A regular meeting of the DART Capital Accumulation Plan and Trust and the DART Retirement Plan and Trust Retirement Committee was held Monday, August 26, 2019 at 1:30 p.m., 1401 Pacific Ave. Dallas, Texas, in the HC Training Room, 4th floor.

Present Committee Members: Nicole Fontayne-Bárdowell, Joe Costello, Jose Cavazos, Mark Hughes, Annette Levine

Not in Attendance: Abed Abukar

Retirement Plan Consultants: Rich Eagar – via phone, Marshal Burke (QPA)

Others: Nick Sauter – via phone (Vanguard)  
Mark Haerr, Blake Horton, Lisa Revell (Human Capital)  
Dwight Burns, (Finance)  
Peter Brannan – via phone (Legal)

Visitors: Kenneth Day

Item #1: Determination of Quorum  
Ms. Fontayne-Bárdowell determined a quorum was present at 1:31 p.m. at the start of the meeting.

Item #2: Approval of Minutes for Meetings Held June 17, 2019  
Mr. Costello moved the minutes be accepted. Mr. Cavazos seconded the motion. The motion was unanimously approved.

Item #3: Qualified Plan Advisors  
a) 401(k) Market Overview & Economic Update:  
The QPA team made the following comments on the 401(k) Market Overview & Economic Update:  
• The 401(k) Plan balance was $271.6 million as of July 31, 2019  
• The total outstanding loan balance as of the end of the month was $16.5 million  
• June and July market performance was positive coming off of a negative month in May and the S&P 500 Index returned 7.05% in June and 1.44% in July
US Market performance from the October 2007 market peak and the market lows of March 2009 were reviewed as this bull market has entered its 10th year.

Fixed income continues to be top of mind resulting from a potential inverted yield curve and so far in 2019, fixed income has been rewarded as the Aggregate Bond Index is up 6.39% year to date (0.22% in July).

b) 401(k) Monthly Investment Report:
The QPA team reviewed the quantitative scoring system then made the following comments on the 401(k) Investment Report:
- Although Diamond Hill Small-Mid Cap and Metropolitan West Total Return Bond Plan were on watch as of July 2019, no funds failed the screening criteria.
- Short term performance of the Vanguard PRIMECAP fund was discussed.
- Underperformance versus the large cap growth index widened due mainly to an overweight position in the healthcare sector, which has underperformed in 2019.
- The T. Rowe Price Overseas Stock fund was successfully added to the plan, replacing the Dodge & Cox International fund.

c) MPP Asset Allocation Review:
The QPA team made the following comments on the MPP Asset Allocation Review:
- The Committee reviewed the current investments within the Plan and associated dollars.
- Allocations to Bond, US Equity, International and Real Estate all remain within the bounds set in the current IPS.
- Relative US equity exposure increased from the last meeting to a 2.4% overweight versus the 30% target allocation.
- International equity remained underweight by 1.73%.
- Fixed income allocation fell to a 0.89% underweight in July and there is currently no need to balance the portfolio.

The QPA and Vanguard team introduced the idea of performing a review of the current asset allocation in the MPP and evaluate alternative allocations and design options. The Committee agreed and would like to see this analysis. QPA and Vanguard will look to present this information at the next meeting Committee meeting.

d) MPP Monthly Investment Reports:
The MPP balance was $262.9 million as of the end of July 2019.
- QPA provided an overview to the investments within the MPP using the same criteria outlined in the 401(k) report.
- All funds show as passing with the exception of the Vanguard Short Term Bond Index and Metropolitan West Total Return Bond.
Item #4: Vanguard
a) Reach & Impact Report - Advice
- Over 32% of eligible participants have used the Online Advice Option in some fashion since the initial roll out
- From the usage of Personal Online Advisor (online DIY) to Vanguard Managed Account it appears DART participants value having a professional handle the re-allocation of their investments (Similar to the TRFs)
- 15.6% of eligible participants (over age 55) have accessed the Income + option through the Managed Account option
- From an outcome perspective the Vanguard Managed Account program has resulted in 63% of participants improving their portfolios, 53% have increased their deferrals and 28% have improved their retirement income forecast.

b) State of the Plan
- Mr. Sauter highlighted that the overall participation rate in the 401k plan has increased from 84% in June 2018 to 87% in June 2019 and DART employees in their first year of eligibility are actually participating at 97% which is much higher than typical participation rates for automatic enrollment plans
- Mr. Horton provided an update that loans outstanding has been trending down after a stronger focus on them

c) How America Saves 2018
Mr. Sauter touched on a number of broad trends from the 1,900 plans Vanguard record keeps related to participation, savings rates, average balance and investment allocation. Regarding Participation, total contributions and deferral rates DART is currently exceeding the average. The information on asset allocation will be reviewed as part of the September meeting where a deeper dive discussion on the 50-50 allocation of the MPP plan is discussed.

Item #5: Other Business
a) Forfeiture Report
Mr. Horton gave an overview of the forfeiture accounts.

Item #6: Adjournment
The meeting adjourned at 2:57 p.m.