

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

**Meeting Minutes for May 25, 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 (Zoom)
Stuart Payment (Zoom)
Joan Steel
Suzanne Rogers
Patty Zoll
Amanda Diaz

The meeting was called to order by Ms. Mand at 2:00 p.m.

1. Public Comments

- a. No public comments were provided.

2. Committee Member Comments

- a. Ms. Zoll noted that the previously postponed Retirement Workshops due to the Alameda decision have been rescheduled to June 9, 2023, and June 16, 2023. An email was sent out yesterday announcing this update and provided information on registration for the workshops to all employees.

3. Minutes of Regular Meeting February 16, 2023

Motion to approve: 1. **Mr. Burgh** 2. **Ms. Horgan** **Motion Carries**

4. SageView Advisory Group Q1 2023 Investment Review

Mr. O'Shaughnessy (SageView) began with an overview of the economy, discussed the Feds raising interest rates more than 500bps and mentioned that the CPI peaked at 9% last June. As of today, the CPI is below 5% and continues to trend downward and we should be near the end of rate raising soon according to what has been done historically in this scenario. Although the Silicon Valley banking crisis contributed to the uncertainty that was experienced this quarter, it seems to be acute.

Mr. O'Shaughnessy continued with a review of the Q1-23 numbers, NASDAQ was up 17% in the first quarter and it was a phenomenal quarter. He noted that this is a good time to invest and not shy away from equities. There have been

low unemployment rates, however, if they trend upward and conditions do not improve, it will be hard for the Feds not to lower interest rates. On another note, value stocks are down this quarter, interest rates are currently at about 3.5% and the anticipation is that inflation will come under control in about 12-18 months.

Moving on to the 401(k) plan, there is currently \$1.2B in the plan, with Contrafund K6 being the largest held fund, and the Fidelity 500 Index and Fidelity Freedom 2030 K funds as the second and third largest held funds. He noted that 1/3 of the plans funds are held in the Target Date Funds, and the self-directed brokerage is the 4th largest held fund with \$73M in assets.

For the 457 plan, there is currently \$250M in assets, with the self-directed brokerage link being the most popular fund in this plan. Mr. O'Shaughnessy noted that the TDF's are not as highly utilized in this plan as they are in the 401k.

There was a discussion regarding moving the Target Date Funds (TDF's) from K share class to K6 share class. Mr. Atin noted the trade-off of moving to K6 creates more equity among participants. In addition, Mr. Atin expressed the need for evaluation methodology that is specific to the TDF's. SageView will provide options and draft language to assist in modifying the IPS.

There was a discussion around Fidelity's record keeping costs and if the County were to eliminate the use of TDF's how it will impact pricing. Mr. Atin asked Mr. O'Shaughnessy about the current pricing and he stated that Fidelity offers a great deal for the recordkeeping services they provide, with or without the small discount received with use of their TDF's.

Mr. O'Shaughnessy discussed the following funds and their performance along with the recommendation to leave all listed funds on the Watch List for this quarter.

- Fidelity Target Date Fund series
- Western Asset Core Bond IS
- Loomis Sayles Growth N – keep on for one more quarter

A. Motion to direct SageView to modify the IPS by creating a new evaluation criterion for Target Date Funds.

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

B. Motion made to approve SageView's recommendation to leave current funds on Watch List

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

C. Motion to approve review and renegotiation of Fidelity contract

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

D. Motion to Receive and File SageView's Investment Review

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

5. Fidelity Investments Quarterly Service Review.

Ms. Rogers started with an overview of the plan and the growth the plan has experienced since 2018. There are over 10,000 participants in the 401(k) plan and 3,800 in the 457; this includes active and termed/retired participants. The plan has over \$1.2B in the 401(k) and \$236M in the 457.

She continued to highlight the participation and engagement with the plan. The participation rate is 77% and participants tend to enroll and stay in the plan. She noted that many participants are using the EasyEnroll feature and savings rates are higher with this feature. The average deferral rate is 4.6%, and 43% of participants are deferring 8% or more to their retirement plan. Regarding loans, the utilization is at 28% which is a little high but considering location and cost of living it is not unreasonable.

Ms. Rogers noted that 34% of participants are saving over 10% and utilizing the annual increase program. As far as engagement within the plan, there are no employees in the deeply unengaged category as County employees are very engaged and tend to have higher balances due to increased engagement.

Mr. Atin requested that Ms. Rogers provide data at the next Committee meeting that includes demographics such as age, cohort, union and includes account balance(s).

