

**CITY AND COUNTY OF HONOLULU
DEFERRED COMPENSATION PLAN COMMITTEE MEETING**

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 Wednesday, November 30, 2022, at the Mayor’s Conference Room, 530 South King Street, 3rd Floor, City Hall, Honolulu, Hawaii.

Present: Andrew Kawano (Department of Budget and Fiscal Services (BFS)
 Director & Committee Chair)
 Nola Miyasaki (Department of Human Resources (DHR) Director &
 Committee Member) (by webex)
 Reid Yamashiro (Deputy Corporation Counsel & Committee Member
 designee for Corporation Counsel Dana Viola)
 Chamara Silva, (Committee Member designee for Managing Director
 Michael Formby)
 Chase Masuda (Committee Member)
 Michael Golojuch (Committee Member)

Excused: Douglas Chun (Committee Member)

Staff: Laura Shimada (BFS Administrative Services Officer & Deferred
 Compensation Plan Committee Administrator)
 Carrie Castle (BFS Deputy Director)
 Jennifer Tobin (DHR Benefits, Research, and Transactions Branch Chief)
 Florencio “Bugs” Baguio, Jr. (DHR Assistant Director) (by webex)
 Lynn Wakatsuki (Deputy Corporation Counsel) (by webex)
 Jennifer Bishop (BFS Administrative Specialist) (by webex)

Guests: Bill Tugaw (NFP Retirement (NFP)) – Managing Director)
 Vince Leaned (NFP Senior Plan Advisor) (by webex)
 Gavin Gruenberg (Voya – Senior Vice President – Institutional Clients)
 Deirdre Jones (Voya – Vice President – Strategic Relationship
 Management) (by webex)
 Jared Nakamoto (Voya – Financial Advisor and Hawaii Case Manager)
 Stacey Laxton (Voya – Communications Consultant) (by webex)

Andrew Kawano (Chair) agreed to allow committee member Nola Miyasaki (Nola) to participate remotely. Nola confirmed no one else was present in her office. Chair also allowed staff and other Voya or NFP staff to participate remotely.

Chair read a statement on allowing public participation and testimony in a manner consistent with safe COVID-19 practices in compliance with Act 220, Session Laws of Hawaii (SLH) 2021, Act 177 and Act 264, SLH 2022.

I. CALL TO ORDER

With quorum present, Chair called the meeting to order at 1:09 p.m. and presided as chair of the meeting. Laura Shimada (Laura) acted as secretary.

II ANNOUNCEMENT

Chair announced that Committee Member Douglas Chun (Doug) will be retiring as of December 1, 2022, and Laura, Deferred Compensation Committee Plan Administrator, will be retiring as of December 31, 2022. Chair thanked both Laura and Doug for their contributions over the past years.

III. AMENDMENT OF AGENDA

Chair explained that there will be an Executive Session of the Committee and, rather than inconvenience NFP, VOYA and others, the Chair wishes to move the Executive Session item on the agenda to the end of the meeting. The Chair asked for a motion to amend the agenda to move the Executive Session agenda item to just before Adjournment.

On a motion duly made by Michael Golojuch, seconded by Chase Masuda, and unanimously carried, the Committee approved to amend the agenda by moving the Executive Session to before adjournment which is the last item on the agenda.

IV. MINUTES OF PREVIOUS MEETING – Action

Committee members reviewed August 26, 2022, Quarterly Meeting minutes and Chair asked if there is any discussion.

On a motion duly made by Michael Golojuch, seconded by Chase Masuda, and unanimously carried, the Committee approved the August 26, 2022, Quarterly Meeting minutes.

V. PUBLIC COMMENTS – Information

Chair asked if there was any public input. No one wished to speak.

VI. FIDUCIARY INVESTMENT REVIEW (by NFP Request) – Information/Action

A. NFP Semi-Annual Fund Review – Vince Learned (Vince) provided the following review.

1. Quarter Market Review – Third Quarter continued to be a challenge for the equity market. U.S. Equity was down 4.5% for the quarter, making it down 24.6% for the year. International Equity was down 9.9% for the quarter, totaling a return of -26.5% for the year. With rising interest rates, Fixed

Income is also down 4.8% for the quarter, and down 14.6% for the year. As of November 18, 2022, the Russell 3000 U.S. Equity was up 10.6% for the current quarter. There were two rate hikes in the third quarter at 75 basis points each, and another 75 basis point hike in the current quarter, with the Fed scheduled to meet again in December. Unemployment was at 3.5% in September. In the first half of the year, Value outperformed Growth; however, in the third quarter, Growth outperformed Value.

