

**VENTURA COUNTY
DEFERRED COMPENSATION COMMITTEE
401(k) Shared Savings Plan
Channel Islands Conference Room or via Zoom**

**Meeting Minutes for August 25, 2022
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
John Polich
Jeff Burgh
Steven Hintz

Members absent

Also present

Patti Dowdy
Jake O'Shaughnessy
Joan Steel
Suzanne Rogers
Andrew Kremer
Patty Zoll
Amanda Diaz
Andrew Gratt
Kory Hoggan

The meeting was called to order by Ms. Mand at 2:05 pm.

1. Public Comments.

a. No public comments were provided

2. Committee Member Comments.

a. No committee member comments were provided

3. Minutes of Regular Meeting June 23, 2022.

Motion to approve: 1. **Mr. Atin** 2. **Mr Burgh** **Motion Carries**

4. Moss Adams Annual Plan Audit Results

Mr. Kory Hoggan, partner with third party auditor Moss Adams, provided an overview of the County of Ventura 401k and 457b (the plans) financial statements audit reports. The audit reports were for the year ending December 31, 2021. Mr. Hoggan reported that financial statements were represented fairly and completely in accordance with the generally accepted accounting standards of the U.S.

Areas of interest that were emphasized in the audit performed were internal controls, analytical procedures, and tests of account balances. Mr. Hoggan found no signs of internal control weaknesses of the 401k plan. Other areas of note reported on by Mr. Hoggan was the overall growth of the 401k plan from 2019 through 2021 in the 17-18% range: approximately \$1 billion in 2019 and \$1.3 billion at end of calendar year 2021. The majority of these investments were held

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in equity-based holdings. Ms. Mand inquired as to the significant increase in rollover contributions into the 401k plan and was determined the clinic integration which took place in 2021 was the root cause of the increase. Mr. Hoggan concluded stating that no uncorrected misstatements were noted in addition to no new accounting standards affecting the plans.

A. Motion to Receive and File Moss Adams audit results

1. Mr. Atin 2. Mr. Burgh Motion Carries

5. SageView Advisory Group Q2 2022 Investment Review.

Mr. O'Shaughnessy (SageView) discussed a myriad of topics to provide background on the current and possible future state of the markets. Main item of concern was inflation and the potential for continuous rate hikes by the Federal Reserve. The first half of 2022 saw the worst Standard and Poor's (S&P) returns in the last 50 years. The NASDAQ saw an equity selloff which cause a drop of nearly 35%; specifically, stocks and bonds saw the most dramatic selloff. Bonds were down double digits in the first half of 2022. Mr. O'Shaughnessy noted that portfolios designed for persons at or in retirement have seen the most volatility.

Mr. O'Shaughnessy continued to provide a current economic summation citing, most notably, that inflation will take time to get under control, housing market is a major contributor to overall economy, and trade tensions making global goods more expensive to import to U.S. Growth stocks were down significantly in comparison to conservative value stocks. Regulatory legislation is present in both the U.S. House and Senate that pertains to retirement accounts; most notably The Enhancing American Retirement Now (EARN) Act and the Securing a Strong Retirement (SECURE) Act. The latter would potentially delegate catch-up contribution increases for those aged 62-64 be in the form of ROTH (post-tax) contributions.

Mr. O'Shaughnessy discussed the following funds and their performance along with his recommendations:

- a. **The funds that remained under the median and should continue to remain on the watch list:**
 - i. Fidelity Contrafund K6
 - ii. Fidelity Freedom Income K-Target Date Fund series
 - iii. Janus Henderson Enterprise N
- b. **The fund that was removed from the watch list:**
 - i. Fidelity Overseas K
- c. **The following funds were recommended for mapping* to another fund:**
(*replacing an underperforming fund with a similar fund type that is performing better)
 - i. Columbia Income Opportunities map to Fidelity Cap & Income Fund
 - ii. Lord Abbett Affiliated R6 map to Columbia Dividend & Income Fund
 - iii. Allspring C&B Mid Cap Value map to Victory Sycamore Established Value R6

A. Motion to Receive and File SageView recommendation

Motion made: 1. Mr. Atin 2. Mr. Burgh Motion Carries

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6. Proposed Revision to the Investment Policy Statement

Overall, revisions to the Investment Policy Statement (IPS) were minimal after review. Mr. Polich recommended a verbiage change to the IPS utilizing “participant” when referencing a person’s funds into the Qualified Default Investment Alternative (QDIA) account.

Other areas of mention include the use of Target Date Funds (TDFs) as the industry standard for default fund. Mr. O’Shaughnessy provided guidance on the Fidelity TDFs citing their ability to keep pace although struggling near the “at retirement” age. Longer term funds are performing well and do better in the short term as well. One area of concern expressed by Mr. Atin to Mr. O’Shaughnessy was the overall TDFs performance ability. Mr. O’Shaughnessy advised if performance doesn’t improve in 1-3 years, committee should look for additional Target Date suite. Ms. Rogers suggested looking at funds with less equity exposure. SageView will review Fidelity TDFs to determine appropriateness as the QDIA.

