



PENSION REVIEW COMMITTEE  
TUESDAY, OCTOBER 27, 2020  
ROOM 113, LUXFORD STUDIO  
COUNTY - CITY BUILDING  
555 S 10TH ST, LINCOLN, NE 68508  
2:30 P.M.

## AGENDA

### **1. APPROVAL OF MEETING MINUTES FOR SEPTEMBER 22, 2020**

Documents:

[Pension Review Committee Meeting Minutes 9-22-20 \(2020.10.05\).pdf](#)

### **2. ROLL CALL**

### **3. SECURE ACT DIRECTIVE**

Julie Klassen, Vice President, Key Accounts; and Cyril Tuason, Client Service Manager Total Retirement Solutions; Prudential Retirement

#### **A. Qualified Birth or Adoption Distributions - Secure Act § 113 ("QBAD")**

#### **B. In-Service Pension Distributions - BAMA Act § 103**

### **4. ADJOURNMENT**

## MEMO

A conference call will be conducted with representatives from Prudential Retirement to discuss optional provisions of the SECURE Act.

David A. Derbin

402-441-6865

[dderbin@lancaster.ne.gov](mailto:dderbin@lancaster.ne.gov)

MINUTES  
PENSION REVIEW COMMITTEE  
Tuesday, September 22, 2020  
Room 303, County-City Building

Present: David Derbin, Chief Administrative Officer; Scott Gaines, Chief Deputy Assessor/Register of Deeds; Doug Cyr, Chief Deputy County Attorney; Joe Nigro, Public Defender (entered at 2:35 pm); Dennis Meyer, Budget & Fiscal Officer; Sean Flowerday, County Commissioner; Robert Holbrook, FOP 32; Rick DeBoer, AFSCME; and Kevin Nelson, County Clerk Accounting Operations Manager.

Other Participants: Julie Klassen, Prudential Vice President, Key Accounts; Robb Craddock, Prudential Vice President, Investment Strategy; Cy Tuason, Prudential; Crystal Vacura, Prudential; Frank Picarelli, Segal Marco, Senior Vice President; and Eric Synowicki, Deputy County Attorney

Absent: Kenny Nolan, FOP 77

Derbin called the meeting to order at 2:33 p.m.

**1. Roll Call**

Derbin asked for a Roll Call. All were present except Nigro who entered the meeting at 2:35 pm and Nolan who did not attend.

**2. Approval of Pension Review Committee Meeting Minutes for April 14, 2020**

**MOTION**

Gaines moved and Cyr seconded to approve the Pension Review Committee meeting minutes for April 14, 2020. Derbin, Meyer, Cyr, Nelson, Holbrook, Gaines and Flowerday voted yes. DeBoer Abstained. Nigro and Nolan were absent for the vote. The motion carried 7-0-1.

**3. Second Quarter 2020 Investment Review (401(a) and 457(b) Plans.**

A copy of Prudential's Lancaster County Plan Summary for the period ending June 30, 2020 is included with these minutes as Exhibit A. Craddock began his presentation by referring to the Economic Review on page 18 of the Plan Summary. He reiterated that first quarter was tough due to COVID causing the first quarter to be hugely negative. The second quarter bounced back really well, and the start of the third quarter is looking good too. He noted growth continues to outperform value and that large caps have been outperforming small caps. With little change to the Treasury yield curve, interest rates are expected to remain low.

Craddock then moved on to discuss the Executive Summary starting on page 27 of the Plan Summary. Focusing on the plan assets, Craddock stated that while most of the investment funds are doing well, the *Fidelity Advisor New Insights Fund* and the *PGIM QMA Small-Cap Value Fund* have been struggling and not meeting investment fund performance criteria.

Picarelli went over a Summary of the Analysis of Investment Performance, 401(a) and 457 Plans through June 2020, which is included with these minutes as Exhibit B. Starting on page 22 of the Summary, he pointed out there were five funds where we were able to reduce investment fees. Over the 12-month period net disbursements were ten million and inflows were around eight million. Allocations have been consistent from 2019 to 2020 and the majority of participants are using the Goal Maker asset allocation option.

