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**SAN MATEO COUNTY
 DEFERRED COMPENSATION COMMITTEE MEETING
 FEBRUARY 16, 2017 MINUTES**

Committee Attendees: Lillibeth Dames, Joe Demeo, John Kovach, Bridget Love, Steve Perry, Glenn Kulm (by phone), and David Whisman.

Absentees: Donna Vaillancourt, Bill Tugaw and Michael Wentworth

Other attendees: Jay Castellano, Lisa Okada, Marife Ramirez, Paul Hackleman,(SST Benefits), Bob Gleason, Jeff Blanchard, Patrick Washington (MassMutual).

The meeting was convened at 9:02.

Description of Item for Discussion	Action Taken by Committee
Approval of November 17, 2016 Meeting Minutes	The regular meeting minutes were approved unanimously without change.
Status Update <ul style="list-style-type: none"> Benchmark of Services (\$10,000 Penalty) Paperless Statements 	<p>Bob reported that MassMutual had made progress but not finalized options. He suggested that part of the pre-meeting conference call be devoted to a discussion of the progress in anticipation of the May meeting.</p> <p>Bob reminded the Committee they had approved a move to a paperless statement system where individuals will receive their quarterly statements in their website accounts. MassMutual will communicate this change in March 2017. All employees and retirees will receive a mailed copy communicating the change. A second communication will go out in early April.</p>
Survey of Plan Transition Satisfaction	<p>Patrick reviewed a 3+ minute video on the importance of participating in the plan and responding to several issues raised in the survey including high fees (which are actually considerably lower) the SAGIC rate which is nearly 3% but is appropriately tied to underlying returns. Individuals will be provided three locations they can attend educational sessions and the communication will also feature Patrick's e-mail address.</p> <p>The Committee previously explored numerous strategies to increase participation. The County will be using the Wellness Champions, but has already reached out to Payroll Council participants and LMS Administrators as ways to communicate information.</p>
Approval of Investment Review Comments / Recommendations	<p>Jeff summarized the quarterly market report provided to the Committee by Bill. The S & P was up nearly 4%, small cap did the best at nearly 30%, international was at 1% and emerging markets did very well at nearly 11%. Bonds were understandably down except that high yield bonds did quite well at 17%. Earning and inflation were both up, GDP moving slowly with an anticipated Federal rate hike in March, 2017. Housing market is</p>

	<p>looking good for now but increasing mortgage rates may impact this area down the road. Within this market the San Mateo County investments performed well and MFS which had been one fund with poor performance in prior quarters sprang back in the fourth quarter and is doing very well so far in the first quarter of 2017. The Committee unanimously accepted the report with no action taken on the MFS fund.</p>
<p>Education – Rollovers / Communication Campaign</p>	<p>Patrick reviewed rollovers indicating that a total of \$113,866 had been used to fund purchasing of SamCERA credits for DB service while \$1.4 million was rolled out to outside providers, mostly for IRAs. The Committee asked Bob to explore doing exit interviews with individuals who roll their funds out. The Committee also agreed to look at quarter figures for the May meeting as well as the latest version of the Rollover Checklist and a “cover letter” discussing the advantages of keeping funds in the plan. The Committee approved the format of the information and agreed to continue looking at rollovers with the intent of doing as much as possible to minimize through education..</p>
<p>Single Fund Participants</p>	<p>The Committee discussed developing a communication to employees in both the 457(b) and 401(a) plans who were moved into the SAGIC account as the default investment. Since the DOL has subsequently approved Target Date Funds as the default investment the Committee wanted to develop a strategy both for the protection of participants and also for due diligence reasons to move or communicate to participants regarding the new default option. For those individuals who never modified their investment based on the initial enrollment in SAGIC, a letter would be developed to let them know that as of a specified date, all funds would be moved from the SAGIC to the appropriate Target Date Fund. MassMutual will identify the “banding” that will be done for the different age groups and Paul agreed to develop the initial communication draft letting these recipients know of the pending action. Individuals would clearly have the ability to remain in the SAGIC by positive action; all others would be moved from the SAIGC to the age appropriate Target Date Fund.</p> <p>A second group of individuals who were placed in SAGIC but <u>have</u> taken some action (investing in other funds, rolling funds into the account) would receive a different letter suggesting they consider moving funds into the Target Date Fund category most appropriate for them. These draft letters will be reviewed by the Committee before the next meeting and a timeline to stay with the Sarbannes-Oxley time limits will be established to determine the date this will be rolled out.</p>
<p>NAGDCA 2017 Conference Attendance</p>	<p>Paul mentioned that NAGDCA’s conference would be held from September 24-27 in Milwaukee and asked which Committee members would attend. No one, other than Glenn indicated they would attend. Paul asked Jay to speak to both Donna and Michael were absent and to see if they would attend.</p>

	<p>Paul also discussed potential NAGDCA awards nominations. After a couple of suggestions, Bob agreed that the individuals who are on the conference call for the next meeting to brainstorm the possible options.</p>
Quarterly Plan Summary	<p>Bob reviewed the plan summary which had been distributed to the Committee. The total assets in the plan increased from \$378 to \$385 million representing approximately 2% increase during the last quarter but the since December 31, 2015 to December 31, 2016 overall participating increased from 56% to 70%. While much of that might be attributed to auto-enrollment it was also the result of the new outreach initiatives by Patrick.</p> <p>The average account balance was \$63,876 and it will be understandable for the overall balance to decline in the future with the new auto-enrolled individuals who will add to the number of total account but decrease the average balance. Bob indicated this was still a healthy balance.</p> <p>Loans average amounts and numbers both had a slight downward trend.</p>
Plan Document Review	<p>Bob indicated that the Plan document was just recently reviewed and that there were no additional changes that were needed. He indicated he would notify the County of this review and the fact that no modifications were necessary to the plan document for it to remain compliant with federal and state requirements.</p>
Approval of Education Plans	<p>Patrick reviewed the 2016 education activity for the County. Over 1,400 interactions occurred and of those 55% took some for of action (the next best step for them individually).</p> <p>The target for interactions in 2017 is 1,690 with an expectation that 50% (845) will take some action. An attending member of the public request great focus on retiree education. As a result, Paul asked Patrick to incorporate retiree educational activities. Patrick suggested that webinars might be the most appropriate vehicle and agreed to bring back specific recommendations for the next meeting.</p> <p>MassMutual will continue to coordinate with SamCERA and will also utilize departmental meetings as a means to reach individuals as well as leverage the partnerships with different groups (as discussed above)</p>
2017 Meeting Dates	<p>Paul reminded the Committee that May 18, August 17 and November 2 were the scheduled meeting dates in 2017</p>
Legislative Update	<p>Paul briefly reviewed SST's <i>News and Views</i> report the new California Code addition of 404(c) safe harbor provisions. Paul summarized what those responsibilities covered. He also discussed the DOL fiduciary requirements scheduled to take place April 10, 2017 and now postponed by the administration. A Bill has also been introduced to push the requirement back two years as well as another bill that would increase Social Security minimum age to 69.</p>

	Paul acknowledged that with both congress and the administration held by a single party it was likely that more legislative activity would occur, some on which would be applicable to public sector DC plans.
Other Issues	No other issues were raised.

The Committee adjourned at 11:56.