

## Minutes

### MARIN COUNTY DEFERRED COMPENSATION COMMITTEE Marin County Civic Center, 3501 Civic Center Drive San Rafael, CA

August 25, 2022 - 2:00 P.M.

**1. Call to Order**

Chair Martinovich called the meeting to order at 2:03 p.m.

**2. Roll Call**

PRESENT: Mina Martinovich, Dan Eilerman, Stephen Raab, Jia Chen, Jeff Wickman

ABSENT: Lisa Hatt, Shanea Thompson

Others in attendance: Jayson Davidson, Managing Partner, Hvas Group; John Steggell, Executive Relationship Manager; Jake Sours, Nationwide; Laura Ryan, Nationwide; Nicholas Ziegenbusch; Wendy Sorensen, Department of Finance

**3. Open Time for Public Comment**

None

**4. Approval of Minutes – Meeting of May 26, 2022 (ACTION)**

MOTION by Dan Eilerman to approve Minutes of May 26, 2022

SECOND by Jeff Wickman

AYES: ALL

**5. Deferred Compensation Committee Matters**

Mina Martinovich introduced new committee member Jia Chen, Ex-Officio Alternate of the Superior Court. There is currently a Retiree Representee Vacancy. Committee Staff will work on recruitment and will allow 4 weeks to accept applications in October. A sub-committee will be established to work the interview and nomination process before going to the Marin County Board of Supervisors for recommendation and approval.

**6. Nationwide Retirement Solutions**

- Quarterly Summary Report And Updates For QE 6/30/2022

John Steggell, Nationwide Relationship Manager, introduced the County and Court's new on-site participant service representative, Lauren Ryan. Ms. Ryan will replace Jim Lafoon, who retired earlier this year. Mr. Steggell also presented the quarterly activity report for each Plan. The participation rate for the 457 Plan ticked down from the prior quarter but has largely remained steady above 60% over the past several. It was noted that participant counts increased from the prior year in all age categories with the exception of the under age 30 category. Nationwide will look into the difference and whether more targeted outreach can be used to move the count in the under age 30 group higher. Mr. Steggell also shared that over half of the County's participants have established an online account and close to 40% have engaged the online tool to establish a specific retirement goal.

- Virtual Benefits Fair Booth  
Mr. Steggell informed the Committee that Nationwide was again prepared to roll out the Virtual Benefits Fair Booth to correspond with the County and Courts benefits open enrollment. The virtual booth will provide Plan information, education and other portals for employees to engage with the Plan and services. Data related to the virtual booth interactions and all participant “click” activity will be shared with the Committee.
- Second Quarter Participant Webinars  
A Webinar Flyer was sent out to all County employees. There is more participation with Virtual webinars than there was with in-person appointments.

## 7. Hyas Group

- Quarterly Performance Report For QE 6/30/2022  
Jayson Davidson from Hyas Group presented the Second Quarter 2022 Performance Report. From an economic and market perspective, the broad themes impacting markets have remained generally the same since the Committee last met. The inflation/growth dynamic continues to be the main driver of market activity across world markets. Price pressure has not shown any material signs of lessening and it is expected that the Federal Reserve will maintain its aggressive monetary actions to try and tamp down inflation. Again, whether they can do this without any more severe recessionary consequences remains the question.
- On Watch Funds: Schroder US Small Mid Cap Trust; T. Rowe Price US Equity Research Fund, MetWest Total Return Bond Fund (Action item)  
At quarter-end, the Plan had three investment options on watch for policy violation. Two of the three, the Metropolitan West Total Return Bond Fund and the T. Rowe Price US Equity Research Fund, were placed on watch for qualitative, non-performance related reasons due to personnel/leadership changes that took place last year. It seems that the changes at both organizations should not disrupt management of the funds and Hyas recommended removal from watch status for both options. The sole performance related watch status option, the Schroder Small/Mid Cap Equity Fund, continued to be in violation of investment policy parameters and will remain on watch. The Fund did again, however, post strong relative performance numbers for the quarter and is now well ahead of benchmarks year-to-date. Mr. Davidson informed the committee with the T. Rowe Price US Equity Research Fund’s removal from watch status, the Committee can revisit the prospect of moving from the mutual fund to the CIT vehicle for the strategy. The CIT vehicle is slightly less expensive and maintains a slight performance edge relative to the mutual fund. A related item will be placed on next quarter’s agenda for potential committee action.

