

Lane County Deferred Compensation Committee
Meeting Minutes - Approved
December 14, 2018

- I. Steve Mokrohisky called the meeting to order at 10:35 am. In attendance were Robert Tintle, Tanya Heaton, Paul Graebner, Clint Riley, Mary Miller and Ron Hjelm, Greg Settle (Hyas Group), and David Raffin (TIAA). Christine Moody was absent.
- II. September 10th committee meeting minutes were approved. (Will be posted on InsideLane.)
- III. Old Business
 - a. Greg reported that the Hyas Group audit of TIAA's revenue sharing error correction calculations and execution is continuing, as they are waiting for some final information from TIAA to clarify outstanding questions. Greg will send a written summary of our review when it is completed, which should be within a few weeks.
 - b. Dave shared information on the option for video chat meetings with a live counselor. It is at no additional cost and would be an enhancement to current counseling. It can be done after hours by Skype or phone. The Committee asked for more detail, and if a Webex option was available.
 - c. Dave reported that <40% of counseled employees take action on advice. Employees who meet with a live counselor take action on advice at a higher percentage.
 - d. TIAA will provide information every 6 months included the funds remaining for comparison (match to terminated dates/people leaving).
 - e. The Committee discussed the large accrued balance in the Administrative Accounts and decided to take action at the next Committee meeting to reduce the balance. Greg will be prepared to assist with this discussion at the next meeting. Budget audit showed that the fund balance in Lane County's account is approximately \$150,000. Yearly expenses are estimated at \$45,000. The Committee discussed next steps.
 - Verify exact balance, and any additional amount in revenue account (i.e., \$18,000)
 - Determine appropriate reserve (e.g., \$25,000)
 - Identify potential expenses (i.e., plan audit \$25,000; RFP in 2020 \$30,000)
 - Identify potential member opportunities (i.e., fee holiday, distribution, education, financial wellness fair.)
 - Determine how to avoid future overages.

IV. New Business

- a. The Committee reviewed the TIAA Report as of YTD 9/30/18: Participant and Service Activity Update: Assets = \$112.1 million (8.6% increase year-over-year); Contributions = \$8.2 million (9.6% increase year-over-year), Distributions = \$9.8 million (3.4% decrease year-over-year); 1,946 participants= 1,016 active, 741 terminated, 189 other. Average balance is \$58,073. Engagement = 220 in person through November 2018.
- b. Plan efficiency profile was not discussed.
- c. Greg reviewed the third quarter 2018 plan and investment performance report. One currently available Plan investment was found to be underperforming the Plans' performance standards, and is discussed below:
 - The American Beacon Large Cap Value Fund's dip into sub-standard five-year performance continued in spite of the fund having a good year through mid-December of 2018. Given that performance has been strong in both 2017 and 2018, no action was taken.
- d. Greg presented a review of the fees and performance history of Fidelity's new suite of index funds. The Committee noted that although the fee cuts are substantial in percentage terms, the dollar savings are minimal, due to the small amount of assets involved and the already low fees we have in this area. The Committee agreed to revisit this topic at the next meeting, to see if Vanguard has responded to Fidelity's new cost leadership.
- e. The Committee reviewed the Q3/2018 Hvas Group Report on Regulatory and Industry News. Greg provided overview of the markets. A yield curve inversion is happening now, and occurs when the yields on shorter term maturity bonds become higher than those of longer maturity bonds. Historically inversions have been strong leading indicators of recessions.
- f. Paul and Ron attended the NAGDCA meeting and reported on these topics
 - Strategies to increase enrollment include passive (vs. active) enrollment, include auto-enroll in CBA.
 - Retention of retirees' assets by providing well-performing Stable Value Fund.
 - Cyber security, and unauthorized distributions (e.g., spouse). In response to Paul's November 8, 2018 e-mail to David, and the other members of the committee, asking whether TIAA agrees to reimburse participants for unauthorized withdrawals, David reported that TIAA does cover participant losses from unauthorized distributions. He also advised that he believes that this is also contained in our vendor contract and will bring the applicable provisions to our next meeting. Dave confirmed that TIAA would cover any related loss due to unauthorized distributions. Additional questions are: What is the language in the agreement? How

does the County know if there is an unauthorized distribution? What does TIAA know?
What are broader issues?

- g. NAGDCA Award Opportunities were not discussed.
- h. The Committee discussed the increasing concern in the industry about cyber security and fraud prevention. It was decided that this may be a topic for continued discussion at the next Committee meeting. Greg will be prepared to bring an update from the SPARK group that is working on cyber security standards, as a Hyas Team member is on the SPARK Data Security Oversight Board.
- i. A Committee member suggested that a review of stable value fund types and the various trade-offs between liquidity, return, and risk be undertaken at an upcoming meeting. Greg will prepare a presentation on this topic in advance of the meeting date selected for this training.

Greg presented information about American Beacon's new R6 Share Class for the Large Cap Value Fund, which offers a lower expense ratio than the Institutional Share Class currently offers in the Lane County Plans. The Committee voted to move to the new R6 Share Class. Greg will send Mary language to use when instructing TIAA to make this change by December 21. (Note: This has been completed.)

- V. Steve adjourned meeting at 12:05 pm.