

CITY AND COUNTY OF HONOLULU DEFERRED COMPENSATION PLAN COMMITTEE

MINUTES OF THE QUARTERLY MEETING OF THE COMMITTEE

The Quarterly meeting of the City and County of Honolulu Deferred Compensation Plan Committee (“Committee”) was held on **Friday, November 14, 2025**, in the Mayor’s Conference Room, 530 South King Street, 3rd Floor, City Hall, Honolulu, Hawai‘i.

Present: Andrew Kawano (Department of Budget and Fiscal Services (BFS) Director & Committee Chair)

Chamara Silva (Administrative Services Officer & Committee Member designee for Managing Director Michael Formby)

Michael Golojuch (Committee Member-Retiree)

John Hashimoto (Committee Member-Active)

Connie Kaneshiro (Committee Member-Active)

Excused: Reid Yamashiro (Deputy Corporation Counsel & Committee Member designee for Corporation Counsel Dana Viola)

Nola Miyasaki (Department of Human Resources Director & Committee Member)

Staff: Jennifer Bishop (BFS Administrative Services Officer & Deferred Compensation Plan Administrator)

Carrie Castle (BFS Deputy Director & Alternate for Committee Chair Andrew Kawano)

Lynn Wakatsuki (Deputy Corporation Counsel)

Cynthia Yu (BFS Administrative Specialist) (via Webex)

Guests: Vince Learned (Wealthspire Retirement Advisory – Vice President – Advisory Services)

Matt Dickey (Wealthspire Retirement Advisory – Managing Director of Government Plans) (via Webex)

Jeff Scott (Wealthspire Retirement Advisory – Senior Vice President – Retirement) (via Webex)

Lisa Conte (Wealthspire Retirement Advisory – Assistant Vice President – Advisory Services) (via Webex)

Amy Vaillancourt (Voya - President of Retirement Solutions)

Gavin Gruenberg (Voya – Head of Sales – Government Market, Large Market & Stable Value)

Sharra Querner (Voya – Assistant Vice President, Strategic Relationship Manager)

Jared Nakamoto (Voya – Financial Advisor and Hawaii Case Manager)

Stacey Laxton (Voya – Communications Consultant) (via Webex)

Sarah Hirakami

I. CALL TO ORDER

With quorum present, Andrew Kawano (Chair) called the meeting to order at 10:06 a.m. and presided as chair of the meeting. Jennifer Bishop (Jennifer) acted as secretary.

II. MINUTES OF PREVIOUS MEETING – Action

Committee members reviewed the August 22, 2025, Quarterly Meeting minutes and Chair asked for discussion.

On a motion duly made by John Hashimoto, seconded by Michael Golojuch, and unanimously carried, the Committee approved the Quarterly Meeting minutes from August 22, 2025.

III. PUBLIC COMMENTS – Information

Chair asked if there was any public input. There was none.

IV. ANNOUNCEMENTS – Information

- A. Wealthspire Retirement Advisory Announcement - Vince Learned (Vince) announced that NFP Retirement is now known as Wealthspire Retirement. Madison Dearborn Partners, a private equity, purchased the business from Aon. No changes are anticipated to the Committee's services.

V. VOYA REPORT – Information/Action

- A. Voya Update – Amy Vaillancourt (Amy) thanked the Committee for its 46 years of partnership and shared information about Voya's commitment to the retirement business. Voya brought in a \$100 billion in assets in the first half of the calendar year and now has over a trillion dollars in total assets, with close to 10 million participant accounts. Voya purchased OneAmerica earlier in the year and integration is going well with over 60 Hawaii-based clients. Voya will continue to invest in the retirement business including working through AI governance in a protective manner and introducing a new retirement income tool in the coming weeks.
- B. Quarterly Report – Sharra Querner (Sharra) provided the following highlights for the period ending September 30, 2025.
 - 1. Plan Statement – At the end of the period, Assets were at \$1.152 billion, which is 7.6% increase from the beginning of the year. There was more than 20% growth in assets compared to two years ago.
 - 2. Participation – The period ended with 9,070 participants with an account balance, 68% of which, or 6,182, actively contributing in the plan. There were 355 new accounts for the period. There has been an increase in participation for employees under the age of 40 which indicates that employees are starting to save for retirement early.
 - 3. Deferral Summary – As of October 13, 2025, there were 1,333 participants contributing on a percentage basis. The average deferral rate for these participants is 9.4%, which is higher than the industry benchmark of 7.4% and other Voya plans at 6.5%. Those under 40 are saving a bit less than other age groups, but still an impressive rate of 8.4%.
 - 4. Participant Engagement – Mobile app usage continues to grow. The top activity continues to be deferral changes made through the internet and mobile app. For the period, there have been more than 4,100 total transactions through the internet, mobile app and call center. There were 518 unique participants who engaged with MyOrangeMoney and of those, 296 took action with the majority making increases to their contributions. The Plan continues to exceed Voya's benchmarking quarter over quarter.
 - 5. Transaction Activity Detail – There was \$31 million in contributions through the end of Q3. 5,764 are currently contributing into the Plan while 418 are currently employed with the City, but not contributing. Compared to same period last year, there was an almost 23 % increase in Roth contributions. There was \$60 million in distributions, of which \$53 million in withdrawals. The withdrawals included \$16 million in distributions and \$11.6 million in rollovers.
 - 6. Current Participation and Enrollment Statistics – There have been 370 new enrollments for the year. There are 9,616 total eligible employees, including BWS, which is updated from what is printed in the handout, making the participation rate 64.2%. As of September 2025, the average participant account balance is almost \$130K which well exceeds the benchmark of just under \$55K.
 - 7. Diversification – 89% of participant accounts are diversified. For participants utilizing only one investment option, the majority, 83%, are invested in an asset allocation fund.
 - 8. Managed Accounts – There were 478 participants using managed accounts with about \$71 million in assets. There were 50 new enrollments for the period.

- C. Stabilizer Update – Gavin Gruenberg (Gavin) provided the following information for quarter ending September 30, 2025:
1. Market Review – It continues to be a good equity market with the S&P 500 up by 8.12% and Nasdaq up by 11.24%, with strong performance in technology and AI-related.
 2. Fixed Income Market Review – Total return for fixed income is positive across the board. U.S. Yield for 10-year Treasury is currently at 4.15%, which is down from 4.40% last quarter. The downward drift is helping the Stable Value portfolio market to book ratio.
 3. Performance Analysis – The handout includes a breakdown of each major asset class within the Stable Value fund, what has occurred, and the results in terms of the Plan's portfolio allocation. Gavin encouraged Committee members to read through the detail at their leisure.
 4. Performance Summary – Quarter returns are at 1.97%, outperforming the benchmark by 19 basis points. Sean Banai (Sean) and his team have outperformed the benchmark in each of the measured time periods.
 5. Portfolio Characteristics – Most of the outperformance really driven by asset allocation. Duration is at 4.18 years and a bit shorter than last quarter. Yield to Maturity is at 4.60%. The Quality Comparison Chart shows that Sean and his team are making decisions about asset allocations that differs from the benchmark which has helped drive outperformance and shows that they are engaging in active management of the portfolio. Chair asked about the cause of the Security Selection attribution of -7 for Quarter 3. Gavin stated it may be a nominal blip for the quarter, not caused by anything in particular that happened, as the overall year-to-date, the security selection is outperforming.
 6. Asset Allocation – The largest change in the past quarter was a movement out of agency mortgages and movement into high yield and treasuries. Connie Kaneshiro (Connie) asked about the U.S. Treasury & Cash being well below the benchmark. Gavin explained that generally the portfolio stays more actively invested and clarified that the chart shows allocation and not performance.
 7. Market to Book Value– At the quarter end, Market Value was \$163,942,835 with Book Value at \$172,842,175, resulting in a 94.85% ratio. As of the end of October, the ratio was 95.15%
- D. Participation Communication & Education Update – Stacey Laxton (Stacey) provided the following highlights:
1. Save More Results – 51 more individuals are saving more from last quarter, with 201 participants saving an average of 2.7% more per pay period and 488 saving an average of \$55 more per pay period.
 2. Beneficiary Results – 6 more individuals added a beneficiary to their account.
 3. Diversification – 1 more participant diversified their account after opening the email.
 4. Restart Results – 2 more participants resumed contributions after opening the email.
 5. Max Out Results – 71 participants took action after opening the email.
 6. Financial Wellness/Education – 110 participants completed the assessment.
 7. Overall Personal Messaging – 80% take action and engage, which is favorable to the industry benchmark of 48%.
 8. Participant Engagement – 52% of active plan participants have engaged in either web, mobile app, or call center. The Plan outperforms other governmental plans in mobile app and web engagements. There has been small increases quarter over quarter.
 9. MyOrangeMoney – 144 participants, or 20%, took action after using the MyOrangeMoney tool, with 32 changing their deferral rate, 22 changing a fund allocation, 5 enrolling into managed accounts, and 1 rolling money into the plan.
 10. Financial Wellness – Plan participants are less confident in protection, emergency fund, and retirement than they are in spending and saving, debt, and other goals.
 11. Voya Learn Q3 – 3 individuals attended the Prioritizing Debt webinar, 2 individuals joined Social Security Basics, 2 joined the Six Tips on a Mid-Year Check-In, and 3 joined Protection webinars during Voya Learn Q3. This only includes individuals who used their

