

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

**Meeting Minutes for December 8, 2022
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
Emily Gardner
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

The meeting was called to order by Ms. Mand at 2:46 pm.

1. Public Comments.

a. No public comments were provided

2. Committee Member Comments.

a. A round table of introductions was conducted.

3. Minutes of Regular Meeting August 25, 2022.

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

4. SageView Advisory Group Q3 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 items of concern were inflation which is predicted to drive the markets in 2023 and the Consumer Price Index (CPI) year over year numbers. Mr. O'Shaughnessy sees inflation falling in the following 9-12 months and allowing Federal Reserve (the Fed) to slow frequency of interest rate hikes. Other areas of mention were the housing market, which saw the average 30-year fixed rate mortgage rise to 6.7%, the appreciation in the US Dollar's value, the strong labor market, consumer demand pertaining to capital markets and the Q3 earnings per share estimates being at their lowest in 2 years, the Federal Government running a spending deficit, and ongoing trade tensions due in part with the war in the Ukraine. Positive note of mention was supply chain issues seem to be improving steadily.

Mr. O'Shaughnessy continued to provide a current economic summation citing that consumer sentiments towards the inevitability that stocks will fall reached its highest level in 10 years, investors are reluctant while waiting for signs of a recession, and economy will slow down but recession is questionable. Legislative updates were provided surrounding potential enactment of SECURE 2.0 and most notably requiring all catch-up contributions for individuals earning in excess of \$100,000 be made in Roth (post-tax) contributions.

A discussion was had between Mr. O'Shaughnessy, Ms. Steele, and Mr. Atin revolving around Mr. Atin's questioning the appropriateness of viewing Fidelity Target Date Funds (TDFs) cumulatively rather than independently. Ms. Steele advised that building blocks for TDFs are unique and specific and offered to include portfolio managers at next quarter's meeting to discuss further. Mr. O'Shaughnessy advised keeping them on the watch list in addition to his increasing communication with Fidelity surrounding performance of Fidelity's TDFs.

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 Freedom Income K-Target Date Fund series
- b. **The funds that were recommended to be placed on the watchlist:**
 - i. Western Asset Core Bond IS
 - ii. Loomis Sayles Growth N
- c. **The funds that were removed from the watch list:**
 - i. Fidelity Contrafund K6
 - ii. Janus Henderson Enterprise N
- d. **The following funds were mapped* 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. Burgh** 2. **Mr. Atin** **Motion Carries**

5. Revision to the Investment Policy Statement

Overall, revisions to the Investment Policy Statement (IPS) were minimal. Mr. O'Shaughnessy spoke to the change in verbiage revolving around participant's default selection into the Qualified Default Investment Alternative (QDIA) account.

Another area of change, indicated by Mr. O'Shaughnessy, included the revision of appendices A, B, and C to specify the language used in SageView's

Investment Ranking and Index Ranking criteria. This speaks to the assessment of Target Date Funds (TDFs) performance. These changes were submitted in August 2022 to the committee for review and included in the proposed IPS revision for approval.

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

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

6. 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 active employees with a balance contributing to the 401k is at 96% compared with the peer average of 87%, the average total savings rate (employee & employer) for active participants with a balance is 10%, a total of 32% of participants are enrolled in the Annual Increase Program. One area that remains of mild concern was with the percentage of participants who utilize plan loans and withdrawals being at 28%.

Andrew Kremer, Fidelity Workplace Financial Consultant for the County of Ventura, summarized Q3 2022 employee participation. Mr. Kremer highlighted 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 three quarters of 2022. He highlighted the various monthly "Ask Fidelity" topics for employees and the participation in New Employee Orientation twice a month. Mr. Kremer emphasized the following:

1. Many employees were initiating mid-career check-ins and pre-retiree check-ins for income planning, pension, and social security.
2. Many employees continued to roll 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 in 401k and 457b plans with an active employee participation level between the plans of 9,916 participants. Ms. Rogers highlighted that the County of Ventura is higher than its peer group with regard to participation rates. Engagement with active employees increases after age 50 and 41% take action within 90 days after planning and advice. 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. Hintz** 2. **Mr. Burgh** **Motion Carries**

7. QDRO Outsourcing

Ms. Zoll provided background and discussion points to the committee's decision towards outsourcing the responsibility for Qualified Domestic Relations Order (QDRO) processing through utilization of Fidelity Investments QDRO services. By implementing the planned use of the service, the Deferred Compensation (DC) program will see a savings of roughly \$5,000.00 annually from the operating budget as well as a decrease in time spent on processing QDRO's from both DC staff as well as County Counsel. The cost incurred by the parties named in the QDRO will not see an increase as the service fee charged by Fidelity is comparable to the current fee charged by the DC program and County Counsel. Imperatively, Fidelity will meet the following criteria laid out by the DC program:

1. No increase in processing cost.
2. Continuation of standardized guidelines and procedures.
3. Ease of transition for participants who utilize the service

Action item for committee consideration is to determine whether or not to approve the implementation of the Fidelity QDRO processing service and direct staff to make required Plan document and trust agreement amendments in partnership with County Counsel for submission to Board of Supervisors for approval.

