DEFERRED COMPENSATION PLAN
BOARD MEETING
JUNE 8, 2021

MINUTES

Notice of this meeting has been filed with and prominently posted in the offices of the Secretary of State pursuant to the Open Public Meeting Law. The meeting notice was mailed to the Secretary of State on June 1, 2021 and posted in the Star Ledger and the Trenton Times on December 30, 2020.

DISCLOSURE OF THE OPEN PUBLIC MEETINGS ACT

When necessary, the Board shall adopt this Resolution to go into closed session to consider individuals' appeals of administrative determinations as follows:

In accordance with the provisions of the Open Public Meetings Act, N.J.S.A. 10:4-13, be it resolved that the Board of Trustees go into closed session for purposes of discussing matters pertaining to appeals of administrative determination which may involve material or other content related to personal, medical and financial records, data, reports and recommendations relating to specific individuals, pursuant to N.J.S.A. 10:4-12(3). Those matters are confidential unless expressly waived by the individual involved.

The information recorded during the closed session shall remain confidential until after such time as the Board determines that the need of confidentiality no longer exists and the matters discussed can be disclosed.

Called to Order: 10:05 A.M. Adjourned: 11:46 A.M.

Attendance:

Steven Harris, representing Elizabeth Maher-Muoio, Treasurer, State of New Jersey

Leslie Notor, representing Lynn Azarchi, Acting Director, Office of Management and Budget

Manuel Paulino, representing Marlene Caride, Commissioner, Department of Banking and Insurance

Porter Strickler, Deputy Attorney General

Todd Rowohlt, Division of Investment

Michael Kusmierczyk, Plan Manager & Board Secretary

Christine Salvatore, DB & DC Plans Reporting Bureau

Patricia Martin, DB & DC Plans Reporting Bureau

Larissa Starr, DB & DC Plans Reporting Bureau

CONTINUED

Attendance Continued:

Prudential Representation

Jada Swinski	Rocco Attanasio	Diane Lewis
Joseph Fein	Bob Rooyakkers	Gabe D'Ulisse
Lily Lau		

OPEN SESSION

Review and Approval of the Minutes from the February 9, 2021 Board Meeting – Steve Harris made a motion to approve the minutes as presented. The motion was seconded by Leslie Notor and was carried unanimously.

Review and Approval of the Minutes from the April 13, 2021 Board Meeting – Steve Harris made a motion to approve the minutes as presented. The motion was seconded by Manuel Paulino and was carried unanimously.

Prudential's 1st Quarter 2021 Investment and Plan Review – Gabe D'Ulisse provided a brief introduction outlining the presentation for the day. In the marketplace, organizations and government agencies have received or are receiving stimulus money allowing for plans and goals be put into action. Furloughs are declining and hiring is increasing. Economy is opening up and people are started to venture out. There has been an increase in hiring from government agencies, especially in the public safety sector. Also see an increase in members retiring earlier than expected, which is causing stress on the system. Many people with experience and knowledge in various areas of government is causing a dilemma in trying to replace those jobs and the institutional knowledge lost. Gabe started highlighting information in the packet Prudential provided. The distributions have increased so far this year and they will keep an eye on this trend. He discussed achievement of goals for 2021. Rollovers from members and participant meetings are above expectations as of the first quarter 2021 and the remaining goals are on pace to be met for the year. He discussed the progress of the asset allocation and highlighted other data related to the Plan. There was a negative $20 million in net cash flow for the quarter as a result of increased retirements.

Bob discussed more about the increase in rollovers to the plan. Consolidating retirement plans is an area that has been discussed more with clients through education and webinars. Prudential has a rollover specialist by the name of Brenda Kelly, who assists clients and participates in the rollover webinars. Lily Lau shared a story of an interaction with a client by the name of Elizabeth. Lily shared the background and provided some history of the client, plus discussed how she was able to assist Elizabeth with understanding her options and consolidating various retirement accounts the client owned.

Diane Lewis provided the communication updates recently processed and the plan for the near future. Details are available in the packet. Various communications have been made to members to increase or restart contributions and there have been good results.

Rocco Attanasio updated the future strategy with the education unit. Interaction with clients a year and a half ago was primarily done onsite and there was very little virtual interaction, but Covid changed all interaction to be virtual. This created new ways and provided enhanced tools to assist clients. They will be looking to get back to meet clients onsite, which would be phased in, but virtual meetings and interviews will continue as things get back to normal. The virtual tools provide more flexibility and options. Prudential will eventually move to a hybrid approach to offer presentations and interviews in person and through virtual tools.

