

# Nassau County Deferred Compensation Plan Board

## Meeting Minutes – February 27, 2024

On February 27, 2024, the Nassau County Deferred Compensation Plan Board held a regular quarterly meeting at One West Street and via conference call. In attendance were:

Nassau County	Empower	MMA
Steve Conkling Beaumont Jefferson David Chiang Thomas Iervese Sean Mulligan Glen Tuifel Jeff Nogid Joe Philbin Dennis Maurus Andrew James Harvey Liebman David DeBaun  Via Teams: Michael Grunwald	Gabe D’Ulisse Joe Fein Nina Barbarino  Via Teams: Jeremy Evanko Robert Lamb Mike Ricciardi Ellen Wilson Theresa Mansbart	Peter Scott

Board Chairman Steven Conkling commenced the meeting shortly after 10:20 a.m.

Agenda items included –

1. Voting Items –

Approval of Minutes of the December 14, 2023 Meeting

2. Empower 2023 Q4 Plan Report

3. MMA 2023 Q4 Investment Report

4. Update on RFP for Plan Administrator

### Approval of December Meeting Minutes

The first order of business was the approval of the meeting minutes of the December 14, 2023 meeting. After brief discussion, a motion to approve the minutes was made, seconded and approved. The planned discussion and review of the Investment Policy Statement was tabled due to time constraints until the next meeting. A draft of policies and procedures for the new 401(a) Special Pay Plan will also be discussed at the next meeting.

## **457(b) and Special Pay Deferrals**

The Board next discussed the interaction of 401(a) and 457(b) contributions from separating employees, the order of such contributions (401(a) first) and the role of the retirement counselors with respect to participant questions about the 401(a) plan. Following discussion, the Board reaffirmed that retirement counselors should refer participants with 401(a) plan questions to Human Resources or their union representative.

## **Empower Q4 Plan Report**

Gabe D'Ulisse provided the Empower plan report for the 4<sup>th</sup> Quarter. He began by noting that this was a new report format with many new features and information on participant accounts, investments and utilization of plan features. The report includes a Plan Insights page that provides overall plan level, participant level and investment details. These include:

- Year-end plan assets were \$1.84 billion. The average account balance among the 10,601 participants was \$173,383.
- The plan expense account held \$1.86 million. Empower is in the process of distributing \$1.25 million to participants.
- The average contribution rate was 13.8% which is well above average.
- Net negative cash flow of \$18,820,231 largely due to retirement distributions.

Gabe highlighted the increased demographic details regarding contribution rates, Roth and pre-tax contributions, loans, distributions and investment strategies used by participants (such as GoalMaker, target date funds, and do-it-yourself investing). Lastly, Gabe reviewed Empower's performance standards for 2023. He reported that as of 9/30/23, all contractual performance standards were met. Year-end figures will be available shortly.

**Nina Barbarino** provided the Field Report for the Counselors.

- Q4 2023 activity focused on the migration to Empower's platform. The counselors helped participants register their accounts, navigate the new website, understand the GoalMaker changes and download & navigate the new app.
- The migration generated a high volume of calls & concern among the plan's 4,000+ retirees and separated participants, which were handled by the counselors.
- Following the migration the counselors focused on enrollment meetings. All counselors continued to schedule and conduct group enrollment meetings in addition to one-on-one participant counselling.
- The counselors assisted 140 retiring employees contribute separation checks to the plan, totaling roughly \$4 million. As of the meeting date, \$1.5 million is expected to be contributed to the plan in 2024 due to separation.

## **MMA Q4 Investment Report**

Peter Scott of Marsh McLennan provided a report on plan investment performance for 2023, supplemented by performance data as of February 20<sup>th</sup>. He began by noting that the S&P had gained 14% in Q4 alone, and as of the meeting date was up nearly 7% YTD.

The biggest gainers in the Plan in 2023 were T. Rowe Price Growth and the Vanguard Institutional Index Fund, up 45% and 26% in 2023 respectively, both driven by a small handful of stocks known as the “Magnificent Seven”. On a year-to date basis through February 20<sup>th</sup>, eight of ten of the Plan’s actively managed domestic equity funds were performing above their category averages.

Bond funds had a strong Q4 performance. The Plan’s PGIM Core Bond Fund gained 7.3% in Q4 to finish the year with a gain of nearly 7.7%. The T. Rowe Price Retirement funds all exceeded their category averages in 2023 with all but three in the top 20<sup>th</sup> percentile for the year.

Peter recommended action with respect to the Delaware Small Cap Value Fund (ticker symbol DEVIX), a GoalMaker component that underperformed in 2020, 2022 and 2023. The fund, which holds \$30 million of participant assets, was discussed at the prior meeting and has continued to underperform relative to its benchmark and peers.

Peter reviewed the performance, portfolio and other characteristics of Delaware Small Cap Value (DEVIX) and compared performance data with two high scoring alternatives - Fidelity Small Cap Value Fund and PIMCO RAE US Small I-2. He recommended that the PIMCO fund (PMJPX) replace DEVIX given its historic outperformance and consistently high category rankings. After deliberation, the Board unanimously approved this change and directed Empower to effectuate this replacement as soon as practicable.

#### **RFP Discussion**

The Board then excused the Empower attendees from the meeting to discuss the status of the RFP for administrative services. The Board discussed the process and content of a “best and final offer” communication to be sent to selected respondents.

#### **Next Meeting Date**

The Board set May 14<sup>th</sup> as the next meeting date.

Having no further business the meeting was adjourned at approximately 12:00 pm.