- a. U.S. Equity – Small Cap was the best performer for the quarter up at 0.2%. Large Cap Value was down 5.6%. Most sectors were in the negative for the quarter, with two exceptions: Consumer Discretionary was up 3.6% and Energy up 2.4%.
 - b. International Equity – Large Growth was down 8.1%, Emerging Markets were down 11.6%, and Large Value was down 10%. The Developed International Markets continued to outperform the Emerging Markets, though the outperformance has been declining. Domestic Equity continues to outperform International.
 - c. Fixed Income – Yields are up across the board. Bond prices are down, with interest rates on the rise. High Yield Interest Bonds held up relatively well, only down at 0.6%. In the second quarter, High Yield Interest Bonds were down close to 10%.
 - d. Chart of the Quarter – Vince explained the Consumer Sentiment Chart covering from 1971 to present. In the 12 months following the last 8 troughs, the return of the S&P 500 averaged almost 25%. Vince stated that most participants would be well served to stay invested.
2. Score Card – Vince explained the methodology and the 10 different metrics. A score of 7 or better is acceptable, a score of 5 or 6 would result in the fund being placed on the Watch List. If the fund is on the Watch List for 4 consecutive quarters, it would be considered for replacement. A score of 4 or lower would result in a conversation about potential replacement. There are 4 different scorecards for the 4 unique investment strategies: Target Date Funds, Asset Allocation, Active Strategies, and Passive Strategies. Vince explained in detail the methodology for the Active Strategies scorecard.
- a. Vanguard Target Date Funds – Close to \$75 million in the fund and continues to score well with an 8.
 - b. American Growth Fund of America (“Growth Fund”) – This is a Large Cap Growth strategy scoring a 6 for 6 consecutive quarters. This fund has been discussed in prior committee meetings. Two of the points, for Peer Group Return Rank and Information Ratio, are very narrowly missed. The scoring issue is not unique to Growth Fund, and is being driven by a concentration issue in the benchmark where a handful of funds dominate the weight of the benchmark. However, there are some funds that have done well even in this challenging environment, and so the American Century Ultra Fund (“American Century”) is being

brought forward for the Committee's consideration. This fund scored a 10 and had very strong peer group rankings and earned all 3 risk return points. However, in terms of expense, Growth Fund is at 30 basis points and American Century is at 60 basis points, which is lower than category average, but higher than the incumbent.

Chair asked how American Century compares to Growth Fund in terms of market value. Vince stated that he would have to look up the exact details, but that American Century is well known and respected. Chair also asked how long the American Century has been offered to institutional investors. Vince noted the inception date as 1981.

- c. Vitus Ceredex Mid-Cap – This fund scored a 7, with a few narrow misses for the Risk Return points.
- d. Principal MidCap Growth – This fund also scored a 7, narrowly missing the Peer Group points.
- e. American Century Small Cap Value – This fund continues to score a 10.
- f. Dodge & Cox International – This fund also continues to score a 10.
- g. America Funds Europacific Growth – This fund scored a 6 for several consecutive quarters. However, this fund has strong Peer Group rankings and there is also a bit of a benchmark issue with this fund. American Funds purposely has an allocation to emerging markets, whereas the benchmark does not. With Developed International Equity outperforming Emerging Markets, and a benchmark that does not have exposure to emerging markets, it creates a loss of points for Risk Return. When this fund is compared to a fund that has emerging markets exposure, it actually scores a 10.
- h. American Funds Capital World Growth and Income Fund ("Capital World") - This is a global equity fund and is the second item for the Committee's consideration since it has been scoring a 6 for 4 consecutive quarters. Although one of the points is a narrow miss, the Information Ratio Rank is not. This fund also missed two of the Risk Return points. NFP is bringing forth for consideration the possible removal of this fund without a replacement. However, should the Committee want to look at potential replacements, a backup candidate fund has been identified. The reason for primary recommendation of elimination is that this is an asset class that is not really critical to have in the Plan's menu. With global equity having a large allocation to U.S. Equity, this asset class may be considered redundant. Behavioral finance studies have supported efficient and focused menus are valued.
- i. PIMCO Total Return – This fund dropped from a 10 to a 7 with some very narrow misses in Information Ratio and Up/Down and Risk Return.

