

## BUTTE COUNTY 457 DEFERRED COMPENSATION COMMITTEE MEETING MINUTES

Thursday, August 6, 2020

1:00 p.m.

Virtual meeting via video

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**MEMBERS: Present:**  
Graciela Gutierrez - Chair  
Troy Kidd - Vice Chair  
Brenda Lagrone  
Eric Schroth  
Sheri Waters

**Absent:**  
None

**OTHERS:** Vincent Galindo, Hyas Group  
Jake Sours, Nationwide  
Leanne Luttgies, Nationwide  
Rae Forrester, Butte County  
Peggy Moak, Butte County

1. **Call to Order:** -- The meeting was called to order at 1:02pm by Graciela as Committee Chair.
2. **Public Comment:** -- There was no comments from the public.
3. **Approval of Meeting Minutes:** -- The minutes for the May 7, 2020 meeting were approved with no changes. Troy moved and Brenda seconded the motion.
4. **Nationwide's Virtual Retirement Workshops Update:** -- Nationwide presented a slide titled "Retirement Series Workshops" highlighting the participant education activity during the pandemic. Although presenting workshops virtually has some difficulties, overall these sessions are working well and are a great way to get in front of many employees at once. They are offered every Thursday and the best times to be at lunch and in the evening. Butte County participants had a 63% attendance record (meaning of the 54 who registered, 34 attended). Nationwide will do another round of workshops, and Nationwide asked the County staff to encourage Butte County employee participation. When asked if these sessions were recorded, Nationwide explained that if they were recorded, they would have to be presented from a script with no conversation due to SEC regulations and compliance. Although there are benefits to having these recorded, the conversational style of these are crucial. So far, the feedback has been positive (good information and use friendly have been consistent themes).
5. **Schwab Bank Sweep Disclosure:** -- The letter Schwab sent to both Butte County and Nationwide outlining the changes in the Schwab bank sweep fee structure was sent in error. According to the Schwab Account Manager. There were in fact no changes. As a way of background, this sweep feature is for the self-directed brokerage participants as a holding account.

6. **Second Quarter Plan Health Dashboard Report:** -- Nationwide covered their plan review by starting with the executive summary and highlighting that the plan went from \$49 million in assets in the first quarter to \$56 million in the second quarter. Engagement numbers are incredible due to Leanne as the onsite participant representative. The number of participants who are on track are actually better off than their peers as Nationwide uses an 85% retirement income replacement ratio (due to healthcare costs) while other record keepers use only 75%. Nationwide stated they wanted to be part of the new virtual model of employee orientation. Rae stated the new structure is pre-recorded with a PowerPoint delivery. The new hire enrollment in this virtual world is gaining access to a phone number and email address. Nationwide offered any help in gaining access to this group and Leanne will report back at the next meeting. Loans were discussed with the number dropping from 75 to 64. There were 14 distributions related to the CARES Act out of the 457 Plan (five in the first few days with the largest at the full \$100,000). There were eight out of the 3121 Plan.
7. **Market Value Adjustment (MVA) Absorption Annual Accounting:** -- Nationwide covered the regular MVA absorption. This amount was absorbed at the time of transition and Nationwide is getting reimbursed every quarter by reducing the crediting rate of the Nationwide Fixed Account.
8. **Hyas Group's Plan Review:** -- Hyas Group began their review of the Second Quarter Performance Report by highlighting the strength in the markets during the period. The DFA US Large Cap Value Fund, the DFA US Small Cap Fund, and the DFA International Core Equity Fund will remain on watch status. The Committee discussed the longer-term underperformance of the three DFA funds and recalled the last quarter reviewed a search document or the small cap blend asset category. Given the recent performance as well as the recommendation from the Hyas Group, the Committee held off on any action.
9. **Annual Investment Policy Statement Review:** -- As part of its process, the Committee regularly reviews the Investment Policy Statement. The draft policy was presented with changes and the Committee voted to approve. Brenda moved with Sheri seconding the motion. Once finalized and signed, a copy will be sent to Hyas Group.
10. **SECURE Act Optional Provisions:** -- In 2019, the SECURE Act was passed but given everything in early 2020, focus shifted away from the key provisions. The Committee discussed the two key optional provisions. Both staff and Nationwide stated that neither have heard from participants about these. In addition, loans and other avenues of access to participant accounts were discussed. After hearing this, the Committee took no action.
11. **County Business and New Roles:** -- With Eric taking a new role within the County, he is no longer able to take minutes. Brenda volunteered to become Secretary and take minutes beginning in November at the next meeting. This was passed by the Committee.
12. **Excess Revenue Ledger:** -- It was noted that for both new Committee members as well as for those who have served many years, transparency of the excess revenue accounting is important. The excess revenue accounting ledger was presented as a better way to track and reconcile these assets. The left side of tab 1 has the Nationwide accounting while the right side has the Plan's. Nationwide lists the contributions from participants and then the distributions to the County. The Committee needs to see and track all the money, and to highlight this, it was noted

there was a check for over \$5,000 that was never received by the Plan. This excess revenue account has been running a deficit and it still owes the General Fund \$32,000. The budget at tab 2 was also discussed with an approved budget of \$44,000 annually. The Fund Structure PowerPoint was reviewed. Per the by-laws, the Committee needs to approve all plan-related expenses with any excess rolling up into the General Fund. If expenses are not reclassified, they roll up into the General Fund. Under the optional fund structure, Sheri would oversee the budget and expenses. She would request the budget and invoices, but the assets would remain separate.

There being no further business, the meeting was adjourned at 3:03 p.m.

DRAFT