A regular meeting of the DART Capital Accumulation Plan and Trust and the DART Retirement Plan and Trust Retirement Committee was held Monday, February 25, at 1:30 p.m., 1401 Pacific Ave. Dallas, Texas, in the HC Training Room, 4th floor.

Present Committee Members: Nicole Fontayne-Bárdowell, Jose Cavazos, Annette Levine, Mack Turner, Joe Costello

Committee Members Not Present: Ricky Walker

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

Others: Nick Sauter (Vanguard)  
Tammy Barrow, Blake Horton, Lisa Revell (Human Capital) 
Peter Brannan (Legal)

Visitors: None

Item #1: Determination of Quorum  
Ms. Fontayne-Bárdowell determined a quorum was present at 1:35 p.m. at the start of the meeting.

Item #2: Approval of Minutes for Meetings Held December 10, 2018 and January 28, 2019  
Ms. Fontayne-Bárdowell asked that the spelling of her name be corrected. Mr. Turner moved the minutes be accepted. Ms. Levine 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 $254.6 million as of January 31, 2019  
   • U.S. market returns improved from the end of 2018, where the S&P 500 ended the month up 8.01%  
   • International returns were also positive for the month up 6.57%, as measured by the MSCI EAFE Index  
   • Fixed income, as measured by the Aggregate US Bond Index was up 1.06%.

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:
• All core holdings passed the screening criteria with the exception of Metropolitan West Total Return Bond and Vanguard Total Bond Index
• Metropolitan West Total Return Bond’s fund score declined from 9 to 7 this month as the 3-year return fell below the 50th percentile versus peers and the Morningstar ranking declined from 4 to 3 Stars

The committee requested to view the S&P Target Date benchmarks in addition to the Dow Jones target date benchmarks within the report. QPA agreed to make that addition and to review a more detailed report on the Vanguard target date investment options at the next Committee meeting.

c) **Dodge & Cox International Stock Discussion**
As a takeaway from the prior meeting, QPA provided a report highlighting the Dodge & Cox International Stock fund and compared it with 2 alternate investment options: T. Rowe Price Overseas Stock and American Funds EuroPacific Growth. Topics covered in conversation were the differing investment philosophies, performance, fees, and composition.

At conclusion of discussion, Ms. Fontayne-Bárdowell requested QPA provide a separate report at next month’s meeting with the objective to have the Committee vote on a potential replacement option.

d) **MPP Asset Allocation Review**
The QPA team made the following comments on the MPP Asset Allocation Review:
• The current investments within the Plan and associated dollars have been reviewed by the Committee
• The Fund ranking score was also listed using the same methodology as the 401(k) funds
• Allocations to Bond, US Equity, International and Real Estate all remain within the bounds set in the current IPS
• Improvement in US market performance has US Equities overweight by 1.33% while international equities are currently underweight by 1.46%
• There is currently no need to balance the portfolio

e) **MPP Monthly Investment Reports**
• The MPP balance was $250.1 million as of January 31, 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 Metropolitan West Total Return Bond and Vanguard Short Term Bond Index

Item #4: **Vanguard**
a) **Education Strategy Discussion**
Mr. Sauter made the following comments on the education strategy discussion item:
• A proven method to improve participant retirement readiness is to focus on Plan design, then to improve the participant experience and decision making by supporting plan design with targeted education
• As DART has already established very strong Plan Design with Automatic Enrollment, it is Vanguard’s view that a look back re-enrollment/under saver sweep, or increased initial deferral amounts or annual increase defaults would have the greatest impact on improving participant outcomes
• If those plan design changes are made, then the education can become more focused on those individuals who opt out or can be identified as deviating from the saving or investment goals
• Vanguard’s education focus has shifted away from traditional blanket print and mail campaigns as targeted and personalized electronic education has proven more effective and more cost efficient
• Vanguard’s new strategy was built on its ability to gage behavior for proven results through researching adult learning styles and behavioral science

There was a discussion on increasing the savings rate each year by 2% and capping the auto-increase at 10% for all participants who have not yet reached 10%. Mr. Cavazos made a motion to accept the proposed to change both the annual auto-deferral increase to 2% and the annual auto-increase cap to 10%. Mr. Costello seconded the motion. The motion was approved.

Mr. Horton commented that disclosures will need to be completed. Ms. Fontayne-Bárdowell told the Committee that the change will not be an immediate process and that there will need to be an extensive communication campaign beforehand.

Item #5: Other Business
a) Forfeiture Report
Mr. Horton gave an overview of the 401(k) and MPP Forfeiture Reports.

Item #6: Adjournment
The meeting adjourned at 3:40 p.m.

Chairperson ___________________________ Date ______________

Committee Secretary ___________________________ Date ______________