

St. Mary's County Government 457 (b) Governance Committee (Thursday, May 20, 2021)

Members Present

Dr. Rebecca Bridgett, County Administrator

Marvin Butler, Chief of Staff (via phone call)

Jeannett Cudmore, Chief Financial Officer

Chris Kaselemis, Department Director (via WebEx)

Zane Rettstatt, employee member (via WebEx)

Members Absent

Dallas Bonner, employee member

Shawn Moses, employee member

Others Present

Catherine Pratson, Plan Administrator

Tracie McPherson, Recorder

1. CALL TO ORDER

A. The 457 (b) Governance Committee was called to order by Dr. Rebecca Bridgett at approximately 3:00 PM; Dr. Rebecca Bridgett requested a roll call of members present. Dr. Bridgett confirms Committee members present are Jeannett Cudmore, Christ Kaselemis (via Zoom), Zane Rettstatt (via Zoom) and Marvin Butler (via Zoom), Catherine Pratson (Plan Administrator), Tracie McPherson (Plan Coordinator)

2. ROLL CALL

A. Approval of the May 20, 2021 Agenda (R. Bridgett)

Motion 1: I move to approve the 457 (b) Governance Committee meeting agenda for May 20, 2021.

Motion by Jeannett Cudmore, second by Chris Kaselemis

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Marvin Butler

Final Resolution: Motion Carries

B. Approval of the February 25, 2021, Meeting Minutes (R. Bridgett)

Motion 1: I move to approve the 457 (b) Governance Committee meeting minutes for the February 25, 2021.

Motion by Chris Kaselemis, second by Zane Rettstatt

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Marvin Butler

Final Resolution: Motion Carries

3. OLD BUSINESS (C. Pratson)

A. VOYA presentation (S. Katta; L. Gilarde)

Ms. Katta's role as the relationship manager is to coordinate the VOYA plan on behalf of St. Mary's County so we can achieve our goals and objectives. She highlighted plan resources such as our plan manager, Devon Briggs and her role assisting with the day-to-day administration of our plan and assuring that our plan is operating in accordance with the provisions that we've selected. Another resource is the technical services team that provides plan document support and any plan design changes and keep us apprised of any regulatory or legislative changes and their impact to our plan. Another resource is Lisa Gilarde and her team. Sarala highlighted Voya Insights as a resource providing access to articles that are designed to provide tips to improve retirement outcomes at both the plan and participant levels. This resource also includes the fiduciary guide and 457 deferred comp guides as well as the VOYA fund evaluation scorecard that is available on a quarterly basis.

Lisa Gilarde covered the fund review as well as VOYA fund evaluation scorecard. The scorecard is a quantitative tool that looks at all the funds within the universe on a quarterly basis and scores them. They do not make any value judgements or favor one fund family over another. They are purely comparing funds against standard metrics such as consistency of returns and expense ratios. They compare fund performance, risk and risk adjusted performance and then consistency of style and expense. VOYA weighs expenses heavier than most other companies because they feel it's important to plan sponsors. The scorecard is the best way to look at the funds. It's more of a look versus peers than versus the benchmark. The report given previously gave both peer and benchmark performance.

The scorecard also provides a numerical rating from 0 to 10, 10 being the best and 0 being the worst. Anything below a 4 would be a watchlist. There is also a verbiage score that reports excellent, very good, fair, watch list so that you can see how your fund is performing. Once a year Lisa runs a top case report that shows all the details of both the scorecard and of Morningstar and other typical metrics so the plan can be seen in all the different ways. If there is a question between quarters, they can help answer questions.

Voya clarified that they do not make recommendations for removing any funds, they present the information only. Voya will point out the poorly rated funds and the reasons regarding concern. VOYA does not take on any fiduciary responsibility or tell us what to do. Voya clarified that a fiduciary investment guide as well as a check list is available. Voya no longer offers a sample investment policy statement because the statement can be complex with so many variables to consider and is very individual for each plan. Voya encouraged working with legal counsel to develop that statement.

Sarala provided a plan health update to identify any potential changes the committee would like to make and to provide an update on the employee's engagement with the tools/resources as well as the local representative. She confirmed that information is compiled and reviewed to develop an education and engagement strategy for the upcoming year.

