

Meeting Minutes – Deferred Compensation 457 Committee



Date: Monday, January 27, 2020

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
A	Graciela Gutierrez	Chair
A	Troy Kidd	Vice-Chair (proxy in place and in attendance)
X	Eric Schroth	Secretary
A	Peggy Moak	Retired Treasurer
A	Brenda Sallade (formerly Lagrone)	Member
A	Sheri Waters	Member
A	Vincent Galindo	Hyas Group
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 reported that they are transitioning Jake Sours as the primary contact for Butte County instead of John Steggell. John will be removed from the distribution list for all subsequent emails.
2. Nationwide provided the new Plan Health Report which is replacing Gauging Success as the quarterly plan review. The new report focuses on updating the plan sponsor side.
 - a. Question regarding whether or not Nationwide offers reports on the differences in returns between self-directed accounts and pro-accounts. Nationwide states there are too many options of account types to be able to report this way.

- b. There are 162 total new accounts for 2019. 89 of those accounts enrolled online.
 - c. Nationwide provided a plan comparison handout regarding the average contribution for Butte County versus other similar counties for the 3rd quarter data.
 - d. There was a discrepancy between documents, one showing the average deferral of \$141 and the other showing \$60. Nationwide will request information regarding the discrepancy and will confirm the numbers of the new report.
 - e. There are 1293 participants enrolled with 677 of them having an online account. 540 active employees have online accounts, the others are retirees. There are 395 participants with a retirement goal in place and only 72% of those are on track for retirement. Outreach in the form of emails is in place that encourages participation. Nationwide is trying to enhance their retirement readiness tool for participants in 2020 but it may be late in the year before it is completed.
 - f. Question was posed as to whether or not Butte County has retirement healthcare. Butte County has sick leave conversions for classic employees and PEMCO for sunset employees. Cities and Counties are reporting this is happening more with providing health plans. Nationwide offers this but it would need to be an employee mandatory contribution. Butte County will explore this with Nationwide and Hyas in the future.
 - g. Butte currently has 5 asset classes and is not only meeting the recommendation but is above their peer group.
 - h. Distribution report provided showing monies leaving the plan due to death, In-Service distributions, Qualified Domestic Relations Orders (QDRO), Required Minimum Distribution (RMD), retirements and terminations.
 - i. Retiree list requested by Leanne Luttgies. Leanne to attend retiree workshops, if possible. Age targeted letters were sent in December 2019 but it is being requested that they be sent out in September as most retirees leave employment in December. Retirees will be added to all notifications.
 - j. Quarterly revenue share was discussed and many questions posed as to where the reports and checks are going. Checks are being sent to Butte County and goes into a specific account for 457 in the General Fund. An account outside of the general fund may be created for this money as it is a plan asset, not a county asset. Nationwide will confirm where this money is going and the amounts of the revenue share distributed. Graciela will follow up on all payments received and will let Nationwide know if a copy of the check will be required. It appears that fiduciary insurance and Hyas have historically been paid out of the Human Resources budget.
3. No information provided regarding defaulted loans. Nationwide will follow up on this data and will provide it in the future.
 4. Hyas provided information regarding the two funds that are on watch. DFA US Large Cap Value I is doing better. DFA US Small Cap I is still struggling.
 5. Hyas provided a quarterly performance review.
 - a. The state of the economy was discussed.
 - b. Negative cash flow was noted for the second quarter in a row. Hyas reported \$964K came into the plan and \$1.3 million left the plan. Hyas explained that a single quarter of negative cash flow is not as important as a trend and that even one or two large withdrawals can skew the statistics. There is hope that the new hire enrollments and open enrollment will capture more participants and increase the monies entering the

plan. The plan still grew this quarter thanks to a cooperative market. The current trend is that younger employees are going after Roth IRAs.

MOTION: Leave DFA Large Cap and DFA Small Cap on watch and request possible alternative funds for DFA Small Cap (small cap blend) from Hyas.

VOTE: Motion approved unanimously.

6. 3121 account still has over \$2 million in assets at the end of the year.
 - a. Peggy Moak is still working on this project.
 - b. Employees are reporting that they are being told by Nationwide that they can't roll their 3121 account into their 457 account. Nationwide stated their legal department said it can't be rolled as the employee is not actually separated from employment.
 - c. Jake will report back in 2 weeks to Shari Waters the results of how to get this money moved upon employee request and the county may need to do a clean outreach regarding this topic.
 - d. Sheri with Human Resources will look at trying to provide lists to all Departments so they can keep their records clean and separate extra help employees when they are not working.
 - e. Nationwide will do a year end project of reaching out to all extra help employees and all participants with 3121 accounts by drafting an annual letter or a hard copy statement.
 - f. It was reported that one employee has money missing from their account. The Empower report will be reviewed and shared with Nationwide so this money can be found.
7. There was discussion as to whether or not County Counsel should be part of the Deferred Compensation Committee as this could be beneficial.

MOTION: Invite County Counsel to future meetings.

VOTE: Motion approved unanimously.

Action Items

1. Sheri will follow up with Raeshell to provide new employee orientation calendar and retirement workshop calendar to Nationwide for their attendance.
2. Nationwide and Hyas to provide their reports 1 week prior to the quarterly meeting.
3. Hyas Group will prepare a small cap blend search document to review at the May meeting.
4. Nationwide will follow up on adding the Charles Schwab link to their website.
5. Nationwide will provide loan default review.
6. Graciela will invite County Counsel to attend Committee meetings.
7. Hyas Group will add another fiduciary education session titled "Investment Fundamentals" for the May meeting.

Meeting Adjourned