A. Motion to Receive and File Proposed Revision to the Investment Policy Statement

Motion made: 1. Mr. Burgh 2. Ms. Mand

Motion Carries

7. Fidelity Investments Quarterly Service Review.

The Fidelity Quarterly Service Review highlighted once again the high engagement level of County employees with their deferred compensation plans. It was affirmed that the participant levels in all categories of review were strong. Areas of note were the percentage of eligible employees contributing to the 401k is at 96% compared with the peer average of 87%, the percentage of active participants contributing 8% or more of their annual compensation is at 43%, and roughly 47% of engaged employees took some form of action in Q2 2022. One area of mild concern was on the stable, yet elevated, percentage of participants who utilize plan loans being at 28%.

Andrew Kremer, Fidelity Workplace Financial Consultant for the County of Ventura, summarized Q2 2022 employee participation. Mr. Kremer highlighted August’s appointments were fully booked and more noticeably was that he has seen an increase in newly hired employees signing up and stipulating the auto increase option in the plan. Many questions that were asked to Mr. Kremer surrounded the market volatility experience the first two quarters of 2022. He highlighted the various monthly topics for employees with “Creating Retirement You Want” in July, “Top Things to do Before You Retire” in August, and “How to Plan for Income in Retirement” in September. Mr. Kremer emphasized the following:

1. Many employees in Management, District Attorney’s office, and Safety were initiating mid-career check-ins.

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2. More later career employees are rolling outside qualified contributions into their plans with the County of Ventura.

Suzanne Rogers reviewed Q2 2022 Plan Statistics. Areas of interest include total plan assets exceeding \$1.2 billion with an active employee participation level of 7,416 participants. Ms. Rogers highlighted that the County of Ventura is higher than its peer group with regard to participation rates. Further mention was made regarding participants having proper age-appropriate asset allocation increased slightly to 77% (peer average is at 71%) and loan/withdrawal levels holding consistent at 28% of active participants having at least one loan outstanding (peer average is at 17.5%).

Ms. Zoll concluded with updates to the Deferred Compensation website, inclusion of Fidelity information into the new format, and internal tools to assist employees with questions, specifically those individuals new to County employment.

A. Motion to Receive and File Fidelity Quarterly Service Review

Motion made: 1. Mr. Atin 2. Mr. Hintz

Motion Carries

8. Oversight of 3rd Party Point Solutions

Fidelity's 3rd Party Point Solutions was approved by the Committee in March of 2021 as part of the enhanced Financial Wellness offering to county employees. This was an additional service to further assist participants in taking recommended next steps after completing Fidelity's Financial Wellness Checkup. Offering a variety of services, the goal is to assist employees with financial goals outside of regular retirement savings. Given that these additional benefits do not fall under the purview of the Committee, it is recommended that the Committee defer future 3rd Party Point Solutions offerings to CEO Benefits/HR.

A. Motion to Receive and File 3rd Party Point Solution Oversight to CEO Benefits/HR

Motion made: 1. Mr. Burgh 2. Ms. Mand

Motion Carries

9. Information Agenda.

Ms. Zoll provided some background detail on the informational items:

- a. 401(k) Expense Reimbursement Credit Account – Q2 2022
 - i. A total of \$181,198.50 was received for Q2 2022 in the Expense Reimbursement Credit Account. Current balance for the Total RCP account \$1,065,133.12. Distribution has been put on agenda for next meeting.
- b. 401(k) Safe Harbor Hardship Withdrawals – Q2 2022
 - i. Total approved withdrawal amount of \$37,301.17 out of \$46,135.06 requested
- c. 401(k) Facts and Circumstances Hardship Withdrawals – Q2 2022

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- i. Total approved withdrawal amount of \$109,435.49 out of \$121,485.49 requested
- d. Fidelity Service Level Agreement (SLA) Results – Q2 2022
 - i.

A. Motion to Receive and File

Motion made: 1. Mr. Atin 2. Mr. Burgh

Motion Carries

Ms. Mand adjourned the meeting at 3:39 pm

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant

**VENTURA COUNTY
DEFERRED COMPENSATION COMMITTEE
457(b) Shared Savings Plan
Channel Islands Conference Room or via Zoom**

**Meeting Minutes for August 25, 2022
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
John Polich
Jeff Burgh
Steven Hintz

Members absent

Also present

Patti Dowdy
Jake O'Shaughnessy
Joan Steel
Suzanne Rogers
Andrew Kremer
Patty Zoll
Amanda Diaz
Andrew Gratt
Kory Hoggan

The meeting was called to order by Ms. Mand at 3:40 p.m.

