

## MARIN COUNTY DEFERRED COMPENSATION COMMITTEE

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

**Thursday, May 26, 2016**

**2:00 P.M. – 4:00 P.M.**

**County Counsel Conference Room**

**Room 275**

**Regular Meeting**

### MINUTES

1. Call to Order

The meeting was called to order at 2:05 p.m.

2. Roll Call:

Present: Roy Given, Director of Finance and Chair; Jeff Wickman, Retirement Administrator; Dan Eilerman, Assistant County Administrator; Stephen Raab, County Counsel Representative; Olga McKenna, Employee Representative

Absent:

Cloanne DiGrazia, Retiree Representative; Shanea Thompson, MAPE Employee Representative

Others in attendance:

John Kendall, Western Region Managing Director, Nationwide; Ed Malone, Program Director, Nationwide; Jim Lafoon, Sr. Retirement Specialist, Nationwide; Jayson Davidson, Consultant, Hyas Group

3. Open Time for Public & Committee Comment

None

4. Approval of Minutes - Meeting of March 2, 2016 (Action)

MOTION by Jeff Wickman to approve minutes of March 2, 2016

Second by Olga McKenna

AYES:ALL

5. Deferred Compensation Committee Matters

- De Minimis/Escheatment Committee Update

The Committee received an update on the De Minimis distribution project. The process is nearing completion, and the actual distribution of inactive balances below \$1,000 is targeted for the later part of June 2016. Nationwide will forward a sample of their standard communication.

6. Nationwide Retirement Solutions

- Quarterly Summary Report QE 3/31/16

John Kendall provided an overview of certain participation statistics as well as an on-site education recap for the first quarter. It was noted that Nationwide did have one performance guarantee shortfall related to call responsiveness. This shortfall was attributed to the high call volume during a very volatile stock market quarter.

Nationwide is now separating the calculated excess revenue by Plan and reporting it accordingly. Nationwide also notified the Committee that they have been crediting revenue on the custom funds that was not actually collected. The Committee will consider correcting this issue at the next meeting and will vote on returning portions of the credit to Nationwide.

- Quarterly Update QE 3/31/16  
Jim Lafoon reported that Nationwide added 42 new participants in the QE 3/31/16.
- Annual Fee Disclosure  
John Kendall provided the committee with a handout on the Nationwide Annual Fee Disclosure and gave a brief overview.

## 7. Hyas Group

- Quarterly Performance Report QE 3/31/16  
Jayson Davidson reviewed the First Quarter 2016 Performance Report and the Committee discussed the performance of each of the available investment options.
- Status of Funds on Watch
  - PIMCO Total Return
  - Allianz NFJ Small Cap Value Fund

The PIMCO Total Return Bond Fund and the Allianz NFJ Small Cap Value Fund will remain on watch. The PIMCO Fund was placed on watch for non-performance, qualitative reasons related to senior staff departures and leadership changes, however, recent performance has been middling. The Allianz NFJ Fund continues to violate performance related policy parameters and will also remain on watch. Both of these funds will be considered for replacement and alternatives will be reviewed under the broad Plan restructure project.

- Vanguard TIPS Fund Institutional Share Class Change (Action)  
MOTION by Jeff Wickman to transition the Vanguard Inflation Protected Securities Fund from the current Investor share class to the Institutional share class. Jayson Davidson will work Nationwide to process this change.  
Second by Dan Eilerman  
AYES:ALL
- Legal and Regulatory Update  
Jayson Davidson informed the Committee that the Department of Labor's revised fiduciary definition rule has been finalized. This rule will primarily impact service providers (as opposed to plan sponsors) and in particular those service providers that are engaged in selling IRAs and other products that require participants to move money out of the Plan. The rule will not officially be enforced until April of 2017 and the Hyas Group will continue to monitor developments and will provide additional information as warranted.
- Deferred Discussion  
The Committee deferred discussion on restructuring the custom pre-mixed funds as well as the official review of the Investment Policy Statement until the next meeting. At that meeting, these two items will be considered in conjunction with the broader discussion and decision on revamping the investment and fee structure. In advance of this discussion, the Hyas Group will provide a revised draft of their analysis with a scaled down selection of scenarios. They will also include relative performance information for any recommended investment option.

- Fund Menu/Fee Structure Sub-Committee  
The Chair recommended a sub-committee be formed to review the current fund menu and fee structure. Roy Given (Chairperson), Jeff Wickman, and Dan Eilerman volunteered to be on the sub-committee.

8. Items for Future Agendas

- Annual Distribution Amount
- Investment Policy Statement Status
- Custom Asset Allocation Analysis
- Discuss Revenue Share & Fund Pricing Alternatives
- Review & Discussion of Strategic Initiatives Handout
- Roth In-Plan Conversion Amendment (Discussion)

9. Adjournment

The meeting was adjourned at 3:06 p.m.