- j. PIMCO Real Return – This fund scored a 7 with a few misses in the Risk Return points. It had a very strong Peer Group ranking being in the top 8%
 - k. PIMCO High Yield – This fund scored an 8 and is in the top quarter of its peer group.
 - l. Plan Allocation by Investment Type – There is about 43% in U.S. Equity, 25% in Asset Allocation, which includes the Vanguard Target Date Funds and Risk Based Funds, 20% in Specialty, which is the cash equivalent, about 8% in International and 4% in Fixed Income.
- B. Watch List Update – NFP recommends keeping on Watch List: American Funds Europacific Growth and PIMCO Real Return, and removing Growth Fund and mapping it to the American Century, where the score would improve from a 6 to a 10, but the expense does go from 30 to 60 basis points. NFP also recommends removal of Capital World which scored a 6. If this fund is not replaced, NFP recommends mapping to the age appropriate target date fund. The incumbent fund is at 42 basis points and the Vanguard Target Date Fund is at 8 basis points.

Chair asked Vince to explain the process of removing a fund. Vince explained that upon the Committee's approval, NFP would work with Voya to identify an effective date, typically 60-75 days from the Committee's approval, and to send notification to participants at least 30 days in advance. If a participant takes no action, the changes will automatically happen on the effective date. Participants also have an option to proactively make a different change. Gavin Gruenberg (Gavin) further explained that Stacey Laxton (Stacey) would draft the communication to the participants and send it to the Plan's staff and NFP for comment, then once approved, the effective date would be established 30 days from the mail out date.

Reid Yamashiro (Reid) asked Vince whether Capital World is a global fund that includes both international and domestic and whether it is similar to the Vanguard Total Stock Market Index. Vince responded that it is its own distinct asset class with a combination of domestic and international as opposed to international which excludes U.S., and most are usually a 50/50 allocation between U.S. Equity and non-U.S. Equity. The Vanguard Total Stock Market Index consists of all U.S. based companies. Some of the big companies will have exposure to international markets and derive a fair amount of revenue internationally, but would be considered domestic companies. Reid noted that the recommendation is to move the participants from the Capital World to the Vanguard Target Retirement Series, and that some participants may be investing in the Capital World because they think it is some sort of international fund. Vince explained that there is no like-to-like mapping option for this fund and so the default fund was identified. Bill Tugaw (Bill) explained that the Department of Labor determined that if the global equity option does not have a natural place to go, Target Date Funds is a safe harbor. Gavin noted that there are almost 3,000 participants in the Growth Fund and about 2,122 in the Capital World, and so a

lot of participants will be impacted and that changing funds happens on a normal basis in plans.

On a motion duly made by Michael Golojuch, seconded by Nola Miyasaki, and unanimously carried, the Committee approved to accept NFP's recommendation on the Watch List and to change the two funds as listed in the Summary of Consideration.

VII. VOYA REPORT – Information/Action

C. Quarterly Report – Deirdre Jones (Deirdre) announced Heather Lavellee will be the new Voya CEO beginning in January, and Rodney Martin, Jr., the current CEO, will become the Executive Chairman. Deirdre briefly explained that Voya is exploring innovative tools that would allow participants and plan sponsors to look at workplace benefits in totality to optimize decision making in financial wellness. Studies have shown that when asked “how many pennies on the dollar would you like to save towards retirement?” participants under \$50K tend to save more, leading Voya to change their enrollment language. The mobile app is available in Spanish. Participants can register to use their voice to authenticate their accounts when they call the call center. There are different solutions that can be added to the plan to help participants manage their retirement savings at retirement that mimic the MyOrangeMoney tool. It can provide a strategy for plan assets to continue to grow assets even as retired participants withdraw from the plan. Voya is still investing in record keeping, focusing on smart automation and artificial intelligence, analyzing behavior to encourage participants to save more towards retirement.

