

Q3 2023

Meeting Minutes

Central Contra Costa Sanitary District

Central Contra Costa Sanitary District 457(b) Plan

Meeting Date: 11/01/2023

Attendees

Committee Members	Amal Lyon (Absent)	Christopher Thomas
	Dana Lawson	Geoff Niswander
	Grace Arellano	Justin Mercer
	Kevin Mizuno	Tricia Cruz
Non-Committee Attendees	Phil Leiber	Velisa Parks
	Jerry Ledbetter	
NFP	Mindy Harris	Vince Learned, CFA, CFP®, CRPS®
	Tom Heuer	
Other	Hillis Haygood	

Administrative Review

Reviewed Prior Meeting Notes

Signed IPS on file

Signed Committee Charter on file

Notes: Justin Mercer moved, Dana Lawson seconded, to approve minutes from the prior meeting. Motion carried unanimously.

Investment Due Diligence

Investment Analysis Summary

- NFP provided an economic and market commentary for Q3 2023.
- 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 09/30/23 were \$90,536,810.16
  - 20.90% in Asset Allocation
  - 24.17% in Cash Alternatives
  - 7.23% in Fixed Income
  - 3.26% in International/Global Equity
  - 12.82% in Specialty
  - 31.63% 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.
  - 16 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)
    - MissionSquare PLUS R9, SPUSA05VDA.icma
    - Cohen & Steers Realty Shares Z, CSJZX (10)
    - Core Bond I1 (Lord Abbett Total Return), 97183J566 (10)
    - Large Cap Value I1 (Putnam LCV), 97183K381
    - Small Cap Growth II I1 (AB Small Cap Growth), 97182E220
    - International Equity I1 (Fidelity Intl Cap Apprec), 97183C348
    - MissionSquare Brokerage
    - MSQ Cash Management Fund
    - Large Cap Growth III I1 (AB Large Cap Growth), 97184D766

## Q3 2023

### Meeting Minutes

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

### Market Summary - Q3 2023

Equity and Fixed Income markets were both negative for the quarter, as long-term rates rose to levels not seen in over 15 years (as measured by the 10 Yr. Treasury). The rise in rates over the quarter negatively impacted the fixed income market, which was down 3.2%, bringing year-to-date returns negative, down 1.2% (Bloomberg Barclays Aggregate). International equities continued to underperform their U.S. equity counterparts. Small Cap Value was the best performing U.S. equity asset class, down 3.0% (Russell 2000 Value), outperforming Small Cap Growth which was the worst, down 7.3% (Russell 2000 Growth). Unemployment increased to 3.8% over the quarter, but the U.S. labor market continued to remain tight overall. The Federal Reserve raised rates 25 basis points over the quarter, indicating that rates would likely be higher for longer given the current inflationary outlook. (All data from MPI) ACR# 6019215 10/23

### Scorecard Methodology

The Scorecard Methodology supports upholding the impartial conduct standards as the scores and analytics do not include any adviser compensation components and are calculated incorporating all investment fees and revenue sharing. Any and all compensation earned by the adviser (if any) is explicitly disclosed and reasonable given services provided. All information to any investment consideration 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: 5,7,7,7) is on the watchlist  
Asset Value: \$4,091,838.58

### Fiduciary Governance

#### Legislative Update - Q3 2023

NFP provided an update on developments in the legal and regulatory landscape, including a discussion about a recent communication from the DOL regarding employer flexibility in determining which fees it will or will not pay. Highlights include:

- The DOL recently approved a program by Citigroup in which the employer elects to pay all or a portion of the investment fees for certain funds in the plan
- The program focuses on investments from “Diverse Managers” and includes a number of criteria that must be met to maintain objectivity in fiduciary process
- Investment committee members will not violate fiduciary duties when accounting for the impact of investment fees paid by the employer as part of the investment due diligence process
- Citigroup intends to inform participants of the funds impacted by this program and the DOL has indicated that this will not impact 404(c) protection for fiduciaries

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ACR# 6020444 10/23

### Appointment of New DCAC Member

Kevin Mizuno introduced Tricia Cruz, who has been appointed to the committee.

