

MARIN COUNTY DEFERRED COMPENSATION COMMITTEE

Marin County Civic Center
3501 Civic Center Drive
San Rafael, CA

Friday, May 24, 2013

10:00 A.M.

**County Counsel Conference Room
Room 275
Regular Meeting**

2. Roll Call

Present: Roy Given, Director of Finance and Chair; Jeff Wickman, Retirement Administrator; Stephen Raab, County Counsel Representative; Olga McKenna, Employee Representative; Dan Eilerman, Deputy County Administrator; Scott Beseda, Marin Courts Representative; Alexis McBride, Retiree Representative

Absent: Shanea Thompson, MAPE Employee Representative

Others in attendance: John Kendall, Western Region Managing Director, Nationwide; Jim Laffoon, Retirement Specialist, Nationwide; Rob Bilo, Regional Vice-President, Nationwide; Eric Stevenson, Senior Vice-President, Nationwide; Jake O'Shaughnessy, Consultant, Arnerich Massena; Scott Dunbar, Managing Director of Advisory Services, Arnerich Massena; Cristine Alilovich, Assistant Director of Finance

3. Approval of Minutes--Meeting of December 5, 2012 and February 27, 2013 (Action)

MOTION by Jeff Wickman to approve minutes of December 5, 2012 and February 27, 2013
Second by Scott Beseda
AYES:ALL

4. Open Time for Public Comment

No discussion

5. Deferred Compensation Committee Matters

- Committee's Fiduciary Responsibilities--Charter (Action)

The chair said that there was a change in the charter's verbiage but not in substance.
MOTION by Olga McKenna to approve changes
Second by Dan Eilerman
AYES:ALL

- Statement of Investment Policy (Action)

MOTION by Jeff Wickman to approve Statement of Investment Policy
Second by Dan Eilerman
AYES:ALL

- Committee Member Comments

None

6. Closed Session

Conference with Counsel regarding whether to initiate litigation. Government Code § 54954.9(b)(4)

The committee reconvened in open session. There was no report.

7. Nationwide Retirement Solutions

- Quarterly Summary Report and Update QE 3/31/13

Eric Stevenson, Nationwide's Senior Vice President, made a few comments prior to the review of the quarterly report. He acknowledged Jim Laffoon's many years as Nationwide's retirement consultant for the County, expressed appreciation to the County for providing access to Jim, and praised the plan's 96-97% participation rate. He said that Marin is an important account and that Nationwide wants to retain the trust of County employees by returning additional excess revenue to participants.

He said retirement will be getting more complex in the future, encompassing health care, loans, pensions and Social Security. Nationwide wants to put tools in the hands of employees so they can become knowledgeable about the gaps and be better prepared for retirement.

Rob Bilo announced that Ed Malone will be taking over from Stephanie Smith as Program Director and will be attending the next meeting. The chair asked for a bio.

John Kendall reviewed the 1st quarter report. He noted that almost \$9 million in assets was added to the County and Superior Court plans in aggregate. About 2% was moved from stable value to equities since 12/31/12. Most of the equities were in the premixed portfolios. He found it of interest that Superior Court has 10% more than the County in allocated assets.

He noted that a new section was added to the report that tracks the deliverables, performance guarantees, and results for provisions in the administrative agreement with Nationwide.

Jim Laffoon said that during the last quarter he handled a number extra-hire to regular-hire conversions where funds were transferred from the PST Plan to the 457 Plan.

8. Arnerich Massena & Associates

- Quarterly Update QE 3/31/13--Review Investment Performance

Jake O'Shaughnessy, the new consultant from Arnerich Massena, gave a market overview. He said the economy was recovering and gaining traction with healthy returns in U.S. equities. Fixed income, however, had a low return. In the global markets, one-half of the return generated by global equity markets, as measured by the MSCI ACWI benchmark was attributable to the U.S. He noted that the stable value's percentage of total plan assets was low at 15% and the pre-mixed portfolios percentage was high at 40%.

- Review Status of Funds on Watch

Jake O'Shaughnessy recommended placing Pax World Balanced Fund on watch as it was in the bottom quartile of its peer group over both the trailing 5- and 10-year periods as of 3/31/2013. The chair also recommended watch status and the committee agreed to place it on watch. American Funds Growth Fund of America and Dodge & Cox Stock will remain on watch for the time being, although Dodge & Cox is undergoing a healthy recovery.

- Request for Proposal (RFP) for 457 Deferred Compensation Plan
Jake O'Shaughnessy distributed an agenda and a "Vendor Search Project Tasks and Timeline". He said what is working and what needs to be changed will be assessed. Marin is an attractive client with a high average balance and high participation relative to many 457 Plans. The RFP will be fast-tracked and sent to four primary providers. Pricing scenarios can be open architecture or proprietary. The three levels of review will be full responses, summary, and executive summary.

The chair emphasized that the focus should be on participants rather than the products offered by a particular provider. He wants to focus on generating participation in the Plan and not steer participants to particular funds for revenue purposes.

- Form RFP Sub-Committee
A subcommittee was formed comprised of the chair, Jeff Wickman, Dan Eilerman and Alexis McBride.

John Kendall offered to conduct a participant satisfaction survey as part of the RFP. The chair agreed. Nationwide will produce a draft in one or two weeks.

The chair said reviewing the fund structure, which has been an ongoing agenda item, will be part of the RFP process.

9. Future 2013 Meetings

- Wednesday, August 28, 2013 at 10:00 a.m. in Room 275
- Wednesday, December 4, 2013 at 10:00 a.m. in Room 275

10. Adjournment

The meeting adjourned at 11:45 a.m.