1. Client Health Review - Deidre provided the following highlights for the first three quarters of the year, ending on September 30, 2022.
 - a. Plan Statement – There was about a 23% drop in total plan assets given the challenging market conditions. In comparing this year's activity to the prior year, there has been only a slight change in terms of contributions and distributions, showing participants are staying the course and continuing to save towards retirement.
 - b. Participation – At the end of the third quarter, there were 9,759 participants with a balance in the Plan, which is a net increase of 107 from the beginning of the year. The Plan Participation rate is now at 67.6%, based off a new process that has been worked out with the City to get a more accurate count of eligible employees. Although it is lower than what has been previously reported, 67% is still in line with other governmental employers. Jenny Tobin (Jenny) clarified that due to a glitch, the previous number of eligible employees provided to Voya was inaccurate and that the City was previously underreporting eligible employees, resulting in an erroneous higher participation rate. Gavin

and Bill agreed that 67% is still a very strong participation rate for a voluntary governmental plan with no match.

- c. Deferral Summary – The average deferral rate is at 9.6%, which exceeds both the industry benchmark and other Voya plans.

2. Plan Activity

- a. Transactional Activity Detail – There has been a slow increase in participants selecting the Roth deferral option. There has also been a steady increase in participants taking a Hardship Withdrawal. Jared Nakamoto (Jared) stated that the Hardship Withdrawals are continuing from the pandemic, where households continue have a loss of income as spouses are not getting back to work. The lasting effect of the pandemic and the current market environment have also resulted in the decline in contributions. Chair noted that this is consistent with what is being seen in terms of interest in rent and utility assistance.

Deirdre also stated that with the Roth brokerage amendment, participants are now able to move money to the TD Ameritrade Self Brokerage account, whereas before that could only be done with pre-tax deferrals. In a follow up from the last quarterly meeting, Deirdre provided an update on accounts from participants who have terminated their employment with the City, have small balances and have not had contributions in the past two years. There are 587 terminated participants that had balances under \$1,000, which includes 435 accounts that have not had contributions in two years, 202 accounts are for terminated participants age 55 or older, and 293 are age 50 or older. There are 989 terminated participants that have balances under \$5,000, which includes 721 accounts that have not had contributions in two years, 361 are age 55 or older, and 442 are age 50 or older. Deirdre asked the Committee whether these accounts should be closed and/or converted to an IRA. This matter was later on the agenda and was discussed at that time.

Bill asked to return to the Transaction Activity Detail as he had some questions. Bill asked Voya to explain the adjustment of around \$500,000, a fee differential of \$800,000, and a revenue credit of a little less than \$250,000 that did not exist in the prior period. Gavin explained that the adjustment of around \$500,000 is from the return to the participants that was processed a few months ago and it is not exactly \$500,000 because of participants who have left the plan. Voya will follow up on the significant changes in revenue credit and fee.

D. Stabilizer Update – Gavin provided an update Stable Value Portfolio.

- 1. Fixed Income Market Review – Gavin noted that the 10-year U.S. Treasury as of September 30 was 3.83%, and peaked at around 4.25% in October showing an amazing change in rates in the last 12-18 months, which has impacted the Fixed Income Market, particularly the Stable Value portfolio.

2. Performance Analysis – Gavin summed up the conditions of the Equity and Fixed Income Markets by reading a statement from the handout: The unusual environment of slower growth, high inflation, and a tight labor market continued to drive market volatility. Overall, the allocation to Investment Grade corporate contributed positively by a small amount. High Yield was also a positive contributor to the results, relative to the benchmark. As for Emerging Markets, there is not a great deal of exposure due to the small allocation, so there was not much of an impact to the portfolio. Agency Residential Mortgage-backed Securities was a positive contributor to performance. Non-Agency Residential Mortgage-backed Securities was a detractor. Asset-backed securities contributed positively to performance relative to the benchmark. Commercial Mortgage-backed securities were neutral.
 3. Performance Summary – The quarter ended with a -3.76% return, which slightly outperformed the -3.84% benchmark. The Year-to-Date also underperformed by about 64 basis points, similar to the past year underperforming by 55 basis points. Looking over a longer period of time, at the 3-, 5-, 10- year and since inception, the portfolio has outperformed the benchmark. Gavin noted that the last 18 months have been challenging but the Plan continues to be in a decent place.
 4. Portfolio Characteristics – The performance attribution table, which shows the position within the portfolio in terms of duration, was negative to performance at a -22 basis points, year-to-date. Asset Allocation also contributed to the negative by 67 basis points, but Security Selection, the particular bonds that were bought, contributed positively. On the whole, we are underperforming by 64 basis points, year-to-date. The Yield to Maturity was at 5.63%, where just 9 months earlier the Yield was 2%. In quality comparison, the portfolio is underweight of the benchmarks on Treasuries/Cash, at about 14%, where the benchmark is 40%. However, the portfolio is generally overweight in the other credit quality tranches such as AAA, AA, etc. Overall, we have a high quality portfolio.
 5. Asset Allocation – Rotating into Agency Mortgages resulted in a positive influence on performance for the last quarter, and rotating nominal amounts out of other categories, mostly High Yield and Investment Grade Corporate were also positive contributors.
 6. Market to Book Values – Not a lot of change from last quarter, only a few percentage points less. As rate continue to rise, it continues to impact the Market Value of the portfolio. The current rate for participants is 2.5%. In the second quarter it was 2.25%. As a result of the rising rates, the participants are experiencing a little bit higher crediting rate. It is a balancing act as we also want to get the Market Value back up. Bill commented that other Stable Value accounts are running similar.
- E. Participant Communication & Education Update – Stacey provided the following update.

