



COMMITTEE:

Andrew Sisk, Auditor Controller
Tristan Butcher, Treasurer/Tax Collector
Stephanie Holloway, County Executive Officer
Kate Sampson, Human Resources Director (Chair)
Lisa Doty, PPEO Representative
Travis Thornsberry, DSA Representative
Will Dickinson, Retiree Representative

**DEFERRED COMPENSATION COMMITTEE
MAY 30, 2023 | 3:30PM
SPECIAL MEETING AGENDA**

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 Clerk. 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.

The Deferred Compensation Committee meeting will be open to in-person attendance at the Human Resources Department, 1st Floor Conference Room, 145 Fulweiler Avenue, Auburn, CA 95603. No Zoom option is available for this meeting.

Alternatively, citizens may submit public comment in written form to the [Committee Clerk](#). All public comment received prior to 8:00AM the day of the meeting will be provided to Committee members electronically or in written form. Emails received by the Clerk after 8:00AM the morning of the meeting will become part of the official record and retained by the Clerk but will not be disseminated to the Committee prior to the Committee's action.

OPEN SESSION

Call to Order | 3:31 PM

Oaths of Office: Tristan Butcher, Stephanie Holloway, Lisa Doty, Travis Thornsberry
Administered by Brett Holt, Chief Deputy County Counsel

Roll Call | Judy McKeig

Members Present | Sisk, Butcher, Holloway, Sampson, Doty, Thornsberry, Dickinson
Staff | Brett Holt, Nicole Lopez, Jon Harned, Judy McKeig

Public Comment:

This is a special meeting pursuant to Government Code Section 54956. Public comment is limited to items appearing on the agenda. Pursuant to Government Code Section 54954.3, the public shall have the right to comment on any item appearing on the agenda prior to consideration of the item. Public comment on items not appearing on the agenda should be made at a regular meeting of the Committee.

1. Approval of Agenda | Special Meeting, May 30, 2023

Motion: Dickinson/Holloway/Unanimous 7:0

Ayes: Sisk, Butcher, Holloway, Sampson, Doty, Thornsberry, Dickinson

No public comment.

2. Approval of Minutes | Regular Meeting, February 22, 2023

Motion: Butcher/Dickinson/Unanimous 4:0:3

Ayes: Sisk, Butcher, Sampson, Dickinson

Abstain: Holloway, Doty, Thornsberry

No public comment.

3. Lincoln Financial Group Quarterly Program Update

Presenters: Alison Layne

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

Ms. Layne presented the March 31, 2023 (Q1) Quarterly Report and the Communication Update.

Q1 combined plan assets total \$237.6 million with contributions of \$3.1 million and distributions of \$5.4 million. The expense account balance is \$4,279 and all service level guarantees passed as of 12/31/2022. Forfeitures totaled \$33,105. The Lincoln Stable Value Fund has \$38.7 million in assets and is due for a rate change effective July 1, 2023.

The 401(k) plan has \$140.7 million in assets with a 41.3% participation rate and 8.1% Roth participation rate. Contributions totaled \$1.8 million. The beneficiary rate remains low at 31%. LFG offered to create an information postcard for the County to mail directly to participants. The average account balance is \$57,356 and loans have increased slightly to \$1.1 million. Target date funds are well diversified. The Lincoln Stable Value fund has 138 single fund participants, 102 of whom are 61-years or older.

The 457(b) plan has \$96.9 million in total assets with a 27.6% participation rate and 5.9% Roth participation rate. Q1 contributions totaled \$1.2 million. The beneficiary rate is similarly low at 37%. Distributions totaled \$2.4 million, and the average account balance was \$67,000. Target date funds are well diversified. The Stable Value fund is the highest utilized single fund with 93 of the 122 participants 61-years and older.

