



COMMITTEE:

Andrew Sisk, Auditor Controller
Tristan Butcher, Treasurer/Tax Collector
Jane Christenson, County Executive Officer
Kate Sampson, Human Resources Director (Chair)
Matt Bartholomew, PPEO Representative
Noah Frederito, DSA Representative
Will Dickinson, Retiree Representative

DEFERRED COMPENSATION COMMITTEE
February 22, 2023 | 1:30PM
REGULAR MEETING MINUTES

Placer County is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you are hearing impaired, we have listening devices available. If you require additional disability-related modifications or accommodations, including auxiliary aids or services, please contact the Executive Secretary. If requested, the agenda shall be provided in appropriate alternative formats to persons with disabilities. All requests must be in writing and must be received by the Executive Secretary five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.

Public Participation Procedures

In order to protect public health and the safety of our Placer County citizens, attendance for the Deferred Compensation Committee will be offered as a completely virtual Zoom meeting webinar. The Human Resources Department will be closed to public attendance.

Join from a PC, Mac, iPad, iPhone, or Android
<https://placer-ca.gov.zoom.us/j/99544006840>

Join by Telephone
Dial: 669-900-6833 OR 877-853-5247 (Toll Free)
Webinar ID: 995 4400 6840

In compliance with Governor Newsom's Executive Order N-29-20-EO on telephone meetings, the public's participation will be supported through web or phone participation for attendees. When Public Comment is opened, participants may "raise hand" to be called upon to give their public comment.

1. Those joining online through the web meeting should "Raise Hand" in the Zoom meeting window. The Clerk will call on them by the name they entered in the Zoom session, and they will be prompted to unmute their microphone so they can state their name for the record and give their comment.
2. Those who are calling in via phone may dial *9 to raise their hand once Public Comment is opened. The Clerk will read out the caller's phone number and they will be notified that they are unmuted. The Clerk will then direct them to state their name for the record and give their comment.

Alternatively, citizens may submit their comments in written form to the Clerk at jmckeig@placer.ca.gov. All public comments received prior to 8:00AM the day of the meeting will be provided to Committee members electronically or in written form. Emails received through the Clerk's email address after 8:00AM the morning of the meeting will still become part of the official record and will be retained by the Clerk but will not be disseminated to the Committee prior to the Committee's action.

OPEN SESSION

Call to Order | 1:35 PM

Roll Call | Judy McKeig

Members Present | Sisk, Butcher, Christenson (departed 2:26PM), Sampson, Bartholomew, Dickinson (joined 1:38PM)

Members Absent | Frederito

Staff | Brett Holt, Nicole Lopez, Jon Harned, Judy McKeig

Public Comment:

Persons may address the Committee on items not on this agenda. Please limit comments to 3 minutes per person since the time allocated for Public Comment is 15 minutes. If all comments cannot be heard within the 15-minute time limit, the Public Comment period will be taken up at the end of the regular session. The Committee is not permitted to take any action on items addressed under Public Comment.

1. Approval of Agenda | Regular Meeting, February 22, 2023

Motion: Bartholomew/Christenson/Unanimous 6:0

Ayes: Sisk, Butcher, Christenson, Sampson, Bartholomew, Dickinson

Absent: Frederito

No public comment.

2. Approval of Minutes with Edits | Special Meeting, December 14, 2022

Motion: Dickinson/Sisk/Unanimous 5:0

Ayes: Sisk, Butcher, Christenson, Sampson, Dickinson

Absent: Frederito

Abstain: Bartholomew

Request by Dickinson to transcribe his discussion with LFG asking for a better rate on the Stable Value Fund and including LFGs response.

No public comment.

3. Biennial Election

Elect a new chair, or re-elect the current chair, to serve a two-year term, by majority vote of the current Committee members.

Motion by Sisk to re-elect Kate Sampson.

Motion: Sisk/Dickinson/Unanimous 6:0

Ayes: Sisk, Butcher, Christenson, Sampson, Bartholomew, Dickinson

Absent: Frederito

No public comment.

4. Lincoln Financial Group Quarterly Program Update

Presenters: Alison Layne, Dana Coleman, Bob Cowser

Receive a Quarterly Plan and Performance Review, and Communication & Education Strategy Update.

Ms. Layne presented the Quarterly Report as of December 31, 2022. LFG is reviewing the recently passed Secure Act 2.0 with County staff who will assess and recommend any changes to the County's plans at a future meeting. Data protection and cybersecurity continues to be a priority. Under its shared responsibility initiative, LFG will make employees whole if their account is hacked, provided they have taken steps to secure their account online.

56% of active and eligible employees are participating in one or both plans. Assets across the 401(k) and 457(b) plans total over \$228 million with 17.5% of total assets invested in the Stable Value Fund.

The rate for the Stable Value Fund is determined by LFG on regular basis and the July 1, 2023 adjustment is pending. Mr. Dickinson asked if LFG could offer an option with a rate better than 2% and noted other options available in the market. The Committee discussed reasons for the rate difference such as liquidity, time locks, and federal rate increases. Ms. Sampson noted the county plan includes a self-directed brokerage account with TD Ameritrade that offers a variety of options to address participant interests. Mr. Cowser offered to assist participants with navigating self-directed brokerage options through TD Ameritrade. Currently, 22 participants utilize the self-directed brokerage account with two participants investing 100% of their assets. LFG will promote the option if the Committee directs.

Ms. Coleman reviewed the Communication and Education Strategy. In 2022, LFG met with 427 attendees in 21 group meetings, and another 524 participants in one-on-one meetings. LFG is open to resuming in-person meetings. Mr. Cowser will attend HR's All Staff Meeting in May and is available for other departments as needed. Common topics have been investment review, market volatility, account set up, enrollment changes in Workday, and Roth information.

