

Meeting Minutes – Deferred Compensation Committee



Date: Friday, March 9, 2018

Time: 1:00 – 5:00 p.m.

Room Location: Auditor 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
X	Raeshell Forrester	HR Representative
A	Pamela Knorr	Member
X	Brenda Lagrone	Member
A	Erika Armstrong	ICMA – Regional Manager Northern California
A	Mark Tomasini	ICMA – Retirement Plans Specialist
A	Laura Heese	ICMA – Vice President Core Markets West Region
A	Dave Ramirez	Empower – Client Relationship Director
A	Darren Wagerman	Empower - Key Retirement Plan Counselor
A	Vincent Galindo	Hyas Group – Senior Consultant

Approval of Prior Meeting Minutes:

Approved

Public Comment:

None

Business:

1. The committee reviewed the RFP and a concern was raised regarding the provider’s ability to integrate with the county’s computer systems. The data feed to the current providers relied on work-arounds developed through the expertise of an employee who recently retired. The ability to feed data is no longer available and the county seeks to have the new provider be able to not only integrate with the county systems without requiring work-arounds, but provide greater automation to compensate for four manual entry positions that have been lost. The committee

wants to be sure that the RFP notifies interested parties of these requirements. Hyas responded that it is a common issue and that it is typically vetted in the final interview or at the back end of the process.

2. Peggy noted that the primary goals of the RFP are to reduce costs and simplify record keeping. Pamela noted that a third goal should be to improve computer program integration. Vincent responded that service and price are negotiable and that it would be a good idea to focus on the third goal of integration.
3. The committee was unclear where the divide in responsibility is between the record keeper and the county. For example, if an employee submits information to the record keeper, who is responsible for it? Hyas responded that the record keeper is responsible for data transfer and the county is responsible for maintaining records. In this example, if a record is provided to the record keeper, they are responsible for recording it and transferring the record to the county.
4. The committee asked about the timeframe for the RFP. Written revisions to the RFP will be submitted to Hyas by the end of next week. Final interviews will be scheduled for Thursday, May 31st. Vincent will incorporate Peggy's revisions into the RFP.
5. The county's Investment Policy Statement was updated by Hyas. Although the changes are suggested by Hyas, the committee makes the final decision. The committee reviewed the changes and agreed with all of them except removal of 3-year performance results. Hyas recommended eliminating 3-year performance monitoring because it is more volatile than and not as meaningful as 5-year performance. The committee's opinion was that the 3-year performance results were helpful.

Peggy Moak made a motion and Pamela Knorr seconded it.

MOTION: Accept all Hyas recommended changes except the removal of trailing 3-year performance results.

VOTE: Motion approved unanimously.

6. It was suggested that since the changes to the Investment Policy Statement are not material, we may want to send out an un-updated version rather than hold it up for Board approval. Dave Houser to prepare an agenda item to move forward with Board approval.

ICMA Quarterly Review:

1. ICMA introduced Laura Heese, Vice President Core Markets West Region.
2. ICMA asked the committee reasons it was looking for a single provider. The committee provided the following reasons:
 - a. Offer the best possible plan for county employees
 - b. Lower fees
 - c. Simplify fund lineup

- d. Receive fund performance reports that are consistent with the committee's investment plan and that are easier to understand
3. ICMA reviewed plan statistics. It was noted that a large quantity of assets was withdrawn because the participants wanted a separate brokerage account.
4. ICMA questioned why Chico participation was so low. The committee suggested that ICMA meet with Chico supervisors to stir up interest.
5. Hyas reviewed fund performance. Nothing in the lineup requires immediate attention. Due to the RFP, it is not desirable to address small changes at this time. Some funds should be added to the watch list and some funds should be removed from the watch list.

Eric Schroth made a motion and Peggy Moak seconded it.

MOTION:

Remove the following funds from the watch list:

- a. VT Vantagepoint Discovery
- b. VT Vantagepoint MS Ret Inc.

Add the following fund to the watch list:

- a. VT Vantagepoint Core Bond Index

VOTE: Motion approved unanimously.

Joint Session:

1. Both providers were informed that the committee is seeking an RFP for a single provider to improve fees and the investment lineup.
2. The committee needs to notify bargaining units that an RFP is in the works.

Empower Quarterly Review:

1. There has been a large increase in the number of requested meetings. Empower has promoted licensing for its financial consultants as a means of improving contributions.
2. Dave Ramirez reported on investment performance via phone. Dave spoke about the fund search for an Invesco replacement. Given the RFP, major changes such as replacing an underperforming fund are not recommended at this time.
3. There is \$3,828 in a forfeiture account that the committee can use for plan expenses. The committee asked where the money originated. Empower was not sure. It could have originated from a fund liability settlement. The money can be accessed by Dave Houser through an email request. The committee suggested that the money be used to pay for fiduciary liability insurance.

Peggy Moak made a motion and Eric Schroth seconded it.

MOTION:

Use \$3,828 in the forfeiture account to pay for fiduciary liability insurance.

VOTE: Motion approved unanimously.

4. Empower wants to increase participation through its website and use targeted lists.
5. The committee does not want to target loans. Although it has been successful for hardship withdrawal, the county does not want to encourage loans because participants may not be aware of taxes and other loan impacts. Employees are free to initiate the process if they need a loan. Participants should be informed of impacts with a comparative example between a 457 loan and a home mortgage loan.
6. Empower would like to post information and link it into county internal email notifications to employees.
7. Empower requested that a list of new hires be provided. Empower would also like to meet with employees during new hire orientation.
8. Salary information and email addresses are not being provided to Empower. These items are needed for the web page to operate at full effectiveness. The committee responded that the county is having computer integration issues due to the retirement of a key employee and may not be able to address these concerns in the short term.
9. Empower requests that a spreadsheet be provided for eligible employees who are not participating in the 457 plan.
10. The committee will consider the requests and asked that more information be provided.
11. Empower would like to incorporate an enrollment initiative and sample communications strategic partnership plan into next quarter's agenda.
12. Hyas reviewed fund performance. Some funds should be added to the watch list and some funds should be removed from the watch list.

Eric Schroth made a motion and Peggy Moak seconded it.

MOTION:

Remove the following funds from the watch list:

- c. Great-West Federated Bond Fund I
- d. Great-West T. Rowe Price Equity Income Fund I
- e. Invesco Comstock R
- f. Ariel Appreciation Fund
- g. Oppenheimer Global Fund

Add the following fund to the watch list:

- b. Great-West US Government Mortgage
- c. Great-West Bond Index Fund I
- d. Great-West International Index Fund I
- e. Great-West MFS International Growth Fund I
- f. Artisan International Fund

VOTE: Motion approved unanimously.

Outstanding Action Items:

1. Vincent will incorporate Peggy's revisions into the RFP.
2. Dave Houser to prepare an agenda for Board approval of a revised Investment Policy Statement.
3. Committee to notify bargaining units that an RFP is being prepared.
4. Dave Houser to request transfer of \$3,828 in the forfeiture account to pay for fiduciary liability insurance.
5. Committee to agendaize Empower's enrollment initiative and sample communications strategic partnership plan for next quarter's meeting.

Meeting Adjourned