

**MARIN COUNTY DEFERRED COMPENSATION COMMITTEE**

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

**Thursday, May 20, 2021**

**2:30 PM - 4:00 PM**

**Zoom Meeting Format**

**Regular Meeting**

**MINUTES**

1. Call to Order

The meeting was called to order at 2:35 p.m.

2. Roll Call

Present:

Roy Given, Director of Finance and Chair; Dan Eilerman, Assistant County Administrator; Jeff Wickman, Retirement Administrator; Stephen Raab, County Counsel Representative; Lisa Hatt, Employee Benefits Manager, Human Resources

Absent:

Cloann DiGrazia, Retiree Representative; Pauleen Temperani, Marin Courts Representative; Shanea Thompson, MAPE Employee Representative

Others in Attendance:

Jayson Davidson, Senior Consultant, Hyas Group; John Steggell, Western Region Managing Director, Nationwide; Jake Sours, Program Director, Nationwide; Nicholas Ziegenbusch, Consultant, Investment Management Group, Nationwide; Jim Laffoon, Senior Retirement Specialist, Nationwide

3. Open Time for Public & Committee Comment

Jim Laffoon is retiring at the end of the month. Roy thanked Jim Laffoon for his excellent service on behalf of the Deferred Compensation Committee. John Steggell and Jake Sours from Nationwide thanked Jim Laffoon for his service. Jake Sours said there is movement to find a replacement. The entire committee expressed congratulations and thanks to Jim Laffoon.

4. Approval of Minutes of March 4, 2021 (Action)

MOTION by Daniel Eilerman to approve minutes of March 4, 2021

SECOND by Lisa Hatt

AYES: ALL

NOES: None

5. Deferred Compensation Committee Matters

None to discuss

6. Nationwide Retirement Solutions

John Steggell, the Relationship Manager from Nationwide, provided the standard quarterly overview. He noted that asset growth for all Plans continues at a robust pace on the back of strong upward market momentum. Average account balances have risen in concert with his upward momentum. Overall participation remains steady, with large participant counts noted in the age 50 and above cohort. Nationwide is still conducting participant education and meetings virtually and held 12 general workshops with 154 total in attendance. They also held six new employee orientations with 44 in attendance.

- Participation Rate in first quarter is 63.71%. \$156,688 paid out in loans on the first quarter.
- New Loan average is about \$13,000.
- 2,524 Total Participants in Quarter 1, 2021.
- The average account balance is \$124,308.
- Average annual participant contribution is \$7,028.
- 46% of participants are on track for retirement.
- Website participant users were down in the first quarter of 2021.
- Webinar Workshops were successful in the first quarter.

Jayson Davidson asked about the Asset Class numbers as there was a drop from 72% to 59% in asset allocation. John Steggell will verify the numbers

and get back to the committee. Lisa Hatt commented that there was a hybrid benefits and wellness survey conducted by Human Resources. Lisa stated there was a lot of interest in Retirement matters like the 457 Plan based on the survey and was happy to see so much success with the workshops and hopes to see them continue.

- Online Withdrawals (Action)

Nationwide now has the ability to allow participants to withdrawal from their Nationwide accounts either by a paper form (current methodology) or through Nationwide's redesigned online platform. According to John Steggell, this enhances overall security and is more convenient for participants. Participants can set up alerts regarding their online withdrawals for added security. Roy Given said it has been more difficult for participants to apply for withdrawals through the County's payroll system due to the Pandemic. Roy believes that using Nationwide's online platform for withdrawals are a better option in the long run. Dan Eilerman also appreciates the option. Lisa Hatt asked about the detail of the option and asked if an "electronic signature" is required by Nationwide. John Steggell answered that you must indicate if you want a full or partial withdrawal and that an "electronic signature" is not needed as long as termination date for the participant is verified by the County. John Steggell further explained that the Nationwide app has multi layers of security authentication, whereas the forms have to go through email, and are subject to more security risks. John stated that it is more secure to do online withdrawals rather than using a paper form currently being utilized. John also stated that there have been no issues with cyber fraud. Lastly, the Nationwide online option has an ACH option, which the current paper form does not. Lisa asked if termination dates are currently on file. John Steggell will check with operations team. Lisa asked if there are any fees to the end user with online option. John Steggell answered no.