Ms. Coleman reviewed the 2022 print and digital campaign response rates and previewed the proposed campaigns for 2023. Asset consolidation launched in January. Future campaigns include Path2Retirement, Tax Savings, Save More, Beneficiary Review, Account Review, Missing Match, Web Registration, and National Retirement Security Month.

No public comment.

5. Consulting Services | Fee Benchmarking Proposals

Receive and review consulting services proposals and provide direction.

At its last meeting, the Committee requested updated proposals from Gallagher Fiduciary Advisors and the Hyas Group to focus on fee benchmarking. Ms. Lopez introduced representatives from both groups and invited them to present their respective proposals.

Gallagher is represented by Paul Grutzner, Senior Vice President, and Karen Mack. Mr. Grutzner provided a brief company background, noting Ms. Mack leads their West Coast actuarial practice. Gallagher is a top five retirement consulting shop in the US and does not offer internal products. They have three ERISA attorneys and 25 chartered financial analysts on staff. Government consulting is an area of growth; they are a member of the National Association of Government Defined Contribution Administrators (NAGDCA) and can advise clients on pending legislation. They assist with creating and implementing an education

policy statement and offer record keeping best practices. They are one of the largest consultants in the cyber security field and help clients gauge their employees' financial health. Mr. Dickinson asked if they offer plan administration services like LFG or if they focus on reviewing services. Mr. Grutzner confirmed they review the services of other providers as an independent advisory consultant with most of their work in the benchmarking area. Ms. Sampson inquired if they have governmental clients in California and Mr. Grutzner will follow up with a list.

Hyas Group is represented by Vincent Gallindo who introduced his partners, Ted Grigsby, and Tom Breaden. Mr. Gallindo noted they consult to many neighboring counties including San Joaquin, Nevada, Merced, Napa, Yolo, and Butte. Hyas formed ten years ago but members of the team have been working together for approximately 20 years. They have seven senior consultants with 160 years of combined experience. Hyas manages approximately 10-20 Requests for Proposals (RFPs) every year and has a firm grasp on data points and what the industry can competitively offer. They have 110 public sector clients in California including 29 counties. They utilize a team approach and approximately 20 staff would work on Placer's project. Their proposal would review plan fees, as well as other services offered by LFG such as service level guarantees, on-site days, and wellness. Other factors included in their analysis are outsourcing plan sponsor duties to the record keeper, part time social security plan, and the crediting rate benchmark. Their fee proposal includes service level guarantees which they have never had to pay as they pride themselves on their customer service.

Mr. Dickinson asked Mr. Gallindo to explain the "current crediting rate of the proprietary capital preservation." Approximately 20 years ago, recordkeeping or mutual fund companies would offer to keep records for a client's retirement plan at no charge in exchange for having their own proprietary funds available in the lineup. Today, the move is to open architecture where the client chooses which funds to offer but would see a reduction in price if they choose a proprietary fund. These are typically a capital preservation fund such as a stable value or money market fund. Lincoln's Stable Value Fund is a declared rate product with the rate set by its committee for a certain period. Because of Hyas' work on RFPs, they know what crediting rates are being paid to other counties. Mr. Gallindo explained the county has leverage to negotiate the crediting rate and it's important Placer has a strong advocate to help negotiate what is best for participants while strengthening its professional relationship with the record keeper.

Mr. Dickinson and Mr. Sisk shared a preference for the Hyas Group proposal. Ms. Sampson received positive feedback from peers with other California counties who are Hyas clients. Mr. Bartholomew inquired how the fee would be paid. HR will cover the fees as a benefit program administered by HR.

Motion by Dickinson to proceed with the Hyas Group and allow HR discretion to determine the scope of services to be provided.

Motion: Dickinson/Butcher/Unanimous 5:0

Ayes: Sisk, Butcher, Sampson, Bartholomew, Dickinson

Absent: Frederito, Christenson

No public comment.

6. Committee Member Comments

a. Ms. Sampson:

- i. The Committee will return to in-person meetings after February 28, 2023, at HR's conference room, due to revisions to the Brown Act under AB 2449. Pre-COVID or traditional teleconferencing rules are in effect with allowances for "emergency" or "just cause" reasons twice a year per member, but require a quorum of the membership be in-person. Vendors, staff, and members of the public may participate virtually.
 - ii. Reminder for members to submit their Form 700 by April 1, 2023.
 - iii. There are two member changes to the Committee. Lisa Doty will replace Matt Bartholomew as the PPEO representative and Stephanie Holloway will replace Jane Christenson as the CEO designee.
- b. Mr. Sisk thanked Mr. Bartholomew for his work during the transition to LFG.
 - c. Mr. Dickinson thanked the members and staff for obtaining the benchmarking proposals.

CLOSED SESSION

Pursuant to the cited authority (all references are to the Government Code), the Deferred Compensation Committee will hold a closed session to discuss the following listed items. A report of any action taken will be presented prior to adjournment.

7. §54956.9 – CONFERENCE WITH LEGAL COUNSEL

- a) Anticipated Litigation:
 - i. Potential exposure to litigation pursuant to subdivision (d)(2) of Government Code §54956.9: One potential case.

Report Out of Closed Session: the Committee heard one report, no action was requested and none was taken.

8. Adjournment to the next Regularly Scheduled Meeting | 3:10PM

2023 Regular Meeting Schedule

Fourth Wednesday Quarterly at 1:30PM, except where potential holiday conflicts exist *

Wednesday, May 24, 2023, 1:30PM
Wednesday, August 23, 2023, 1:30PM
Wednesday, November 15, 2023*

Location

Human Resources, 145 Fulweiler Avenue, 1st Floor Conference Room, Auburn, CA 95603