

**NEW CASTLE COUNTY GOVERNMENT DEFERRED COMPENSATION
COMMITTEE MEETING MINUTES of 03/11/2021**

The meeting of the NCC Deferred Compensation Committee was held on March 11, 2021 via Zoom.
The meeting was called to order at 10:04 am

COMMITTEE MEMBERS PRESENT:

Michael Smith, CFO, Chairperson
Jacqueline Jenkins, CHRO
Francis Benevento, Pension & Benefits Administrator
Saul Polish, Union Representative
Stephanie Scola, Office of Finance Representative

INVITED GUESTS:

Elise Ornstein (MetLife)
Jennifer Fullmer (MetLife)

COMMITTEE MEMBERS ABSENT:

STAFF ABSENT:

STAFF PRESENT:

Karen Brown, Benefits & Pension Administrator
Vicki Workinger, Human Resources Assistant
Grace Dehel, Pension Program Analyst
Rowena Liles, Program Analyst
Randy Vesprey, Assistant County Attorney 1

OTHERS PRESENT:

Edwin Kuipers
Robert Wasserbach
Rinku Banerji
John Kendall

Agenda Item	Discussion	Action
Old Business	<ul style="list-style-type: none"> • Approval of Meeting Minutes • Discussion on Consulting Services (Update) • 457(b) Deferred Compensation Plan Review (MetLife)-Follow-up • Investment Policy Statement (Update) 	<ul style="list-style-type: none"> • Review and approval of Meeting Minutes from the 02/11/21 meeting • Update on Consulting Services. • Update on Deferred Compensation Plan Review • Vital tool in assisting the Committee with compliance and administration of the plan
New Business	<ul style="list-style-type: none"> • NCC Code (Sec. 26.03.206) Deferred Compensation Plan 	<ul style="list-style-type: none"> • Review and discussion of current County Code
Round Table Discussion	<ul style="list-style-type: none"> • Final notes... 	<ul style="list-style-type: none"> • Adjournment of meeting

NEW CASTLE COUNTY GOVERNMENT DEFERRED COMPENSATION COMMITTEE MEETING MINUTES of 03/11/2021

Meeting Summary

Frank welcomed everyone and called the meeting of the Deferred Compensation Committee to order.

Old Business

First item discussed was the request to approve the minutes for 02/11/2021.

Saul Polish made a motion to approve the minutes of the February 11, 2021 meeting. The motion was seconded by Frank Benevento and approved.

Consulting Services (Follow-up)

During our November 12, 2020 Deferred Compensation Meeting a discussion was held and included that a best practice would be to obtain a consultant to provide investment advisory and consulting services for the Committee. After our discussion, a motion was made to procure a firm to provide consulting services for the Deferred Compensation Committee.

Due to the close professional working relationship we have with NEPC as a general investment consultant and defined contribution investment consultant, Frank would like to recommend that the New Castle County Deferred Compensation Committee request NEPC to provide a proposal for defined contribution consulting services.

Michael Smith inquired if an RFP would be required for this service? Frank replied that as long as the cost is under \$50,000 for a fiscal year does not have to go through the RFP process. If it over \$50,000 then a RFP would need to be pursued. Frank said that if an RFP would be initiated it could be a timely and cost prohibitive process.

Frank will ask NEPC to provide the New Castle County Deferred Compensation Committee with a proposal to provide defined contribution consulting services for the New Castle County 457(b) plan. Frank will have a proposal for the Committee to consider by our next regularly scheduled meeting on April 8, 2021.

Randy Vesprey wondered if County Council would consider this contact to be a necessary expense? Frank replied that he would contact NEPC to get more information about their pricing and services available to present at the next meeting on April 8, 2021.

457(b) Deferred Compensation Plan Review MetLife (Follow-up)

This is a follow up to the NCC 457(b) Deferred Compensation Plan review presented during our Deferred Compensation Committee meeting on September 10, 2020 and further discussed during our meetings in November 2020 through February 2021.

During our discussions, the Deferred Compensation Committee noted similar performance concerns on a few investment options offered to our participants as did the New Castle County Employees' Pension Board of Trustees.

The Pension Board of Trustees held further discussions at their meeting on November 18, 2020 on governance and plan development when deciding on investment lineup changes. The Pension Board elected to contract with NEPC to provide defined contribution investment consulting services moving forward.

During the Pension Boards regularly scheduled meeting on February 17, 2021, NEPC's defined contribution consulting team provided the Board with a formal plan review and recommendation. After reviewing and discussing the report, the Pension Board accepted the recommendations in aggregate, as represented on page 16 of the presentation (previously distributed) and also move to those lower share classes, if available, given further discussions with NEPC and MetLife.

It would be Frank's recommendation to the Deferred Compensation Committee to also accept the recommendations in aggregate, as represented on page 16 of the presentation (previously distributed) and also move to those lower share classes, if available, given further discussions with NEPC and MetLife.

Randy Vesprey informed the committee that County Council may have to approve investment options before they could be changed. The last approved list is from 2017. Frank replied he has the last list from Council and asked Randy to follow-up to see if the board has the correct and up-to-date information. Jennifer from MetLife confirmed that MetLife could update the list as the County approves either the current lineup or to update the investment listing. Randy said the committee could vote concerning the investment changes and then present to County Council for approval.

