



KINGS COUNTY DEFERRED COMPENSATION OVERSIGHT COMMITTEE

Meeting Minutes

Monday, December 11, 2023

10:01 a.m. - 11:58 p.m.

Kings County Government Center

South Drive Conference Room (Located in the two-story building)

1426 South Drive, Building B

I. Roll Call

Carolyn Leist

Attending: Erik Ureña; Carolyn Leist; Tammy Phelps

Absent: Kyria Martinez: Retiree member - vacant

Staff: Rise Donlon, County Counsel; Melissa Avalos, Human Resources:

Others: Chris Langstaff, NFP; Heather Corder, KART; Kim Harmon, public; Terry King, KCAG

Others by Zoom: Shawn Baker, MissionSquare; Brian Wilhelm, MissionSquare; Tom Doz, MissionSquare; James Collins, MissionSquare

II. Public Comment

None

III. Approval of Minutes from September 11, 2023

Tammy Phelps

Motion to approve the minutes from September 11, 2023, by Carolyn and second by Erik; Erik - aye, Tammy - aye, Carolyn - aye, passed by roll call

IV. Retiree Nomination

Carolyn Leist

Carolyn introduced Kim Harmon, retiree from Child Support Services. Kim is interested in being our Retiree member. The criteria for the retiree member is that they must have money in the Plan and be retired from County service.

Motion to approve Kim Harmon as the new Kings County Retiree member of the Deferred Compensation Oversight Committee, by Carolyn and second by Tammy; Erik - aye, Tammy - aye, Carolyn - aye, passed by roll call

V. Review 3rd Quarter 2023 Plan Summary Information

MissionSquare

Shawn introduced MissionSquare staff by Zoom. Brian Wilhelm is filling in for Raj until they can find a permanent replacement. Tom Doz stays in the office and does not travel, so he can be more responsive if we need anything quickly. James Collins is a Certified Financial Planner.

Shawn said that total Plan assets were \$47.2 million but were now \$49.5 million after this morning's market pop. Participants are doing what they should, there is not a lot of panicking or flight to quality going on. The largest portion of Plan assets, 24%, is in the Stable Value Fund, but that is only the third largest for new money/contributions. The Target Date Funds have the most new money/contributions. We want retirees to continue to take advantage of the Plan and services and it looks like that is happening.



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VI. Legislative and Regulatory Update

NFP

Chris explained the new IRS contribution limits for the upcoming year. The normal contribution limit will go from \$22,500 to \$23,000.00. The catch-up provision will stay the same at \$7,500.00. The IRA contribution limit increased from \$6,500 to \$7,000 and the IRA catch-up limit remained the same at \$1,000.00.

At a future meeting we will revisit the Secure 2.0 legislation. There will be optional provisions in 2024 we may want to consider. Carolyn said this has already on the agenda for the March 2024 meeting. She noted that MissionSquare is already making adjustments to their system to accommodate the mandatory Secure 2.0 provisions.

VII. Investment Analysis and Fund Recommendations

NFP

Chris provided a market update for the third quarter. Equity and Fixed Income markets were both negative for the quarter, as long-term rates rose to levels not seen in over 15 years (as measured by the 10 Yr. Treasury). The rise in rates over the quarter negatively impacted the fixed income market, which was down 3.2%, bringing year-to-date returns negative, down 1.2% (Bloomberg Barclays Aggregate). International equities continued to underperform their U.S. equity counterparts. Small Cap Value was the best performing U.S. equity asset class, down 3.0% (Russell 2000 Value), outperforming Small Cap Growth which was the worst, down 7.3% (Russell 2000 Growth). Unemployment increased to 3.8% over the quarter, but the U.S. labor market continued to remain tight overall. The Federal Reserve raised rates 25 basis points over the quarter, indicating that rates would likely be higher for longer given the current inflationary outlook. (All data from MPI)

Chris explained the scorecard system for our new retiree member. Total assets in the plan are \$45,168,429.61 as of 9/30/23. The Target Date series scored an 8 out of 10 and continues to look good performance wise.

The following funds were flagged and recommended for the Watch List:

American Funds Washington Mutual R6 (in acceptable range at score of 7 but will remain on the Watch List until the fund has scored within acceptable range for four consecutive quarters.)

Virtus Ceredex Mid-Cap Value Equity I (third quarter on Watch List)

MFS Mid Cap Growth R6 (first quarter on Watch List)

American Funds Europacific Growth R6 (recommend keeping on Watch List even though four quarters on watch.)

The funds on watch list will continue to be monitored closely going forward.

It was recommended that we offer an educational session for our new member explaining Growth, Value, Small Cap, Larch Cap, etc. Several of our existing members indicated that they would also benefit from a refresher.

