

**VENTURA COUNTY
DEFERRED COMPENSATION COMMITTEE
401(k) Shared Savings Plan
Atlantic Conference Room, Hall of Administration
Ventura County Government Center**

**Meeting Minutes for February 16, 2023
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
Emily Gardner
Jeff Burgh
Sue Horgan

Members absent

Also present

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

The meeting was called to order by Ms. Mand at 2:01 pm.

1. Public Comments.

- a. No public comments were given.

2. Committee Member Comments.

- a. An introduction of new committee member, Sue Horgan, was made.
- b. Ms. Zoll announced the return of in-person Fidelity consultations in April.

3. Minutes of Regular Meeting December 8, 2022.

- Motion to approve: 1. Ms. Gardner 2. Mr. Atin **Motion Carries**
i. Ms. Horgan abstained from voting.

4. SageView Advisory Group Q4 2022 Investment Review.

Mr. O'Shaughnessy (SageView) discussed a plethora of topics to provide insight on the current and potential future state of the markets. Overall, Mr. O'Shaughnessy highlighted that funds were performing well across the board. Additional items of mention by Mr. O'Shaughnessy were the funds currently on watchlist that include Fidelity Target Date Funds, Western Asset Core Bond, and Loomis Styles. Mr. O'Shaughnessy spoke to other economic influences such as the relationship between the Federal Reserve (FED) lowering rates and the positive influence this has on bond performance. However, overall, the economy slowed in 2022 leading to lower-than-expected bond and investment returns to levels not applicable since the 1970's. Inflation is slowing, and recession is still a possibility though many do not expect it to

come to fruition. Mr. O'Shaughnessy pointed to the February 14, 2023 consumer price index as being higher than people had thought and the anticipation of the FED decision in the coming month to potentially raise interest rates, if need be.

Mr. O'Shaughnessy continued to provide a current economic summation citing the strength of the dollar on FED decisions, the fall of oil prices as a positive effect on the economy, the U.S. Treasury Yield Curve being of concern at the 1–2-year mark but less so at the 10+ year time frame, and expectations that inflation will be present for additional 24 months.

On the legal and regulatory issues, Mr. O'Shaughnessy spoke to the ongoing implementation of SECURE 2.0 and the impact this will have on various plan specifics. Most notably the elimination of the "first of the month" rule for 457b contribution adjustments. Additionally, the special catch-up contributions to the 401k plan being earmarked for ROTH contributions only and applicable only to those who earn \$145,000+ annual income.

Ms. Rogers (Fidelity) and Ms. Zoll informed the committee of the current process of adding the ROTH option to the COV 401k plan; stating the need to currently engage a Fidelity Project Team for the Roth development in order to meet the required timeline. The committee members indicated that they support the initiation of the Fidelity Project team and will provide a formal motion in the May meeting.

Other areas of mention include student loan repayment with employer matching and emergency savings accounts linked to individual account plans which provides the option for non-highly compensated employees a pension-linked emergency savings plan.

A point of discussion was made by Mr. Atin to Mr. O'Shaughnessy regarding the continuous inclusion of the Fidelity Target Date Funds (the Funds) on the watchlist created by SageView. Inquisition was made by Mr. Atin to how long the Funds should remain on the watch list before action was taken to remove them or change their components. Mr. O'Shaughnessy suggested to keep the Funds on the watchlist for approximately 1 year as they feel comfortable keeping the Funds on the watchlist due to majority strong performance; only advising to possibly remove Loomis Sayles if it remains above the median. Mr. O'Shaughnessy indicated he will continue to review the Funds for performance issues and provide guidance at that time.

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
 - ii. Western Asset Core Bond IS
 - iii. Loomis Sayles Growth N
- b. **The funds that were recommended to be placed on the watchlist:**
 - i. No funds are currently recommended for watchlist.
- c. **The funds that were removed from the watchlist:**
 - i. No funds were currently removed from the watchlist.
- d. **The following funds were mapped* to another fund:**

(*replacing an underperforming fund with a similar fund type that is performing better)

 - i. No funds were mapped to other funds at this time.

A. Action Items:

- i. Approve the SageView Watch List summary recommendations for Q4 2022
- ii. Receive and file the information.

