


**IT'S
CLOSER
THAN
YOU
THINK.**

DEFINED CONTRIBUTION COMMITTEE

MINUTES OF THE QUARTERLY MEETING

September 14, 2020

Meeting held in the Classroom of the Auditor Controller's Office some attended remotely and virtually.

Members Present: Cass Cook, Kevin Mikesell, Leanne Malison, Hal Cypert, and Roland Hill.

Members Absent: Jason Britt

Legal Counsel: Jennifer Flores and Dianna Mendez

Empower Retirement: Dave Ramirez and Stephanie Henry

Consultant: Bill Tugaw and Chris Langstaff, NFP

Public Attendees: Lupe Garza

Minutes Prepared By: Ashley Holland

1. Call to Order

Called to order at 1:30 pm

2. Public Comment

No public comments

3. NFP Reporting

A. Review, consideration and action on investment options

B. Consultant Report/Legislative and Regulatory Update

C. Training – Cyber-Security Issues and Strategies

Chris Langstaff presented the Market Review for the second quarter. U.S. equity markets rebounded sharply, up 22%. Unemployment hit 14.7% in April, the U.S. labor market improved the rest of the quarter. In June unemployment dropped to 11.1%. Inflation is falling short of the 2% target. The Federal Reserve kept rates low during the quarter and it is likely rates will remain at these levels for an extended period of time.

Chris Langstaff announced a new CIT option coming soon. American Century Mid Cap CIT will be available early next year.

Cass Cook inquired about the amount of risk exposure in our target date funds. As participants close to retirement age were surprised by the amount of risk. Chris Langstaff explained not all target date funds are created equal. The funds closer to maturity or retirement are less risky. American Funds has a fairly high equity exposure. In the future NFP perform a Target Date Smoothing Analysis, to determine the best fit for plan participants from a risk standpoint. Best practice is to perform this analysis about once every five years.

American Funds Growth Fund of Amer R6 is recommended to be placed on the watch list.

Hal Cypert made the 1st motion to add American Funds Growth Fund of Amer R6 to the watch list, Kevin Mikesell made the 2nd, and the motion was unanimously approved.

Bill Tugaw presented the Legislative and Regulatory Update. The CARES Act retirement plan issues related to COVID now expand to not only the plan participant but to the spouse and other members of the household. The NAGDCA Conference has been moved to a virtual conference called NAGDCA Connect, which starts in October. All committee members are encouraged to attend. It was announced that Empower will be acquiring MassMutual's retirement plan business. There will be no changes to our service agreement or contacts.

Chris Langstaff presented a committee member training on Cyber-Security Issues and Strategies. All committee members in attendance received 30 minutes of continuing education credit.

4. Empower Retirement Reporting

A. Update from Empower Retirement

B. 457 & 3121 Plan Statistics compiled by Empower Retirement

C. Quarterly report from Empower Retirement on hardship withdrawals, loans and QDROs, rollovers, catchup, Roth 457 stats.

D. 3121 de minimis force-out statistics

E. Engagement Campaign Statistics and update

Dave Ramirez reviewed enhancements to participant website. The improved homepage now has a cleaner design with less text. Spanish translation services have been added to the website and Spanish participant statements are also available.

457 Plan contributions are projected to be \$1 million higher than last year. Full withdrawal activity has decreased. Di minimis for the 457 Plan was recently approved and the process will begin January 1, 2021.

The 3121 Plan had 33 new enrollments and 39 full withdrawals in the 2nd quarter. The majority of the withdrawals were due to di minimis rollovers.

There were 105 CARES Act distributions in the 2nd quarter. Since then there have been about a dozen more. There was one Cares Act loan taken out in the 2nd quarter. Loan payments can be postponed until 2021.

In the 2nd quarter there were 28 loans paid off. The average number of participants with a loan still remains at 6%.

There were no hardship withdrawals in the 2nd quarter. Two participants made 457 Special Catch Up contributions. Fourteen participants made Age 50 Catch Up contributions.

During the most recent 3121 de purge there were 32 rollovers to Millennium Trust, which occurred on June 1, 2020. The total cost savings to the County to date is \$21,728. The next de minimis purge will occur in January.

The next Engagement Campaign will be for National Retirement Security Month (NRSM). This year the whole month of October will be NRSM, in past years it has been a week long campaign. The NRSM emails geared toward new enrollments will be sent out by the County. The NRSM emails geared towards current plan participants will be sent out by Empower. Empower will be able to track the statistics on those messages and report back to the committee.

5. Approve Minutes from the June Quarterly Meeting on June 8, 2020 and Education Subcommittee on August 6, 2020.

Kevin Mikesell made the 1st motion to approve the Minutes, Hal Cypert made the 2nd and the motion was unanimously approved.

6. Review Forfeiture Account balance and approve the return of excess funds to plan participants

Cass Cook presented the proposal to remit the excess of \$110,714.89 back to plan participants. Kevin Mikesell made the 1st motion to approve the return of excess funds to plan participants, Roland Hill made the 2nd and the motion was unanimously approved.

7. Education Subcommittee Report

a. Update from Education Subcommittee

For National Retirement Security Month – Kevin Mikesell will present to at the Board of Supervisors meeting for the proclamation, email blasts will be sent out by both the County and Empower, Leanne Malison is writing an article for the October TCERA Newsletter, which highlights important areas of retirement and includes a paragraph on the Defined Contribution Plan. A flyer will be included in the open enrollment packet, and Stephanie Henry will be hosting educational webinars throughout the month of October.

8. Staff/Committee Member Announcements or Reports

A. Requests for Future Agenda Items

No requests for future agenda items.

9. Proxies:

No Proxies Voted

10. Adjournment & Next Meeting Date: Adjourn until Quarterly Meeting on December 14, 2020 at 1:30 pm.

Adjourned at 3:32 pm.