A. Motion to Receive and File Fidelity Quarterly Service Review

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

6. SECURE 2.0 Act.

Ms. Zoll began with a high-level overview of the numerous provisions included in the SECURE 2.0 Act that impact government plans. Some of the items are the addition of a 401(k) Roth, age 50+ earning over \$145K in a prior year must make age 50+ catch-up contributions in Roth form; will need the Committee's approval to move forward with making these changes to the plan. Another item is increasing the RMD age and Fidelity handles this process for participants.

Ms. Zoll stated that the SECURE 2.0 topic will be an agenda item going forward for quite a while, however, today the Committee will need to approve the formal addition of the Roth option to the 401(k) plan to continue the work being done to initiate the addition. She added that the project team is already in place, and it includes Fidelity, County IT, Auditor-Controller, and VCHRP. The next Committee meeting will include at least one action item to start moving forward with implementation of some of the SECURE 2.0 provisions.

A. Motion to Approve Roth option to the 401(k)

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

7. Revenue Credit Allocation

Ms. Zoll stated that the plan document allows an allocation back to participants when the account balance exceeds \$1M, but does not mandate it. Committee discussed the revenue credit allocation and the disparity between the balances in the ERC accounts for the 401k and 457. A special request was made for the next meeting to have a discussion on revenue sharing and recordkeeping fees.

A. Motion to Direct Staff to Process a Revenue Credit Allocation of 50% exclusively from the 401(k) ERC balance

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

8. Information Agenda.

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

- A. 401(k) Expense Reimbursement Credit Account – Q1 2023**
 - i. Current balance of \$1.3M.
- B. 401(k) Safe Harbor Hardship Withdrawals – Q1 2023**
 - i. Total number of approved withdrawals this quarter: 16.
- C. 401(k) Facts and Circumstances Hardship Withdrawals – Q1 2023**
 - i. Total number of approved withdrawals this quarter: 7.
- D. Fidelity Service Level Agreement (SLA) Results – Q1 2023**
 - i. All metrics measured resulted in a “Pass” rating for the quarter.

A. Motion to Receive and File

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

Ms. Mand adjourned the meeting at 3:27 pm

Respectfully submitted,



Amanda Diaz
Deferred Compensation Program Analyst

**VENTURA COUNTY
DEFERRED COMPENSATION COMMITTEE
Section 457(b) Plan
CEO Rincon Conference Room, Hall of Administration
Ventura County Government Center**

**Meeting Minutes for May 25, 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 (Zoom)
Stuart Payment (Zoom)
Joan Steel
Suzanne Rogers
Patty Zoll
Amanda Diaz

The meeting was called to order by Ms. Mand at 3:27 pm.

1. Public Comments

- a. No public comments were provided.

2. Committee Member Comments

- a. Ms. Zoll noted that the previously postponed Retirement Workshops due to the Alameda decision have been rescheduled to June 9, 2023, and June 16, 2023. An email was sent out yesterday announcing this update and provided information on registration for the workshops to all employees.

3. Minutes of Regular Meeting February 16, 2023

Motion to approve: 1. **Mr. Burgh** 2. **Ms. Horgan** **Motion Carries**

4. SageView Advisory Group Q1 2023 Investment Review

Mr. O'Shaughnessy (SageView) began with an overview of the economy, discussed the Feds raising interest rates more than 500bps and mentioned that the CPI peaked at 9% last June. As of today, the CPI is below 5% and continues to trend downward and we should be near the end of rate raising soon according to what has been done historically in this scenario. Although the Silicon Valley banking crisis contributed to the uncertainty that was experienced this quarter, it seems to be acute.

Mr. O'Shaughnessy continued with a review of the Q1-23 numbers, NASDAQ was up 17% in the first quarter and it was a phenomenal quarter. He noted that this is a good time to invest and not shy away from equities. There have been

low unemployment rates, however, if they trend upward and conditions do not improve, it will be hard for the Feds not to lower interest rates. On another note, value stocks are down this quarter, interest rates are currently at about 3.5% and the anticipation is that inflation will come under control in about 12-18 months.

Moving on to the 401(k) plan, there is currently \$1.2B in the plan, with Contrafund K6 being the largest held fund, and the Fidelity 500 Index and Fidelity Freedom 2030 K funds as the second and third largest held funds. He noted that 1/3 of the plans funds are held in the Target Date Funds, and the self-directed brokerage is the 4th largest held fund with \$73M in assets.

For the 457 plan, there is currently \$250M in assets, with the self-directed brokerage link being the most popular fund in this plan. Mr. O'Shaughnessy noted that the TDF's are not as highly utilized in this plan as they are in the 401k.

There was a discussion regarding moving the Target Date Funds (TDF's) from K share class to K6 share class. Mr. Atin noted the trade-off of moving to K6 creates more equity among participants. In addition, Mr. Atin expressed the need for evaluation methodology that is specific to the TDF's. SageView will provide options and draft language to assist in modifying the IPS.

