

INVESTMENT COMMITTEE MEETING MINUTES

Date: 2/17/2021

Time: 1:00 p.m.

Regularly Scheduled

Special

Attendees:

Was a quorum present? Yes

Retirement Commission

Other Attendees

Carl Chisem
Michael Bailey
Sandra Browne-Brewton
Michael Carey

Frank Picarelli, SegalMarco
Vanessa Vargas, SegalMarco
Joel Fein, Prudential
Jada Swinski, Prudential
Mike McCann, Prudential
Scott Mann, Prudential

Absent Commission Members

Sal Luciano
Janet Andrews

Comptroller's Office

Thomas Woodruff, Director, HPBSD.
Margaret Haering, Asst. Director, HPBSD
Agnes Gajowiak, ARBO, Retirement Division
Rae Ellen Roy, Asst. Director, HPBSD

Matters Discussed:

Prudential reviewed demographics and transactions for all four plans. Since automatic escalation was added to the 403(b) and 457 Plans last year a number of participants have added that feature to their accounts. Michael McCann reviewed the distribution activity in the plans for the past quarter. Rollover distributions are still on the high side. In the next quarterly report, Prudential will include information about where the rollover distributions are being directed

GoalMaker participation is increasing with in all plans. In the 457 Plan, 34.2% of participants are enrolled in the program. Participation rates in the other plans are as follows: 403(b) 32.%; ARP 25.7%; and Tier IV DC 97.5%.

Joel Fein addressed the performance of the GoalMaker portfolios. The return patterns of the portfolios are higher than those of corresponding target date funds. The inclusion of the Stable Value Fund in the portfolios acted as an anchor especially early in the year.

Scott Mann discussed the various educational initiatives that Prudential has going on. At present, they are focusing upon the large number of state employees expected to retire

over the next 12-15 months. They are hosting webinars and have partnered with the Retirement Division to create voice-over presentations for potential retirees. The presentations include: What to do before and after retirement; How to designate your beneficiary; How to maintain the security of your account, Special 3-year catch-up contributions and Deferring sick and vacation pay at retirement.

Tom advised that we are looking into having Prudential white-listed so that it can provide targeted communications to the groups via the state email system. However, returns in the portfolios has been affected by interest rates, poor performance of value funds and the VIP Contrafund, which is being replaced within GoalMaker in the third quarter.

Investment performance review: Frank Picarrelli and Vanessa Vargas reported on performance of various sectors of the market and each investment option in the plan. For 2020, performance in the 3rd and 4th quarters salvaged the year. Our fixed income funds saw returns in excess of 7.5%. Although funds that followed a value investment strategy lagged throughout 2020, many of the equity funds in the plan saw returns in excess of 25% for the year.

The committee reviewed a draft Investment Policy Statement (IPS) prepared by SegalMarco Peggy Haering will revise the introduction to IPS and will indicate sections of the draft where possibly definitions or additional criteria might be added. She will circulate the draft among the Committee members and then forward to SegalMarco. The Committee will then consider the IPS at its next meeting.

Materials Reviewed:

SegalMarco, Analysis of Investment Performance, 4th Qtr. 2021
Prudential Combined Plans Summary, 4th Qtr. 2021
Draft Investment Policy Statement

Decisions voted upon:

None