#### **4. Fund Replacement Search: Large Cap Growth Equity and Small Cap Value Equity.**

Picarelli provided an overview of the Large Cap Growth Equity fund replacement search conducted by Segal Marco. The report, included with these minutes as Exhibit C, identified four potential replacement funds in the Large Cap Growth category:

1. Harbor Capital Appreciation Fund (HNACX)
2. JPMorgan Large Cap Growth Fund (JLGMX)
3. T. Rowe Price Large Cap Growth Fund (TRLGX)
4. William Blair Large Cap Growth Fund (LCGJX)

See Exhibit C, p 3.

Information presented included firm summaries, the number of stocks held, expense ratios, price/earnings ratios, amount of revenue sharing, upside/downside capture, asset allocation, sector allocation, holdings style, manager profiles, and returns. Although Picarelli noted all four funds are good selections, Picarelli recommended JPMorgan as the best replacement.

Picarelli provided an overview of the Small Cap Value Equity fund replacement search conducted by Segal Marco. The report, included with these minutes as Exhibit C, identified five potential replacements funds in the Small Cap Value category:

1. Boston Partners Small Cap Value Fund (BPSIX)
2. Harbor Small Cap Value Fund (HASCX)
3. Loomis Sayles Small Cap Value Fund (LSSCX)
4. Separate account for Victory Sycamore Small Company Opportunity Fund (VSORX): PruInst-Pru Ret Small Cap Value/Victory SP
5. Wells Fargo Small Company Value Fund (SCVNX)

See Exhibit D, p 3.

Information presented included firm summaries, the number of stocks held, expense ratios, price/earnings ratios, amount of revenue sharing, upside/downside capture, asset allocation, sector allocation, holdings style, manager profiles, and returns. Although Picarelli noted all five funds are good selections, and

although Harbor also appears to be an excellent fund, Picarelli ultimately recommended Victory as the best replacement.

Klassen added that on the Large Cap Growth category she is able to offer a record keeping fee reduction from 7 ½ basis points to 6 ½ basis points with the JP Morgan account. Picarelli confirmed it's just another reason to move forward with JP Morgan. Klassen also stated that there is \$191,000 in the plan expense account leaving a big cushion when discussing the revenue sharing for JPMorgan in light of plans to move toward fee levelization.

The call was concluded with the presenters from Prudential and Segal Marco.

Derbin stated there are two recommendations before the committee about replacing the two funds, Large Cap Growth and Small Cap Value Equity. He stated the Large Cap Growth seems like an easy decision to go with JP Morgan and the Small Cap Value Equity may have a little discussion to make the decision.

Cyr stated that he confirmed with Prudential about the fee reduction if they chose JP Morgan and they confirmed that it is a 15 to 20% reduction in fees across the board.

There being no further discussion, Derbin asked for a motion.

#### **MOTION**

It was moved by Cyr and seconded by Flowerday to add JP Morgan to the lineup in the Large Cap Growth category. The motion passed unanimously.

Derbin stated that the second item is the Small Cap Value Equity. He stated there are two really good funds, Victory and Harbor to look at. He stated it was clear that the fund needed to be replaced but he opened up discussion to select which fund to choose.

Cyr stated that Victory fund seemed a little truer to class than the Harbor fund, but they were both very close to each other.

Nigro shared his concern about the high expense ratio with both funds but agreed a decision needs to be made and would choose Victory of the two options.

Cyr stated that the Small Cap Value category generally has a higher management fee overall due to the additional research involved.

Derbin said the actual participation in the fund was low.

Meyer added that people must pick this fund because it was not in a Goal Maker portfolio.

There being no further discussion, Derbin asked for a motion.

#### **MOTION**

It was moved by Flowerday and seconded by Gaines to add Victory to the lineup in the Small Cap Value Equity category. The motion passed unanimously.

Derbin states that Prudential will be appearing before the Board via conference call to give the same presentation that was given to the Committee on Thursday, September 24, 2020. He would work on writing a recommendation to the Board to present in a couple weeks on a Thursday Staff Meeting.

Derbin also introduced Eric Synowicki to the Committee as the new Deputy County Attorney who will be taking over the role of legal advisor when Cyr retires.

