



**SAN JOAQUIN COUNTY DEFERRED COMPENSATION ADVISORY COMMITTEE  
MEETING MINUTES**

Thursday, April 25, 2024; 10:00 a.m.  
County Administration Building, Room 146

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**MEMBERS:**

**Present:** Jennifer Goodman, Chair  
Phonxay Keokham  
Jason Whelen  
Steven Hopkins  
Sandy Regalo  
**Absent:** Jeff Woltkamp  
Kathy Herman  
Paul Canepa

**OTHERS:**

Michael Ormsby, County Employee Benefits Manager  
Christine Vega, County Benefits Personnel Analyst  
Shundel Graves, County Benefits Personnel Analyst  
Donna Strange, County Administrative Support  
Vincent Galindo, Senior Consultant, Hyas Group  
John Steggell, Executive Relationship Manager, Nationwide  
Brenda DeVecchio, Retirement Specialist, Nationwide  
Greg Sabin, Program Director, Nationwide

The meeting was called to order at 10:01am by Jennifer Goodman, Committee Chairman and Plan Administrator as the Director of Human Resources.

**Approval of Minutes**

The Committee approved the Minutes from the last Advisory Committee meeting of January 25, 2024, with a vote of 5-0. (Motion: Whelen; Second:Keokham).

**Public Comment**

There was no public comment.

**NAGDCA Annual Conference Interest**

Jennifer Goodman made the committee members aware of the Annual NAGDCA Conference which is being held in Phoenix, Arizona from September 15-18, 2024. She asked that all interested in attending, please contact the Human Resources office so that attendance and registration can be secured.

**Fourth Quarter 2023 Nationwide Program Status Report**

Mr. Greg Sabin presented an overview of the 2024 Nationwide First Quarter Report, which included the following:

- Usual 4<sup>th</sup> quarter required minimum distribution withdrawals, and rollovers out;
- Good news in that there was gain in the market in the 1<sup>st</sup> quarter of nearly \$30M;
- Over 7,000 participants in the plan, and the Self Directed Brokerage Account (SDBA) of over \$2M in assets;
- 202 new enrollments in the plan;
- Majority of all new dollars are going to the Asset Allocation Target Date Funds.
- 40-45 new loans per quarter on average, given the current economic conditions, with an average loan balance of \$10,000;
- 70% of participants receive eDelivery of the plan, and 90% of participants have beneficiaries on file. Both are well above the benchmark for enrollments.

The Committee requested that Nationwide bring back numbers comparing the San Joaquin County benchmark in comparison to comparable counties.

Ms. Brenda DeVecchio of Nationwide touched on the tools and participant engagement interest that Nationwide offers, as well as sharing that her engagements out in the field are going really well. She will continue to reach out to more agencies and departments and shared that she is scheduled to visit the Sheriff's office.

Greg Sabin additionally presented the Schwab Personal Choice Retirement Account Quarterly Report, stating that there are only 13 accounts total, however with a high average balance of about \$170,000. The account is being used just as they expected it to be used.

**First Quarter 2023 Performance Report – Hyas Group**

Mr. Vincent Galindo from Hyas Group presented the overview of the 2024 First Quarter Report, stating “it’s a very interesting time in the marketplace”, and sharing the following:

- At the beginning of this year, there were predictions of 3-6 interest rate decreases, however just one decrease is now expected for the market, in September.
- The morning’s GDP number was expected to be 2.4% but came in at 1.6%, very possibly based on the economy. He stated there was good news however, with the national unemployment rate staying below 4% for the last two years and currently standing at 3.8%. The County’s unemployment rate is slightly higher at 7.6%.
- Hyas is prepared to present an intermediate term bond fund search, a high yield bond fund search and an international index fund search for review by the Committee for possible replacement of some current funds; as well as an addition on the international side.
  - Metropolitan West Total Return Bond Plan and TIAA-CREF High Yield Funds are candidates for replacement;
  - T. Rowe Price Lare Cap Growth Fund was placed on watch during the first part of 2023. Hyas recommendation is to retain this on watch;
  - Invesco Real Estate was placed on watch last year. Hyas recommendation is to also retain this on watch;
  - MFS Mid Cap Growth Fund was also placed on watch. At this time, Hyas is comfortable with the team and recommends removing this fund from watch.
- The 457(b) Plan overall is indicating “relatively good performance.”
- Cash flow summary for the plan in the 2<sup>nd</sup> quarter showed \$481,000 more left the plan than went into it. During the 3<sup>rd</sup> quarter about \$932,000 left the plan than went in; and for the 4<sup>th</sup> quarter, over \$10 million more left the plan than went into it. There is value in echoing the benefits of retaining assets in the plan to participants.
- There is “good growth rate” for the 401(a) plan.