B. Motion to Approve, Receive, and File SageView recommendation.

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

5. Fidelity Personalized Planning & Advice Managed Account Solution Review.

Ms. Steel spoke to the informational items submitted by Fidelity. This information pertains to the managed accounts that current participants are engaged in which aims to provide ongoing investment management, selecting an initial portfolio aligned to the needs of the participant, and monitoring their account for the purpose of re-allocating assets on a discretionary basis.

Ms. Steel highlighted various statistics regarding the utilization of this service. Most notably that the participation rate has steadily increased over the last four years' Q4 standings. Other areas include the participation rates in the managed account, target date fund, and do-it-yourself categories at 15.5%, 45.6%, and 38.8%, respectively, as well as participant performance summary indicating a very good return per unit of risk.

Ms. Horgan inquired as to the reason behind the total number of funds that the County offers in its plan offerings. Ms. Steel responded that only a reduction is done with underperforming funds and that the removal of options are then transferred to the brokerage window within Fidelity. Ms. Steel indicated that she will be working with Mr. O'Shaughnessy to review fund offerings and reduce the numbers over time per committee direction.

A. Motion to Receive and File Fidelity Personalized Planning & Advice Managed Account Solution Review.

Motion made: 1. Ms. Gardner 2. Ms. Horgan **Motion Carries**

6. Fidelity Investments Quarterly Service Review.

Ms. Rogers gave the Fidelity Quarterly Service Review and highlighted once again the high level of County employees who contribute to their deferred compensation plans. For Q4, end of year 2022, total participants included the rollover of Supplemental Retirement Plan participants from previous quarters. Areas noted by Ms. Rogers were employee participation, age appropriate asset allocation, and total savings rates at 76%, 78%, and 10%, respectively. Overall employee engagement is at 83%, exceeding target of 80% and outperforming the peer rate of 76%. The average total savings rate for the 401k plan is 10.4% which accounts for employee and employer contributions.

Regarding the 401k elective deferral rate, 42% of active employees defer 8% or more of their compensation to the plan with approximately 34% of participants enrolled in the annual increase program. In reference to generational differentiation, baby boomers are showing more of an aggressive investment approach at 26% of total participants in that category. Loan and withdrawal activity are an area of concern as a little over a quarter of plan participants have at least one outstanding loan compared to a

17.5% peer average. Ms. Rogers concluded that employee engagement remains strong at 91% of active participants contacting Fidelity by phone or logging in to their portal.

Andrew Kremer, Fidelity Workplace Financial Consultant for the County of Ventura, summarized Q4 2022 employee participation. Mr. Kremer highlighted that he has seen an increase in physicians, lawyers, and management signing up for a personal meeting largely due to match increases recently approved. So far, for Q1, 2023, participants have less questions surrounding market volatility. Mr. Kramer noted monthly topics for “Ask Fidelity” webinars which are “Market Volatility” for January, “Understanding Debt” for February, and “Top Things to Do Before Retirement” for March. In person planning sessions between County employees and Mr. Kremer will resume in April going forward.

A. Motion to Receive and File Fidelity Investments Quarterly Service Review

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

7. Information Agenda.

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

- a. 401(k) Expense Reimbursement Credit Account – Q4 2022
 - i. A total of \$37,151.91 was received for Q4 2022 in the Expense Reimbursement Credit Account. Current balance for the Total RCP account \$1,240,171.40. Mr. Atin inquired as to a timeframe when monies may be returned to participants. A review is pending until Q2 2023 meeting.
- b. 401(k) Safe Harbor Hardship Withdrawals – Q4 2022
 - i. Total approved withdrawal amount of \$132,538.91 out of \$134,938.26 requested.
- c. 401(k) Facts and Circumstances Hardship Withdrawals – Q4 2022
 - i. Total approved withdrawal amount of \$85,109.24 out of \$98,914.83 requested
- d. Fidelity Service Level Agreement (SLA) Results – Q4 2022
 - i. All matrices measured resulted in a “Pass” rating.

A. Motion to Receive and File

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

Ms. Mand adjourned the meeting at 3:31 pm

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant

**VENTURA COUNTY
DEFERRED COMPENSATION COMMITTEE
457(b) Shared Savings Plan
Atlantic Conference Room, Hall of Administration
Ventura County Government Center**

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Emily Gardner
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Sue Horgan

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 3:32 pm.