1. Public Comments.

a. No public comments were provided

2. Committee Member Comments.

a. No committee member comments were provided

3. Minutes of Regular Meeting June 23, 2022.

Motion to approve: 1. **Mr. Atin** 2. **Mr Burgh** **Motion Carries**

4. Moss Adams Annual Plan Audit Results

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Areas of interest that were emphasized in the audit performed were internal controls, analytical procedures, and tests of account balances. Mr. Hoggan found no signs of internal control weaknesses of the 457b plan. Other areas of note reported on by Mr. Hoggan was the overall growth of the 457b plan between 2020 through 2021 from \$242.3 million at year's end 2020 to \$273.6 million at end of calendar year 2021. The majority of these investments were held in

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mutual funds-based holdings. Mr. Hoggan concluded stating that no uncorrected misstatements were noted in addition to no new accounting standards affecting the plans.

A. Motion to Receive and File Moss Adams audit results

Motion made: 1. Mr. Atin 2. Mr. Burgh **Motion Carries**

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Mr. O'Shaughnessy continued to provide a current economic summation citing, most notably, that inflation will take time to get under control, housing market is a major contributor to overall economy, and trade tensions making global goods more expensive to import to U.S. Growth stocks were down significantly in comparison to conservative value stocks. Regulatory legislation is present in both the U.S. House and Senate that pertains to retirement accounts; most notably The Enhancing American Retirement Now (EARN) Act and the Securing a Strong Retirement (SECURE) Act. The latter would potentially delegate catch-up contribution increases for those aged 62-64 be in the form of ROTH (post-tax) contributions.

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Motion made: 1. Mr. Burgh 2. Ms. Mand

Motion Carries

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2. More later career employees are rolling outside qualified contributions into their plans with the County of Ventura.

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A. Motion to Receive and File Fidelity Quarterly Service Review

Motion made: 1. Mr. Atin 2. Mr. Hintz

Motion Carries

8. Oversight of 3rd Party Point Solutions

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A. Motion to Receive and File 3rd Party Point Solution Oversight to CEO Benefits/HR

Motion made: 1. Mr. Burgh 2. Ms. Mand

Motion Carries

9. Information Agenda.

Ms. Zoll provided some background detail on the informational items:

- a. 457(b) Expense Reimbursement Credit Account – Q2 2022
 - i. A total of \$4,452.65 was received for Q2 2022 in the Expense Reimbursement Credit Account. Balance stands at \$110,018.11. Current balance for the Total RCP account \$1,065,133.12. Distribution has been put on agenda for next meeting.
- b. 457(b) Emergency Withdrawals – Q2 2022
 - i. Total approved withdrawal amount of \$0.00 out of \$0.00 requested

A. Motion to Receive and File

Motion made: 1. Mr. Atin 2. Mr. Burgh

Motion Carries

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Ms. Mand adjourned the meeting at 3:44 pm

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew Gratt". The signature is cursive and somewhat stylized, with the first name being more prominent.

Andrew Gratt
Deferred Compensation Personnel Assistant

**VENTURA COUNTY
SUPPLEMENTAL RETIREMENT COMMITTEE
SRP 457 Plan
Channel Islands Conference Room or via Zoom**

**Meeting Minutes for August 25, 2022
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
John Polich
Jeff Burgh
Steven Hintz

Members absent

Also present

Patti Dowdy
Jake O'Shaughnessy
Joan Steel
Suzanne Rogers
Andrew Kremer
Patty Zoll
Amanda Diaz
Andrew Gratt

Ms. Mand called the meeting to order at 3:45 p.m.

1. Public Comments.

- a. No public comments were provided

2. Committee Member Comments.

- a. No committee member comments were provided

3. Minutes of Regular Meeting June 23, 2022

Motion to approve: 1. **Mr. Atin** 2. **Mr Burgh** **Motion Carries**

4. SRP 457 Plan Review.

Suzanne Rogers (Fidelity) reviewed the current status of the Supplemental Retirement Plan (SRP) 457 plan. With regard to the conversion/rollover funds from Principal to Fidelity, Ms. Rogers suggested to make a class change from 401k to include both 457b and SRP 457 in the same fund class and incorporate funds into a managed income portfolio plan after transfer. Fidelity and SageView will follow up with recommendations and review of fund choices.

Patty Zoll (County of Ventura) provided an update on the Safe Harbor Defined Benefit (DB) conversion:

- a. Mailings have gone out to inactive participants requesting direction on whether they wish to Opt-Out of the conversion or remain as-is until minimum required age for distribution. A total of 4,830 participants are initiating the conversion.
- b. Currently, there are 216 participant opt-outs received from initial mailing. About 630 returned mailings.
- c. Total funds for initial conversion transfer on September 1, 2022, from Principal Financial to Fidelity stands at approximately \$2.5 million.

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- d. Current standing in the DB plan:
 - i. Age 50+ population that are termed deferred is between 2,000 to 3,000 inactive members.

- e. **Motion to receive and file**
Motion made: 1. Mr. Burgh 2. Mr. Atin **Motion Carries**

Ms. Mand adjourned the meeting at 3:52 p.m..

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant