

Meeting Minutes – Deferred Compensation Committee



Date: Wednesday, June 8, 2016

Time: 2:00 – 5:00 p.m.

Room Location: HR Conference Room 3A

Status: A – Attended | X - Absent

Status	Invitees	Title
A	Brian Ring	Chair
A	Dave Houser	Vice-Chair
A	Eric Schroth	Secretary
A	Raeshell Forrester	HR Representative
A	Peggy Moak	Member
X	Brenda Lagrone	Member
A	Michele Martin	ICMA – Managing Vice President
A	Mark Tomasini	ICMA – Retirement Plans Specialist
A	Dave Ramirez	Empower – Client Relationship Director
A	Darren Wagerman	Empower - Key Retirement Plan Counselor

Approval of Prior Meeting Minutes:

Approved

Public Comment:

None

Business:

1. The Committee discussed submitting amended bylaws to the Board of Supervisors for approval at either the June 28th or July 26th meeting. The amendments include a revision of technical terms to provide consistency and align with the terminology used by ICMA and Empower.
2. Dave Houser presented a rough draft RFP for financial advisory services. Dave would like to get the RFP out by July 1st. The committee read through and discussed the RFP, suggesting a number of edits. The committee members will continue to edit the RFP outside of the meeting and provide comments to Dave.

3. A question was posed outside of the committee meeting as to why the county deferred compensation plan does not participate with CalPERS. Dave responded that the question was discussed during previous review of plans and that it was determined the current plans were preferable to CalPERS at the time. CalPERS may consider the current RFP. The committee also noted that it was beneficial to diversify pension from deferred compensation.
4. Election of a Chair was discussed. It is believed that the Human Resources Director is not required to serve as Chair of the Committee. It is not known whether a new Human Resources Director would have experience to serve as Chair. Peggy Moak was nominated for Chair, but expressed some reluctance to accept. A Second was not provided.

Empower Quarterly Review:

1. Requested fund changes are scheduled to take effect July 6th. Participants have been notified by mail of the changes. The changes are also presented on the Empower website.
2. Empower provided handouts relating to:
 - a. Fund Performance Review
 - i. Empower's fund performance criteria was explained. The Committee asked how Empower's criteria compares to the county's criteria. The Composite Return shown in the performance summary compares closely with the county's criteria.
 - ii. The following funds continue on the county's watch list:
 1. Great-West T. Rowe Price Equity Income Fund (MXEQX) – The manager was replaced with a less conservative manager.
 2. Great West Federated Bond Init (MXFDX) - the bond fund is very conservative.
 - iii. The following funds were placed on the county's watch:
 1. Invesco American Value R (MSARX) – The fund has a concentrated weight on investments. The fund has a long-term manager (since 1986) and a newer manager (since 2008). The fund looks for under-valued companies. The performance has been acceptable up until 2015.
 2. Franklin Rising Dividends A Load Waived (FRDPX)
 3. Invesco Comstock R (ACSRX)
 4. Putnam High Yield Advantage R (PFJAX)
 - iv. The following fund may be removed from the county's watch list next quarter if it is above the 50th percentile.
 1. Great West Multi Manager Large Cap Growth Institutional (MXLGX)
 - b. Plan Review – Empower offered to go over the statistics in more detail at future meetings.

- c. Loan Statistics – reviewed and discussed.
- d. Strategic Partnership Plan – Empower plans to implement an enhanced level participant experience on their website that will allow participants to gauge how on-track they are for retirement.
- e. Retirement Readiness Report Card – An advisory service appropriate at the plan level. Peggy suggested that it be presented at the brown bag lunch series with department heads and at staff meetings. She will look into scheduling presentations at staff meetings.
- f. The Committee suggested that rather than sending out county-wide emails titled “appointments”, the email be titled “tip of the month” to attract more interest.
- g. The Committee suggested that an online enrollment option be considered.

ICMA Quarterly Review:

- 1. Dennis Duarte, Regional Manager Northern California is no longer with ICMA.
- 2. ICMA plans to implement electronic reporting of fund performance with data query capabilities.
- 3. Requested fund changes are scheduled to take effect June 17th. Participants will receive notification in advance.
- 4. ICMA provided handouts relating to:
 - a. Investment Due Diligence Review with list of underperforming funds
 - i. Vantagepoint Milestone Funds 2010 through 2050 – The Committee noted that the 1-year performance was significantly below the 50th percentile of their peer group. ICMA responded that the funds are conservative by design. The committee asked whether it was appropriate to consider replacement funds. ICMA said that it is the only fund of its type. It would not be appropriate to remove one fund from the series of retirement dates because they provide a progression towards retirement.
 - ii. The following funds continue on the county’s watch list:
 - 1. VT Vantagepoint Inflttn Focused – A fee credit for share class changes may be used to increase the return of the fund.
 - 2. VT Vantagepoint MS Ret Inc. – An alternative option was requested at the March 2nd meeting.
 - 3. VT Vantagepoint Aggressive Ops – An alternative option was requested at the March 2nd meeting.
 - 4. VT Vantagepoint International
 - 5. VT Vantagepoint Growth & Income
 - 6. Goldman Sachs Mid Cap Value

- iii. The following funds were placed on the county's watch list:
 1. VT Vantagepoint Select Value
 2. VT Vantagepoint Discovery
 3. Harbor Mid Cap Growth
- b. Plan Activity – not discussed
- c. Fee Disclosure – not discussed
- d. Participant Education – not discussed
5. ICMA asked if there was another way to present information that is more compatible with the county's investment policy. No suggestions were provided. The Committee wants to continue to replace funds that do not meet the county's investment policy.
6. The Committee asked ICMA when the decision is made to eliminate a fund in the lineup. For the Vantagepoint funds, changes are made within the fund. For outside funds, discussions occur with the fund manager to avoid changes to the fund lineup.
7. The Committee requested that alternative options be provided for the following funds:
 - a. VT Vantagepoint Select Value
 - b. VT Vantagepoint Discovery
 - c. Goldman Sachs Mid Cap Value
8. The Committee requested that performance for rolling 3 and 5 year periods be provided for the alternative options.
9. ICMA wants to reach out to participants. Empower plans to implement an enhanced level participant experience on their website called "Brain Sharks".

Outstanding Action Items:

- Consider removing Great West Multi Manager Large Cap Growth Institutional (MXLGX) from the watch list next quarter.
- ICMA to provide alternative options for the following funds including rolling 3 and 5 year performance ratings:
 - VT Vantagepoint Select Value
 - VT Vantagepoint Discovery
 - Goldman Sachs Mid Cap Value
 - VT Vantagepoint MS Ret Inc.
 - VT Vantagepoint Aggressive Ops

Meeting Adjourned