There was a discussion around Fidelity's record keeping costs and if the County were to eliminate the use of TDF's how it will impact pricing. Mr. Atin asked Mr. O'Shaughnessy about the current pricing and he stated that Fidelity offers a great deal for the recordkeeping services they provide, with or without the small discount received with use of their TDF's.

Mr. O'Shaughnessy discussed the following funds and their performance along with the recommendation to leave all listed funds on the Watch List for this quarter.

- Fidelity Target Date Fund series
- Western Asset Core Bond IS
- Loomis Sayles Growth N – keep on for one more quarter

A. Motion to direct SageView to modify the IPS by creating a new evaluation criterion for Target Date Funds.

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

B. Motion made to approve SageView's recommendation to leave current funds on Watch List

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

C. Motion to approve review and renegotiation of Fidelity contract

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

D. Motion to Receive and File SageView's Investment Review

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

5. Fidelity Investments Quarterly Service Review.

Ms. Rogers started with an overview of the plan and the growth the plan has experienced since 2018. There are over 10,000 participants in the 401(k) plan and 3,800 in the 457; this includes active and termed/retired participants. The plan has over \$1.2B in the 401(k) and \$236M in the 457.

She continued to highlight the participation and engagement with the plan. The participation rate is 77% and participants tend to enroll and stay in the plan. She noted that many participants are using the EasyEnroll feature and savings rates are higher with this feature. The average deferral rate is 4.6%, and 43% of participants are deferring 8% or more to their retirement plan. Regarding loans, the utilization is at 28% which is a little high but considering location and cost of living it is not unreasonable.

Ms. Rogers noted that 34% of participants are saving over 10% and utilizing the annual increase program. As far as engagement within the plan, there are no employees in the deeply unengaged category as County employees are very engaged and tend to have higher balances due to increased engagement.

Mr. Atin requested that Ms. Rogers provide data at the next Committee meeting that includes demographics such as age, cohort, union and includes account balance(s).

A. Motion to Receive and File Fidelity Quarterly Service Review

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

6. SECURE 2.0 Act.

Ms. Zoll began with a high-level overview of the numerous provisions included in the SECURE 2.0 Act that impact government plans. Some of the items are the addition of a 401(k) Roth, age 50+ earning over \$145K in a prior year must make age 50+ catch-up contributions in Roth form; will need the Committee's approval to move forward with making these changes to the plan. Another item is increasing the RMD age and Fidelity handles this process for participants.

Ms. Zoll stated that the SECURE 2.0 topic will be an agenda item going forward for quite a while, however, today the Committee will need to approve the formal addition of the Roth option to the 401(k) plan to continue the work being done to initiate the addition. She added that the project team is already in place, and it includes Fidelity, County IT, Auditor-Controller, and VCHRP. The next Committee meeting will include at least one action item to start moving forward with implementation of some of the SECURE 2.0 provisions.

A. Motion to Approve Roth option to the 401(k)

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

7. Revenue Credit Allocation

Ms. Zoll stated that the plan document allows an allocation back to participants when the account balance exceeds \$1M, but does not mandate it. Committee discussed the revenue credit allocation and the disparity between the balances in the ERC accounts for the 401k and 457. A special request was made for the next meeting to have a discussion on revenue sharing and recordkeeping fees.

A. Motion to Direct Staff to Process a Revenue Credit Allocation of 50% exclusively from the 401(k) ERC balance

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

5. Information Agenda

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

- A. 457 Emergency Withdrawals – Q1 2023
 - i. There were no emergency withdrawals this quarter.

Ms. Mand adjourned the meeting at 3:28 pm

Respectfully submitted,



Amanda Diaz

Deferred Compensation Program Analyst

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

**Meeting Minutes for May 25, 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 (Zoom)
Stuart Payment (Zoom)
Joan Steel
Suzanne Rogers
Patty Zoll
Amanda Diaz

The meeting was called to order by Ms. Mand at 3:29 pm.

1. Public Comments.

a. No public comments were provided.

1. Committee Member Comments.

a. No Committee member comments were provided.

2. Minutes of Regular Meeting February 16, 2023.

Motion to approve: 1. Mr. Atin 2. Ms. Gardner **Motion Carries**

3. Fidelity SRP 457 Savings Plan Review.

Ms. Rogers (Fidelity) presented a brief overview of the Supplemental Retirement Plan (SRP) 457 Savings Plan to the committee.

Contribution elections are currently invested in a managed income fund so there are no investments to review.

A. Motion to Receive and File

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

Ms. Mand adjourned the meeting at 3:30 pm

Respectfully submitted,



Amanda Diaz
Deferred Compensation Program Analyst