The plan demographics were covered for the period of April 1, 2019 through March 31, 2020 and the prior year as well. Sarala focused on the beginning of the year showing we had 12.2 million in assets and then we added another 1.1 million was added through payroll deferrals and most of those deferrals were done on a pre-tax basis. The contributions were up 24% compared to the previous one-year period. The distributions were down in comparison. Other activity is a combination of asset transfer, fees, and revenue credit. The plan had a market appreciation that added another 3.5 million in assets, and we ended the period with almost 17 million. The numbers are a great sign of a very health plan. Additional demographics show that 18 new accounts were added during the most recent one-year period compared to the previous year. There were seven individuals that left the plan most likely they separated from service and decided to close their accounts. The period was ended with 336 participants which included active employees and individuals who have separated from service. Of the 336 participants 76 individuals are separated from service but chose to keep their money within the plan. Of the 76 individuals that are separated from service 14 of them have less than five thousand dollars. The

average account balance is \$50,591 which is significantly higher than the benchmark. The average deferral amount was \$162 which is about 15.9 percent higher than the prior one-year period.

Most of the assets, 75 percent, are in the target date funds which are the default fund. There are 283 participants are invested in a single fund with 97 ½ percent of those assets within the target date funds. The engagement summary shows that our employees are very engaged and that typically results in having a better retirement outcome for employees. Our employee engagement numbers are better than other government plans that VOYA works with. Employees are engaged with the customer service center as well as digitally. VOYA will continue to work with Catherine and her team to come up with ways to continue to promote the tools and resources within the plan. In addition to engaging digitally employees are also engaging with the local representative, Marta. Over the past year Marta, the local representative has engaged with 357 employees. She is engaging with them through phone calls and virtual appointments. The main three topics that have come up within the last three months is account reviews, viewing beneficiaries and individuals who are contemplating retirement within the next three to five years. Marta is also proactively making one on one contact with participants to make sure they are maximizing this benefit. Recently VOYA created a brainshark that provides an overview of the plan that is designed to give individuals that are not participating an overview of the benefit and allows them to enroll in the plan by themselves. A brainshark is a power point presentation with a voice overview. Information is also included in the employee wellness newsletter by Cindy Tomlinson. Starting in June on-site visits will resume at least once a month, the first one is June 9th and then the second Wednesday of every month. Marta will continue to work with Catherine and her team to identify opportunities for group education. There are several digital resources available to participants at any time.

Sarala completed her presentation. Dr. Bridgett asked if there were any questions or comments. Jeannett stated she appreciated all the information. Catherine had a comment that a blitz of information would be going out in late June or early to mid-July to encourage employees to increase their contributions. Chris asked how many possible participants are there. Catherine stated that she would have to investigate that, but the benefit is extended to anyone working 20 hours or more, including Enterprise employees, so the number is a larger number because of this. Catherine stated she guesses approximately 900 could participate. Chris is wondering how that compares to other government entities and Catherine will try to get that information for the next meeting. Dr. Bridgett asks if there are anymore questions,

there are not. Zane stated he appreciated all the hard work that was put into the presentation. Sarala and Lisa leave the meeting.

4. OLD BUSINESS

A. Plan Services Agreement Amendments (C. Pratson)

Catherine follows up on the administrative services that VOYA offers the plan. Two of the more recent services added are: assistance to employees who are applying for an emergency withdrawal or a hardship withdrawal and assistance in the administration of a Quadro (qualified domestic relations order) for plan participants who are divorcing and may need to separate assets.

5. COMMITTEE REPORTS

Administrator's Report (T. McPherson)

Tracie reported the fiduciary liability coverage had been paid to RCM&D in the amount of \$6,283 on 4/19/21 bringing the escrow account balance to \$28,799.85. There are no questions or comments.

Motion 1: I move to approve the Administrator's report as presented
Motion by Jeannett Cudmore, second by Marvin Butler

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Marvin Butler

Final resolution: Motion Carries

Dr. Bridgett asks if there are any other activities. Catherine brings up an item about plan and participant engagement. Currently when participants enroll in the plan, they only have the option to enroll with a fixed dollar amount. A strategy to increase deferrals is to offer enrolling with a percentage deferral which increases the member's contribution as the member's pay increases. We could offer one deferral mechanism only or both the fixed dollar deferral and the percentage deferral. Any deferral changes would impact new enrollees only, not existing participants. Catherine feels that the option of offering a deferral percentage only is a more aggressive approach and asked the board if they are comfortable offering both options. Chris stated that he likes both options and Jeannett agrees. Catherine asked the board to entertain a motion so she could go back to the Commissioners with an amendment with a note from the Board saying they support the change. Chris offers a motion.

Motion 1: I move to offer a percentage option for contributions in addition to the dollar amount option.

Motion by Chris Kaselemis, second by Jeannett Cudmore

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Marvin Butler

Final Resolution: Motion Carries

5. ADJOURN

A. Adjourn (R. Bridgett)

Motion 1: I move to approve adjourning the 457 (b) Governance Committee meeting

Motion by Jeannett Cudmore, second by Chris Kaselemis

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Marvin Butler

Final Resolution: Motion Carries

The meeting was adjourned at approximately 3:40 PM