1. Personalized Messaging
 - a. Save More Results – This campaign targets individuals that have not made a contribution change in six months. There are now 13 more participants saving more since this campaign went out. This campaign has an action rate of 14%.
 - b. Beneficiary Results – This message goes out once a year on the anniversary date of when the individual enrolled and had a slight increase from the last quarter.
 - c. Diversification Results – Two more participants diversified their accounts since the last meeting in August.
 - d. Restart Savings – This campaign was sent to 373 individuals that were previously saving in the plan but have stopped contributions. There has been no change since August.
 - e. Financial Wellness/Education – While the action rate stayed the same as last quarter, there were 4 more individuals that completed the financial wellness assessment, making it a total of 80 participants who completed the assessment after receiving the email.
 - f. Birthday – This is a newer campaign delivered on the participant's birthday as a reminder to think about retirement and personal savings rates.
2. Participant Engagement
 - a. Web/Mobile/ Call Center – 8% of all engagements are from the Call Center, 17% from the Mobile Application, and 35% are from the Web. 46% of participants have opted into e-delivery and 53% have completed the web registration, each one exceeding the benchmark for other governmental plans. Jared stated that for the local office calls, Hawaiian Telcom no longer reports the number of calls received; however, in one day, he personally took about 40 calls.
 - b. myOrangeMoney – This is an online interactive experience that allows the user to view their current retirement savings against their monthly retirement income. There was an increase of 1% with the average action is now at 17%.
 - c. Personal Financial Dashboard – This is a holistic planning tool available on the website and participants taking action after using the dashboard is up 2% from last quarter, with 10% taking action.
 - d. Personalized Video – This is a targeted video, based on the audience. 149 participants viewed the video, 55 clicked on the call to action and 15 took action after viewing the video.
 - e. Financial Wellness – Participants are asked about protection (insurance), spending and savings habits, emergency funds, retirement, debt, and other financial goals. 82% of participants viewed the dashboard after completing the assessment. Participants are feeling are less confident in the areas of protection, emergency funds, and retirement.

3. Communication Strategy and Results
 - a. Increase Deferral Campaign – This is a new campaign that was sent in June to motivate individuals to increase their contributions and resulted in 225 individuals increasing their contributions.
 - b. Restart Campaign – This campaign is sent to 379 non-contributing active participants to encourage them to restart their contributions. There were 79 participants that took action and restarted contributions.
 - c. The Account Registration, Nearing Retirement and Cost of Waiting Campaigns were sent out in October and November and the results will be reported at the next meeting.
 - d. Three-Year Catch Up Campaign – A draft version of the campaign has been put together. This campaign is scheduled to be sent out in January. Chair asked for the status on the gap analysis of what the participant saved versus what they could have saved if they maxed out their catchup contributions. Gavin explained that type of analysis is done on an individual basis when the participant wants to take advantage of the three-year catchup provision and that Voya does not have the ability to do a mass analysis that includes all participants.
- F. National Retirement Security Month Summary – Jared shared that there were 10 sessions and 97 attendees. This year, there was a hybrid approach with some in-person sessions and some virtual sessions. Last year, which had all virtual sessions, had 127 attendees. This year, the in-person sessions had fewer attendees than the virtual sessions, with the exception of the Retiree session. There were 22 attendees in the in-person Retiree session this year and only 10 in last year's virtual session.
- G. Self-Directed Brokerage Account – Roth Source – Gavin noted that the information on the self-directed brokerage Roth source being available at TD Ameritrade was provided during Voya's quarterly report earlier in the meeting.