MOTION to approve online withdrawal option by Dan Eilermann

SECONDED by Lisa Hatt

Ayes: All

Noes: none

- Nationwide Website Update

The Committee received a brief summary on the new website look and features that should allow for a more participant friendly experience. This redesign included the online withdrawal option and the opt into security alerts previously discussed. This redesign also includes the redesign of the Plan Sponsor website. Coupled with the new website is a revamp of the design of the participant statement.

## 7. Hyas Group

- Quarterly Performance Report QE 3/31/2021

Jayson Davidson reviewed the Hyas Group report for the 1<sup>st</sup> quarter of 2021. Equity markets continue their strong, upward trajectory with Small Cap stocks stand out with exceptional absolute performance numbers. Intermediate term bonds associated with the Aggregate did backtrack as interest rates ticked up on the prospect of robust economic activity and, perhaps, higher prices. The expectation for the positive momentum to continue as the prospect of more widespread vaccine distribution and recently passed government stimulus to take hold within the US economy. Plan Asset Total for County of Marin is \$317,867,572.

- Funds on Watch (Action)

Schroeder U S Small & Mid Cap Possible Watch Action

The Schrodgers US Small Mid Cap Trust option, which has been a possible watch action candidate, posted good relative numbers for the quarter and continues to be ahead of benchmarks going into the second quarter. The Fund continues to work through the allocation missteps of 2020 that sent its performance below benchmarks. As of quarter-end it was performing in line with the median peer and technically in compliance with policy. No action was recommended or taken.

- Galliard Stable Value Fund

Jeff Wickman asked about the Galliard Stable Value fund as there has been a change of ownership. GTCR and Reverence purchased Galliard from Wells Fargo Business. Jeff Wickman commented that these Private Equity Partners appear to be an odd owner and suggests putting Galliard on the watch list. Jeff Wickman expressed that GTCR owns a lot of Health Services and

pharmaceutical and asked how long are these funds going to be under the ownership under the two firms based on their holdings? At this stage, Wells Fargo has indicated that they do not expect there will be any major changes to investment management teams and compensation packages are in place to encourage retention of key personnel. This transaction, in and of itself, is not a surprise as Wells Fargo's interest in focusing on its bank business has been known for years. The actual announcement does bring the positive of removing speculation around what and when Wells Fargo would move on its investment management division. Due to the uncertainty the transaction induces, we are considering a watch action on all Wells Fargo products, including the stable value and fixed income products managed by the Galliard affiliate. The committee will consider official action at the next meeting.

- Legal and Regulatory Updates

Biden Administration will not enforce

Department of Labor announced new guidance on cybersecurity and fraud prevention. Provides best practices list and other important information for more.

- SECURE Act Provision Discussion/Implementation (Action)

The Secure Act Provision was enacted over a year ago. The implementation of the Act has been delayed due to Covid-19 and the Cares Act. Any Secure Act provisions to be utilized by a plan must be approved by the plan sponsor and added to the program's plan document. The Secured Act provisions being recommended are:

1. Age 59.5 – do not have to separate to start taking distributions
2. \$5,000 allowed deduction for qualified birth or adoption.

Dan Eilerman stated that it makes sense to match what other plans are doing. Lisa Hatt agreed with Dan Eilerman. Roy Given asked about withdrawing at age 59.5 and if it would have any impact to a participant's MCERA Retirement benefits. Jeff Wickman doesn't think allowing these withdrawals will affect their MCERA Retirement benefits. Nationwide will work on the operational particulars

of getting the options added to both full-time plans. Plan documents will ultimately need to be amended to incorporate these new provisions, but the amendments can be done at a later date.

MOTION to adopt two items of 59.5 withdrawal and \$5,000 qualified withdrawal for birth or adoption options to plan by Daniel Eilerman

SECONDED by Jeff Wickman

AYES: ALL

NOES: none

- On the legal and regulatory front, the Committee reviewed the most recent version of the Hyas Group's 457 Fiduciary Advisor Newsletter. Highlights in the newsletter include the DOL's notice that they will not be enforcing recent guidance on the inclusion of ESG factors in the evaluation of plan investment alternatives; and comprehensive guidance for plan sponsors in dealing with cybersecurity related issues. To that end, the Committee may consider having a representative from Nationwide's cybersecurity team provide a brief presentation at a future meeting.

#### 8. Items for Future Agendas

- Fidelity vs. Vanguard Index Revisit
- Nationwide Annual Review: Calendar Year 2020
- Discuss De Minimis Distributions
- Annual Nationwide Investment Report

#### 9. Adjournment

MOTION to adjourn meeting by

SECOND by

AYES:

The meeting was adjourned at 3:46 p.m.