

# MARIN COUNTY DEFERRED COMPENSATION COMMITTEE

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

**Monday, May 13, 2019**

**3:00 P.M. – 4:30 P.M.**

**County Counsel Conference Room**

**Room 275**

**Regular Meeting**

## MINUTES

1. Call to Order

The meeting was called to order at 3:10 p.m.

2. Roll Call:

Present: Roy Given, Director of Finance and Chair; Jeff Wickman, Retirement Administrator; Stephen Raab, County Counsel Representative; Cloanne DiGrazia, Retiree Representative; Dan Eilerman, Assistant County Administrator

Absent: Olga McKenna, Employee Representative; James Kim, Court Executive Officer, Marin Courts Representative; Shanea Thompson, MAPE Employee Representative

Others in attendance:

Kent Morris, Western Region Vice President, 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 19, 2019 (Action)

MOTION by Dan Eilerman to approve minutes of March 19, 2019

Second by Jeff Wickman

AYES: ALL

5. Deferred Compensation Committee Matters

- Nationwide Leadership Change  
Representative from Nationwide provided information regarding a pending leadership change at their organization. The CEO will be retiring this year and they are currently working on finding a successor. It is not known at this time whether this change will have any impact on Nationwide's retirement business. More information will be provided as it becomes available; the topic will remain on the agenda until a new successor is named.

6. Nationwide Retirement Solutions

- QE 3/31/19 Quarterly Summary and Quarterly Update  
Representatives from Nationwide provided the quarterly update and the Committee discussed Plan activity. Of note was the continued strength in target date fund usage, also the uptick in phone and web activity during the Fourth Quarter market downturn. There was discussion regarding onsite educational sessions, which continue to be sparsely attended. The local service representative will work with County staff to target individual County departments for more focused, smaller group sessions.  
Nationwide reported on its quarterly service level agreements. All criteria for the agreements have been met and it was suggested that they will focus on getting a satisfaction survey distributed this year.

## 7. Hyas Group

- Quarterly Performance Report QE 3/31/19  
Jayson Davidson, Consultant for Hyas Group, gave the First Quarter 2019 Performance Report and reported on the conclusion of one of the best equity market quarters on record. With the rebound taking place during the last quarter, most of the Plan's equity options have enjoyed a full recovery of what was lost at the end of 2018.
- Funds on Watch  
At the end of the First Quarter, the Plans had one investment on watch, the MFS Blended Research Core Equity Fund. The Fund continued to struggle during the quarter and remained in violation of performance related investment policy parameters. At this time, Hyas Group is recommending that clients look at alternatives to this fund in the Large Cap Blend Space. After meeting with the Fund's management team, the Hyas Group is not confident in their ability to get the Fund policy compliant in the near future. Jayson will present a Large Cap Blend Manager Search Report at the next quarterly meeting.

In addition to the MFS Blended Research Core Equity Fund, the Committee voted to also place the Hartford Schroders US Small/Mid-Cap Opportunities Fund on watch. Hartford will be changing the name of the fund and removing the focus on small capitalization stocks. Ultimately the Fund will move up the cap range which will allow them greater capacity. This is problematic for the Committee given that the Fund is offered in the Plans' to provide small and mid-cap coverage. Additionally, the awaited departure of one of the Fund's managers has been formally announced. Jenny Jones, who has been with Schroders since 2002, will leave the firm this year. She will be replaced by Bob Kaynor whom she hired in 2013. The transition process has been well communicated and was announced some time ago. Given the aforementioned strategy and manager changes, the Hyas Group is recommending that the Committee review alternatives. Schroders has announced the creation of a Small/Mid-Cap commingled trust alternative. The Hyas Group will consider presenting this alongside other options in a Small/Mid-Cap Search Report at the next meeting.

MOTION by Dan Eilerman to place the Hartford Schroders US Small/Mid-Cap Opportunities Fund on watch.

Second by Jeff Wickman

AYES: ALL

- Legal/Regulatory Update  
Jayson reported on the Hyas Group's most recent 457 Fiduciary Advisor Newsletter which called out discussion at the Department of Labor regarding the potential change of rules for Qualified Default Investment Alternatives and allowing guaranteed withdrawal benefit solutions to fit under the rules. If the change becomes official, it could cause target date fund companies to make adjustments to the make-up of their funds. Jayson also called out the recently completed Hyas Group White Paper on the topic of sequencing of returns risk.
- To be included in future reports is the Quarter-End Balance for the administrative expense account deferred compensation fund. This information will be provided by the Department of Finance each month with a roll-up for the quarter's end.

## 8. Items for Future Agendas

- Follow-up on Nationwide leadership changes (Discussion)

## 9. Adjournment: Meeting adjourned at 4:20 p.m.