1. Public Comments.

- a. No public comments were given.

2. Committee Member Comments.

- a. None

3. Minutes of Regular Meeting December 8, 2022.

- Motion to approve: 1. Mr. Atin 2. Mr. Burgh **Motion Carries**
i. Ms. Horgan abstained from voting.

4. SageView Advisory Group Q3 2022 Investment Review.

Mr. O'Shaughnessy (SageView) discussed a plethora of topics to provide insight on the current and potential future state of the markets. Overall, Mr. O'Shaughnessy highlighted that funds were performing well across the board. Additional items of mention by Mr. O'Shaughnessy were the funds currently on watchlist that include Fidelity Target Date Funds, Western Asset Core Bond, and Loomis Styles. Mr. O'Shaughnessy spoke to other economic influences such as the relationship between the Federal Reserve (FED) lowering rates and the positive influence this has on bond performance. However, overall, the economy slowed in 2022 leading to lower-than-expected bond and investment returns to levels not applicable since the 1970's. Inflation is slowing, and recession is still a possibility though many do not expect it to come to fruition. Mr. O'Shaughnessy pointed to the February 14, 2023, consumer price index as being higher than people had thought and the

anticipation of the FED decision in the coming month to potentially raise interest rates, if need be.

Mr. O'Shaughnessy continued to provide a current economic summation citing the strength of the dollar on FED decisions, the fall of oil prices as a positive effect on the economy, the U.S. Treasury Yield Curve being of concern at the 1–2-year mark but less so at the 10+ year time frame, and expectations that inflation will be present for additional 24 months.

On the legal and regulatory issues, Mr. O'Shaughnessy spoke to the ongoing implementation of SECURE 2.0 and the impact this will have a various plan specifics. Most notably the elimination of the "first of the month" rule for 457b contribution adjustments. Additionally, the special catch-up contributions to the 401k plan being earmarked for ROTH contributions only and applicable only to those who earn \$145,000+ annual income.

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Other areas of mention include student loan repayment with employer matching and emergency savings accounts linked to individual account plans which provides the option for non-highly compensated employee a pension-linked emergency savings plan.

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A. Action Items:

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- ii. Receive and file the information.

B. Motion to Approve, Receive, and File SageView recommendation.

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

5. Fidelity Personalized Planning & Advice Managed Account Solution Review.

Ms. Steel spoke to the informational items submitted by Fidelity. This information pertains to the managed accounts that current participants are engaged in which aims to provide ongoing investment management, selecting an initial portfolio aligned to the needs of the participant, and monitoring their account for the purpose of re-allocating assets on a discretionary basis.

Ms. Steel highlighted various statistics regarding the utilization of this service. Most notably that the participation rate has steadily increased over the last four years' Q4 standings. Other areas include the participation rates in the managed account, target date fund, and do-it-yourself categories at 15.5%, 45.6%, and 38.8%, respectively, as well as participant performance summary indicating a very good return per unit of risk.

Ms. Horgan inquired as to the reason behind the total number of funds that the County offers in its plan offerings. Ms. Steel responded that only a reduction is done with underperforming funds and that the removal of options are then transferred to the brokerage window within Fidelity. Ms. Steel indicated that she will be working with Mr. O'Shaughnessy to review fund offerings and reduce the numbers over time per committee direction.

A. Motion to Receive and File Fidelity Personalized Planning & Advice Managed Account Solution Review.

Motion made: 1. Ms. Gardner 2. Ms. Horgan **Motion Carries**

6. Fidelity Investments Quarterly Service Review.

Ms. Rogers gave the Fidelity Quarterly Service Review and highlighted once again the high level of County employees who contribute to their deferred compensation plans. For Q4, end of year 2022, total participants included the rollover of Supplemental Retirement Plan participants from previous quarters. Areas noted by Ms. Rogers were employee participation, and age-appropriate asset allocation 23% and 70%, respectively. Overall employee engagement is at 83%, exceeding target of 80% and outperforming the peer rate of 76%. The average total savings rate for the 457b plan is \$5,258.00 which accounts for employee and employer contributions.