honolulu.gov email address or listed the City as their employer when registering for the webinar.

12. Asset Allocation – Sent in August to educate participants about planning for each life cycle, focusing on specific age groups and investment strategies.
13. Account Registration – Communication sent in September encouraging participants to register their accounts online. Results are pending.
14. Voya Learn Q4 – So far there are 5 participants registered for Retirement Income, 2 registered for Healthcare in Retirement and 2 registered for Steps for Nearing Retirement. There are more webinars scheduled through the end of the year.
15. Nearing Retirement -Informational communication with steps and tools someone could take as they approach retirement.

E. Other Issues – None.

On a motion duly made by Chamara Silva, seconded by Connie Kaneshiro, and unanimously carried, the Committee approved and accepted the Voya Report.

VI. NFP CONSULTING REPORT – Information/Action

A. Semi-Annual Fund Review – Vince provided the following information:

1. Market Review – For Q3, US Equity was at 8.2% for the quarter and close to 7% for International and 2% for Fixed Income. Through the end of the year, returns are at about 14 % for US Equity, 26 % for International, and Bonds at about 6%. There were two rate cuts by the Federal Reserve. Confidence is not high for a third cut in December, but it is uncertain at the moment.
2. US Equity – Small Cap Value did well and led the way, up 12.6 % and Small Cap Growth was close behind up 12.2%. Large Cap Growth continues to do well at 10.5%, and Technology continued to dominate up 13.2 %.
3. International Equity – Emerging Market equity posted a positive 10.6% return and outperformed Developed Market by 1.70%. On a rolling one-year basis, Domestic outperformed International by about 1%
4. Fixed Income – The leading sector for the quarter was corporate bonds with 2.6%, followed by High Yield and Mortgage-Backed Securities, with Cash being the laggard up 0.1%.
5. Chart of the Quarter – Vince explained the Soaring Stock Market chart which focuses primarily on valuation of the S&P 500. Forward P/E ratio was at 22.8 as of the end of Q3. This didn't suggest an imminent market downturn, but a good reminder for a long-term strategy as the market fluctuates. The P/E ratio for the top ten companies of the S&P 500 was at close to 30 while the remaining companies were at 19.5. Chair noted and Vince agreed that a couple of decades ago, around 20 was more common for the broader market. The top ten account for more than 40% of the weight of the S&P 500. Year to date, Magnificent 7 still performed well up 18%, but nowhere near as well from prior years. In 2023 and 2024, they returned as a group 76% and 48% respectively.
6. Scorecard – Vince reviewed the scores of each of the funds noting the funds scoring a 6 or below:
 - a. American Century US Premier Large Cap scored a 6, just missing the Information Ratio point, causing the drop from the prior score of 7.
 - b. American Century Small Cap Value dropped to 5 from 10 in the prior quarter, with narrow misses for Risk/Return which measures the fund against the benchmark, and for Up/Down and Information Ratio and Risk Return. Not too concerned about this fund for the moment.
 - c. Dodge & Cox International decreased from a 7 to 6, by falling just outside of the top half for its Information Ratio.
 - d. Vanguard Mid-Cap Index Institution is flagged because it scored a 6 in the 2024 Q4. One more quarter of an acceptable score and it should be taken off the watch list.

