

Meeting Minutes – Deferred Compensation Committee



Date: Wednesday, March 8, 2017

Time: 2:00 – 5:00 p.m.

Room Location: HR Conference Room 3A

Status: A – Attended | X – Did Not Attend

Status	Invitees	Title
A	Dave Houser	Chair
A	Peggy Moak	Vice-Chair
A	Eric Schroth	Secretary
A	Raeshell Forrester	HR Representative
A	Pamela Knorr	Member
A	Brenda Lagrone	Member
A	Michele Martin	ICMA – Managing Vice President
A	Erika Armstrong	ICMA – Regional Manager Northern California
A	Mark Tomasini	ICMA – Retirement Plans Specialist
A	Dave Ramirez	Empower – Client Relationship Director
A	Darren Wagerman	Empower - Key Retirement Plan Counselor

Approval of Prior Meeting Minutes:

Approved

Public Comment:

None

Business:

1. The committee discussed the status of the proposals for financial advisory services.
 - a. References are being checked for the top 3 finalists.
 - b. Example reports were requested from Sageview Advisory Group. The committee is waiting on receipt of the reports.
 - c. The committee is waiting for a response from Hvas Group regarding their ability to facilitate meetings.

- d. When items a through c are completed, the committee will meet to either make a decision regarding an advisory service or continue with an interview process.
2. Empower has not been able to remove outdated authorizations from the payroll system. HR would like to resolve the issue with Empower.

ICMA Quarterly Review:

1. ICMA discussed the performance of their fund lineup.
2. The following funds remain on the county's watch list:
 - a. VT Vantagepoint MS Ret Inc. – Per ICMA, Milestone funds are conservative by design.
 - b. VT Vantagepoint Discovery – Per ICMA, the fund is not invested in speculative markets, which have recently done well.
3. Funds with concentrations in large cap growth did not perform as well as ones with concentrations in value. Consequently Puritan Fund and T Rowe Price Growth Stock did not perform well for the year. The funds' investments continue to meet their core objectives.
4. The committee is concerned that the target date funds, which are rated at 2 stars, may be underperforming their peers in spite of their conservative nature. The committee requested that alternative options be provided. ICMA will provide information in the next couple of weeks and the committee will hold a special meeting to discuss the options.
5. Outreach to employees is going well.
 - a. Enrollment is up 16%.
 - b. Website improvements have been rolled out.
 - c. James Collins is available to meet with employees and retirees.
 - d. Retaining separated employees in the plan helps keep fees/costs down.
 - e. Roth options are available.

Joint Session:

1. The county HR department did not believe that Empower was receiving correct payroll information and a list of signature authorities was requested. Empower responded that administrative functions can be outsourced to them and they would like to discuss these issues during their scheduled session.
2. The county HR department requested that Empower's forms be scanned and emailed rather than faxed because faxed copies are often not legible. Empower responded that they will email forms in the future, but noted that legibility of the form is sometimes poor before scanning.
3. The committee asked about an "opt-out" option for plan enrollment. Empower responded that opting out of 457 plans is controlled by the State legislature. The county's employee bargaining units would need to agree to an "opt-out" option.

Empower Quarterly Review:

1. Empower discussed the performance of their fund lineup.
2. The following funds were discussed as failing Empower's criteria:
 - a. Ariel Appreciation Investor (CAAPX) – The fund failed the 4th quarter and Morningstar has lowered its rating from 3 to 2. However, the fund has a concentrated portfolio and appears to be turning around during the 1st quarter of 2017. Empower will continue to monitor its performance.
 - b. Invesco American Value R (MSARX) - The plan has a concentrated portfolio which can affect its performance. The committee noted that it continues to remain on the county's watch list and its expense ratio is the highest within the fund lineup. The committee would like to consider closing the fund but wants to retain at least two mid-cap funds. The committee requested that a list of alternatives be provided. Empower will provide a list once 1st quarter data becomes available.
3. Empower went over plan statistics.
4. The committee noted that Empower provides two different glide paths for their target date funds, one being more conservative and one being less conservative. Empower responded that offering both glide paths to the county is not possible. Empower offers the less conservative of the two because county employees also receive a pension. The committee requested that performance data be provided for the more conservative target date funds.
5. Empower addressed HR's payroll concerns. Empower explained that it does not calculate eligibility for employees, but rather receives the information from HR. A problem was identified in which the eligibility indicator was overriding termination dates. HR payroll needs to remove the eligibility indicator from existing records and establish a system in which future terminations automatically trigger a 'no' to the eligibility indicator. The county will work on improving the process.
6. Empower plans to enhance their public website with greater functionality by Q4, 2017.
7. Empower would like to provide greater administrative enhancements for its outsourcing options. Information regarding salary and email, for example, will aide in the presentation of the "lifetime income score" to be used on the enhanced website. The county noted the requests and responded that it will wait on implementing online deferral and enrollment enhancements.

Outstanding Action Items:

1. ICMA to provide alternative options for its target date retirement funds.
2. Empower to provide a list of mid-cap alternatives to Invesco American Value R.
3. Empower to provide performance data for its most conservative target date funds.

Meeting Adjourned