Lane County
Deferred Compensation Committee Meeting

September 26, 2022

1. Attendees: Steve Mokrohisky, Kara Joers, Lisa Willis, Krystal Tullar, Greg Holmes, Audrey White (Hyas), DeLana Hansen (MissionSquare), Peter Hoerber (Mission Square).
2. Approval of the May 18, 2022 meeting minutes was deferred to the next meeting due to the lack of a quorum.
3. Hyas Group provided the Second Quarter 2022 Performance Report which included the following items:
	* Market Commentary – The second quarter of 2022 was not pretty. Facing significant inflationary headwinds and flirting with recession, all major stock market indices entered bear market territory at some point during the quarter. A bear market is defined as a 20 percent decline from its previous high. The S&P 500 Large Cap Index, arguably the flagship benchmark for US Equities, ended the quarter with a 16.10% loss, 20.6% off its high from 2021 and down 19.96% for 2022. The 2020 COVID downturn demonstrated that participants are resilient, willing to stay the course. Hopefully they stay the course throughout this correction as well. If so, their portfolios will likely be richly rewarded.
	* Legal and Regulatory Updates – SECURE Act 2.0
	* Current Fund Lineup Overview –
	* MissionSquare PLUS Fund R10 remains on watch due to qualitative factors. Hyas Group recommends likely one more quarter of watch status so long as everything continues to be smooth sailing. Hyas Group will revisit next quarter and provide a recommendation.
	* American Funds EuroPacific Growth Fund was placed on watch last quarter due to underperformance. The fund's small core-tilt has helped performance recently but their security selection within financials, healthcare, and tech continue to drag, combining to detract about 400 basis points over the last year but was about neutral through the second quarter. The biggest relative performance gains came from the fund's roughly 10% in cash, which added about 150 basis points through the negative markets in 2Q22. The fund remains on watch.
	* Invesco Oppenheimer Global Opportunities Fund was placed on watch last quarter due to underperformance. The fund's avoidance of energy and significant overweight to tech has hurt performance over the last year, but not nearly as much as their security selection which detracted about 2,500 basis points of relative performance. One of their largest holdings, Nektar Therapeutics, detracted nearly 500 basis points alone, while their selection within Healthcare overall detracted about 1,400 basis points of relative performance. The fund remains on watch.
	* The Vanguard Target Date 2015 Fund was mapped into the Vanguard Target Retirement Income Fund in July 2022. Also in July 2022, the Vanguard Target Retirement 2070 Fund was added to the target date fund suite.
	* The Western Asset Core Plus Bond I has encountered challenges in the tumultuous market of the first half of 2022 as the appetite for risk declined sharply. Allocations to emerging markets were a particular headwind as their currencies generally declined and bonds otherwise sold off. Other sources of underperformance included underweight to US Treasury bonds and an overweight to bonds with longer durations (entailing higher risk to price declines from rising interest rates). Hyas Group recommended and the Committee voted and approved to place the Western Asset Core Plus Bond I Fund on watch as its trailing performance lags investment policy statement criteria.
	* Dodge & Cox International Stock now offers a zero revenue share class. Hyas Group recommended to map the existing shares of the Dodge & Cox International Stock Fund (DODFX) to the new zero revenue share class of the same fund (DOXFX) as soon as administratively possible. This was voted on and approved by the Committee.
	* Plan Data Review – As of June 30, 2022, total assets were approximately $134 million, a decrease of approximately $16 million from last quarter.
	* Fee and Revenue Analysis
4. Pete Hoerber from MissionSquare provided a 2Q 2022 Plan Review, which included:
	* There were 52 RPS consultations, 6 RPS webinars, 4 CFP consultations, and 5 CFP webinars.
	* There were 114 enrollments totaling $2 million.
	* There were $1.04 million in roll-outs, going to various firms such as Fidelity, Edward Jones, and Ameriprise. Roll-ins for the quarter were $603k.

MissionSquare also focused their comments on the MissionSquare technology roll out set for October 2022, participant engagement, and responsive education due to market volatility. They focused on DeLana as Lane County’s Retirement Plan Specialist and all of the different ways she can assist new and existing Lane County participants with their retirement planning needs.

1. Hyas Group provided fiduciary education to the Committee.
2. Kara Joers provided an update on her experience at the NAGDCA conference in Baltimore, MD. Kara shared some of her ideas with the Committee and will pass along some materials to Krystal that she referenced during the discussion.

Future Meeting agenda item(s):

* + Committee approval of meeting minutes from the May 18, 2022 meeting as well as the September 26, 2022 meeting.
	+ Benefits Fair held on 9/29-9/30/22.

Our next meeting is scheduled for Monday, November 14 at 8:30 a.m.