7. Plan Allocation – 47% in US Equity Funds, about 30% in Asset Allocation, about 13% in the Cash Alternative, which is the Stable Value, and 4% and 3.7% respectively in International Equity and Fixed Income.
- B. Watch List Update – Vince recommended the four funds listed above be on the quarterly watch list.

On a motion duly made by Michael Golojuch, seconded by Chamara Silva, and unanimously carried, the Committee approved the quarterly watch list.

- C. Legislative and Regulatory Update – Matt Dickey (Matt) provided an update and information on the following:
 1. AI in Retirement Plan Administration – Adoption of AI requires ensuring proper policies and controls in place (weigh the benefits carefully against the risks). It's anticipated that anything related to AI will fall under the SOC 1 or SOC 2 report. If not, there will be a specific AI policy written for compliance to ensure full transparency and address potential privacy concerns around participant data.
 2. Alternative Investments in Public Sector Plans – the interest in private equity, real estate, infrastructure and hedge fund strategies has gained momentum. It provides potentially enhanced returns, broader diversification, and may provide some inflation protection as well as some risks and challenges. Guidance from the Department of Labor is needed particularly in terms of the 457(b) deferred compensation plans because of ties to target date funds and other asset allocation funds. Chair asked about disclosures in areas like liquidity and transparency. Matt stated they are very cautious about adopting and implementing alternative investments into the lineup and that he believes there will be a slow rollout. The biggest challenge will be the valuation if tied to target date funds. One area that participants want to be able to see is the mark to market. Historically, those alternative investments, the valuation has been more of a feature, meaning if you're in a 30% or 40% drawdown and you're beholden to that private equity fund for seven to ten years, you can't have a knee jerk reaction because you don't know if that fund is really down 30% or 40%, and there is also liquidity control to prevent you from selling. There are more questions than answers right now. Vince added that while there would be some disclosures required, we also know that participants don't typically read the disclosures and so the bigger issue is making sure we are aware of and address the risks and challenges. Chair noted that the number of public companies is decreasing with new acquisitions and consolidations and these types of alternative investments are becoming more and more available.
 3. NAGDCA Conference will be held September 27 - 30, 2026, in Orlando, Florida.
- D. Other Issues – None.

