

## Meeting Minutes – 457 Deferred Compensation Committee



**Date:** Thursday, August 22, 2019

**Time:** 1:00 p.m. – 2:00 p.m.

**Room Location:** 25 County Center Dr. - Auditor Conference Room

Status: A – Attended | X – Did Not Attend

Status	Invitees	Title
A	Graciela Gutierrez	Chair
A	Troy Kidd	Vice-Chair
A	Eric Schroth	Secretary
A	Peggy Moak	Retired Treasurer
X	Brenda Sallade (formerly Lagrone)	Member
A	Sheri Waters	Member
A	Raeshell Forrester	Human Resources
A	Vincent Galindo	Hyas Group
A	John Steggell	Nationwide – Managing Director
A	Leanne Luttges	Nationwide – Retirement Specialist
A	Jake Sours	Nationwide – Investment Advisor Representative

### Approval of Prior Meeting Minutes:

Approved

### Public Comment:

None

### Business:

1. Nationwide reported on the progress of the transition. Approximately 330 meetings have been conducted and many long standing employees have enrolled for the first time. Nationwide reports that they are capturing the momentum of employee interest in the new plan.
2. Nationwide provided quarterly plan review.
  - a. It was noted that there are a high number of inactive participants. The reason may be due to past compensation/benefits concerns. Nationwide wants to encourage active participation.

- b. There appears to be a relatively high percentage of employees in short-term investments. The reason may be due to the history of Butte County's investment products. Participants may have become accustomed to investing in cash funds.
  - c. Online distributions will soon be available through a mobile app. The app will have standard security features such as multi-factor identification and text messaging. A fact sheet and advertising will be provided when it is ready to roll out. The Committee asked if distributions will be spread pro-rata across a participant's investment lineup. Nationwide responded yes unless they are notified that it should be allocated differently.
  - d. Nationwide reported that a new HSA product is available. The Committee did not express interest, noting that the County already has one.
  - e. Nationwide listed examples of specific plan level reports that can be generated.
3. HR noted that payouts for some deceased employees have been requested by outdated beneficiaries. Nationwide responded that the problem has always existed. Participants are reminded to update information and are provided many options to do so. Beneficiary names also appear on the statements.
4. Hyas explained the scope of their services and fiduciary responsibilities.
5. Hyas provided a quarterly performance review.
- a. The state of the economy was discussed.
  - b. All funds passed the investment policy compliance requirements.
  - c. Negative cash flow was noted for the quarter. Hyas explained that one quarter of negative cash flow is not as important as a longer-term trend. One or two large withdrawals can skew the statistics. The Committee requested that Nationwide meet with participants when they are preparing for retirement to try to keep assets in the plan. Other strategies include a targeted retirement letter and suggestion that some money be left in the plan to allow participants to return to it if an alternate plan does not work out.
6. Nationwide reported on a billing error that occurred. The error was discovered by Nationwide in May 2019. The error was due to a software program miscalculation that resulted in double billings of weekend days for months that ended on a weekend. The total value of the error specific to Butte County was \$411, of which \$0.28 was erroneously charged to the average Butte County participant. The error has been corrected and participants will be credited funds. Participants who have left the plan will not be credited for amounts less than \$5. The third quarter statement will include a narrative explaining the error.
7. Hyas explained the importance of having a good investment policy statement. Hyas reviewed and recommended changes to the statement. The Committee reviewed the recommendations and provided comments back to Hyas. A final document was provided by Hyas and the Committee voted to approve it.

**MOTION:** Approve Statement of Investment Guidelines dated August 2019.

**VOTE:** Motion approved unanimously.

8. Peggy Moak reported on the progress to provide records to Nationwide for separated and retired employees who have account balances that have not been contributed to in the last two years.
9. Hvas explained MVA absorption. The Committee should regularly review the annual Hvas/Nationwide accounting report to verify that it is on track to be paid back. The payback period is 10 years.
10. Hvas explained ACH. Now that the County is removed from loan collection, it is easier to lose track of loan defaults. It is the Committee's fiduciary responsibility to assure that not too many IRS deemed unqualified distributions occur. Nationwide said that they can report ACH distributions for any time frame. If there is an issue, ACH could be deactivated or individual employees could be counseled one-on-one. The Committee agreed to look at defaults annually beginning February 2020.

**Action Items**

1. Agendize loan default review for first quarter 2020.

**Meeting Adjourned**