



Meeting Minutes – 457 Deferred Compensation Committee

Date: Thursday, December 5, 2019

Time: 1:00 p.m. – 3:00 p.m.

Room Location: 25 County Center Dr. – Suite 125

Status: A – Attended | X – Did Not Attend

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

Approval of Prior Meeting Minutes:

Approved

Public Comment:

- Retiree Education
 - David Houser brought up a concern that retirees need education especially around the required minimum distributions (RMD). They need to know their amounts in the account as of 12/31. They need to know the numbers. He gave the example of the retired Treasurer employee that said his RMD was incorrect. David Houser referred that complaint to Graciela and Peggy. Graciela responded that yes, that case was addressed. David reiterated calculating the RMD can be confusing. He spoke of IRS



complexities. They need one-on-one conversations with participants so that they understand RMD. The committee agreed to develop retiree workshops for deferred compensation.

- RMD Distribution
 - David Houser brought up a concern about his personal RMD distribution. Nationwide agreed to schedule a one-on-one meeting between Leanne and Mr. Houser to review any correspondence he's received and to set up his next RMD distribution in the timeframe he'd prefer.
 - Peggy asked if there is a way to get a link on the deferred compensation online accounts to access the self-directed brokerage accounts. Jake will follow up with a response on the possibility.

Business Meeting Agenda

Nationwide

- Third Quarter Gauging Success and Retirement Readiness Reports – data as of September 30, 2019
 - Nationwide reported on the progress of the transition. Total new enrollments YTD count is 131, that's 10% higher participation. They continue to build on the momentum. Number of active participants as of 9/30/19 is 791. They would like to do a campaign to increase participation.
 - Nationwide reported on peer comparisons. The larger the number of increased accounts brings down the pool of assets. Specific to the percentage of participants by number of investment classes the County is higher than the peer group. Butte is higher than the peer curve in asset allocation. Peggy asked if the County could be compared against other rural municipalities. Graciela asked if the peer group could be defined so that we would know whom we're being compared against.
 - Nationwide reported on retirement readiness. Of the total 1,273 participants that include active, inactive and in payout status 614 have an online account. Peggy asked of the total 614 how many are actively deferring. Jake made a note to get that data.
- Communication & Education Plan
 - Peggy asked if there was a way to encourage online participation like a contest. What is legally allowable? Leanne responded that when she meets with the individual they are enrolling online.
 - Peggy asked for a reminder to be sent out to update beneficiaries. Leanne reported that as folks get closer to retirement a check list goes out to help with the transition. Peggy asked if they were able to get feedback on the beneficiary response. It would be nice to get a report to see results for monitoring success of campaign.
 - Nationwide reported that Leanne had 14 meetings in the quarter and 56 meeting in the year, 75 one-on-one consultations in the quarter and 579 in the year. Troy asked how many new employees make up the enrollment. Leanne responded with approximately 60/40 new employees to regular. Nationwide brought up that they would like the opportunity to speak to new employees. The committee will get the new employment orientation details to Nationwide and ask HR to invite Nationwide to the new employee orientation so that they are educated on their options.
 - Nationwide gave an overview of the Nimbl App proposal to assist in education using a tool for teaching finance. The mobile app helps users get out and stay out of debt. It's a pilot offered to Butte County at no cost.

MOTION: To opt in to NIMBL App Pilot Program = Brenda, Second = Troy

VOTE: Motion approved unanimously.



- Online Distributions Coming Soon
 - Peggy asked for status on changing status to cancel. Does it change to separation of service for distribution? Nationwide reported they anticipate about 6 months out for the change.
 - Nationwide reported the online distribution will be easier to manage. It has enhanced features for RMD balance. They anticipate it will be ready the 2nd or 3rd quarter in 2020.