On a motion duly made by Michael Golojuch, seconded by Chamara Silva, and unanimously carried, the Committee accepted the Voya Report as presented.

- H. Terminated Accounts Under \$5,000 Update – In earlier discussion, Chair asked Deirdre to share statistics and how taking action would benefit the Plan. Deirdre explained that there is a cost to communicate with these participants and by removing these types of accounts, it helps increase the average account balance, making the plan healthier. Bill added that when service providers, like Voya, consider their pricing, they usually estimate the growth of and participation into the plan. To the extent that it can be made more efficient to the service provider, the cost savings will be returned in the renewal. The 1,000 accounts are a drag on the rest of the participants. There is an established process by IRS Rule that allows for accounts under \$5,000 to be set up for an IRA. Usually accounts of \$1,000 or less are cashed out. Gavin stated that ultimately, the same level of service is provided

to someone with \$0.50 in their account, including mailing statements, providing online services, etc. Chair commented, and Bill agreed, that the safe harbor protection for fiduciaries applies to rolling accounts \$5,000 or less into IRAs. Gavin also noted that there is a provision in the City's Plan document that allows the Committee to take this action. He further explained that for participants with \$1,000 or less in their account, Voya would send them a notice stating that they will receive a check for their account balance in 30 days and that if they contact Voya in the interim, they have the option of rolling their balance into an IRA or to a new employer. If the participant takes no action, a check is sent. There is a similar process for the accounts between \$1,000 and \$5,000, except these participants are notified that their accounts are being put into an IRA in 30 days. If they notify Voya in the interim, they can send the balance elsewhere or cash it out. The IRA is created by Voya and has a \$50 annual fee, paid by the participant's balance, all of which is disclosed in the notice. Chair noted that these accounts are almost 10% of the City's Plan and asked for the Committee's discussion. Chase asked whether the Committee has declined to take action on these accounts in the past. Voya responded that these accounts have slowly grown over time and there were not as many of these small accounts in the past. Bill stated that the number of accounts now is significant and NFP's recommendation to the Committee is to take advantage of the Department of Labor and IRS Rules to eliminate these accounts. Nola stated that it makes sense to ask the participants to either move their balances or close their accounts. Bill reminded the Committee that these accounts are for terminated employees, no longer on the City's payroll so they are no longer able to contribute to the plan. Bill also stated it would be in the best interest of the existing participants to move these terminated accounts with less than \$5,000 out of the plan. Nola noted that the City's fees are lower than other institutional retirement accounts and asked if it would be possible for these terminated participants to roll funds from another employer into their City's plan. Gavin replied that rolling assets into the plan is also an option. Nola suggested that the option to roll assets into the plan be provided to the participant in the notice. Gavin recapped that for terminated accounts with balances between \$1,000 and \$5,000, the notice would indicate that if no action is taken, the balance will be rolled into an IRA, but if assets are rolled into the City's plan to where the account balance exceeds \$5,000 then they could remain in the City's plan. Chair stated that there is safe harbor and that if the Committee follows Gavin's suggestion for accounts between \$1,000 and \$5,000 there is a very low risk to the Committee as fiduciaries.

On a motion duly made by Nola Miyasaki, seconded by Michael Golojuch, and unanimously carried, the Committee approved the action to address the terminated accounts under \$5,000 as set forth by Voya.

I. Other Issues –

1. Benefit Focus: Gavin shared that Voya is in the process of acquiring another organization, Benefit Focus. Voya is focused on delivering solutions at the workplace, including for retirement, employee benefits, voluntary benefits, and investment management. Benefit Focus is benefit administration firm with software that will automatically send employees' benefit election selections to the various providers. Acquisition of Benefit Focus will allow Voya to better connect with participants and customers. It is anticipated that the transaction will close during the first quarter of next year.

2. VFISLK (SLK): Gavin also shared information about their partnership with SLK, an organization based in India that allows Voya to provide back office processing for customers on a 24 hour basis. Voya is expanding their partnership to allow SLK to process transactions that occur from plans. For example, the expansion will allow Voya to process distributions 24 hours a day, versus only processing distribution during mainland hours. Currently, partnership with SLK is a joint venture; however, around 2 months ago, Voya announced it will be acquiring the whole organization. Gavin asked the Committee for permission to allow Voya to use the joint venture to do the back office processing for plan transactions.

