

MINUTES

MARIN COUNTY DEFERRED COMPENSATION COMMITTEE
3501 Civic Center Drive, Room 225
San Rafael, CA

May 26, 2022 – 2:00 p.m.

1. Call to Order

Chair Martinovich called the meeting to order at 2:02 p.m.

2. Roll Call

PRESENT: Mina Martinovich, Interim Director of Finance and Chair; Dan Eilerman, Assistant County Administrator; Jeff Wickman, Retirement Administrator; Stephen Raab, County Counsel Representative; Lisa Hatt, Employee Representative

ABSENT: Pauleen Temperani, Marin Courts Representative; Shanea Thompson, MAPE Employee Representative;

Others in attendance: John Steggell, Executive Relationship Manager, Nationwide; Jayson Davidson, Managing Partner, Hyas Group; Wendy Sorensen, Department of Finance

3. Open Time for Public Comment

None

4. Approval of Minutes – Meeting of November 4, 2022 (ACTION)

MOTION by Dan Eilerman to approve minutes of November 4, 2021

SECOND by Lisa Hatt

AYES: ALL

5. Deferred Compensation Committee Matters

Mina Martinovich advised that due to a lack of quorum for the previously scheduled Committee meeting on March 17, 2022, the current meeting will discuss the previous two quarters ending December 31, 2021 and March 31, 2022.

Mina Martinovich announced that Roy Given, the Committee's previous Chair, recently retired effective March 30, 2022. Mina Martinovich was appointed as the Interim Director of Finance, and in turn, is currently serving this Committee as the de-facto Chair. In addition, Cloann DiGrazia, Retiree Representative, formally resigned from the Committee, which leaves a vacancy for a Retiree Representative seat.

6. Nationwide Retirement Solutions

- Quarterly Summary Report and Updates for QE's 12/31/2021 and 3/31/2022

John Steggell presented and discussed the Quarterly Summary Report and Updates for the quarters ending December 31, 2021 and March 31, 2022. Mr. Steggell noted that contributions for both quarters were down as compared to the prior quarters, however cash flow remained positive in total. The participation rate for the 457 Plan steadily increased over the past few years and ended the quarter at 63.7% using an eligible count of 2,225.

- Participant Website Update – My Interactive Retirement Planner Spend Down Feature for Retirees
Mr. Steggell noted that Nationwide will be making changes to the participant quarterly statements. The new statement will be in a tiled format and will include the retirement readiness score as well as an estimated monthly distribution amount.
- Q4'21 and Q1'22 Participant Webinars
Nationwide will be offering five new webinars as part of their Northern California retirement and wellness series, scheduled during the month of June 2022. Flyers of the event were provided to County of Marin Human Resources for distribution countywide. Lisa Hatt advised that she would distribute via countywide email notification.

7. Hyas Group

- Quarterly Performance Reports for QE's 12/31/22 and 3/31/22
Jayson Davidson presented and discussed the Quarterly Performance Reports for quarters ending December 31, 2021 and March 31, 2022. The Committee discussed near-team market expectations and broader economic and geopolitical topics. Mr. Davidson noted that the inflation/growth dynamic appears to be the main driver of market activity in the United States. Interest rates have continued their sharp upward trajectory as the Federal Reserve has taken action (and signaled further action) to tamp down inflation. Interest rate increases have weighed on bond prices and growth-oriented equity sectors in particular. For the remainder of this year, it is expected that the markets will continue to react to the Fed's actions and specifically to whether inflation can be controlled without damaging economic growth too severely. Outside the U.S. the inflation/growth dynamic is similar, but in other large economic markets the dynamic is exacerbated by the Russia/Ukraine conflict and the impact this conflict has had on commodity prices, especially gas and oil.
- On Watch Funds: Schroder US Small Mid Cap Trust; Galliard Stable Value Fund; T. Rowe Price US Equity Research Fund, MetWest Total Return Bond Fund (Action item)
At first quarter-end, the Committee had the following four fund on watch: Galliard Stable Value, Metropolitan West Total Return, T. Rowe Price US Equity Research and Schroder US Small/Mid Cap Equity. Three of the four are on watch for qualitative, non-performance reasons related to personnel/leadership changes or ownership transition. The Galliard Fund has been on watch since Well Fargo's (Galliard's owner) asset management business was sold, effectively placing the fund and its operations under new ownership. The ownership change transaction was over a year old and Hyas Group recommended removing the fund from watch. The Metropolitan West (MetWest) Total Return Bond Fund and the T. Rowe Price US Equity Research Fund were placed on watch in the third quarter for reasons related to a recent personnel/leadership change at each respective firm. The Hyas Group expect to maintain the qualitative watch status for these funds until next quarter. The Schroder Fund was placed on watch last year for performance in violation of investment policy criteria. The Fund remains in violation of investment policy criteria and will remain on watch. Jayson Davidson noted that the fund continues to claw back its relative performance shortfalls and is well ahead of benchmarks for the year-to-date 2022.

Action Item: Remove Galliard Stable Value Fund from watch

MOTION by Dan Eilerman to remove Galliard Stable Value Fund from watch

SECOND by Lisa Hatt

AYES: ALL

- Update on recently approved investment vehicle and share class changes
The Committee's previously approved change to the Vanguard target date fund CIT vehicle has been accepted by Vanguard and Hays Group has forwarded trust paperwork for completion. Once all paperwork has been executed, Hays Group will work with Nationwide on the timing and operational components of the change. This change will be coupled with the also approved move from the current Calver Balanced Fund I class to the lower cost R6 class.
- Update on Vanguard 2070 Target Retirement Date option and closing of 2015 vintage
Jayson Davidson informed the Committee that Vanguard has announced the launch of the Target Retirement Date 2070 Fund. In concert with this launch, they will be retiring the 2015 Fund and merging it into the Retirement Income option. The new fund option and the merger are scheduled for July of this year and the committee will discuss whether to add the 2070 Fund to the series at the August meeting.
- Legal and regulatory updates
Jayson Davidson referenced the most recent version of the Hays Group's Fiduciary Advisor Newsletter and again visited a recent Supreme Court decision in the Hughes vs. Northwestern excessive fee suit. The Committee also discussed the prospects of any full passage of what is being called Secure Act 2.0. The House has passed this legislation but the timeline, with mid-term elections looming, is very short for further movement. Lastly, the Committee discussed the recent guidance out of the DOL regarding cryptocurrencies and activity on that subject within the retirement plan industry.

8. Items for Future Agendas

- Discuss and call for distribution of excess proceeds
- Discuss De Minimis Distributions
- Plan Document amendments
- 6-month review of Hays Group merger with Institutional Consulting Business at Morgan Stanley / Hays Group client retention

9. Next Scheduled Meeting is Thursday, August 25, 2022, 2:00 - 4:00 p.m.

10. Adjournment The meeting adjourned at 3:09 p.m.