Action Item: Remove T. Rowe Price US Equity and MetWest Total Return Bond fund from watch

MOTION by Dan Eilerman to remove T. Rowe Price US Equity Research Fund and MetWest Total Return Bond Fund from watch

SECOND by Jeff Wickman

AYES: ALL

- Update On Vanguard Target Date Fund CIT Vehicle and Calvert Balanced Fund I Share Cass Change Timing And Communications

The Committee's previously approved change to the Vanguard target date fund CIT is just awaiting delivery of final signed paperwork from the Superior Court. Hyas expects to have all in place by the end of the week, provided that the Superior Court follows through with submitting the necessary paperwork and notarized signatures. The CIT change will be coupled with a move to a less expensive share class for the Calvert Balanced Fund. The Hyas Group analytics team will continue to work with all involved parties to process the changes.

- Update On Removal Of Vanguard 2015 Target Date Option And Availability Of The Vanguard 2070 Target Retirement Date Option (Action item)

Mr. Davidson informed the Committee that Vanguard has officially merged the Target Retirement Date 2015 Fund with the Retirement Income option. The merger took place in early July so combined assets will show up in the Third Quarter report. Additionally, as previously discussed, it was noted that Vanguard has launched the Target Retirement Date 2070 Fund. This fund will round out the series of available target date options in the County and Court Plans and the Committee voted to add the 2070 Fund to the available Vanguard series. The Hyas Group analytics team will work with Nationwide on the timing and process of this addition.

Action Item: Add Vanguard 2070 Retirement Date option to the series  
MOTION by Dan Eilerman to add Vanguard 2070 Retirement Date option to the Series  
SECOND by Stephen Raab  
AYES: ALL

- Annual Investment Policy Statement Review (ACTION)

The Committee engaged in the annual review of the Plans' Investment Policy Statement. Mr. Davidson walked the Committee through the proposed red-lined changes to the FY 2022 Investment Policy. Committee member Jeff Wickman expressed concern that the Policy went from being too specific regarding capitalization, to not providing enough information for participants to understand. Mr. Davidson agreed with his comment, however overall advised that more general descriptions for capitalization provided more flexibility in the interpretation of tracking errors for index funds. The Committee approved changes to the document reflecting different naming conventions for the bond indexes, more general descriptions for capitalization and references to the now approved Vanguard Target Retirement Date 2070 Fund and the removal of the 2015 Fund. Hyas will forward a final, clean copy for Committee's signature and files.

Action Item: Approve the Annual Investment Policy Statement dated August of 2022  
MOTION by Dan Eilerman to approve the annual investment policy statement dated August of 2022.  
SECOND by Stephen Raab  
AYES: ALL

- Hyas Group Post-Merger Assessment/Client Retention

The Committee engaged in a discussion regarding Hyas Group operations, as well as client and employee retention post-merger with Morgan Stanley. Jayson informed the Committee that they have been able to retain all employees and have had very

limited client attrition that he would not consider to be related to the Merger. Hyas continues to operate, largely, the way they did pre-merger and do not expect any client relationship disruptions as they move into the second year of the combined company.

- Legal And Regulatory Updates

On the legal/regulatory front, the Committee discussed the prospects of any full passage of what is being called Secure Act 2.0. The House has passed this legislation and it has passed out of Senate committee. With mid-term elections looming and congress out of session for summer break, any passage will likely have to happen when the new congressional session begins.

## 8. Items for Future Agendas

- Administrative Expense Account pro-rata participant distribution
- Consider small account balance distributions and necessary Plan Document amendments
- Discuss renewal option for Contract with Nationwide

## 9. Next Scheduled Meeting is Monday, December 5, 2022 at 2:00 p.m.

## 10. Adjournment

The meeting adjourned at **3:30 p.m.**

Late agenda material can be inspected in the Department of Finance between the hours of 9:00 a.m. and 4:00p.m. The Department of Finance is located in Room 225 of the Marin County Civic Center, 3501 Civic Center Drive, San Rafael.



For disability accommodations please phone [415-473-2685](tel:415-473-2685) (Voice), CA Relay 711, or e-mail [WSorensen@marincounty.org](mailto:WSorensen@marincounty.org) at least five business days in advance of the event. The County will do its best to fulfill requests received with less than five business days' notice. Copies of documents are available in alternative formats, upon request.