A. Motion to Receive and File QDRO Outsourcing

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

8. Information Agenda.

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

- a. 401(k) Expense Reimbursement Credit Account – Q3 2022
 - i. A total of \$179,458.13 was received for Q3 2022 in the Expense Reimbursement Credit Account. Current balance for the Total RCP account \$1,200,024.32.
- b. 401(k) Safe Harbor Hardship Withdrawals – Q3 2022
 - i. Total approved withdrawal amount of \$204,401.59 out of \$210,104.19 requested
- c. 401(k) Facts and Circumstances Hardship Withdrawals – Q3 2022
 - i. Total approved withdrawal amount of \$52,610.21 out of \$62,166.37 requested
- d. Fidelity Service Level Agreement (SLA) Results – Q3 2022
 - i. All matrices measured resulted in a "Pass" rating.
- e. Securing Participant Data on Fidelity Webpages – FAQ

- i. Fidelity provided a FAQ style handout pertaining to changes being implemented with regard to the sharing and security of participant's personal information through new security protocols. Their aim is to add another level of protection to County of Ventura Employees' accounts through limiting access to information for third-party data aggregators and establishing multi-factor authentication.

A. Motion to Receive and File

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

Ms. Mand adjourned the meeting at 3:50 pm

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant

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

**Meeting Minutes for December 8, 2022
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
Emily Gardner
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

The meeting was called to order by Ms. Mand at 3:50 pm.

1. Public Comments.

- a. No public comments were provided

2. Committee Member Comments.

- a. A round table of introductions was conducted.

3. Minutes of Regular Meeting August 25, 2022.

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

4. SageView Advisory Group Q3 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 items of concern were inflation which is predicted to drive the markets in 2023 and the Consumer Price Index (CPI) year over year numbers. Mr. O'Shaughnessy sees inflation falling in the following 9-12 months and allowing Federal Reserve (the Fed) to slow frequency of interest rate hikes. Other areas of mention were the housing market, which saw the average 30-year fixed rate mortgage rise to 6.7%, the appreciation in the US Dollar's value, the strong labor market, consumer demand pertaining to capital markets and the Q3 earnings per share estimates being at their lowest in 2 years, the Federal Government running a spending deficit, and ongoing trade tensions due in part with the war in the Ukraine. Positive note of mention was supply chain issues seem to be improving steadily.

Mr. O'Shaughnessy continued to provide a current economic summation citing that consumer sentiments towards the inevitability that stocks will fall reached its highest level in 10 years, investors are reluctant while waiting for signs of a recession, and economy will slow down but recession is questionable. Legislative updates were provided surrounding potential enactment of SECURE 2.0 and most notably requiring all catch-up contributions for individuals earning in excess of \$100,000 be made in Roth (post-tax) contributions.

A discussion was had between Mr. O'Shaughnessy, Ms. Steele, and Mr. Atin revolving around Mr. Atin's questioning the appropriateness of viewing Fidelity Target Date Funds (TDFs) cumulatively rather than independently. Ms. Steele advised that building blocks for TDFs are unique and specific and offered to include portfolio managers at next quarter's meeting to discuss further. Mr. O'Shaughnessy advised keeping them on the watch list in addition to his increasing communication with Fidelity surrounding performance of Fidelity's TDFs.

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 Freedom Income K-Target Date Fund series
- b. **The funds that were recommended to be placed on the watchlist:**
 - i. Western Asset Core Bond IS
 - ii. Loomis Sayles Growth N
- c. **The funds that were removed from the watch list:**
 - i. Fidelity Contrafund K6
 - ii. Janus Henderson Enterprise N
- d. **The following funds were mapped* 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. Burgh** 2. **Mr. Atin** **Motion Carries**

5. Revision to the Investment Policy Statement

Overall, revisions to the Investment Policy Statement (IPS) were minimal. Mr. O'Shaughnessy spoke to the change in verbiage revolving around participant's default selection into the Qualified Default Investment Alternative (QDIA) account.

Another area of change, indicated by Mr. O'Shaughnessy, included the revision of appendices A, B, and C to specify the language used in SageView's

Investment Ranking and Index Ranking criteria. This speaks to the assessment of Target Date Funds (TDFs) performance. These changes were submitted in August 2022 to the committee for review and included in the proposed IPS revision for approval.

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

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

6. 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 active employees with a balance contributing to the 401k is at 96% compared with the peer average of 87%, the average total savings rate (employee & employer) for active participants with a balance is 10%, a total of 32% of participants are enrolled in the Annual Increase Program. One area that remains of mild concern was with the percentage of participants who utilize plan loans and withdrawals being at 28%.

