

Q3 2024

Meeting Minutes

Central Contra Costa Sanitary District

Central Contra Costa Sanitary District 401(a) Plan

Meeting Date: 11/06/2024

Attendees		
Committee Members	Dana Lawson	Geoff Niswander
	Grace Arellano	Jerry Ledbetter
	Justin Mercer	Kevin Mizuno
	Tricia Cruz	
Non-Committee Attendees	Amal Lyon	Maxwell Blum
	Phil Leiber	
NFP	Vince Learned, CFA, CFP®, CRPS®	
Other	Hillis Haygood, MissionSquare	

Administrative Review	
Reviewed Prior Meeting Notes	<input checked="" type="checkbox"/>
Reviewed Service Plan	<input checked="" type="checkbox"/>
Signed IPS on file	<input checked="" type="checkbox"/>
Signed Committee Charter on file	<input checked="" type="checkbox"/>

Notes: 8/7/24 Committee meeting minutes were reviewed. Dana Lawson made a motion to approve, which was seconded by Jerry Ledbetter. The motion carried unanimously.

Investment Due Diligence
Investment Analysis Summary

- NFP provided an economic and market commentary for Q3 2024.
- NFP reviewed the investment scoring methodology and criteria for monitoring, watchlisting and removing investments from the fund menu.
- NFP reviewed plan asset balances across all investment options.
 - Assets of the Plan as of 09/30/24 were \$83,686,149.07
 - 30.33% in Asset Allocation
 - 16.76% in Cash Alternatives
 - 3.61% in Fixed Income
 - 5.77% in International/Global Equity
 - 4.10% in Specialty
 - 39.43% in U.S. Equity
- NFP reviewed the Plan's investment scorecard covering available funds as well as their current scores and performance metrics, scoring history, asset class coverage, as well as other key metrics.
 - All funds were reviewed from a quantitative and qualitative perspective.
 - 15 funds are acceptable:
 - Schwab Target Index Series Institutional (8)
 - iShares Russell 2000 Small-Cap Idx K, BDBKX (10)
 - BlackRock Equity Index Fund CL 1, 97183J632 (10)
 - BlackRock EAFE Equity Index Fund CL 1, 97183J616 (10)
 - BlackRock U.S. Debt Index Fd CL 1, 97183J624 (10)
 - Cohen & Steers Realty Shares Z, CSJZX (10)
 - MSQ Cash Management R5, SPUSA06CAU
 - MissionSquare PLUS Fund Class R9, 92208J600
 - Core Bond I1 (Lord Abbett Total Return), 97183J566 (10)
 - Large Cap Value I1 (Putnam LCV), 97183K381 (10)
 - Small Cap Growth II R1 (AB Small Cap Growth), 97182E212
 - International Equity I1 (Fidelity Intl Cap Apprec), 97183C348
 - MissionSquare Brokerage
 - Large Cap Growth III I1 (AB Large Cap Growth), 97184D766

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- Small Cap Value III I1 (PIMCO RAE SCV), 97184J383
 - 1 fund is on watchlist:
 - MissionSquare Retirement IncomeAdvantage Fund R5, 74440A696.icma (5)
 - Potential Replacements:

Market Summary - Q3 2024

Both equity and fixed income markets experienced strong third quarter performance. U.S. Equity rose 6.2% (Russell 3000), with utilities stocks leading the way and are now the best performing sector YTD. Large cap value outperformed large cap growth in the quarter by over 600 basis points (9.4% vs. 3.2%), although YTD, large cap growth has outperformed large cap value by almost 800 basis points (24.5% vs. 16.7%). International equities and Emerging Markets equities performed very well over the quarter, posting gains of 7.3% (MSCI EAFE) and 8.7% (MSCI Emerging Markets), respectively. The broad U.S. fixed income market returned 5.2% (Bloomberg Barclays Aggregate) over the quarter. This coincided with the Fed cutting rates by 50 basis points as they determined inflation was at a suitable level to start bringing down the Fed Funds Rate. The unemployment rate remained flat from last quarter at 4.1%.

Scorecard Methodology

A review of the Scorecard Methodology was discussed. The scoring system includes pass/fail criteria on a scale of 0 to 10 (10 being the best). Eighty percent of the fund's score is quantitative, incorporating both Modern Portfolio Theory statistics and peer group rankings. The other twenty percent of the score is qualitative. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may also be considered in the qualitative review. Active and asset allocation strategies are evaluated over a five-year time period and passive strategies are evaluated over a three-year time period. The Scorecard Point System is as follows: Acceptable: 7-10 points | Watch List: 5-6 points | Review: 0-4 points.

