

## CLAYTON COUNTY PENSION BOARD

Special Called Deferred Compensation Meeting  
10:00 A.M.

December 6, 2018

### MINUTES

**PRESENT:** Terry Hicks, Chairman; Pamela Ambles, Vice-Chairman; Ramona Bivins, Secretary/Treasury; Katherine Dodson, Member

**ALSO PRESENT:** Jim Fallon and Chad Smith, Morgan Stanley; Rick Arenburg (by teleconference); Two Employees, Juvenile Court; Debbie Decker and Angela Daniel, Finance Department

1. Chairman Terry Hicks called the special called Plan Administrator's meeting to order. Motion to adopt the agenda by Ms. Ramona Bivins; second by Ms. Katherine Dodson; Vote unanimous.
2. Mr. Smith (Morgan Stanley) began the presentation by re-capping the content of the letter Ms. Decker had received from Nationwide. He explained that Nationwide has had a higher than market credit rating on the fixed account that was not specific to Clayton County. Essentially, they are looking to change that fixed rate. As a result, they are providing three options from which to choose. These options are separate from any previous discussions Morgan Stanley has had with them in the past.

Option One: Stay with the current guaranteed minimum rate of 3.5% in 2018, then lower the rate going forward by 0.5% each year until 2023 at a rate of 0.5%. The rate decrease would depend on market conditions. They are trying to change the contractual terms that will allow the floor to go down.

Option Two: The contract would lower the guaranteed minimum interest rate on the same schedule as Option one. In addition, the plan level aggregate exchange and transfer limit would increase from 12% to 24%. This means that if all the employees in the county decided to get out of the plan, the first 24% would be able to do so and the others would remain. Another issue would be the assurance that we have the most recent contracts since there have been so many over the last 38 years. Rick Arenburg would need to review all the documents to make sure that, if the County decided to terminate the contract with Nationwide, the Board would be aware of all options available.

Option Three: Mr. Smith noted that this option is the default if the Board does not make an election. No new contributions would be accepted into the current Fixed account, and participants in this account would need to reallocate all new contributions into a different investment account. If this option is chosen, two options are available as follows. (1) Continue to offer a fixed contract with an initial Crediting Rate of 1.2% and a 0.5% GMIR or (2) Utilize the Plan's existing Default Investment Alternative.

Mr. Fallon informed the Board that he spoke with Roland Wilson from Nationwide yesterday, and he said that the Board does not need to make a decision by December 27 but has been granted an extra sixty days. Mr. Wilson also stated that Clayton County should have never received the letter in question.

Ms. Bivins requested that Nationwide provide this extension in writing.

Mr. Fallon agreed that he would obtain it. He requested that the Board consider authorizing Morgan Stanley to issue an RFI for Deferred Compensation providers in order to provide some competitive information that would help the Board make an informed decision concerning the Nationwide proposal.

Ms. Bivins stated that the options they (Nationwide) gave us were not positive for County employees, in her option.

Ms. Ambles asked if there were any advantages for the employees in each of the options.

Mr. Smith answered that Nationwide was reducing their offering and trying to protect themselves. In Option one, there is very little change for the most part but will provide more flexibility for Nationwide in gradually decreasing the Crediting Rate, which we expect to happen. He continued that it would be reasonable to expect that the Rate would decrease 2% within a couple years. Option Three includes walling off balances of current participants, presumably consisting of older folks that are nearing retirement or actually already in retirement, which would be good for them due to the higher rate in place. This would require another contract for new contributions.

Mr. Fallon stated that it was his personal belief that Nationwide is forcing the Board to make a decision, so they should consider all options.

Ms. Bivins recognized two individuals from Juvenile Court, asking if they were in the Deferred Compensation Plan. They replied that they were in neither plan but wanted to attend to learn about them. Ms. Bivins and the Board explained the Plan and its two providers.

Mr. Fallon stated that his experience has been that loyalty to a particular company declines when an employee is shown the advantages of one provider over another. At the end of the day, it comes down to the participants' money. He surmised that, if the participant knew what they were paying versus what they could be getting, they would be satisfied with the Board's decision to terminate a long time provider.

Ms. Bivins asked about the process, as well as the pros and cons of terminating Nationwide's services. She stated that she had no problem with that decision.

Mr. Fallon stated that he would honestly recommend consolidating to one provider in order to get a better deal. This would eliminate two competitive companies. The first item in the process would be to review all the contracts from Nationwide. Mr. Arenburg would need to go through them with a fine-tooth comb. He would also need to review the Voya terms so the Board could give them an opportunity to compete for the business as well. Then Mr. Fallon recommended finding out what else is out there. He mentioned that the employees could be given an option to stay with the existing provider or move to a new vender. In this case, though, the rates would not be as competitive.

Mr. Hicks agreed with the recommendation to consolidate to one provider.

Ms. Decker stated that Voya's fees are superior, but their Customer Service is inferior. They make many mistakes, and do not respond in a timely manner to requests. She continued that the local representative does a good job, but the corporate office is weak. She stated that, if the 25 to 30 million dollars in both plans transferred to one company, the Customer Service should improve.

Ms. Dodson stated that she would like to make a recommendation, based on receiving a letter from Nationwide assuring us of the sixty days extension, to authorize Morgan Stanley to issue an RFI.

Mr. Arenburg stated that if the Board was not going to make a decision at this time, they do not need to vote. He asked for clarification on whether the Board has sixty days to negotiate with Nationwide or sixty days to change providers. At the end of the day, he reiterated that the Board must make a decision between Options One, Two or Three.

Mr. Fallon added that a well-done conversion should take about ninety days. The Board decided to use an effective date of July 1, 2019.

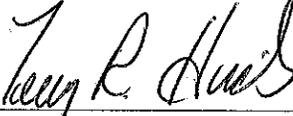
Ms. Smith stated that, contingent upon getting it in writing from Nationwide, the flexibility to make a decision on this communication could wait until the next scheduled Board meeting.

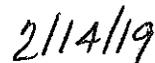
3. In Other Business, Ms. Bivins recommended that the Board consider a replacement for Mr. Rhodenizer's position. She recommended Jim Crissey, the former Southern Medical Center CEO. He has much experience and is interested in serving. She encouraged the Board to consider him so that the "at-large" Board position would be filled quickly.

Mr. Arenburg stated that it would be acceptable to nominate and vote for him at the beginning of the February meeting. If approved, he may begin serving at that meeting.

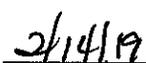
4. Ms. Katherine Dodson made the motion to adjourn; second Ms. Ramona Bivins; Vote unanimous.

Clayton County Pension Board:

  
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Terry Hicks, Chairman

  
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Date

  
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Ramona Bivins, Secretary

  
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Date