Cyr explained that Synowicki was attending to observe and learn and that he would need to be appointed by the Board before he could become an official Committee member. Cyr also suggested renaming the Committee from Pension Review Committee to a Retirement Review Committee.

Derbin stated that they are working on putting together some by-laws for the Committee and will run them by the Committee and then present them to the Board to approve.

**5. Adjournment.**

**MOTION**

It was moved by Cyr and seconded by Nelson to adjourn the meeting. The motion passed unanimously.

There being no further business the meeting was concluded at 3:48 p.m.

EXHIBIT A

# PLAN SUMMARY

## Lancaster County

Presented by: Julie Klassen, ChFC®, REBC®, CASL®, RICP® Vice President, Key Accounts  
CA Insurance License #0641242

Robb D. Craddock, CFA, Custom Investment Strategy, Full Service Solutions, Retirement

As of: June 30, 2020

Report contains information up through the last business day of period end .

For Plan Sponsor or Consultant Use Only



EXHIBIT B

The logo for Segal Marco Advisors is a dark green, stylized arrow pointing to the right. It has a white star-like symbol at its tail. The text "Segal Marco Advisors" is written in white on the right side of the arrow.

✧ Segal Marco Advisors

**Lancaster County Nebraska**

**ANALYSIS OF INVESTMENT PERFORMANCE**

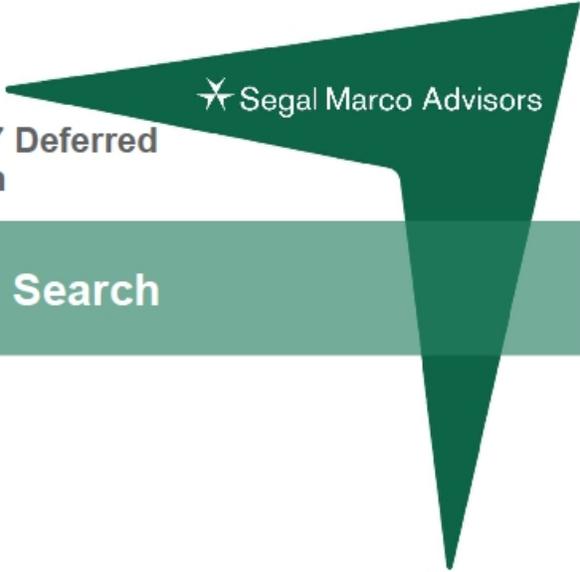
**401(a) & 457 Plans**

June 2020

Francis Picarelli  
*Senior Vice President*

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EXHIBIT C



★ Segal Marco Advisors

**Lancaster County, Nebraska 457 Deferred  
Compensation Plan - 401(a) Plan**

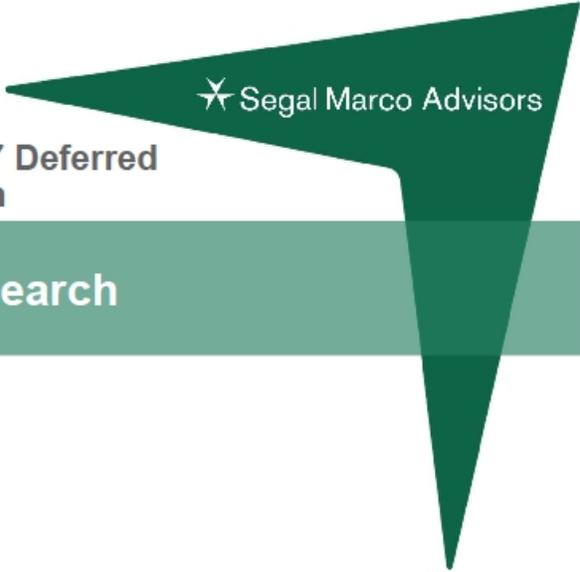
**Large Cap Growth Equity Search**

Q2 2020

Frank Picarelli  
*Senior Vice President*

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EXHIBIT D

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✦ Segal Marco Advisors

**Lancaster County, Nebraska 457 Deferred  
Compensation Plan - 401(a) Plan**

**Small Cap Value Equity Search**

Q2 2020

Frank Picarelli  
*Senior Vice President*

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