Andrew Kremer, Fidelity Workplace Financial Consultant for the County of Ventura, summarized Q3 2022 employee participation. Mr. Kremer highlighted 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 three quarters of 2022. He highlighted the various monthly "Ask Fidelity" topics for employees and the participation in New Employee Orientation twice a month. Mr. Kremer emphasized the following:

1. Many employees were initiating mid-career check-ins and pre-retiree check-ins for income planning, pension, and social security.
2. Many employees continued to roll 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 in 401k and 457b plans with an active employee participation level between the plans of 9,916 participants. Ms. Rogers highlighted that the County of Ventura is higher than its peer group with regard to participation rates. Engagement with active employees increases after age 50 and 41% take action within 90 days after planning and advice. 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 ReviewMotion made: 1. **Mr. Hintz** 2. **Mr. Burgh** **Motion Carries****7. QDRO Outsourcing**

Ms. Zoll provided background and discussion points to the committee's decision towards outsourcing the responsibility for Qualified Domestic Relations Order (QDRO) processing through utilization of Fidelity Investments QDRO services. By implementing the planned use of the service, the Deferred Compensation (DC) program will see a savings of roughly \$5,000.00 annually from the operating budget as well as a decrease in time spent on processing QDRO's from both DC staff as well as County Counsel. The cost incurred by the parties named in the QDRO will not see an increase as the service fee charged by Fidelity is comparable to the current fee charged by the DC program and County Counsel. Imperatively, Fidelity will meet the following criteria laid out by the DC program:

1. No increase in processing cost.
2. Continuation of standardized guidelines and procedures.
3. Ease of transition for participants who utilize the service

Action item for committee consideration is to determine whether or not to approve the implementation of the Fidelity QDRO processing service and direct staff to make required Plan document and trust agreement amendments in partnership with County Counsel for submission to Board of Supervisors for approval.

A. Motion to Receive and File QDRO OutsourcingMotion made: 1. **Mr. Burgh** 2. **Mr. Atin** **Motion Carries****8. Information Agenda.**

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

- a. 457(b) Expense Reimbursement Credit Account – Q3 2022
 - i. A total of \$4,158.84 was received for Q3 2022 in the Expense Reimbursement Credit Account.
 - ii. Current balance for the Total RCP account \$1,195,888.25.
- b. 457(b) Emergency Withdrawals – Q3 2022
 - i. Total approved withdrawal amount of \$0.00 out of \$0.00 requested
- c. Fidelity Service Level Agreement (SLA) Results – Q3 2022
 - i. All matrices measured resulted in a "Pass" rating.
- d. Securing Participant Data on Fidelity Webpages – FAQ
 - i. Fidelity provided a FAQ style handout pertaining to changes being implemented with regard to the sharing and security of participant's personal information through new security protocols. Their aim is to add another level of protection to County of Ventura Employees' accounts

through limiting access to information for third-party data aggregators and establishing multi-factor authentication.

A. Motion to Receive and File

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

Ms. Mand adjourned the meeting at 3:51 pm

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant

**VENTURA COUNTY
DEFERRED COMPENSATION COMMITTEE
SRP 457 Plan
Pacific Conference Room or via Zoom**

**Meeting Minutes for December 8, 2022
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
Emily Gardner
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 3:51 p.m.

1. Public Comments.

- a. No public comments were provided

2. Committee Member Comments.

- a. A round table of introductions was conducted.

3. Minutes of Regular Meeting August 25, 2022

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

4. Fidelity SRP 457 Savings 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, asset and participant count trends increased significantly between Q2 2022 and Q3 2022. Total participants are 5,944 with 1,030 being active and 4,914 being terminated with balances. Total participant assets stand at \$5,263,610, approximately.

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 receive a lump sum payment or remain as-is until minimum required age for distribution. An approximate number of participants receiving the next round of mailings stands at 2,300 and range in age from 50-64.

A. Motion to receive and file

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

5. QDRO Outsourcing

Ms. Zoll provided background and discussion points to the committee’s decision towards outsourcing the responsibility for Qualified Domestic Relations Order (QDRO) processing through utilization of Fidelity Investments QDRO services. By implementing the planned use of the service, the Deferred Compensation (DC) program will see a savings of roughly \$5,000.00 annually from the operating budget as well as a decrease in time spent on processing QDRO’s from both DC staff as well as County Counsel. The cost incurred by the parties named in the QDRO will not see an increase as the service fee charged by Fidelity is comparable to the current fee charged by the DC program and County Counsel. Imperatively, Fidelity will meet the following criteria laid out by the DC program:

- 1. No increase in processing cost.
- 2. Continuation of standardized guidelines and procedures.
- 3. Ease of transition for participants who utilize the service

Action item for committee consideration is to determine whether or not to approve the implementation of the Fidelity QDRO processing service and direct staff to make required Plan document and trust agreement amendments in partnership with County Counsel for submission to Board of Supervisors for approval.

A. Motion to Receive and File QDRO Outsourcing

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

Ms. Mand adjourned the meeting at 3:55 p.m.

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant