

## MARIN COUNTY DEFERRED COMPENSATION COMMITTEE

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

**Monday, August 26, 2019**  
**1:00 P.M. – 2:30 P.M.**  
**County Counsel Conference Room**  
**Room 275**  
**Regular Meeting**

### MINUTES

1. Call to Order

The meeting was called to order at 1 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; Pauleen Temperani, Chief Human Resources Officer, Marin Courts Alternate Representative; Shanea Thompson, MAPE Employee Representative

Absent:

James Kim, Court Executive Officer, Marin Courts Representative

Vacant:

(Olga McKenzie has resigned as of 8/20/19), Employee Representative

Others in attendance:

John Steggell, Western Region Managing Director, Nationwide; Jake Sours, Program Director Nationwide; Jim Lafoon, Sr. Retirement Specialist, Nationwide; Jayson Davidson, Consultant, Hyas Group; Lisa Hatt, County of Marin Employee Benefits Manager

3. Open Time for Public & Committee Comment

None

4. Approval of Minutes - Meeting of May 13, 2019 (Action)

MOTION by Stephen Raab to approve minutes of May 13, 2019

Second by Cloanne DeGrazia

AYES: ALL

5. Deferred Compensation Committee Matters

- Nationwide Leadership Change

John Steggell, the Relationship Manager from Nationwide, provided an update on the now concluded search for the firm's new CEO. Kirt Walker will be taking over for Steve Rasmussen in October of this year. Mr. Walker was most recently the head of the Nationwide Financial Division; there will be no changes to the operations of the Nationwide Retirement Division where the County's Plans' administration resides.

## 6. Nationwide Retirement Solutions

- **QE 6/30/19 Quarterly Summary and Quarterly Update**  
Mr. Steggell also presented the standard quarterly report; the Committee discussed statistics for each of the Plans as of the end of the second quarter. Mr. Steggell noted that over 700 participants make use of the online advice tools available for the Full-time 457 Plan.
- **Discuss nationwide Administrative Fee Charge Error and Corrections**  
Nationwide informed the Committee of a recently reported administrative billing error that impacted participants in the Courts and Full-time Plans. The error was a result of Nationwide billing twice for the month ending days that fell on a weekend. Hyas Group analysts have discussed the situation with representatives at Nationwide and are satisfied with the correction and the procedures put in place to fix the issue going forward. Mr. Davidson distributed a memo summarizing the error and the steps taken to mitigate the issue.
- **New Mobile App**  
Mr. Steggell announced the launch of Nationwide's new retirement plan account access application and explained some of the features that will be available to participants through this medium. The Committee requested additional detail on the cyber security measures Nationwide is taking to protect data available through the application and when accessed through a wireless connection.
- **Deminimus Account Status**  
The Committee requested detail on the number of participants meeting the definition for deminimus account status. Specifically, they would like the details on those accounts below \$1,000, those between \$1,000 and \$5,000 and whether the associated participants are active or terminated employees. Data should be provided for all Plans.

## 7. Hyas Group

- **Quarterly Performance Report QE 6/30/19**  
The Committee reviewed the Second Quarter 2019 performance report and discussed what was a strong absolute and relative quarter for the vast majority of the Plans' available fund options. The Committee also discussed recent bouts of global market and economic volatility and the impact this volatility has had on the investment options since the end of the quarter.
- **Funds on Watch**
  - MFS Blended Research Core Equity Fund
  - Hartford Schroders Small/Mid Blend Fund

The MFS Blended Research Core Equity Fund was again the only option in violation of investment policy performance criteria. It will remain on watch until it is removed from the Plans. The Plans' other watch status fund, the Hartford Schroders Small/Mid Blend Fund is on watch for qualitative reasons relating to its strategy shift and name change. This Fund will remain on watch until it is transitioned to the Schroders Small/Mid Blend CIT.
- **Review Large Cap Blend Manager Search Report (Action)**  
Mr. Davidson presented the Hyas Group Large Cap Blend Manager Search Report and the Committee reviewed potential replacements for the Plans' current Blend Manager, the MFS Blended Research Core Equity Fund. After lengthy discussion, the Committee voted to replace MFS Fund with the T. Rowe Price Institutional Structured Research Fund. Mr. Davidson will work with Nationwide on the timing and communications process necessary to effect this change

MOTION by Dan Eilerman to replace MFS Blended Research Core Equity Fund with the T. Rowe Price Institutional Structured Research Fund  
Second by Shanea Thompson  
AYES: ALL

- Small/Mid Cap Structure Change and Options (Action)  
As mentioned at the last Committee meeting, The Hartford has elected to change the strategy and name of the Hartford Schrodgers US Small/Mid Blend Fund to focus more exclusively on mid capitalization stocks as opposed to both mid and small capitalization stocks. Given this, we presented a Small/Mid Blend Manager Search Reports to look at alternatives to the Hartford Schrodgers Fund. As part of the review, the Committee also gave consideration to a new Commingled Investment Trust (CIT) version of the originally funded Schrodgers Small/Mid Blend strategy. The new CIT is currently in the process of being set up for trading on Nationwide's platform and will be available to the County at a fee of 76 bps. This will make the strategy available to the County at a lower cost than the prior funding. The Committee voted to transfer assets out of the now Hartford Schrodgers Mid Cap Blend into the new Small/Mid Blend CIT as soon as it is available. Mr. Davidson will work with Nationwide to finalize the set-up and to get proper communications distributed to participants.

MOTION by Dan Eilerman to transfer assets out of the now Hartford Schrodgers Mid Cap Blend into the new Small/Mid Blend CIT as soon as it is available  
Second by Jeff Wickman  
AYES: ALL

- Annual Investment Policy Statement Review (Action)  
The Committee engaged in the annual review of the Plans' Investment Policy Statement (IPS). The document was approved as drafted with minor changes to a number of Morningstar's peer universe descriptions. Mr. Davidson specifically mentioned the decision by Morningstar to split the Core Bond category into Core and Core Plus, depending on a fund's exposure to securities that are below investment grade. The Plans will now have both a Core and a Core Plus option. Mr. Davidson referred the Committee to the Executive Summary in the Hyas Second Quarter Performance Report and the article written on the topic. Mr. Davidson will forward a final, clean copy of the IPS for signature and file.

MOTION by Jeff Wickman to approve the updates to 2019 Plans' Investment Policy Statement (IPS)  
Second by Pauleen Temperani  
AYES: ALL

- Legal and Regulatory Updates – None at this time

8. Items for Future Agendas

- Future Agenda Items (Discussion)

9. Adjournment

Meeting adjourned at 2:45 p.m.