

MARIN COUNTY DEFERRED COMPENSATION COMMITTEE

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

Thursday, August 5, 2021

2:00 PM – 3:30 PM

Zoom Meeting Format

Regular Meeting

Minutes

1. Call to Order

The meeting was called to order at 2:07 p.m.

2. Roll Call

Present:

Roy Given, Director of Finance and Chair; Jeff Wickman, Retirement Administrator;
Stephen Raab, County Counsel Representative; Lisa Hatt, Employee Benefits Manager,
Human Resources; Pauleen Temperani, Marin Courts Representative (left meeting at
3:00p.m.); Cloann DiGrazia, Retiree Representative

Absent:

Shanea Thompson, MAPE Employee Representative; Dan Eilerman, Assistant County
Administrator;

Others in Attendance:

Jayson Davidson, Senior Consultant, Hyas Group; John Steggell, Western Region
Managing Director, Nationwide

3. Open Time for Public & Committee Comment

None

4. Approval of Minutes of May 20, 2021 (Action)

MOTION by Jeff Wickman to approve minutes of May 20, 2021

SECOND by Lisa Hatt

AYES: ALL

NOES: None

5. Deferred Compensation Committee Matters

Jayson Davidson shared with the committee that the Hyas Group has agreed to merge its business with the Institutional Consulting Business at Morgan Stanley. The Hyas Group believes that the combination will allow them to continue at their high service level while adding the benefits and resources of a much larger financial industry partner. Hyas is expecting staffing and client relationships to remain intact and hope in time that the merger leads to added value for clients. The committee voiced no objections to the transaction but asked that a future agenda item be included to revisit the transaction and receive information on Hyas Group client retention. This review will be scheduled in approximately six months. Additionally, the committee asked that Hyas Group provide disclosures to the committee for any analysis involving Morgan Stanley owned or managed products.

6. Nationwide Retirement Solutions

- Quarterly Summary Report & Quarterly Update QE 6/30/2021

John Steggell, the Relationship Manager from Nationwide, gave an update on contribution, distribution, and market activity for each Plan. He noted that Nationwide will be targeting inactive employees and trying to get them contributing. There were 960 inactive accounts at quarter-end and Nationwide will spend the next several quarters trying to connect through digital and print means. Mr. Steggell also noted that 1,800 of the County's 2,536 participants have set up an online account and 47% of those are deemed on track for retirement, based on Nationwide's metrics and measurement. The committee also reviewed a brochure with the August and September Retirement Readiness workshops information. The brochure will be sent out electronically and will contain a link for August and September scheduling.

7. Hyas Group

- Quarterly Performance Report QE 6/30/21

Jayson Davidson presented the second quarter 2021 performance report and noted that equity markets continued their post-pandemic march upward with global stock markets posting strong numbers across all capitalization ranges. The performance style rotation from growth to value stocks stalled during the quarter, however, as markets increasingly weighed signs of economic growth

against rising inflation fears. Rising COVID case counts coupled with those inflation fears did cause increased interest in fixed income and government bonds in particular. The US Aggregate posted a positive 1.83% for the quarter as yields dropped with the renewed demand for fixed income. Hyas expects the positive momentum to moderate in the coming months as the sharp snapback in economic activity starts to normalize.

- Fund Review: Consideration of watch action for Galliard Stable Value Fund (Action)

The committee revisited the topic related to the recently announced ownership change for Wells Fargo's investment management arm and Jayson Davidson shared a Hyas Group prepared memorandum on the topic. Galliard is part of the investment complex that will be sold, and the committee voted to place the Galliard Stable Value product on watch in all plans as recommended. Hyas will be carefully watching employee and client retention metrics and will report back to the committee as warranted.

MOTION to approve placing Galliard Stable Value Fund on Watch List by Jeff Wickman

Seconded by: Lisa Hatt

Ayes: ALL

- Consideration of watch action for Schroeder SMID Cap Fund (Action)

The Schroder US Small Mid Cap Trust option, which has been a possible watch action candidate, tipped into violation of quantitative investment policy criteria. The fund's numbers for the quarter were below benchmarks and it was through the allocation missteps of 2020 that its performance was sent below benchmarks. The committee voted to place the fund on watch and Hyas will provide updates and status changes as warranted.

MOTION to approve placing Schroeder SMID Cap Fund on Watch List by Jeff Wickman

Seconded by Lisa Hatt

Ayes: ALL

- Discuss Vanguard Fund lower cost share class availability (Action)
The County and Court 457 Plans, in aggregate, qualify for the lower cost share class version of the Vanguard Total Bond Market Index Fund. As such, the committee voted to transition from the current Admiral Share Class to the Institutional Class. The Hyas Group analytics team will work with Nationwide to facilitate the change.

MOTION to change cost share class by Jeff Wickman

Seconded by: Lisa Hatt

Ayes: ALL

- Discuss lower cost CIT version availability for the T. Rowe Price Structured Research Fund (Action)
Jayson Davidson informed the committee that T. Rowe Price now offers a less expensive CIT version of its Large Cap US Equity Research product available for larger plan usage. The CIT version has a small cost and return advantage to the mutual fund being used in the 457 plans today. After discussion, the committee voted to move from the T. Rowe Price U.S. Equity Research mutual fund to the CIT version. The Hyas Group analytics team will work with you and Nationwide on the necessary paperwork and process to implement the change.

MOTION to accept lower cost CIT version by Lisa Hatt

Seconded by: Stephen Raab

Ayes: ALL

- Annual Investment Policy Statement review (Action)
Hyas conducted the annual review of the Plans' Investment Policy Statement and the committee voted to approve the document with minor adjustment. Jayson Davidson will forward a final, clean copy for signature and file.

Motion to approve edited Investment Policy Statement by Jeff Wickman

Seconded by: Lisa Hatt

Ayes: ALL

- Legal and regulatory updates

The committee discussed the most recent version of the Hyas Group's 457 Fiduciary Advisor Newsletter. Jayson Davidson directed the committee's attention to content on the DOL's cybersecurity guidelines and checklist for plan sponsors as well as to an item related to additional scrutiny on target date funds by lawmakers and their respective committees.

8. Items for Future Agendas

- Fidelity vs. Vanguard Index Revisit
- Nationwide Annual Review: Calendar Year 2020
- Discuss De Minimis Distributions
- Annual Nationwide Investment Report
- Plan Document amendments
- 6-month review of Hyas Group purchase by Morgan Stanley

9. The next Deferred Compensation Committee is scheduled for November 4, 2021.

10. Adjournment

The meeting was adjourned at 3:31 p.m.