During Q1, Retirement Consultant Bob Cowser met with 115 employees individually and held seven group meetings over 16 service days. Topics included account review, investment education, Roth IRAs, and web registration. Usage of LFG's mobile application increased by 29%. Not all plan participants have an online account, and LFG mails postcards to these participants encouraging online registration in order to access their statements. Future outreach campaigns and quarterly key initiatives were discussed.

Committee members discussed the Stable Value Fund rate, forfeited assets, and hardship requests.

4. Plan Fee Benchmarking Report | Hyas Group

Presenter: Vincent Galindo

Receive a report and provide direction.

The Hyas Group (Hyas) was retained to analyze the current plan fees. Hyas handles on average one Request for Proposal (RFP) per month and has 160 clients, with approximately

half being California counties. Hyas utilized data points from their RFPs and clients to provide benchmarking statistics and project responses if proposals were solicited.

Mr. Galindo provided a report: "County of Placer, Benchmarking of Recordkeeping Fees, Services, and Other Features", which is available upon request from the Clerk.

The Fee Benchmarking Table (report, page 2) includes clients Hyas determined to be comparable to Placer and includes counties, cities, and utility districts. Data points analyzed are total plan assets, average account balance, recordkeeper expenses, crediting rate, and service days. The three main factors influencing recordkeeping pricing are total plan assets, average account balance, and cash flow in and out of the plan. Secondary factors are geographic location, ancillary services, managed accounts, and the type of plan sponsor.

The Committee made observations about potential factors that may influence vendors' proposal strategy.

Mr. Gallindo reviewed bids on eight plans from the past six to nine months. On average, vendors offered a 0.047% recordkeeping fee, a 2.61% crediting rate, and 72 service days. Bids may have been dependent on factors such as economic conditions, geographic location, and the number of clients in each area.

Mr. Gallindo responded to inquiries regarding the role proprietary funds play in vendor pricing for record keeping, as well as factors that may influence LFG's current crediting rate to County participants in the Stable Value Fund.

Hyas concluded the terms of the County's contract with LFG are slightly outside of the market average, noting this is not unusual given the contract's inception in 2017. If the County were to engage in an RFP, it's possible it could receive proposals with recordkeeping fees of 0.03% to 0.05% in comparison to LFG's 0.045%, and a crediting rate of 3% compared to the current 2% return on the Stable Value Fund. Hyas projected the County plans could experience potential savings of \$425,500 in year one, increasing over time, if subject to current market averages.

Hyas proposed several options for next steps, including negotiating contract terms, adjusting the investment menu, and issuing an RFP or Request for Information (RFI). After confirming discussions on this matter must be held in open session under the Brown Act, the Committee discussed crediting rates, participant costs, and the County's history with record keeping providers. Hyas reported their clients typically request proposals from the market every 10 to 15 years, depending on their procurement policies and business relationships. The Committee directed retention of the Hyas Group to negotiate contract revisions with LFG and report back at the next regular meeting.

5. Fiduciary Review Report

Presenter: Nicole Lopez

Receive and approve the 2022 Fiduciary Review Report.

Supporting documents on file with the Clerk and available upon request.

Ms. Lopez reported staff have completed their review and updated the annual report. There was an increase in the 401(k) match to \$1,500 for certain groups (item 4); the number of contribution deposits to the 457(b) plan (item 6) was confirmed; and the Fiduciary Liability Insurance Policy (FLIP), which renews mid-year, is current through July 1, 2023, and will be renewed for the next year with minimal changes. The report is effective through December 31, 2022. Ms. Sampson reminded the committee it proactively requested the Fiduciary Report be presented annually for approval and noted the 2022 changes are non-substantive.

Motion to Approve: Sisk/Butcher/Unanimous 7:0

Ayes: Sisk, Butcher, Holloway, Sampson, Doty, Thornsberry, Dickinson

6. Committee Member Comments

None

7. Adjournment to the next Regularly Scheduled Meeting | 5:03 PM

2023 Regular Meeting Schedule

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

Wednesday, August 23, 2023, 1:30PM

Wednesday, November 15, 2023*

Location

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