

Lane County
Deferred Compensation Committee Meeting
November 14, 2022

1. Steve Mokrohisky called the meeting to order at 8:30. In attendance were Steve Mokrohisky, Christine Moody, Greg Holmes, Krystal Tullar and Lisa Willis. Clint Riley, JoAnn Miller and Kara Joers were absent. Also in attendance were Audrey White from Hyas Group, and Patti Harte and Delana Hansen from MissionSquare.
2. The Committee voted to approve the September 26, 2022 meeting minutes. Jan Kelley will be sending out an email to the Committee asking for a vote to approve the May 18, 2022 meeting minutes.
3. Hyas Group provided the Third Quarter 2022 Performance Report which included the following items:
 - Market Commentary – “Stay the course!” That’s a sentiment often exclaimed when discussing retirement savings. In 2022, that approach is being tested. The third quarter of 2022 started off promisingly with a strong July when the S&P 500 Index returned 9.11% for the month. Then the Fed spoke. Federal Reserve Chair Jay Powell reiterated the Fed’s resolve “to bring inflation down to 2%, and to keep at it until the job is done.” Indeed, the Fed raised rates by 0.75% in September--- and then again by another 0.75% in November. That was the fourth 0.75% rate hike this year. For 2022, the Fed has increased rates by 3.75%. This dramatic rise in rates has caused and is causing tremendous headwinds for both stock and bond markets. By the end of the third quarter, July’s optimism and positive performance had faded away. The S&P 500 Index ended the quarter down 4.88%, marking the third consecutive negative quarter for the widely followed benchmark, a streak not seen since the financial crisis of 2009. So where does this leave retirement plan participants? Participants are likely in for more bumps this fourth quarter. However, long term investors, i.e., retirement plan participants, if allocated properly, should benefit significantly from this downturn, if they “stay the course.”
 - Legal and Regulatory Updates – 2023 limits were announced. Limits and increases are noted in the table below:

Item	2023 Limit	2022 Limit	Increase
401(k) & 403(b) Employee Deferral Limit	\$22,500	\$20,500	\$2,000
457 Employee Deferral Limit	\$22,500	\$20,500	\$2,000
Age 50 Catch-up Contribution	\$7,500	\$6,500	\$1,000
Defined Contribution Dollar Limit	\$66,000	\$61,000	\$5,000

- Current Fund Lineup Overview –
 - MissionSquare PLUS Fund R10 was placed on watch 4Q 2021 due to qualitative factors. Sufficient time has passed that Hyas Group is comfortable taking the strategy off watch. The Committee agreed with Hyas Group’s recommendation to remove the fund from watch status.
 - American Funds EuroPacific Growth Fund was placed on watch 1Q 2022 due to underperformance. Their large cash position (>10%) was the largest driver of a relatively strong quarter for the fund vs expectations, given the market conditions. Over the last year their underweight to consumer defensive detracted about 65 basis points of relative performance, while their security selection within tech and consumer cyclical detracted another 300 basis points. The fund remains on watch.
 - Invesco Oppenheimer Global Opportunities Fund was placed on watch 1Q 2022 due to underperformance. The continued 25% overweight to tech and avoidance of energy has hurt returns recently, though it is their security selection within healthcare that has detracted nearly 1,300 basis points of relative performance over the last year. The Committee agreed with Hyas Group’s recommendation to replace the fund. Therefore, Hyas Group will prepare a manager search report for the Invesco Oppenheimer Global Opportunities Fund to review at the next quarterly meeting.
 - The Western Asset Core Plus Bond I was placed on watch last quarter due to underperformance. Their duration positioning has hurt performance recently, as they have been holding an effective duration of nearly eight years. As interest rates have moved up, the strategy’s relative returns have been punished. The fund remains on watch.
 - Dodge & Cox International Stock Fund (DODFX) will be moving to the new zero revenue share class of the same fund (DOXFX) on or around November 18.
- Plan Data Review – As of September 30, 2022, total assets were approximately \$129 million, a decrease of approximately \$5 million from last quarter.
- Fee and Revenue Analysis

4. The Committee approved Hyas Group’s recommended updates to the Investment Policy Statement which included:

- Altered asset allocation ranges in target dates
- Added 2070, removed 2015
- Removed reference to active management in fixed income and international equity
- Changed market capitalization language for US Large/Mid/Small
- Added tracking error language for passive funds

Hyas Group will provide an updated, clean Investment Policy Statement for the Committee’s signature and records.

5. Patty Harte from MissionSquare provided a 3Q 2022 Plan Review, which included:

- There were 66 RPS consultations, 3 RPS webinars, 4 CFP consultations, and 6 CFP webinars. Patty commented that the number of CFP consultations were quite low for the quarter; she would like to work with Lane County to improve this.
- There were 105 457 plan enrollments totaling \$1.9 million.
- There were 46 401(a) plan enrollments totaling 459K.

- There were \$1.6 million in roll-outs for the quarter, going to various firms such as Edward Jones, Fidelity, and JP Morgan. There was one roll-out this quarter for \$1,071,877. Roll-ins for the quarter were \$709K.
 - Patty also commented on MissionSquare's technology update and some of the payroll issues that resulted.
6. The Benefits Fair was held at the end of September 2022. Krystal commented that the Fair was a huge success. DeLana Hansen from MissionSquare attended and had 65 Lane County employees request 1:1 meetings with her. DeLana has been busy conducting these meetings, mostly on Zoom. DeLana also plans to provide in-person meetings at different Lane County departments starting after the first of the year. She would like to be on site about once a month starting in January 2023
 7. Future Meeting agenda item(s):
 - Christine Moody will take a closer look at the Lane County 457 Admin Account activity. She is focused on the current fees being charged and whether or not these can/should change based on plan level expenses. Audrey reached out to Christine and asked if Hyas Group can help with this (11/14).
 8. Jan will work with Denise Chapman at Hyas Group to plan the next meeting date, likely in February 2023. And will likely get the rest of the year's meetings on the calendar as well.
 9. On November 15, Jan sent the committee an email asking them to review and approve the May 18, 2022 minutes. Krystal moved that the minutes be approved. Kara seconded the motion. Motion carried when an quorum replied with their approval.