

Meeting Minutes – 457 Deferred Compensation Committee



Date: Thursday, May 7, 2020

Time: 1 p.m. – 3 p.m.

Location: Conference Call

Status: A – Attended | X – Did Not Attend

Status	Invitees	Title
A	Graciela Gutierrez	Chair
A	Troy Kidd	Vice-Chair
A	Eric Schroth	Secretary
A	Brenda Sallade	Member
A	Sheri Waters	Human Resources Director
A	Vincent Galindo	Hyas Group
A	Leanne Luttges	Nationwide – Retirement Specialist
A	Jake Sours	Nationwide – Program Director

Approval of Minutes:

MOTION: Troy made motion and Brenda seconded to approve the January 27th, 2020 meeting minutes.

VOTE: Unanimous.

MOTION: Sheri made motion and Troy seconded to approve the April 16th, 2020 meeting minutes.

VOTE: Unanimous.

Business:

1. Nationwide reported that the time to respond to plan participant inquiries fell just short of what is required per the service level agreement due to market volatility created by COVID-19. Nationwide requested that the \$225 penalty be waived in consideration of the unusual circumstances.

MOTION: Eric made motion and Sheri seconded to waive the penalty.

VOTE: Unanimous.

2. Nationwide discussed the plan report including statistics, comparisons, balances and asset details. Nationwide discussed strategies to increase plan participation and awareness including email and marketing material. The Committee noted that privacy concerns restrict identification of potential participants for target marketing. Nationwide asked whether hiring has been impacted by COVID-19. The Committee reported that hiring and vacancies have not changed from pre-COVID conditions.
3. Nationwide reports that changes have been implemented to adjust to COVID-19. Virtual meetings are available in addition to one-on-one consultation. Participants can also sign up for guidance through an online classroom. A link is required, which can be provided by Leanne. The Committee asked whether the link can be provided through the County's Human Resources website. Graciela offered to help facilitate establishing a website link.
4. Nationwide asked whether the county will be conducting new employee orientation. The County will probably not be conducting new employee orientation due to COVID-19. Sheri will include deferred compensation information in the orientation package.
5. Nationwide presented default loan statistics. The Committee asked if loans in default prior to the CARES Act are eligible for an extended grace period. Nationwide responded that loans in default prior to CARES are not eligible. Hyas suggested that when other agencies personally contact a participant with a loan default, the repayment rate is approximately 50%. Nationwide has not been reaching out to participants with loan defaults other than a letter which is mailed after the first missed payment notifying the participant that a taxable event may result. The use of ACH may have also prevented the payroll department from being notified when a default occurred. The loan defaults originated from Empower and more information has not been provided. There is a 31-day period to respond to loans in default. The loans on the list have already defaulted to a taxable event. The list is for informational purposes and is not a request for action.
6. Nationwide updated the Committee on the participant outreach program.
7. Nationwide reported that the Charles Schwab link is now live.
8. Hyas presented educational information for the Committee including term clarification and investment fundamentals.
9. Hyas Identified underperforming funds, all of which are DFA. The Committee questioned why all of DFA's funds were underperforming. Hyas responded that DFA's long term track record is good and that there have been no changes in management. After the Committee reviewed the small cap blend manager fund search, Hyas recommended keeping DFA funds on the menu and keeping them on watch. New funds can experience short term issues similar to DFA. The Committee noted that if a new fund is substituted for DFA and it underperforms, questions may arise as to the Committee's decision. Care should be exercised when considering fund substitution, as employees may choose to invest in DFA and may view that as a take away. It is best to keep underperforming funds on watch to determine if the underperformance is a short term issue or long term trend. Given the volatility of the market, it would be best to keep the funds on watch for now.

MOTION: Eric made motion and Sheri seconded to keep underperforming DFA funds on watch and take no action at this time.

VOTE: Unanimous.

MOTION: Eric made motion and Brenda seconded to add DFA International Core Equity Fund to the watch list.

VOTE: Unanimous.

10. There were no updates to the Committee charter.
11. Excess revenue chart. Hvas Group will work with Nationwide on preparing a simplified report to track the excess revenue over the past several quarters
12. The Committee discussed approving payment for the training attended by the Chair and Vice-Chair for training.

MOTION: Brenda made motion and Troy seconded to pay for the training attended by the Chair and Vice-Chair.

VOTE: Unanimous.

13. The Committee discussed paying for the NAGDCA membership so that the other committee members may be enrolled in training.

MOTION: Sheri made motion and Brenda seconded to pay for the NAGDCA membership.

VOTE: Unanimous.

14. County Counsel's opinion regarding social security transfer concurs with Nationwide's. An extra help employee who is terminated and rehired as permanent is considered to be continuous employment. Therefore the employee may not withdraw from social security requirements. The ruling only applies when there is no break in employment.

Meeting Adjourned