A motion was made to remove the MFS Mid Cap Growth Fund from on-watch status and the motion passed with a unanimous 5-0 vote.

(Motion: Keokham; Second: Hopkins)

The Committee asked about who maintains the administrative allowance account fees, Nationwide or the County? Ms. Goodman responded that the County does and that she will bring the balance of that back to the Committee at the next meeting.

**Reviews of Intermediate Term Bond Fund Search, High Yield Bond Fund Search, and International Index Fund Search, and Approval of Selections**

Vincent Galindo presented a summary of the review and fund search recommendations for the Intermediate Term Fund and the High Yield Bond Fund. His recommendations to the Committee are as follows:

- **Intermediate Term Bond Fund:** Due to the steady flow of management changes and the lack of visibility of where the fund is going, Hyas Group recommends replacing the Metropolitan West Bond Fund. There are three very high-quality intermediate term bond replacement candidates. Any one of them would be a good replacement. The Committee asked for a ranking, and Hyas responded with:
  1. Dodge & Cox – historically a very, very good DC friendly manager
  2. Hartford Total Return
  3. Fidelity Total Bond

A motion was made to replace the Met West Bond Fund with Dodge & Cox, as recommended by Hyas Group. (Motion: Keokham; Second: Regalo). Motion passed with a vote of 5-0.

- **High Yield Bond Fund:** There are four (4) replacement candidates:
  - TIAA CREF High Yield Fund
  - American Beacon SiM High Yield
  - American Funds High Inc. Trust
  - BlackRock High Yield

The Committee again asked for a ranking and Hyas responded with American Funds High Inc Trust as the top rank.

A motion was made to replace TIAA CREF High Yield Inst with American Funds High Inc Trust Fund.  
(Motion: Keokham; Second: Whelen). Motion passed with a vote of 5-0.

- **International Index Fund:** Mr. Galindo stated that there was somewhat of a void on the investment menu that is not glaring nor urgent but has to do with an international index fund. There is no compelling reason other than the fact that there is somewhat of a hole for participants who like to invest at a very low cost. The search document was brought to the Committee to see if there was interest in adding an international index fund.  
Hyas Group recommends the Fidelity Total International Index Fund, which is both a developed and a developing or emerging market.

A motion was made to add the Fidelity International Index Fund to capture higher 3-year and 5-year and lower expenses.  
(Motion: Whelen; Second: Keokham). Motion passed with a vote of 5-0.

#### **Review and Approval of Updated Investment Policy Statement**

The Committee reviewed the Investment Policy for the Deferred Compensation and Defined Contribution Plans of the County of San Joaquin. Updates included:

- Change of date on cover page from May 2023 to April 2024
- Change of date in the II. PURPOSE section on page to from June 2020 to May 2023.
- On page 6, the percentages of stocks are changed from 50%-70% to 50%-65% for the 2025, 2030 Lifecycle Premixed Portfolio; and from 70%-95% to 65%-95% for the 2035, 2040, 2045, 2050, 2060 and 2065 Lifecycle Premixed Portfolio.
- The Money Market Fund Asset was added to page 6.
- This history will be added to the last page of the plan as amended.

A motion was made to accept the changes as proposed, and passed with a vote of 5-0.  
(Motion: Keokham; Second: Regalo)

#### **Comments from Committee Members**

- Committee members would like to receive emailed documents numbered by order on Agenda.
- Members would like to get the email & documents for upcoming quarterly meetings earlier to give time for review.
- Hard copies are not needed by all Committee members (Keokham does not need hard copies)
- Jennifer Goodman shared that the County received a Pension & Investment Award, and thanked Nationwide for the submission and work on the project. The awards will be shared at a future Board Meeting.

**Next Meeting** is scheduled for Thursday, July 25, 2024, at 10:00 a.m. in Room 146 of the County Administration Building located at 44 N. San Joaquin Street, Stockton, CA.

**Meeting was adjourned at 11:37a.m.**