A regular meeting of the DART Capital Accumulation Plan and Trust and the DART Retirement Plan and Trust Retirement Committee was held Monday, September 23, 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, Mark Hughes, Abed Abukar

**Not in Attendance:** Jose Cavazos, Annette Levine

**Retirement Plan Consultants:** Rich Eager, Marshal Burke (QPA)

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

**Visitors:** none

**Item #1: Determination of Quorum**
Ms. Fontayne-Bárdowell determined a quorum was present at 1:33 p.m. at the start of the meeting.

**Item #2: Approval of Minutes for Meetings Held August 26, 2019**
Mr. Costello moved the minutes be accepted. Mr. Akubar 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 $269.9 million as of August 31, 2019
- The total outstanding loan balance as of the end of the month was $16.4 million
- August re-introduced volatility in to the market
- The S&P 500 Index returned -1.58% in August
• Five days prior to the Committee meeting the Federal Reserve cut rates by 25 basis points, the second cut this year
• Fixed income returns remain strong, up 2.59% in the month of August and 9.1% year to date

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:
• No funds failed the screening criteria
• Diamond Hill Small-Mid Cap remained on watch status while Metropolitan West Total Return Bond moved back to Pass as of August
• The investment style of the fund has drifted to more blend than growth recently
• As growth has outperformed value, this drift has contributed to the relative underperformance
• Diamond Hill Small-Mid Cap tends to outperform in negative markets and outperformed the Russell 2500 Index by 40 basis points in August and by 197 basis points over the trailing 1-year period

Short term performance of the Vanguard PRIMECAP fund was discussed.

c) MPP Asset Allocation Review
The QPA team made the following comments on the MPP Asset Allocation Review:
• Volatility during the month of August brought the overweight to US equites down to a 1.63% overweight from 2.4% last month
• International equity remained under weight by 1.97%
• Strong fixed income returns during the month brought the allocation to a 0.08% underweight, up 0.81% from last month
• There is currently no need to balance the portfolio

The Committee reviewed the current investments within the Plan and associated dollars. Mr. Eager reported that allocations to Bond, US Equity, International and Real Estate all remain within the bounds set in the current IPS.

d) MPP Allocation & Considerations Discussion
QPA presented a report to the Committee to provide background on the current allocation philosophy of the MPP and plan design features. A high-level discussion ensued on the plan’s current state and alternate plan designs. QPA reviewed the current plan design features and allocation of plan assets and discussion covered how the plan arrived at these decisions.

Alternate MPP designs were reviewed including changing plan sponsor directed allocation, changing to a participant directed model, and merging the plan with the 401(k). The discussion covered all options and the pros and cons of each. The Committee will continue to evaluate the various options and determine if any changes to the current structure are appropriate.
e) MPP Monthly Investment Reports
- The MPP balance was $262.5 million as of the end of August 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
- The Vanguard Short Term Bond index slightly underperforms its peer group averages over the 3 and 10-year periods and is rated 3 Stars by Morningstar

Ms. Fontayne-Bárdowell told the Committee that the MPP Asset Allocation item will need to be discussed in the October meeting.

Item #4: Vanguard
  a) Plan Update
  Mr. Stiltner reviewed a “Strategic Measures” snapshot report covering how DART participants are allocating their assets and if DART participants are saving enough to retire. Mr. Stiltner told the committee that the report focused on asset allocation, contribution allocation, participation rate, and elective deferral rate from an age-based perspective for both the DART Capital Accumulation Plan as well as the DART Retirement Plan.

  Mr. Stiltner made the following comments on the findings in the report;
  - Overall, participants’ allocations are more conservative than other defined contribution qualified plans that are administered by Vanguard
  - DART participants save at a higher participation rate
  - DART participants are at a median elective deferral rate that is in line with other defined contribution qualified plans also administered by Vanguard
  - The average elective deferral rates are lower than other Vanguard plans.

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

  Ms. Fontayne-Bárdowell told the Committee that the October meeting will need to be rescheduled due to a conflict in her schedule.

Item #6: Adjournment
  The meeting adjourned at 3:34 p.m.

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Chairperson                   Date

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Committee Secretary          Date