Motion to approve the Watch List as recommended, by Tammy and second by Carolyn; Erik - aye, Tammy - aye, Kim - aye, Carolyn - aye, passed by roll call



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VIII. **Secure 2.0 – Loan Options**

MissionSquare

In 2023 we had \$200,000.00 in loan issuance and \$118,000.00 in repayment. We may need a special meeting if we get an update on the Secure 2.0 loan options before the scheduled March meeting. Our current loan program is limited to 50% of the participant's balance or \$50,000.00, whichever is less. If the participant leaves County employment, any outstanding loan balance must be paid back within 60 days, or the loan will be defaulted.

IX. **Review of NAGDCA Conference**

Carolyn Leist

Carolyn and Chris gave a briefing on the NAGDCA Conference. Carolyn said they talked a lot about recruitment and retention. Auto enrollment is helpful at getting and retaining participants. Carolyn wants to add something to the newsletter to promote the Plan. We may need more meetings with the MissionSquare representative. She wants them out in the outlying areas to pitch the Plan. They talked about communicating complex plans and marketing to employees.

Chris said NFP provided a write up on each session and that we need to engage participants based on generational perspectives. They talked about the use of target date funds, more focus on the decumulation phase, and an individualized approach. Carolyn mentioned a NAGDCA fee task force. Chris said that when we RFP, it is recommended the Committee be involved in the process, not just a Procurement/Purchasing Department. Carolyn and Chris agreed that the keynote speaker was exceptional. Her name was Robin Benencase. She does world adventure races and emphasized the importance and positive impact of networking and collaboration with other groups in accomplishing common goals.

X. **Annual Reserve Amounts/Review**

MissionSquare

Shawn said the Administrative Allowance is at \$65,683.25. Carolyn informed the Committee that \$32,000.00 goes to reimburse Human Resources for the NAGDCA Conference, NFP costs, etc. She said that in 2025 we will need to conduct an RFP for advisor services, and we also need a mock IRS audit (recommended timing is every five to seven years as best-practice). The reserve policy allows a maximum of \$93,000.00. Anything beyond that should be given back to participants. Carolyn mentioned that she would like to start sending two people to the NAGDCA conference going forward.

XI. **2024 Retirement Contribution Limits**

MissionSquare/Carolyn

Shawn talked about the Contribution limits for 2024. They're going from \$22,500.00 to \$23,000.00. The catch up for 50 years and older will be \$7,500, for a total of \$30,500.00. Preretirement catch up for the three years prior to reaching normal retirement age is twice the elective deferral limit of \$23,000.00 (\$46,000.00) to the extent elective deferrals were not maxed out in prior years.

XII. **Review of Monthly CFP Webinars**

MissionSquare/Carolyn

James Collins, Certified Financial Planner (CFP), stated that he has been with MissionSquare for Seventeen years. His job is to map out resources and coach participants, but he doesn't represent or sale products. He looks at all income and helps to make sure the participant is on track for retirement. The CFP webinars and individual consultations are valuable services.



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MissionSquare has a team of CFPs to help. James showed the 2023 webinar schedule and will send out the 2024 schedule. MissionSquare targets invitations to applicable participants and the CFPs are not selling anything, they are just guiding and providing options. If a participant is 40 years or older and has at least \$40,000.00 with the plan, they get free financial planning. Consultations are generally always free. If the participant has at least \$100,000.00 in the plan, they are eligible for free personalized financial planning.

XIII. Adjourn

The meeting was adjourned at 11:58 a.m.

Note:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Human Resources Front Desk, or Carolyn Leist, Human Resources at 559-852-2510, by 4:00 p.m. on the Thursday prior to this meeting.

2024 UPCOMING REGULAR MEETINGS AND SUBJECTS

<p>March 11</p> <ul style="list-style-type: none"> • Review Q4 2023 plan summary information • Legislative and Regulatory Update • Investment Analysis and Fund Recommendations • Committee Education Plans for 2024 • Participant Education Plans for 2024 • Fee Disclosure Responsibilities • Determine 2024 NAGDCA Conference Attendee <p>June 24</p> <ul style="list-style-type: none"> • Review Q1 2024 plan summary information • Annual Fiduciary Investment Review • Investment Policy Review • Provider Performance Review 	<p>September 9</p> <ul style="list-style-type: none"> • Review Q2 2024 plan summary information • Provider Annual Plan Review • Investment Analysis and Fund Recommendations • NFP Contract Renewal <p>December 9</p> <ul style="list-style-type: none"> • Review Q3 2024 plan summary information • Plan Document Review • Review of NAGDCA Conference • Set 2025 Meeting Schedule
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Agenda backup information and any public records provided to the Committee after the posting of the agenda will be available for the public to review at the Human Resources Office and Administration Building, 1400 W. Lacey Blvd., Hanford, for the meeting date listed on this agenda.