



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

Thursday, July 27, 2023; 10:00 a.m.  
County Administration Building, Room 146

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**MEMBERS:**

**Present:** Jennifer Goodman, Chair  
Jay Wilverding  
Jeff Woltkamp  
Paul Canepa  
Kathy Herman  
Christine Babb  
Phonxay Keokham  
Steven Hopkins (Alt)

**OTHERS:**

Rachel Novetzke, Human Resources Assistant Director  
Erin Sakata, Deputy County Counsel  
Donna Strange, Human Resources Executive Secretary  
Brandi Hopkins, Assistant County Administrator  
Vincent Galindo, Senior Consultant, Hyas Group  
John Steggell, Executive Relationship Manager, Nationwide  
Brenda DeVecchio, Retirement Specialist, Nationwide  
Christine Vega, County Benefits Personnel Analyst  
Shundel Graves, County Benefits Personnel Analyst

The meeting was called to order at 10:00 a.m. 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 April 27, 2023, with a unanimous vote. Motion to accept Minutes with correction edits of date on pages 2-4 (Motion: Keokham; Second: Wilverding).

**Public Comment**

There was no public comment.

**Second Quarter 2023 Nationwide Program Status Report**

Mr. John Steggell of Nationwide presented an overview of the 2023 Nationwide Second Quarter Report.

- Substantial market growth of approximately \$21M for the quarter
- 154 new enrollments in the 457 plan; 3,541 participants contributing to the plan
- More than 50% of participants in plan use online accounts

Mr. Steggell also gave an update of the Schwab Personal Choice Retirement Account (PCRA) Report as of June 30, 2023.

- The account restricts what participants can buy and sell based on a master agreement set up by the County:
  - The plan allows almost all mutual funds
  - The plan does not allow equity purchases: stocks, fixed income or CD investments, foreign securities, ETF's or options trading.
- Proposed discussion to see if there was any interest in modifying the investment options that the committee allows employees to invest in with Schwab.

Mr. Wilverding proposed that ETFs be added to the employee’s self-directed account as maintained by Schwab.

Ms. Herman proposed that CDs be added to the employee’s self-directed account as maintained by Schwab.

Modification would require a signature from the County which would then go to Schwab for updating.

- Nationwide doesn’t have any marketing materials to push this change out; it would just be a change to the agreement and word-of-mouth for information sharing.
- Counsel brought to the attention of the Committee that this discussion was on the Agenda as ‘Informational’ only, so proposes that it be put on an agenda for a future meeting.
- Brenda DeVecchio continues outreach to departments and to let employees know that she is available for in-person meetings. Another webinar series will be available to employees in September.
- Nationwide submitted a NAGDCA Leadership Recognition Award submission to NAGDCA, and San Joaquin County is the recipient of the award, and will be honored at the October Conference! The submission was for the Financial Wellness Courtyard that was put into place last year during Open Enrollment. The 60-day Courtyard yielded 175 new enrollments, 9,473 clicks on the courtyard, 891 videos viewed, 465 visits to the website, and 37% of all employees visited the courtyard. These numbers surpassed the state of New York and the state of Ohio! Congratulations to our Benefits team!

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

Mr. Vincent Galindo from Hyas Group presented an overview of the 2023 Second Quarter Report.

- The good news is that although the Federal Reserve raised rates yet again, as expected, and a notice that there might be one more hike still, the market is presuming that this will be the last interest rate hike for the rest of the year. Rates will be raised but they will “glide the economy to cool it down without entering a recession” and further stated that the risk of inflation is gone.
- 457 Review shows plan is up 10.4% for the year, and currently at 8.51% YTD.
- 401 Review shows plan is up 6.2% for the Quarter, and up almost 13% YTD.
- Watch Fund Status – Two Funds
  - T. Rowe Price Large Cap Growth I, and MFS Mid Cap Growth Fund  
The 5-year rank places the T. Rowe fund in the 49<sup>th</sup> percentile...the trigger is 51%.  
The 5-year rand for the MFS fund is at the 27<sup>th</sup> percentile.  
The verbiage in the Investment Policy states that a fund will be looked at over two consecutive quarters before it is removed. Despite the red dots, recommendation is to retain both funds on watch status.

**Discuss Addition of a Money Market Fund to Core Menu**

Mr. Galindo outlined addition of a money market fund to the core menu, which would be seen by a participant on the investment menu across all the other investment options without having to set up a separate account. An analysis showed that if the County were to choose to add a money market fund, there are three suitable or appropriate options to look at for consideration:

- 1) Fidelity Government Money Market K6 (FNBXX)
- 2) Invesco Premier US Government Money Inst (IUGXX)
- 3) Vanguard Federal Money Market (VMFXX)

Mr. Galindo also outlined the Pros and Cons of adding a money market fund:

- Pros:
  - Rates will go up with rate hikes, over the short term, which could stop retirees from leaving the plan.
  - Low management expenses.
  - Higher crediting rate.
- Cons:
  - Fund would be deemed a competing fund, so participant couldn't move money directly from the fixed account to the money market fund; they would have to park it for 90 days or more in a non-competing fund, which could create participant risk if they are invested somewhere in the bond or stock market.
  - It could potentially create a 'chasing of yield' over the short term because of this very unique situation where rates have gone up rather dramatically, which helped money market funds, but it is not going to last.
  - Minimum balance in order for participant to utilize Schwab.

After a discussion between Committee members, a motion was made to add the Vanguard Federal Money Market Fund (VMFXX) as recommended by Hyas to the core menu across both plans and to further instruct the Plan Administrator to consider, and if appropriate based on additional information to be provided by Nationwide, approve the addition of CDs, ETFs and Money Market Funds to the employee's self-directed account as maintained by Schwab. Motion passed with a vote of 7-0.

(Motion: Keokham; Second: Babb).

### **Comments from Committee Members**

Comments were made in regard to hard copies of documents for meetings. Mr. Keokham does not need hard copies. Ms. Babb would like documents before meeting. These will be sent via email to all Committee members.

Due to Ms. Babb's term expiring in December, there will be an election process and nominations beginning in September. The election process will be completed before the next meeting, and confirmed by the Board of Supervisors in December.

### **Public Comment**

There was no Public Comment.

**Next Meeting** is scheduled for Thursday, October 26, 2023, 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 11:12 a.m.**