Joseph Fein provided investment updates and performance review for the first quarter of 2021. There has been a meaningful shift in equity leadership from growth to value since November 2020 through the present. We currently see value is now outperforming growth.

Interest rates rose for the fixed income funds in the first quarter, which has a negative impact on the funds, but interest rates have come back down after the first quarter and have recouped some of its loses. There are still concerns regarding inflation, but equities are still performing very well and the result is reflected in our investment plans. Strategists project value equity will continue to outperform and anticipate a shift from domestic to international stocks to outperform. Fixed income growth will continue to be challenged. The market is expected to continue to perform well, but not to the extreme of the past year. He briefly discussed the performance of certain equity funds. Discussed the good progress with goalmaker.and the performance of the investments.

Gabe D'Ulisse provided his closing remarks.

Details of this presented information is stored in audio format in the office of the Plan Administrator.

APPEALS

Motion to go into executive session – At 11:02 a.m. Leslie Notor made a motion to go into executive session to discuss the appeal of unforeseen emergency withdrawal denial. The motion was seconded by Steve Harris and was carried unanimously.

The Board confirmed both clients with appeals are present. Leslie questioned the DAG whether a distribution can be issued if there is a QDRO on file for the Idland case. It was confirmed by the administrator that we don't have a QDRO provided to us yet and the DAG confirmed the Plan should not issue a distribution without knowing the judgement in a QDRO, but the request can't be processed due to regular federal regulations. Also, there was a discussion to clarify facts with the Raymond Gonzalez case. It was clarified that we can offer a distribution to cover a down payment for rental property due to loss of primary residence, but member wants money to purchase a home which is not allowed as a legitimate reason for an emergency withdrawal.

Motion to exit executive session and go into closed session with Timothy Idland – At 11:12 a.m. Leslie Notor made the motion and the motion was seconded by Steve Harris and was carried unanimously.

Unforeseeable Emergency Appeal – Timothy Idland

Leslie offered Mr. Idland to speak or offer new information regarding his case. Mr. Idland clarified his request was revised to $16,000, which was confirmed by Leslie. He believes a divorce is an unforeseen event and his request should qualify. Leslie clarified the IRS regulations limit as to what is an unforeseen emergency. Mr. Idland doesn't believe the federal regulations specifically states divorce is not a qualified event and that it should be considered "other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or the beneficiary". The Board believes that is not the intent and it does not qualify for an emergency withdrawal. Mr. Idland inquired if anyone has appealed a case to the Office of Administrative Law, but the Board was not able to confirm. Leslie confirmed there is no additional appeal process with the Deferred Compensation Plan.

Leslie Notor made a final motion at 11:24 a.m.to uphold the administrative decision to deny the unforeseen emergency withdrawal. It was seconded by Steve Harris. Motion was carried unanimously.

Motion to exit closed session and go into executive session – Leslie Notor made the motion and the motion was seconded by Steve Harris and was carried unanimously.

Advice and comments were provided by Porter Strickler (DAG) regarding the past case and discussed procedures for handling future cases.

Motion to exit executive session and go into closed session with Raymond Gonzalez – At 11:33 a.m. Steve Harris made the motion and the motion was seconded by Leslie Notor and was carried unanimously.

Unforeseeable Emergency Appeal – Raymond Gonzalez

The Board discussed allowing a withdrawal be issued for a security deposit to assist with renting an apartment. The member wants additional money to assist with buying a home and furniture, because a 2 bedroom apartment is expensive on his limited income. Leslie explained the IRS regulations and the limitations for qualified emergency withdrawals. He claims it is his money and should be able to withdrawal it, but the Board clarified it is not that simple. It was clarified as to what he needs to do if he wants to receive a withdrawal to cover a security deposit.

Motion to exit closed session and go into open session – At 11:35 a.m. Steve Harris made the motion and the motion was seconded by Leslie Notor and was carried unanimously.

Steve Harris made a final motion at 11:35 a.m.to uphold the administrative decision to deny the unforeseen emergency withdrawal. It was seconded by Leslie Notor. Motion was carried unanimously.

Adjournment – With there being no further matters to discuss, Manuel Paulino made a motion to adjourn and it was seconded by Leslie Notor. Motion was carried unanimously. The meeting was adjourned at 11:46 a.m.

Respectfully Submitted,

Michael Kusmierczyk

Michael Kusmierczyk
Plan Manager & Board Secretary