VII. OTHER BUSINESS – Information/Action

- A. Advisor Managed Account Update – Chair thanked Jeff Scott (Jeff) for his thorough presentation regarding the Advisor Managed Accounts from NFP's perspective and for the FAQ. Chair shared the following key information from the FAQ: NFP co-manufacture Advisor Managed Accounts with Voya and Morningstar to improve managed account outcomes by reducing costs, introducing limited exposure to additional asset classes that add value but would typically not be appropriate as individual core options for self-direction by participants, help plan sponsors with elevated fiduciary oversight, and create a more efficient managed account service. The current managed account cost is 73 basis points and the Advisor Managed Account fee is lower at 35 basis points. In regards to liability, under the current managed accounts, the Plan is the fiduciary responsible for monitoring the portfolio asset allocations and assignment being performed by Morningstar and VRA. With Advisor Managed Accounts, the responsibility is shifted to NFP contractually, and NFP would monitor the non-core passive menu as part of its fiduciary oversight, as they do today with the core investment menu. Jeff added that while alternative investments are not used today in managed accounts,

it is on the roadmap for the future as most equity traded in the US is private. Chair asked the committee if there are any concerns with moving to Advisor Managed Accounts and stated that if the Committee is interested, a request for legal services will be issued for legal review of the required agreements. After hearing no concerns, Chair directed that a request for legal services be issued.

- B. Force Out/Cash Out Update – Sharra reported that on October 15th, Voya sent communication to a total of 110 terminated participants who had an account balance less than \$5K. If no action is taken by the participant to bring their balance higher than \$5K, then on or around December 15th, their accounts will be forced out. Accounts with a balance less than \$1K will be cashed out while if those with balances between \$1K and \$5K will be rolled over into an IRA.
- C. 2026 Committee Member Election Update – Jennifer reported that three seats are coming up for election, the two active and the one retiree. In October, requests for quotes were sent out to five different organizations and received only one quote in response, from Ward Research. Ward Research handled the election for the Committee in 2013, 2017, and 2021. Phase I consists of printing and mailing the notice and application to participants, and will cost about a little over \$14K. Since we were expecting a pre-payment of 50% this calendar year, we budgeted \$10K, which covers the \$7K pre-payment cost. Phase II will only be needed if there are enough candidates for an election to be held. Ward Research will hold the election both by mail and online and will complete the data tabulation. For the hard copy ballots, data entry will be performed by two people for validation and accuracy purposes. The preliminary estimate for the election is about \$25K and they provided cost adjustments to account for the actual number of ballots received. Jennifer asked the committee for approval to move forward with Ward Research and approval of the documents to be used during the election process.

On a motion duly made by John Hashimoto, seconded by Chamara Silva, and unanimously carried, the Committee approved the proposal from Ward Research the election documents as presented.

- D. Reserve Policy Review – Jennifer explained that the Reserve Policy originated in 2009 and that it initially included a Contingency/Stabilization Reserve equal to 25% of the budget's expenditures and was updated to the 30% in 2019. No change to it is recommended to the Contingency/Stabilization Reserve; however, in 2020, the formula used for budgeting changed to 30% of the yearend balance, instead of expenses. As a result, the Contingency Reserve has been bit inflated, The correction to 30% of expenses will be made moving forward. There is a \$95K reserve for Major Plan Changes and Requests for Proposals. No updates are being proposed for this reserve amount since there is a fixed cost included in our consultant contract which will be valid until late 2028, and it can be updated at a later time, if needed. For the Committee Member Elections Reserve, a proposal of increasing the reserve to \$60K considering rising costs of having a very limited number of organizations performing this type of service and the increasing costs in postage. No change to the Audit Reserve being proposed as again it is a fixed cost included in our consultant agreement. Jennifer also noted that a mock audit hasn't been done in a while and that the Committee should consider having one completed in the next year or two.

On a motion duly made by Michael Golojuch, seconded by Connie Kaneshiro, and unanimously carried, the Committee approved the Deferred Compensation Plan Reserve Policy as proposed with the amendment to the Committee Member Election Reserve amount.