The Scorecard Methodology supports upholding the impartial conduct standards as the scores and analytics do not include any advisor compensation components and are calculated by incorporating all investment fees and revenue sharing. In addition, any and all compensation earned by the advisor (if any) is explicitly disclosed and reasonable given services provided. All information material to any investment recommendations has been disclosed and no misleading information has been provided to fiduciaries in their determination of action.

Fund Review

Moderate

MissionSquare Retirement IncomeAdvantage Fund R5 (74440A696.icma) (Recent Scores: 5,5,5,6) is on the watchlist
Asset Value: \$1,541,091.62

MissionSquare reported alternative income solutions/products expected to be unveiled in 2025.

Fiduciary Governance

Fiduciary Governance Summary

Reviewed Fiduciary Education Module/s ☒

Modules Reviewed: NAGDCA Best Practices for Plan Transition

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Reviewed Plan Limits			
	2025	2024	2023
401(k), 403(b), 457 Elective Deferral Limit (calendar year)	\$23,500	\$23,000	\$22,500
401(k), 403(b) & 457 Catch-Up Contribution Limit (calendar, plan or limitation year)	\$7,500	\$7,500	\$7,500
401(k), 403(b) & 457 Higher Catch-up Contribution Limit (calendar, plan or limitation year for ages 60-63)	\$11,250	N/A	N/A
Annual Compensation Limit (Plan year BEGIN)	\$350,000	\$345,000	\$330,000
Defined Contribution Limit (limitation year END)	\$70,000	\$69,000	\$66,000
Defined Benefit Limit at ages 62-65 (limitation year END)	\$280,000	\$275,000	\$265,000
Definition of Highly Compensated Employee (HCE) (plan year BEGIN)	\$160,000	\$155,000	\$150,000
Key Employee Compensation Threshold (plan year END)			
5% Owner	All	All	All
Officer	\$230,000	\$220,000	\$215,000
IRA Contribution Limit	\$7,000	\$7,000	\$6,500
IRA Catch-Up Contributions	\$1,000	\$1,000	\$1,000
Notes			

Committee Membership

Kevin Mizuno provided the current committee membership roster. The Committee welcomed its newest member, Jerry Ledbetter.

WellCents Update

The Committee discussed the value/results of WellCents. The original contract was for 1 year and the Committee considered whether or not to extend. The Committee decided to agendize this topic for the February meeting.

MissionSquare Reporting

Hillis Haygood provided a plan review and engagement update. 2025 education campaign was outlined.

401a Plan Amendment

A recommended plan 401a amendment regarding GM provisions and management employee deferrals was proposed and presented by Kevin Mizuno. Grace Arellano made a motion to approve, which was seconded by Jerry Ledbetter. The motion carried unanimously.

2025 Budget

Kevin Mizuno presented a proposed 2025 budget. He noted that the target is to close the plan year with a reserve equal to the budget (\$77,000). Approximately \$34K is expected to be returned to participants.

Dana Lawson made a motion to approve, which was seconded by Geoff Niswander. The motion carried unanimously.

SECURE 2.0 / 457b Plan Amendments

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Hillis Haygood led a discussion of various required/optional SECURE 2.0 provisions and a timeline of when they became or will be available or required.

The Committee discussed the merits of the optional provisions and a motion was made to adopt the following:

- Elimination of "first day of month" rule
- Federally declared disaster withdrawal
- Domestic abuse victim withdrawal

Geoff Niswander made a motion to approve, which was seconded by Dana Lawson. The motion carried unanimously.

Separately, the Committee discussed the merits of the optional provisions and a motion was made to adopt the following:

- \$1,000 emergency withdrawal
- Higher catch-up ages 60-63
- Long-term care contract distributions

Dana Lawson made a motion to approve, which was approved by Jerry Ledbetter. The motion carried unanimously.

Hillis Haygood to follow up with the required paperwork to implement the provisions accordingly.

Follow-Up Items

WellCents - Committee to determine contract extension at next quarterly meeting.

2025 Committee education to be determined.

Disclosures

This material contains an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources.

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