

Nassau County Deferred Compensation Plan Board

Meeting Minutes – February 7, 2023

On February 7, 2023, 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 Tom Iervese Michael Maloney Beaumont Jefferson Glen Tuifel Sean Mulligan David Chiang Jeff Nogid David DeBaun Dawn Wood Jones (via Teams)	Gabe D’Ulisse Joe Fein Mike Ricciardi Nina Barbarino John Turk Via Teams: Ellen Wilson Theresa Mansbart James Cordes	Peter Scott

A team from T. Rowe Price also attended a portion of the meeting; these attendees were Joe Fath, Portfolio Manager, Chris McAvoy, Client Relationship Manager, Eric DeVilbiss, Assistant Portfolio Manager, and Craig Watson, Portfolio Specialist.

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

Agenda items included –

1. Approval Minutes of November 15, 2022 Meeting
2. RFP For Plan Administrator
3. MMA Investment Report
 - a. Joe Fath, Portfolio Manager of T. Rowe Price Growth Fund
 - b. 2022 4th Quarter Report
 - c. T. Rowe Price Growth Alternatives
 - d. Omnibus Budget Bill – SECURE 2.0
4. Empower Q4 Plan Report

Upon convening, the Board went into executive session until 10:25 am. During executive session, the Board discussed the timing of the RFP for Plan Administrator.

Approval of Minutes

Following the return from Executive Session, the next order of business was the approval of the meeting minutes of the November 15, 2022 meeting. After brief review, the minutes of the November 15th meeting were approved by the Board.

MMA Investment Report

T. Rowe Price Growth Fund – Portfolio Manager Joe Fath

The plan's participants hold over \$180 million in the T. Rowe Price Growth Stock fund, which significantly underperformed in 2022 and had dropped to a 2-star rating by Morningstar. The fund's portfolio manager Joe Fath addressed the Board by phone; he discussed the causes of the fund's underperformance and detail lessons learned and changes going forward. He admitted that the fund was slow to react to the changed market conditions in 2022, including higher interest rates, inflation and supply chain disruptions, all of which adversely affected earnings and growth prospects of the fund's top holdings.

The Board thanked Joe Fath for his remarks, who along with his team left the meeting. The Board discussed the role of the T. Rowe Price Growth Stock fund going forward. After reviewing two five star large cap growth funds as alternatives, the Board voted to add the Calvert Equity fund to the lineup. This fund had demonstrated superior performance in 2022 and the 3, 5 and 10 year timeframe, and had a portfolio that varied significantly from T. Rowe Price Growth's. The Board approved the inclusion of the fund within Goalmaker and to the transfer of one-half of T. Rowe Price's Goalmaker position into Calvert Equity.

MMA Q4 and current fund performance

Peter Scott of MMA began with a review of current financial market data before summarizing 2022 as a bad year for stocks and one of the worst in history for bonds. The large losses of commonly held tech stocks weighed heavily on the S&P and NASDAQ in 2022. The plan's three growth-oriented equity funds had much greater 2022 losses than the plan's blend and value funds. Despite the difficult year, overall scores remained high with only T. Rowe Price Growth and Delaware Small Cap Value showing poor Q4 scores. The T. Rowe Price target date funds underperformed their category averages in 2022 but were outperforming thus far in 2023.

Fund performance in Q4 and year-to-date was positive, with the plan's domestic value equity funds showing strong gains in Q4. Year-to-date performance through January 31st was also positive, with the plan's growth funds showing the most gains. 2023 year-to-date results were also positive for the plan's indexed equity funds and global and international funds.

SECURE 2.0 Act

Peter finished with a brief review of provisions of the SECURE 2.0 Act that affect the plan and its participants. The future (2025) increase in the catch-up deferral limits and after-tax (Roth) treatment of catch up contributions of higher-earning employees effective in 2024 were reviewed in depth. Also mentioned was the administrative change to hardship withdrawal qualification; effective in 2023, plans may allow participants to self-certify their entitlement to a hardship distribution. He closed by mentioning that the New York State Deferred Compensation Board hopes to have model amendments ready within a year. Gabe D'Ulisse added that Empower is performing an operational overview of the SECURE 2.0 Act, and that Empower will inform Nassau County of required or optional changes.

Empower Q4 2022 Report

Empower Transition - Gabe began his remarks by addressing the upcoming transition to the Empower administrative platform. The migration is scheduled for Saturday September 16, 2023, which is a firm date. The impact on participants should be minimal; Empower anticipates participants will face only

one or two days where they cannot engage in account transactions. Goalmaker will see some minor changes including rebalancing on participant birthdays rather than quarterly. Gabe also advised the Board that Empower Wealth Management is launching a major outreach campaign that will reach many Nassau County participants as a result of their non-Nassau County plan status; Empower Retirement does not provide participant contact information to any entity.

Gabe noted that his governmental clients are all seeing similar trends – increased hiring activity, increased retirements and recessionary fears among participants. Year-end statistics included:

- Plan assets were \$1.65 billion as of 12/31
- At year-end there were 10,600 participant accounts
- Participant account balances averaged \$156,000, a \$5,000 increase from Q3
- Plan cash flow was negative; outflows exceeded inflows by \$13 million
- Participants age 50 or older account for \$1.4 billion of the \$1.6 billion in assets
- Goalmaker assets declined in 2022 from \$487 to \$415 million
- New loans, outstanding loans and loan amounts declined
- New enrollments (294) and contribution increases (1,922) declined compared with 2021

Field Representatives Report

Mike Ricciardi told the Board about two upcoming campaigns – a Valentine’s Day beneficiary email campaign which will go to the 2,200 participants who have no beneficiary listed, and an America Saves Week rollover consolidation email campaign which will go to participants urging that they consolidate outside retirement accounts.

Mike Ricciardi informed the Board that Roth and separation check contributions accounted for the 2022 gain in contributions. Nina Barbarino provided the Board with separation check details; in 2022, 184 participants contributed nearly \$5 million in unused sick and vacation pay. Thus far in 2023, another 60 contributions totaling \$1.82 million have been made. Mike noted that plan rollovers in 2022 were \$4 million, while the Retirement Income Calculator had 600 unique completions. Mike and Nina provided further information about the America Saves Week campaign.

Empower participant website demonstration

John Turk provided the Board with a web demo of the participant account site that will be in effect after migration. He described the site as “Easy, Actionable, Customizable and Immediate”. He noted that the mobile app will have the same capabilities as the participant site. John demonstrated the website’s contribution increase feature and how increases impact retirement income and take home pay. He also demonstrated how outside accounts can be linked to arrive at a net worth figure. The Board asked about security and John assured them that there is a firewall and that plan sponsors will not be able to see any outside accounts.

Next Meeting

The Board set the next meeting date for May 16th.

Meeting Adjournment

Having no further business, the meeting adjourned at 12:30 pm