- E. Third-Party Administrator Services Agreement RFP Update – Chair announced this item will be taken up later in the agenda.
- F. Mandatory Roth Catchup Contributions Update – Jennifer reported that there may be about 120 participants who will earn \$150K in FICA wages for 2025 that would be impacted by this change. Sharra stated that Stacey is working on a communication to the impacted participants and Jared's team will perform an outreach to them via phone calls to ensure that they

understand the changes. Upon receiving the file from City, Voya's system will flag the participant account to prevent participants from selecting pre-tax for catch up contributions. Lastly, a confirm will be sent to the participants identified in the City file. Jennifer stated that the City will include information relating to the contribution limits and mandatory Roth provision on the back of pay statement to be issued in December.

- G. Fund Change Update – Chair notified the Committee that there has been no movement on the fund change to the MFS CIT as previously approved as there is a disagreement between the Plan and MFS regarding provisions within their agreement. Lynn Wakatsuki (Lynn) advised Chair that the Committee should go into Executive Session for further discussion.

VIII. REPORT ON ADMINISTRATIVE EXPENSES – Information/Action

Jennifer reported the period started on August 22, 2025, with a balance of \$406,598.44. A \$30K quarterly reimbursement check was received and a refund of NAGDCA Conference Registration Fees of \$750. Expenses for the period totaled \$20,361.39 and included costs related to 457 University, Consulting Services, and travel for Committee members and staff to attend the Annual NAGDCA Conference. The period ended with a balance of \$416,987.05. Jennifer reminded the committee that we are rebuilding the reserves, which were zeroed out in 2020, for upcoming anticipated expenses.

On a motion duly made by Chamara Silva, seconded by John Hashimoto, and unanimously carried, the Committee approved and accepted the Committee's administrative expense report as presented.

At 11:30 a.m., Voya was excused from the meeting.

Chair called agenda item VII E. Third-Party Administrator Services Agreement RFP Update – Matt reported that the attachments and RFP invitation are ready to go and presented a timeline of the RFP process. After discussion, the Committee approved adjusting the timeline to post the RFP on January 5, 2026, and confirmed that education is a required component of the TPA services. Chair asked the Working Group to provide their final feedback and comments by the end of November so that it could be brought back to the Committee in mid-December for final approval.

At 11:49 a.m., Wealthspire Retirement Advisory, Carrie Castle, and Sarah Hirakami were excused from the meeting.

On a motion duly made by Chamara Silva, seconded by Connie Kaneshiro, and unanimously carried, the Committee voted to recess the Quarterly meeting and go into Executive Session to consult with the attorney for the Deferred Compensation Plan Committee regarding the fund change update.

IX. EXECUTIVE SESSION (as required)

The Executive Session was called to order at 11:51 a.m. and adjourned at 11:58 a.m.

On a motion duly made by Michael Golojuch, seconded by Chamara Silva, and unanimously carried, the Committee voted to reconvene the Quarterly meeting.

Chair called the Quarterly meeting back to order at 11:58 a.m.

Chair called agenda item VII.G. Fund Change Update.

On a motion duly made by Chamara Silva, seconded by John Hashimoto, and unanimously carried, the Committee voted to cancel the fund change from MFS International Growth to MFS International Growth Equity CIT.

X. NEXT MEETING DATES – Information (subject to change)

Annual and First Quarter – Mayor’s Conference Room

Friday, February 13, 2026, 10:30 a.m. - 2:30 p.m.

- Annual Meeting: 10:30 a.m. – 11:25 a.m.
- First Quarter – 11:25 a.m. – 2:30 p.m.

Second Quarter – Mayor’s Conference Room

Friday, May 15, 2026, 10:30 a.m. – 1:00 p.m.

457 University Training – Neal S. Blaisdell Center

Thursday, August 13, 2026, 9:00 a.m. – 3:00 p.m.

Third Quarter – Mayor’s Conference Room

Friday, August 14, 2026, 10:30 a.m. – 12:30 p.m.

Fourth Quarter – Mayor’s Conference Room

Friday, November 13, 2026, 10:30 a.m. – 1:00 p.m.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned at 11:59 a.m.

Respectfully submitted,

Jennifer Bishop
Secretary