Additionally, Gavin stated that Voya will be expanding the footprint of their call centers. There are currently two call centers, one in Arizona and one in Connecticut. Like many other organizations in the US, Voya has struggled to recruit and grow talent to the call centers and have entered into a partnership with Infosys to provide call center services based in the Philippines. Voya has had a successful partnership with Infosys for the employee benefit business for a couple of years, and is offering the additional call center service to all customers. As an additional point, Voya's contract with Infosys allows for Voya to take on all of the employees in the Philippines as Voya employees once the Call Center is fully built and staffed. Gavin asked the Committee if they approve the usage of the Call Center in the Philippines. Chair recommended that these two items be added to the next meeting agenda and that Voya provide more information so that the Committee may have a more deliberate discussion and make a decision.

VIII. NFP CONSULTING REPORT – Information/Action

- A. Legislative and Regulatory Update – Bill reported that the Internal Revenue Service issued the new maximum contribution limits. In 2023, the maximum contribution limit is going from \$20,500 to \$22,500, which is the biggest jump ever and is due to the inflation issues. The 50+ Catch-up is going from \$6,500 to \$7,500 a year. It is projected that the Secure 2.0 Act will have no opposition and will be tied to a financial bill.
- B. Regarding re-enrollment, in the private sector, NFP often sees re-enrollment into Target Date Funds. For the public sector, there was one city with a plan about \$130 million that had a successful re-enrollment program.

IX. OTHER BUSINESS – Information/Action

City Benefits Fair – Tuesday, October 24, 2023
Neal S. Blaisdell Center – Exhibition Hall

X. REPORT ON ADMINISTRATIVE EXPENSES – Information/Action

Laura reviewed the quarterly expense report. The quarter started with a balance of \$87,961.36. Two checks were received from Voya. Initially, Voya sent checks for Quarter 1 and Quarter 2, but neither were received. After the checks were reissued, we received the check for Quarter 2, but not Quarter 1. By the end of the quarter, we received checks for Quarter 2 and Quarter 3. The expenses included the quarterly consulting fee for NFP, the parking fees, lunch and refreshments for the 457 University training, NAGDCA Conference costs, and tickets for the National Retirement Security Month drawings prizes. The quarter ended with \$145,833.07.

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

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

Annual and First Quarter – Mayor's Conference Room

Friday, February 17, 2023, 8:00 a.m. – 12:00 p.m.

- Annual Meeting: 8:00 a.m. – 9:55 a.m.
- First Quarter: 10:00 a.m. – 12:00 p.m.

Second Quarter – Mayor's Conference Room

Friday, May 19, 2023, 9:30 a.m. – 12:00 p.m.

457 University Training – FMB 10th Floor or Neal S. Blaisdell Center

Thursday, August 24, 2023, 9:00 a.m. – 3:00 p.m.

Third Quarter – Mayor's Conference Room

Friday, August 25, 2023, 10:00 a.m. – 12:00 p.m.

Fourth Quarter – Mayor's Conference Room

Friday, November 17, 2023, 9:30 a.m. – 12:00 p.m.

XII. ANNOUNCEMENTS

Recognition of Committee Member and Staff Retirements – Chair recognized Laura Shimada and Douglas Chun at the start of the meeting.

On a motion duly made by Michael Golojuch, seconded by Chase Masuda, and unanimously carried, the Committee voted to go into Executive Session to

consult with the attorney for the Deferred Compensation Plan Committee on questions and issues pertaining to claims and other matters in the Committee's powers, duties, privileges, immunities and/or liabilities at 3:21 p.m.

At 3:21 p.m., NFP, Voya, Carrie Castle, and Florencio "Bugs" Baguio, Jr. were excused from the Quarterly meeting and meeting was recessed.

XIII. EXECUTIVE SESSION (as required)

The Executive Session was called to order at 3:21 p.m. The Executive Session adjourned at 3:33 p.m.

On a motion duly made by Michael Golojuch, seconded by Chase Masuda, and unanimously carried, the Committee voted to reconvene the quarterly meeting at 3:33 p.m.

XIV. ADJOURNMENT

There being no further business, the meeting was adjourned at 3:36 p.m.

Respectfully submitted,

Laura Shimada
Secretary