

Meeting Minutes – Deferred Compensation 457 Committee



Date: Thursday, March 7, 2019

Time: 1:00 p.m. – 3:00 p.m.

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

Status: A – Attended | X – Did Not Attend

Status	Invitees	Title
X	Graciela Gutierrez	Chair
A	Troy Kidd	Vice-Chair
A	Eric Schroth	Secretary
A	Peggy Moak	Retired Treasurer
X	Pamela Knorr	Member
A	Joseph Ambrosini	HR – Labor Relations
A	Brenda Lagrone	Member
A	Raeshell Forrester	Human Resources
A	Vincent Galindo	Hyas Group
A by phone	Dave Hall	Nationwide – Director Business Project Management
A by phone	John Niehaus	Nationwide – Product Consultant
A	Leanne Luttgies	Nationwide – Retirement Specialist
A	Jake Sours	Nationwide – Investment Advisor Representative

Approval of Prior Meeting Minutes:

Approved

Public Comment:

None

Business:

1. Nationwide discussed the transition from Empower/ICMA to Nationwide. All accounts have been transferred to Nationwide including loans and self-directed accounts. The stable-value funds, 3121, Guaranteed Fixed Fund (GFF), and Guaranteed Government Fund (GGF) were transferred. Approximately 98% of the GGF balance transferred to Nationwide. GFF and 3121

balances that transferred to Nationwide will be blended into the Stable Value Fund over five years. GFF and 3121 balances remaining with Empower will be shown on Nationwide's statement. Plan participants have the option of transferring balances from Empower to Nationwide at any time. There was a \$143,000 difference between participant records at Nationwide and funds received by Nationwide. Nationwide will cover this difference with a 10 basis point charge against the crediting rate of the Nationwide Fixed Account until \$143,000 has been absorbed. The Memorandum of Understanding (MOU) documents how the market value adjustment (MVA) is to be processed. Hvas will also track the MVA on a quarterly basis. Hvas asked what the current crediting rate is. Dave responded that he would have to get back to Hvas with the information.

2. Nationwide discussed the transition to an automated payroll interface. Nationwide is confident that the transition can be completed in three or four weeks, depending on County staff availability. Nationwide will continue to generate an Excel spreadsheet each Friday during the transition period.
3. De minimis cashout distributions up to \$1,000 will be paid by check. Distributions greater than \$1,000 but below \$5,000 will be transferred to the Millennium Fund via an IRA. Peggy Moak was concerned that the Millennium Fund may not have the best fee structure and requested that Nationwide consider other funds. Nationwide will look into the possibility. Resolving zero balance funds will be completed from between a few months to the end of the year. The time is largely dependent on the County.
4. The new ACH option will be active by mid to late April. Human Resources asked if employees can use accrued vacation and sick leave to pay off loans prior to termination. Nationwide will look into this. There may be different answers depending on whether it is a reduction or payoff.
5. The Committee proposes several modifications to the adoption agreement for part-time employees who contribute to the 3121 plan as authorized by the Omnibus Budget Reconciliation Act of 1990 (OBRA).
 - a. If an OBRA participant opens a 457 to do additional elective contributions above the mandatory 7.5%, it would be a 457 Plan account.
 - b. With a conversion to regular employee, the OBRA 7.5% would be stopped by Human Resources, and the participant would choose the desired new elective contribution amount. Subsequent contributions would go into the 457 account that had already been established.
 - c. With a conversion to regular employee, there would be no termination of employment, so it would not be a distributable/rollover event. Instead, the participant could request a plan-to-plan transfer to combine their OBRA account balance into the 457 account.

Brenda Lagrone made a motion and Eric Schroth seconded it.

MOTION: Approve adoption agreement with modifications outlined in items a. through c.

VOTE: Motion approved unanimously.

6. Nationwide reported that group and individual meetings are well-attended. There are 28 new enrollments. Positive feedback has been received for the website retirement calculator. 40 to 50 meetings are scheduled through March.
7. New loans will be processed using automated clearing house (ACH). State law requires that ACH be a voluntary option for existing loans. Hyas and Nationwide will track any loan defaults. If too many loans default, it could be an issue with the IRS. It is critical that the Committee review plan loan defaults once per year. Hyas recommended it be done annually in February.
8. Rae Forrester requested that a special meeting be held for new retirees.
9. Vanguard US Growth Fund is going through a sub-advisor/manager change which will likely result in it being put on the watch list.
10. The \$3,900 forfeiture account was received and credited to plan expenses, including fiduciary insurance and consulting fee. 7.5 basis points were requested to cover administrative expenses.
11. The NAGDCA Annual Conference is an excellent educational opportunity, especially for new committee members.
12. Quarterly meetings were scheduled for the following dates in 2019:
 - a. June 6th 1 pm
 - b. September 19th 1 pm
 - c. December 5th 1 pm
13. Two training topics are scheduled for future meetings: Fiduciary Fundamentals and Investment Fundamentals.
14. The committee discussed retaining Hyas Group.

Brenda Lagrone made a motion and Eric Schroth seconded it.

MOTION: Renew contract subject to negotiation of terms to be discussed between Graciela, Troy and Pamela.

VOTE: Motion approved unanimously.

Outstanding Action Items

1. Nationwide to confirm crediting rate for Hyas.

2. Nationwide to propose alternative funds to the Millennium Fund.
3. Nationwide to confirm whether accrued vacation and sick leave can be used to reduce or payoff in total loans prior to termination.

Meeting Adjourned