

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE
FEBRUARY 23, 2021
MINUTES**

I. Call to Order

Chair, Albert Martinez called the meeting to order at 2:05 P.M.

II. Roll Call

Present	Absent	Guests
Ayana Galves, Co-Chair (voting)		Reshini Ekanayake, Student Administrative Assistant, Accounting & Finance
Debra Hammond, Executive Director (voting)		Dennis DeYoung, Certified Financial Planner
Joe Illuminate, Associate Director, Accounting & Finance (voting)		
Albert Martinez, Committee Chair (voting)		
Jonathan Navarro, Executive Secretary (non-voting)		
Kristen Pichler, Associate Director, Human Resources & Professional Development (voting)		
Dr. Shelly Ruelas-Bischoff, Associate Vice President of Student Life Student Affairs (voting)		

- *Dennis DeYoung logged in at 2:28 P.M.*

III. Approval of Agenda

M/S/P (Dr. Ruelas-Bischoff/K. Pichler) Motion to approve the agenda for February 23, 2021.

Main Motion approved by general consensus.

IV. Approval of Minutes

M/S/P (K. Pichler/Dr. Ruelas-Bischoff) Motion to approve the minutes for December 10, 2020.

Main Motion approved by general consensus.

V. Chair's Report

Chair, Albert Martinez, requested the committee members to share something exciting they had done since the last meeting.

VI. Action Items

A. None

VII. Discussion Items

A. Fourth Quarter 2020 Retirement Plan Review

Dennis DeYoung informed the committee on the performance of the funds in the 403(b) and pension retirement plan for the fourth quarter of 2020.

The total cash balance in the 403(b) plan is \$4,393,482 which includes \$82,213 in 403(b) loans. The total cash balance in the Money Purchase Pension Plan is \$3,146,028. The asset allocations in both plans are approximately 72% stocks and 28% bonds.

Most funds in both plans have a FI360 scores in the green and light green zones ranging from 0 to 50. The best FI360 score is 0 and the worst FI360 score is 100. Funds in the green zone meet the majority of the FI360 Fiduciary Score Criteria.

Funds with FI360 scores from 51-74 are in the yellow zone and those with scores from 75-100 are in the red zone. The USU closely monitors all funds in the yellow and red zones. Scores in the yellow and red zones indicate that the funds do not meet some of the FI360 Fiduciary Score Criteria.

Any fund that remains in the yellow zone or red zone for an extended period of time is put on the Watchlist. Funds on the Watchlist have the potential of being replaced with a similar fund that meets the FI360 Fiduciary Score Criteria and has a score in the green zone. For the fourth quarter, the only funds on the Watchlist are the Nuveen Real Estate Securities I with a score of 59; the JP Morgan High Yield R5 Fund with a score of 59; and the Northern Small Cap Value Fund with a score of 57.

Following the discussion, Jonathan inquired how one could review the asset allocation the funds in the 403(b) and Money Purchase Pension Plan portfolios.

Dennis DeYoung informed the committee that they could insert the five-letter ticker symbol for any particular fund in any search engine to find the asset allocation breakdown. Dennis recommended the Morningstar website for asset allocations.

B. Voluntary Employer Beneficiary Association (VEBA)

Joe Illuminate led the discussion and notified the committee that the total balance in the VEBA Trust Account as of December 31, 2020 was \$1,882,582.

The balance is comprised of \$1,550,000 of USU cash contributions, \$355,048 in investment gains, and a total of \$22,466 in disbursements to reimburse retirees for eligible medical expenses [$\$1,550,000 + \$355,048 - \$22,466 = \$1,882,582$].

For 2020-21, the Board approved \$300,000 to fund the VEBA. The VEBA is being disbursed at rate of \$25,000 per month [$\$25,000 \text{ per Month} \times 12 \text{ Months} = \$300,000$].

C. RHBP Funding Plan

The USU has contracted with Demsey Filliger to develop scenarios to fully fund the RHBP by June 30, 2030.

The advantage of fully funding the RHBP is that the overall expense of the plan is reduced because the additional funds invested to fund the RHBP will generate additional investment income used to offset benefits paid to USU retirees.

Three different funding scenarios were discussed at the previous Retirement Plan Committee meeting. One additional scenario was discussed at this meeting which fully fund the RHBP by 06/30/31.

The additional scenario calls for incrementally increasing the funding by \$100,000 per year beginning in 2020-22. The funding for 2021-22 would be \$400,000 increasing to \$700,000 in 2024-25. The annual funding would increase to \$750,000 in 2025-26 and remain constant at \$750,000 through 2029-30.

An additional cash investment of \$1,750,000 through 06/30/30 would result in corresponding \$1,755,383 decrease in expense through 6/30/2035.

Debra Hammond and Dr. Ruelas-Bischoff prefer this funding scenario over the other scenarios presented at the prior meeting because the annual funding is incremental. However, there is insufficient information to make a funding decision due to the following:

1. Headcount
2. The increase in the cost of the Renovation Project
3. CSU Student Fee Lawsuits

A potential decrease in headcount would mean less money available to fund the USU operating budget. The cost of the Renovation Project is projected to increase by \$5 million to the delay in the opening date as a result of COVID. In addition, if the USU could be compelled to refund student fees if the CSU loses the lawsuits.

The USU is does not have enough information in order choose a scenario to fully fund the RHBP until the headcount, Renovation Project, and lawsuit issues are settled.

The committee will make a recommendation at its next meeting on how much the annual funding amount for the 2021-22 fiscal year. The funding amount would range from \$300,000 to \$400,000.

VIII. Announcements

Chair, Albert Martinez, thanked Reshini Ekanayake for arranging the meeting and the members for responding to the doodle in a timely manner. Additionally, he reminded the committee that the next meeting may be scheduled for Mid-May.

IX. Adjournment

The meeting was adjourned by Chair, Albert Martinez at 3:17 P.M.

Respectfully submitted by,

Jonathan Navarro
Accounting Manager