Hyas Group

Third Quarter 2019 Performance Review – data as of September 30, 2019

- Market commentary
 - Hyas reported on the longest economic expansion. Vincent highlighted GDP. A healthy economy grows 2-3%. Growth is starting to slow down. Hyas reported it's good because the Federal Reserve is slowing down rate hikes.
 - Full employment rate is 5%. Butte County employment rate is 3.8% so we're in good shape.
 - Stock market continues to rally. Index Performance is good for both large and small. Markets are doing well internationally as well.
- Current fund lineup overview
 - Hyas reported on plan level cash flows. Currently there is more money leaving the plan than coming in on a net basis. It could lead to an unhealthy plan. This could primarily be because there are so many retirements currently at the County. Nationwide is going to educate participants because generally the County has better plans and better cost so it's a benefit to leave the investment dollars with the County after retiring. However, many participants often think it's required to pull their cash out so there is a need to educate.
 - Hyas reported DFA US Large and DFA US Small are trailing benchmark. It's looking like it might bounce back but Vincent recommended we put these funds on the watch list.

MOTION: Recommend putting DFA on watch until next quarter for both large and small caps = Brenda, Second = Troy

VOTE: Motion approved unanimously.

- Fee and revenue analysis
 - Hyas reported that fees fall under their oversight. Vincent offered to prepare a reconciliation for the committee to review. Graciela asked whom is currently receiving the Excess Revenue Statements. Jake will follow up to ensure the Excess Revenue Statements are sent to the Chair (Auditor-Controller) whom will forward to the committee and Hyas.
- Legal and regulatory updates
 - Hyas reported the annual elective deferral limits are increasing in 2020 to \$19,500.

Butte County

- Discuss NAGDCA Annual Conference



- Graciela gave an update on the NAGDCA conference that was very informative and recommends all members alternate attending so that they can become more knowledgeable on their roles and responsibilities as an entire committee. Troy and Graciela attended this year. Brenda and Sheri should attend next year October 4 – 7 in Seattle. There were sessions for every level from beginning Deferred Comp 101 to advanced investments. It raised a lot of great questions and am pleased to see Butte County is on track with their due diligence. NAGDCA offers webinars and discussion forums as well as best practices already implemented. The breakout sessions discusses real case challenges and opportunities and plans to help close the gap for retirement. NAGDCA has a website that we can all gain information from. Troy asked if that requires individual membership or can we get access using the single County membership. Graciela to follow up.
- One of the take-aways from the conference is the need for insurance for the committee. The county does currently have the insurance. The follow up question is, does the policy name the individual or the position of the committee member?
- Vincent from Hyas will follow up with training opportunities in Sacramento so those that didn't attend NAGDCA can attend locally this year.
- Discuss make-up of Board
 - Graciela asked why County Counsel does not attend these meetings. Response from retirees in attendance was that in comparison to the larger entities that manage their own portfolios the risk is higher but within our size there hasn't previously been a need. The question was posed to Vincent on his recommendation. He responded that most of his clients have county counsel in attendance.
MOTION: To invite County Counsel to attend future deferred comp meetings = Graciela, Second = Brenda
 - VOTE:** Motion approved unanimously.
 - Graciela brought up that attendance is necessary in order to have a quorum and we almost didn't have a quorum for this meeting. By-laws permit an alternate be appointed with full voting rights in place of the 5-members on the committee, by the absent committee member. The committee agreed that an alternate is required to fulfil our obligatory duties. Each committee department head is asked to commit to send an alternate in their place when they are not able to attend. Please notify the Chair in advance of the meeting. The committee needs to seek guidance on whom appoints the employee member alternates.
 - Graciela brought up the Fund structure set up to capture the Admin Fee so that this program is self-funded and not a General Fund expense. The admin fee should also not be in excess of the required expenses. Committee agreed to add the Fund structure to agenda of next meeting.
- Discuss enrollments opportunities
 - Graciela asked why Deferred Compensation wasn't an option at Open Enrollment time, which is primarily the time employees look at their new year deductions for paid benefits. The committee recommends Nationwide be invited to attend the Annual Benefit Fair and be added to the Ease Online Enrollment Process so that participants can see their net impact on their payroll check for pre-tax versus post-tax difference.
MOTION: To include Nationwide in the open enrollment and add to Ease for pre-tax versus post-tax view = Brenda, Second = Troy

VOTE: Motion approved unanimously.



Future Agenda Topics

- Review MVA absorption annual accounting – June 2020
- Annual loan defaults – February 2020

Meeting adjourned at 3:17pm.