Michael Smith made a motion to accept the recommendations in aggregate, as represented on page 16 of the presentation (previously distributed) and also move to those lower share classes, if available, given further discussions with NEPC and MetLife. The motion was seconded by Stephanie Scola and approved.

Investment Policy Statement (Follow-up)

Frank provided a copy of the New Castle County Deferred Compensation Committee's Investment Policy Statement (IPS) for the New Castle County 457(b) Deferred Compensation Plan was previously distributed for review.

The New Castle County Deferred Compensation Committee is currently absent a formal Investment Policy Statement (IPS) for the New Castle County 457(b) Deferred Compensation Plan. Having a formal Investment Statement (IPS) for the Deferred Compensation Committee is a necessary and vital tool in assisting the Committee with compliance and administration of the Plan. Frank asked the Deferred Compensation Committee Attorney to draft a formal Investment Policy Statement, utilizing the New Castle County Employees' Pension Board of Trustees Investment Policy Statement (IPS) for the New Castle County "County 2011 Plan" 401(a) defined contribution benefit as a model. Only a small selection of the Investment Policy Statement had to be amended as the IPS was modeled with the exact same investment lineup as the NCC 457(b) Deferred Compensation Plan.

There was some discussion about whether or not to add the “default” section piece back into the agreement. Upon further review of the section, it was agreed for Randy to add this “default” section back into the agreement.

Randy inquired if there were any updates needed regarding the annuities? Jennifer from MetLife confirmed that the Annuity piece is administered by a company called BrightHouse. She will look into this to see if any updates need to be made for both the current and grandfathered plans.

Frank recommended that the committee used the investment statement with the update of Randy adding the paragraph back in. Michael wondered is there would be any issues with waiting till next meeting to see the updated document before anything is approved? Frank said that no that would not be a problem and will work with Randy to update document and sent it to the committee.

New Business

1st Discussion on New Castle County Code (Sec. 26.03.206) Deferred Compensation Plan

Frank provided two options to help increase participation in the 457B plan. He said that the County currently has 1425 Full Time employees and out of group 875 are participating in the Deferred Compensation plan. The Participation Rate is roughly 60-65%. He said that the County has 482 Part Time employees who might want to participate as well. Frank proposed to the board to open the eligibility to permanent Part Time employees to increase the membership and participation rates.

Saul Polish asked if there was any restriction on age to participate? Jennifer confirmed that the minimum age was 18 but there was no maximum age limit.

Stephanie inquired if the 482 was included in the Full-Time count? Frank said no, this is in addition to.

Elise replied she could put together a presentation that may be used to send out to employees. MetLife can also send follow-up emails containing more information along with the link to access the website to enroll.

Frank pointed out the in Section 26.03.511 has the language the “Part-time employees will not be eligible for any fringe benefits, unless specifically provided for by any other section of this Code”. Frank said that only Section 26.03.206 may have to be amended to reflect the change. Saul asked if this plan would be considered a fringe benefit since it is employee driven? Randy replied that if any money is deducted from the paycheck may be best to update the code.

Frank wanted to make a motion to invite the Permanent Part Time employees to participate in the Deferred Compensation Plan. If a HR policy does need to be in place Frank can work with Dr. Jenkins to put one together.

Saul asked if any employee meaning seasonal or casual employees? If not to ensure to specify who is eligible and how many hours they need to work to qualify. Frank agreed that this was a good idea to specify who is eligible.

Frank informed the committee that the pension office has been getting numerous requests to be able to borrow against their 457(b) plans. The pros to allowing loans would be an opportunity to increase participation, flexibility, pay yourself back with interest and IRS max amounts (can't deplete account

balance if still employed). The cons would be administration of plan, funds are not earning interest and a greater chance of loan defaults which leads to a taxable liability to the member.

Jennifer from MetLife confirmed that MetLife does have plans with a loan provision, and they could handle the set-up and administration of the plan. The payments could come directly to them or be payroll deducted. They can limit the amount of loan that can be taken out and can specify the repayment period. The payment agreement would be between MetLife and the borrower. Plan provisions would determine eligibility for the loan and repayment options. MetLife would send the notices to the employee.

The committee supported the option to allow Part Time employees to participate. Regarding the loan option they will need more information in order to make a decision. Frank will work with Randy to update the language in the code and present it to the committee at the next meeting in April. Randy would like to include Laura Hay in the discussion in case any subsection of New Castle County Code was missed. Frank agreed to include them in the discussion.

Another option Frank proposed for down the road, was to make enrollment mandatory for the Full-Time employees (Auto-Enrollment).

Comments by the Public

Saul Polish stated that MetLife is still using the old County email addresses. Would this cause an issue in the future once the County stops supporting the old format. It was determined this could cause a problem. Jennifer with MetLife would work with their IT department to update the email addresses as a whole would be possible or if each employee would need to update their record to reflect the new email.

Saul also asked is MetLife sends out emails to members who have not logged into their account in a certain timeframe to remind them about the plan and to update their information? Jennifer said that not MetLife currently does not do this.

In regard to updating information with BrightHouse who handles the Legacy products (annuities) separated from MetLife in 2014. Currently MetLife does not have any access to BrightHouse accounts. There is a contact group in BrightHouse that can help employees regarding their accounts and to obtain information.

Frank asked if a member could roll their annuity money into the Deferred Comp plan? Jennifer replied she would have to research to see if that would be possible.

Adjournment

Michael Smith made a motion to adjourn the meeting at 11:18 am. The motion was seconded by Saul Polish and approved.