In reference to generational differentiation, baby boomers are showing more of an aggressive investment approach at 26% of total participants in that category. Loan and withdrawal activity are an area of concern as a little over a quarter of plan participants have at least one outstanding loan compared to a 17.5% peer average. Ms. Rogers concluded that employee engagement remains strong at 91% of active participants contacting Fidelity by phone or logging in to their portal.

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due to match increases recently approved. So far, for Q1, 2023, participants have less questions surrounding market volatility. Mr. Kramer noted monthly topics for “Ask Fidelity” webinars which are “Market Volatility” for January, “Understanding Debt” for February, and “Top Things to Do Before Retirement” for March. In person planning sessions between County employees and Mr. Kremer will resume in April going forward.

A. Motion to Receive and File Fidelity Investments Quarterly Service Review

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

Motion Carries

7. SECURE 2.0 – Eliminate “First Day of the Month” Requirement

Background information was disseminated regarding the passing of legislation for retirement plan provisions known as SECURE 2.0. Specifically, it was put forth before the committee to review and provide direction on amending the 457(b) plan document to reflect revised provisions of the SECURE 2.0 Act (the Act) of 2022, section 306. Per section 306 of the Act, requirements for change to contributions to the 457(b) taking effect on the first of the month after elections are made will be discontinued and allow such elections to be made at any time prior to the date that the compensation being deferred is available.

A. Motion to Receive and File SECURE 2.0 – Eliminate “First Day of the Month” Requirement and Amend Plan Document

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

Motion Carries

8. Information Agenda.

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

- a. 457(b) Expense Reimbursement Credit Account – Q4 2022
 - i. A total of \$0.00 was received for Q4 2022 in the Expense Reimbursement Credit Account. Current balance for the Total RCP account \$1,240,171.40.
- b. 457(b) Emergency Withdrawals – Q4 2022
 - i. Total approved withdrawal amount of \$2,935.96 out of \$4,820.00 requested.

A. Motion to Receive and File

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

Motion Carries

Ms. Mand adjourned the meeting at 3:36 pm

Respectfully submitted,



Andrew Gratt

Deferred Compensation Personnel Assistant

**VENTURA COUNTY
DEFERRED COMPENSATION COMMITTEE
SRP 457 Plan
Atlantic Conference Room, Hall of Administration
Ventura County Government Center**

**Meeting Minutes for February 16, 2023
2:00 p.m.**

Members present

Shawn Atin
Kaye Mand
Emily Gardner
Jeff Burgh
Sue Horgan

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 3:36 pm.

1. Public Comments.

- a. No public comments were provided.

1. Committee Member Comments.

- a. None

2. Minutes of Regular Meeting December 8, 2022.

- Motion to approve: 1. Mr. Atin 2. Mr. Burgh **Motion Carries**
i. Ms. Horgan abstained from voting.

3. Fidelity SRP 457 Savings Plan Review.

Ms. Rogers (Fidelity) presented the overview of the Supplemental Retirement Plan (SRP) 457 Savings Plan to the committee. As noted, Ms. Rogers highlighted the differentiation between end of year (EOY) 2021 and the EOY 2022 in both total assets and total participants. With regards to total assets the plan currently stands at \$5,778,100 which is an increase from EOY 2021 which stood at \$1,895,019. Pertaining to total participants, the EOY 2022 showed 6,074 total participants (1,208 active & 4,866 terminated) in comparison to EOY 2021 which stood at 904 (761 active & 143 terminated) participants. Ms. Horgan questioned the large increase in participants year-over-year to which Ms. Zoll informed this increase was due to the large conversion that was processed in September of 2022.

Ms. Zoll made an additional inquiry into why the Active Employees Contributing portion of the informational handout from Fidelity was reflecting a 0% for both EOY 2021 and EOY 2022. Ms. Rogers informed the committee that this representation is due to Fidelity not tracking such metrics for the SRP 457 plan due to the circumstance of employees not actively electing contributions as these contributions of monies is set by the County. Contribution elections are currently tied to stable value funds for participants.

A. Motion to Receive and File

Motion made: 1. Mr. Atin 2. Ms. Gardner

Motion Carries

Ms. Mand adjourned the meeting at 3:40 pm

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant