

MARIN COUNTY DEFERRED COMPENSATION COMMITTEE

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

Wednesday, March 2, 2016

9:00 A.M. – 10:30 A.M.

Department of Finance Conference Room

Room 225

Regular Meeting

MINUTES

1. Call to Order

The meeting was called to order at 9:02 a.m.

2. Roll Call:

Present:

Roy Given, Director of Finance and Chair; Jeff Wickman, Retirement Administrator; Scott Beseda, Marin Courts Representative; Stephen Raab, County Counsel Representative; Olga McKenna, Employee Representative; Cloanne DiGrazia, Retiree Representative; Shanea Thompson, MAPE Employee Representative

Absent:

Dan Eilerman, Assistant County Administrator

Others in attendance:

John Kendall, Western Region Managing Director, Nationwide; Ed Malone, Program Director, Nationwide; Jason Smith, Senior Consultant, Nationwide; Kent Morris, Regional Vice President, Nationwide; Jim Lafoon, Sr. Retirement Specialist, Nationwide; Jayson Davidson, Consultant, Hyas Group

3. Open Time for Public & Committee Comment

Scott Beseda announced that he is retiring and this will be his final meeting. The Chair thanked Scott for his dedicated service to the committee and expressed that he would be missed.

4. Approval of Minutes - Meeting of December 2, 2015 (Action)

MOTION by Olga McKenna to approve minutes of December 2, 2015

Second by Scott Beseda

AYES:ALL

5. Approval of Minutes – Special Meeting of February 1, 2016 (Action)

MOTION by Jeff Wickman to approve minutes of February 1, 2016

Second by Shanea Thompson

AYES:ALL

6. Deferred Compensation Committee Matters

- Update - Special Meeting of the Deferred Compensation Committee: Arnerich Massena/Sage View, and Hyas Group

The Chair gave a brief update on the outcome of the Special Meeting of the Deferred Compensation Committee held on February 1, 2016, where the Sub-Committee decided to terminate the agreement with Arnerich Massena and enter

into a new three (3) year agreement with Hyas Group to serve as our new 457 Plan Advisor.

- Update - De Minimis/Escheatment Committee
The Chair reported that the De Minimis Escheatment Sub-Committee is half way through reviewing/editing the account holders on the list. The Sub-Committee will keep everyone informed as things progress.

7. Nationwide Retirement Solutions

- Quarterly Summary Report QE 12/31/15
John Kendall reported that there have been few changes since the last quarter.
- Quarterly Update QE 12/31/15
John Kendall and Jim Lafoon reported that Nationwide added 35 new participants in the last quarter and have been averaging 30 to 40 new participants per quarter. To date, Nationwide has added 184 new participants for 2015; a 48% increase from the previous year.
- Committee discussed the newly launched retirement income estimator tool available through the Nationwide Plan participant website. Prior to the next meeting, tests of the estimator will be run in order to compare this new estimator to the existing pension estimator available through the County's Retirement Department. Any differences or inaccuracies will be addressed accordingly.
- Annual Nationwide Investment Review – Jason Smith
Jason Smith, Senior Consultant, Nationwide, gave an update on 2015.
- Annual Communication/Ed Plan – Ed Malone
Ed Malone provided the committee with a handout on the 2016 Communication and Education Plan and gave a brief review.

8. Hyas Group

- Quarterly Performance Report QE 12/31/15
Jayson Davidson presented his first 4Q 2015 Performance Report to the committee and highlighted the following:
 - The US economy is at a slow 2% growth rate.
 - We are at 4.9% unemployment rate which is considered full employment in the US.
 - We have been averaging over 250,000 jobs per month for 2015.
 - The US dollar is strong.

Jayson informed the Committee that the Plans qualify for the Institutional Share Class version of the Vanguard TIPS Fund. A formal decision on changing the share class will be made at the next quarterly meeting Legal and Regulatory Update.

In advance of the next quarterly meeting Jayson stated that Hyas will evaluate the entire Plan structure from a cost, revenue sharing and fund performance perspective. Hyas will also review the allocations of the Plans' custom risk-based portfolios in consideration of possibly replacing these options with target-date alternatives. Jayson will present comparative data that illustrates the difference between revenue and non-revenue fund menus. Where warranted, Hyas will present manager searches for any asset classes where we recommend different product. Jayson will work with representatives from Nationwide on the project and will provide the Chair with a draft of the materials prior to any full Committee meeting.

Also Jayson will review the Investment Policy Statement that is currently in place and provide suggested changes in keeping with the Hyas Group's current IPS methodology. He will consider adding language to the policy that allows the Committee to implement lower share class options automatically when warranted. He will also revisit the custom target date fund benchmarks and suggest changes relative to the broader restructure project listed above.

- Status of Funds on Watch
 - PIMCO Total Return
 - Allianz NFJ Small Cap Value Fund

There are two funds that were previously placed on watch, the PIMCO Total Return Bond Fund and the Allianz NFJ Small Cap Value Fund. The PIMCO Fund was placed on watch for non-performance, qualitative reasons related to senior staff departures and leadership changes. The Fund will remain on watch for at least an additional quarter. The Allianz NFJ Fund continues to violate performance related policy parameters and will also remain on watch. This Fund will be considered for replacement and alternatives will be reviewed under the broad Plan restructure project.

9. Items for Future Agendas

- Revenue Neutral/Share Class Review - Hyas
- Investment Policy Review - Hyas
- Excess Revenue Distribution Pro Rata Versus Neutral Best Effort Discussion - NW
- Revenue Reporting 4 Plans - NW
- Roth In-Plan Conversion Amendment Discussion - NW
- Easy Enrollment Form Discussion - NW
- Transition Support Services – Financial Planning Discussion - NW
- Retirement Readiness Participant Reporting Discussion - NW

10. Adjournment;

The meeting was adjourned at 10:45 a.m.