

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
NOVEMBER 26, 2018
MINUTES**

I. Call to Order

Stephanie Flores-Temix called the meeting to order at 3:34 p.m.

II. Roll Call

| Present | Absent | Guests |
|---|--|--|
| Stephanie Flores-Temix, Committee Chair (voting) | Arrah Ebot Enaw, Student Board Representative (voting) | Dennis DeYoung, Certified Financial Planner |
| Debra Hammond, Executive Director (voting) | Dr. Shelly Ruelas-Bischoff, Associate Vice President of Student Life Student Affairs (voting) | |
| Joe Illuminate, Associate Director, Accounting & Finance (voting) | | |
| Jonathan Navarro, Executive Secretary (non- voting) | | |
| Kristen Pichler, Human Resources Officer (voting) | | |
| Bhernard Tila, Board Chair (non-voting) | | |

III. Approval of Agenda

M/S/P (K. Pichler/J. Illuminate) motion to approve the agenda for November 26, 2018

Main Motion approved by general consensus.

IV. Approval of Minutes

M/S/P (J. Illuminate /K. Pichler) motion to approve the minutes for August 17, 2018

Main Motion approved by general consensus.

V. Chair's Report

None

VI. Action Items

A. Retirement Plan Committee Goals

M/S/P (D. Hammond /K. Pichler) Motion to accept the 2018-19 Retirement Plan Committee goals as presented.

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| No. | GOALS |
|-----|--|
| 1 | Monitor the progress of the implementation of the amended and restated Retirement Health Benefits Plan and make any adjustments as necessary. (May 2019) |
| 2 | Provide employees with information and education on a quarterly basis to assist them, as desired, in acquiring knowledge about personal finance, particularly as it relates to retirement planning. (Ongoing) |

M/S/P (J. Illuminate/K. Pichler) Amendment to the main motion to change “quarterly” to “bi-annual” in Goal 2

M/S/P (J. Illuminate/K. Pichler) Amendment to the main motion to change the completion date in Goal 1 from “May 2019” to “Ongoing”.

Amendment 1 passed 3-0-0

Amendment 2 passed 3-0-0

Main Motion, as amended, passed 3-0-0

VII. Discussion Items

A. Third Quarter 2018 Retirement Plan Review

Financial advisor, Dennis DeYoung, presented the Third Quarter 2018 Retirement Plan Review reporting the plans’ cash balances, asset allocations, and the FI360 Fiduciary Score Breakdown report as of September 30, 2018.

The following table summarizes the cash balances and asset allocations of the 403(b) and pension plans:

| | 403(b) Plan | Pension Plan |
|----------------------------|--------------------|---------------------|
| Cash Balance* | \$3,171,930 | \$2,532,492 |
| Asset Allocation – Stocks | 70.38% | 71.28% |
| Asset Allocation – Bonds** | 29.62% | 28.72% |

*”The Cash Balance” for the 403(b) plan includes \$133,391 in loans to participants.

**”The Asset Allocation – Bonds” category includes the Stable Asset Fund.

D. DeYoung noted that stocks had gains in the third quarter of 2018, rising an impressive 7.7% despite fears over trade wars, rising interest rates, and struggling emerging markets.

Stocks in the fourth quarter to date has relinquished many of the gains achieved in the third quarter. At this time, it cannot be determined if this decline is the start of a recession or a correction that has been long overdue.

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DeYoung then discussed the FI360 Fiduciary Score Breakdown report that rates all the investment options in the two retirement plans. The FI360 report uses a color scoring methodology to determine if the investments are meeting the eleven FI360 Fiduciary Score criteria. Funds with scores from zero to 50 are green; funds with scores from 51-74 are yellow; and funds with scores from 75 to 100 are red. The highest score a fund can receive is zero (0) and the lowest score is 100. As of September 30, 2018, all funds are in the green zone which testifies to how the committee is proactive in selecting investment options that consistently comply with the FI360 criteria.

B. Retirement Plan Expenses

The committee reviews plan expenses every six months utilizing the Fee Benchmark Report to compare the USU's total plan expenses with the total plan expenses of similar, average-sized plans.

The first report takes into account only those plan expenses paid by plan participants. Plan participants are responsible for paying the Standard's 0.80% asset-based fee and the fee charges by each fund in the investment lineup. The USU's total plan expenses are 1.19% compared to 1.21% for the average plan, a positive variance of 2 basis points.

The second benchmark report takes into account expenses paid by both plan participants and the USU. The USU pays the financial advisor fee (Dennis DeYoung) and the third-party administrator fees (The Ryding Company) on behalf of plan participants. The USU's total plan expenses are 1.49% compared to 1.21% for the average plan, a variance of 28 basis points.

The USU's retirement plan expenses compare favorably with the average plan since the USU's plan expenses are approximately in the midpoint between the 25th and 75th percentiles when compared to the average plan.

C. Retirement Health Benefit Plan Update (RHBP)

J. Illuminate provided an update as to what has transpired with the RHBP since the last committee meeting

September 2018

\$1,000,000 was transferred to the USU's Auxiliary Organization Association (AOA) Voluntary Employer Beneficiary Association (VEBA) account. The service provider for the VEBA is Benefits Trust. Benefits Trust sends monthly statements which provides the investment performance and account activity for that particular month. The USU received an unrealized gain of approximately \$8,000 in September.

October 2018

An eligible RHBP participant retired from the USU. This participant also has an eligible spouse. This employee's retirement will provide the opportunity to use this initial experience as a template to refine the RHBP as potential challenges with the plan are brought to our attention and resolved. The eligible spouse at the employee's retirement celebration publicly thanked the USU for providing such generous retirement medical benefits. This provided affirmation that the USU is

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providing a plan that will allow USU employees and their eligible spouse/domestic partners to retire with dignity.

Joseph Illuminate was elected to serve on the AOA VEBA Board of Trustees.

November 2018

The USU incurred an unrealized loss of approximately \$58,000 leaving a balance in the account of approximately \$950,000. Our VEBA representative, Rosslyn Washington, provided the following response to the unrealized loss:

It is the stock market. Don't worry, your funds are earmarked as a long term investment at a 6% Target rate of return. You entered at a time the market was down so you purchased at a lower cost share. There is a little volatility going on due to the several things including the Mid-term elections, tariffs and other issues in the world. But I will tell you based on historical data the market always curves upward after an election. We had a community college client invest \$50 million in 2008 right before the market crashed, they lost \$10 million in one month and wanted to get out quick. But they didn't and the pendulum moved and 2009 was one of the best years ever. This same client has averaged 8% since inception and still toggle around \$43 million balance even though they withdraw \$4 million per year to reimburse.

Our Morgan Stanley representative, Senior Vice President, Cary M. Allison, provided the following response to the unrealized loss:

October is definitely not a typical month! Worries about potential inflation, rising interest rates, China, and earnings made October the worst month for equities in a number of years. Please do not extrapolate those results into the future! Our portfolios are designed for the long-term.

January 2019

The amended and restated RHP approved by the Board goes into effect.

VIII. Announcements

None

IX. Adjournment

The meeting was adjourned by Chair, Stephanie Flores-Temix, at 4:41 pm.

Respectfully submitted by,



Jonathan Navarro
Accounting Manager