA US Targeted Value Fund and the Oakmark International Fund all had good relative performance for the quarter. The Templeton Global Bond Fund continued to struggle, and the Hvas Group analytics department will be making a determination, next quarter, as to whether it should be replaced. The T. Rowe Price Equity Income Fund has fluctuated on and off watch over the last several quarters and we will continue to hold the fund. The Board may also revisit the prospect of restructuring the overall investment menu. Certain fixed income and style specific equity options could be consolidated in an effort to simplify the menu.

Report of the Chair

The Executive Committee decided to put the Secures Act discussion on hold until the Board completes the board development/philosophy work.

Report of the Plan Administrator

O.C. is happy to report that ATU, Local 587 has adopted auto-enrollment into the plan. Employees in that bargaining unit hired as of 9/1/2020 will be auto enrolled.