A regular meeting of the DART Capital Accumulation Plan and Trust and the DART Retirement Plan and Trust Retirement Committee was held on Monday, January 27, 2020 at 1:30 p.m., 1401 Pacific Ave. Dallas, Texas, in Conference room 1-C on the 1st floor.

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

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

Others: Jonathan Woerner (Vanguard) – via phone
Mark Haerr, Philip Perez, Ruby Sanders, Lisa Revell (Human Resources)
Dwight Burns (Finance)
Peter Brannan (Legal)

Visitors: none

Item #1: Determination of Quorum
Ms. Fontayne-Bárdowell determined a quorum was present at 1:41 p.m. at the start of the meeting.

Item #2: Approval of Minutes for Meetings Held December 16, 2019
Mr. Costello 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 $290.1 million as of December 31, 2019
• 2019 exhibited strong performance for both stocks and bonds highlighting Russell 3000 U.S. returned 31% for the year while the U.S. Aggregate Bond Index returned 8.7%
• The current market expansion has entered its 126th month, the longest in duration and aggregate returns in U.S. history despite the fact that by measure of cumulative GDP growth it is the 4th best performing since 1948
• QPA & Vanguard provided updates to the Committee on the recently passed SECURE Act and how the new provisions could apply to the retirement plans at DART

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:
• Vanguard PRIMECAP exhibited outperformance during the trailing 3-month period over the Russell 1000 Growth index
• Dodge & Cox International Stock fund was the best performing fund during the month of December, returning 5.00%
• As of the end of December, all funds passed the quantitative scoring methodology with scores of 8 out of 10 or higher
• At the next Committee meeting, QPA will again review its annual Target Date Deep Dive report to provide an overview of the Vanguard target date funds while Vanguard will provide supplemental data in the discussion

Mr. Eagar alerted Committee that QPA pulled data from YTD 2020 showing performance has begun to lag again and that Vanguard will present a deep dive overview into this investment option for at the next meeting.

He also said that QPA will be providing alternate options for consideration should performance continue to lag and suggested that Vanguard look at any pricing considerations if this fund was removed from the plan.

c) **MPP Asset Allocation Review:**
The Committee reviewed the current investments within the Plan and associated dollars then the QPA team made the following comments on the MPP Asset Allocation Review:
• Allocations to Bond, US Equity, International and Real Estate all remain within the bounds set in the current IPS
• US equity remains the largest overweight at 3.29% (up from a 2.87% overweight last month)
• Total Bond was the largest underweight at -2.56% (down further from -1.82% last month)
• While the outliers in over/under weight asset classes expanded during the month, there is currently no need to rebalance the portfolio

QPA and the Committee discussed possibility of going through a rebalance exercise if the allocations continue to deviate from the stated targets.

d) **MPP Monthly Investment Reports:**
• The MPP balance was $275.1 million as of the end of December 2019
• QPA provided an overview to the investments within the MPP using the same criteria outlined in the 401(k) report
• The Vanguard Real Estate index performed in line with the REIT index during 2019, returning 29%, 35 basis points ahead of the index
• The Vanguard Short Term Bond Index continued its strong performance and the Vanguard Inflation Protected Bond continued to perform in line with the Treasury TIPS index

**Item #4: Vanguard**
(a) **State of Plan:**
Mr. Woerner made the following comments on the State of Plan as it relates to plan analytics, participant savings, investments, advice usage and the SECURE Act as of 10/31/2019:
• Participation is currently 88%, which continues to slightly increase.
• The average deferral rate is 7.3% and auto escalation usage is 49% and the average balance increased slightly from $67k to $68k.
• Currently 73% of the participants are appropriately allocated and 83% of participants are meeting an age-appropriate performance benchmark.
• Loan usage for the plan is down slightly from 47% to currently 46% and 73.5% of participants are in a professionally managed allocation.
• Approximately 16% (676 participants) are enrolled in Vanguard’s Managed Account Program (VMAP), 4.3% (183) are using the Personal Online Advisor and 3.7% (58) are using the 55+ financial planning service.
• Roth usage continues to slightly increase and as of 12/31/19 usage was at 12.5%, up slightly from the previous 12.3% usage at the last meeting.

Mr. Woerner gave an overview of the implications of the SECURE Act on retirement plans and made the following comments:
• The changes, resulting from the passing of the SECURE Act, will be effective as of 1/1/20.
• The required minimum distribution (RMD) age changed from 70.5 to 72.
• Inherited IRA’s, in most cases, now, must be withdrawn within 10 years.
• Long-term part-time employees are now eligible with 3 consecutive years of 500 hours of service.
• Childbirth was added as an acceptable reason for Safe Harbor distribution.
• Rules were eased for annuities in retirement/qualified plans.
• Acceptable usage of e-delivery was broadened.

**Item #5: Other Business**
a) 401(k) Plan Changes:
Mr. Perez reviewed the suggested plan changes with the Committee. He asked if it was necessary to amend the Plan to make these changes. Mr. Brannan responded, affirmative and recommended that the same steps required by ERISA Plans be taken.

b) 2020 DC Committee Meeting Calendar:
Mr. Cavazos reminded the Committee of the upcoming May TEXPERS conference.

c) Forfeiture Report:
Mr. Perez gave an overview of the forfeiture accounts.

**Item #6: Adjournment**
The meeting adjourned at 2:25 p.m.