

Minutes

MARIN COUNTY DEFERRED COMPENSATION COMMITTEE
Marin County Civic Center, 3501 Civic Center Drive
San Rafael, CA
Zoom Format
February 14, 2023 - 2:00 P.M.

1. Call to Order

Chair Mina Martinovich called the meeting to order at **2:04 p.m.**

2. Roll Call

PRESENT: Mina Martinovich; Dan Eilerman; Jeff Wickman; Stephen Raab; Lisa Hatt;

ABSENT: Shanea Thompson; Jia Chen

Others in attendance: Jayson Davidson, Hyas Group Managing Partner; John Steggell, Nationwide Executive Relationship Manager; Greg Sabin, Nationwide Program Director; Lauren Ryan, Nationwide Participant Services Representative; Wendy Sorensen, County Department of Finance

3. Open Time for Public Comment

None

4. Approval of Minutes – Meeting of December 5, 2022 (ACTION)

MOTION by Dan Eilerman to approve Minutes of December 5, 2022

SECOND by Lisa Hatt

AYES: ALL

5. Deferred Compensation Committee Matters

- Retiree Representative Update

Mina Martinovich informed the Committee that the Retiree Representative seat remains vacant, and that advertising and recruitment efforts are open and continuous.

- Temporary subcommittee to author bylaws for the Deferred Compensation Committee (ACTION)

Mina Martinovich recommended the creation of a subcommittee to author draft bylaws on behalf of the Committee. Mina Martinovich and Lisa Hatt volunteered to serve on this subcommittee. Stephen Raab will provide counsel review of the draft bylaws.

MOTION by Stephen Raab to form a temporary subcommittee nominating Mina Martinovich and Lisa Hatt to author bylaws on behalf of the Deferred Compensation Committee

SECOND by Dan Eilerman

AYES: ALL

6. Nationwide Retirement Solutions

- Quarterly Summary Report for QE 12/31/2022

John Steggell presented Nationwide's standard quarterly report, reflecting an increase in total assets. Historical net cash flow, not including market activity, was neutral with contribution and distribution amounts netting each other. Plan participation rate decreased slightly from 61.72% to 59.63%. Over 80% of plan participants have registered accounts with Nationwide's online portal. Lisa Hatt asked whether Nationwide's App has all of the same capabilities as the Nationwide website. Mr. Steggell confirmed that it did.

Lauren Ryan, Nationwide Participant Services Representative, provided a summary of participant meetings for the quarter, noting that most participants request for virtual meetings as opposed to on-site meetings. About 20%-25% of participant meetings are with retirees. On March 1, 2023, Nationwide will commence its quarterly webinars for participants. Lisa Hatt asked Ms. Ryan if additional statistics on this matter could be shared with the Committee. Ms. Ryan responded that she would provide more statistical information at the next Committee quarterly meeting.

6. Hyas Group

- Quarterly Performance Report for QE 12/31/2022

Jayson Davidson, Hyas Group Managing Partner, provided the Committee with the fourth quarter 2022 markets and economics update and outlook for 2023, followed by a quarterly review of Plan performance and asset allocation, and plan performance policy dashboard.

Jeff Wickman noted that the Vanguard Target Date and Extended Market Index beat its benchmark over all periods, yet it was in the bottom quartile for the YTD and 1Yr. Jeff Wickman asked Mr. Davidson if that was a mismatch on the Mid-Cap Bend. Mr. Davidson advised that the issue was there are not very many peers in the peer group, which in turn presents a challenge. Minor differences versus the index or peer group hits hard on the peer group ranking. Mr. Davidson further noted that in general, the peer group ranking for indexes can sometimes be inconsequential, due to the fact that these indexes are trying to match their respective benchmark, as opposed to outperforming their peers.

- On Watch Funds: Schroder US Small Mid Cap Trust

Schroder Small/Mid Cap Equity Fund was on watch last quarter and remains on watch this quarter. The fund continued to add back value and experienced a relatively good 2022, despite its performance history. Mr. Davidson noted that this fund appears to be getting close to being back to policy targets.

- Update on Vanguard Target Date Fund CIT vehicle and Calvert Balanced Fund I share class change timing and communications

Mr. Davidson reminded the Committee that they previously took action to move the Vanguard Target Retirement Year Fund CIT and the Calvert Balanced Fund I into a lower-cost share class. This was completed on January 13, 2023. Such change is not reflected in the fourth quarter report, however the next quarterly report will show the lower cost versions of these funds which should give the Plan a slight performance premium and eventually should see these trend lines dip down ever so slightly more.

- Review representative client fee comparison and discuss Nationwide's contract term and potential renewal (ACTION)

Representatives from Nationwide were asked to temporarily leave the meeting for this agenda item. John Steggell, Greg Sabin, and Lauren Ryan exited the meeting at 2:51 p.m.

Mr. Davidson mentioned that the Hyas Group serves many governmental clients, and as such has some level of comparable Plan recordkeeping fees readily available to share with the Committee in its consideration of the County's contract with Nationwide, which is set to expire as of December 2023. Embedded within the contract is a contract renewal option that allows the County to continue either month-to-month, or up to five years. To help inform the Committee in this decision, Mr. Davidson provided a Client Fee Comparison schedule as of 9/30/22 prepared by the Hyas Group.

Further discussion ensued, at which point the Committee directed Hvas Group to work with Nationwide on the mechanics of a potential contract extension. Mr. Davidson advised that he would provide information regarding the process in advance of the next Committee meeting.

Nationwide representatives John Steggell, Greg Sabin, and Lauren Ryan rejoined the meeting at 3:15 p.m.

MOTION by Stephen Raab to have Jayson Davidson contact Nationwide about a potential contract renewal.

SECOND by Jeff Wickman

AYES: ALL

- Legal And Regulatory Updates
(None discussed)

7. Items for Future Agendas

- Review draft bylaws of the Deferred Compensation Advisory Committee
- Update from Hvas Group on Nationwide contract extension

8. Upcoming Meetings

The next quarterly meetings are scheduled for:

- May 25, 2023; 2:30-4:00 – Regular Meeting (Civic Center Room 410-B)
- August 24, 2023; 2:30-4:00 – Regular Meeting (Civic Center, Room 410-B)
- November 16, 2023; 2:30-4:00 – Regular Meeting (Civic Center, Room 324-A)

9. Adjournment

The meeting adjourned at **3:17 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.



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