

## Minutes

### MARIN COUNTY DEFERRED COMPENSATION COMMITTEE

Marin County Civic Center, 3501 Civic Center Drive

San Rafael, CA

May 25, 2023 - 2:15 P.M.

#### 1. Call to Order

Chair Mina Martinovich called the meeting to order at 2:22 p.m.

#### 2. Roll Call

PRESENT: Mina Martinovich (Director of Finance); Dan Eilerman (designated alternative to the County Administrator); Jeff Wickman (Retirement Administrator, MCERA); Stephen Raab (designated alternative to County Counsel); and Lisa Hatt (Active Employee Representative).

ABSENT: Shanea Thompson (MAPE-represented Active Employee Member); Jia Chen (Marin County Superior Court)

Others in attendance: Jayson Davidson (Hyas Group); John Steggell (Nationwide); Kent Morris (Nationwide); Wendy Sorensen (Committee Staff, Department of Finance); Imani Jones (Committee Staff, Department of Finance).

#### 3. Open Time for Public Comment

None

#### 4. Approval of Minutes – Meeting of February 14, 2023 (ACTION)

MOTION by Dan Eilerman to approve Minutes of February 14, 2023

SECOND by Jeff Wickman

AYES: ALL

#### 5. Review and Consider Approval of Draft Bylaws of the Deferred Compensation Committee (ACTION)

Mina Martinovich presented the draft Bylaws of the Marin County Deferred Compensation Advisory Committee for the Committee's review and consideration for adoption. The bylaws provide the Committee's purpose, including a description of the Committee's delegated authority and fiduciary obligations, as well as a description of the Committee's composition, meetings, and administrative functions. Ms. Martinovich noted that the bylaws were intentionally written to serve as a stand-alone set of governance rules that is separate and apart from the pre-existing Investment Policy Statement and Deferred Compensation Plan Documents.

Ms. Martinovich highlighted to the Committee Article III of the draft Bylaws, whereby the Committee composition is amended from eight (8) to nine (9) members, with the new ninth member being the Director of Human Resources, or their designated alternate. The impetus for the addition of the ninth member was to ensure that the Committee, in carrying out its fiduciary oversight and administration of the County's deferred compensation programs, maintains the appropriate subject matter expertise and consideration of County employee benefits administration.

The Committee engaged in discussions regarding the membership composition and concerns on the Committee's ability to establish a meeting quorum which have been challenges in the past.

Conversation ensued surrounding the Committee's overall concern for the lack of attendance and participation by representative members, and most notably the Superior Courts representatives. Consideration was given on how best to engage Court representation in the Committee business on a more consistent basis.

MOTION by Dan Eilerman to adopt the Deferred Compensation Committee Bylaws as written, and to draft a letter to the Court Executive to request their attendance for future Committee meetings.  
SECOND by Jeff Wickman  
AYES: ALL

## 6. Deferred Compensation Committee Matters

Mina Martinovich provided the Committee with an update on the vacant Retiree Representative membership seat, advising that advertising and active recruitment efforts continue.

## 7. Hyas Group

- Update on Nationwide contract extension offer (ACTION)

John Steggell and Kent Morris (Nationwide) temporarily left the meeting for this discussion.

Jayson Davidson (Hyas Group) presented Nationwide's proposal for contract extension and evaluated three- and five-year extension terms. Nationwide provided different pricing scenarios for the Committee's consideration, a 3-year contract renewal at a record-keeping fee of 6.5 basis points or a 5-year contract at 6.25 basis points. The Committee discussed the importance of maintaining the open architecture platform. They expressed confidence in Nationwide's services but also emphasized the need to hold them accountable and set high expectations. They also discussed the need for clarity and specifics regarding the financial planning services offered by Nationwide. Mr. Davidson advised to the Committee that he will work with Nationwide to better develop language regarding the proposed financial planning services and the potential to have some of those services provided on-site, as well as revisit the service-related penalties to have them better reflect the current service package.

MOTION by Dan Eilerman to extend the Nationwide contract for an additional five years at the new recordkeeping fee of 6.25 basis points  
SECOND by Lisa Hatt  
AYES: ALL

\* Stephen Raab left the meeting at the end of this discussion at 3:01 p.m. The rest of the meeting is informational only

\*\* John Steggell and Kent Morris rejoined the meeting after the Nationwide Contract vote at 3:01 p.m.

- Quarterly Performance Report for QE 3/31/2023

Mr. Davidson presented the First Quarter 2023 Performance Report for the Committee's review and discussed the current market conditions as well as near term market expectations. The quarter provided for strong fixed income and equity market returns in a continuation of the rally that began with the Fourth Quarter of last year. Markets remain focused on what has been cooling, but still high, inflation numbers and the Federal Reserve's tightening actions related to these numbers. Additionally, economic activity has shown signs of cooling and lending activity has slowed in the wake of the pressure put on regional banks from rapidly rising interest rates. In this

environment, the Plan's available suite of investment options performed in-line with expectations.

- On Watch Funds: Schroder US Small Mid Cap Trust  
On the heels of a very good twelve-month return versus policy benchmarks, the Plan's lone watch status option, the Schroder Small/Mid Cap Equity Fund, posted performance in compliance with investment policies parameters. The strategy's compliant position remains tenuous. However, Hyas is recommending holding the watch status.

Mr. Davidson informed the Committee of a recently announced personnel change affecting one of the Plan's available investment options, Hartford International Opportunities Fund. Hartford informed Hyas Group that one of the Portfolio Managers will be retiring on June 30, 2024. The Fund's Co-Portfolio Manager, Tara Stilwell, will assume sole management responsibilities following that date. Ms. Stilwell has been a named co-Manager on the strategy since 2010. Given the significant advanced notice and that an existing, long-tenured manager will be assuming responsibilities, Hyas is not recommending any watch action. They will, nonetheless, continue to monitor the transaction and provide additional information to the Committee as warranted.

- Legal And Regulatory Updates  
The Committee continued discussion around SECURE Act 2.0 provisions and the timing for implementation of those provisions the Committee is focused on. Hyas will work with Nationwide to put together a provision summary and recommendation piece for the Committee's consideration at a report meeting later this year.

## **8. Nationwide Retirement Solutions**

- Quarterly Summary Report And Updates For QE 3/31/2023  
John Steggell (Nationwide) provided the standard quarterly Plan report. He noted that the 457 Plan has been cashflow negative for a number of quarters after being positive one year ago. The rolling five quarter average for contributions was \$4.5 million and for distributions it was \$4.7 million. Mr. Steggell informed the Committee that the participation rate for the 457 Plan increased from the prior quarter's 59% to 62%. He also noted that 60% of the new money is being deferred into the 457 Plan's target date fund alternatives. On the participant outreach front, he reported that the Plan's dedicated Nationwide Representative conducted 36 on-site appointments and 82 virtual appointments. There were 4 group webinars also held during the quarter.

## **9. Items for Future Agendas**

- Review and consider approval of the Annual Statement of Investment Policy and Guidelines

## **10. Upcoming Meetings**

The next quarterly meetings are scheduled for:

- 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)

## **11. Adjournment**

The meeting adjourned at **3:50 p.m.**