### Investment Subcommittee / WellCents pilot program

Mizuno reported on two subcommittee meetings where the group met to review and discuss WellCents. Feedback and reviews were overall positive. The subcommittee recommends proceeding with a one year pilot program at a cost of \$14,125, and quarterly progress reports at upcoming meetings. The group asked that WellCents target employees who do not qualify for MissionSquare's higher service tiers, including the CFP program.

Mizuno asked that Tom Heuer prepare a contract to add the service to the NFP contract.

## Q3 2023 Meeting Minutes

Dana Lawson encouraged fellow DCAC members to encourage co-workers to use WellCents. She also wants the DCAC to encourage co-workers to use the CFP program so that the DCAC can compare employee feedback from both programs. Justin Mercer expressed concern that participation may not warrant the cost.

Lawson moved, Chris Thomas seconded, to add WellCents for 12 months, request NFP to provide program updates at quarterly meetings. Motion was approved unanimously.

Lawson requested Mizuno reach out to Emily or Ann Vallee for assistance with employee communication about the new benefit.

### Recordkeeper Report on Participant Services, Outreach, Education

Hilliss Haygood reviewed key data regarding MissionSquare's participant education and outreach activities for Q3. Haygood described different service tiers available to participants with higher account balances. Lyon asked for a matrix of service levels/tiers and Haygood will follow up. Geoff Niswander stated that not all DCAC members have had the promised services and was concerned about some inconsistencies; he will send the info he was referring to, that he found on the MissionSquare website.

Haygood reviewed education plans for 2024 including events for both active participants and retirees. He noted 67% of participants have established online accounts and will offer a flyer advertising the importance of online accounts to help keep participant accounts secure. Mizuno asked for MissionSquare to send notices about education and outreach opportunities to participants.

### Budget for 2024

Mizuno presented the DCAC budget for 2024. He noted that the budget includes WellCents and DCAC member training, as well as a projected surplus of participant fees. Lawson moved, Mercer seconded to approve the budget. Motion passed unanimously.

### NAGDCA Conference Report

Geoff Niswander provided a short review of highlights from the NAGDCA conference. He recommended the DCAC research a policy to allow employees to defer PTO, Sick Leave and Overtime earnings. Haygood offered to look at a similar program in Anaheim and report back to the committee, and Mercer asked to coordinate with HR and Labor Relations. Niswander also asked that the DCAC look into adding disaster relief and emergency withdrawals to the Plan.

### Committee Education - NAGDCA Best Practices in Plan Governance

Mindy Harris reviewed NAGDCA's publication, Best Practices in Plan Governance. She discussed oversight options, including the DCAC & subcommittees, and their key responsibilities. She also the role of outside advisors, such as NFP and legal counsel.

Harris reviewed how fiduciaries are identified and their key responsibilities. She emphasized that the overarching tenet of fiduciary responsibility is to always act solely in the best interests of plan participants and their beneficiaries. Additionally, fiduciaries are responsible for acting with prudence in decision making, consistently following plan documents, providing a diverse array of investment options, and to ensure participants are paying only reasonable plan expenses. She also discussed strategies for minimizing risk of fiduciary liability, and required and recommended (optional) documentation of plan provisions and operations.

### New Business

Mizuno asked to discuss Secure 2.0 optional provisions at the next meeting. This is good timing as new plan provisions and changes can be included in the annual Board report.

Mizuno announced that he will start inviting the new District Counsel Leah Castella to the DCAC meetings.

Mizuno reviewed the DCAC roster and announced there are no changes.

There being no further business, the meeting adjourned at 12:25 pm.

### Follow up Items

1. Heuer to provide a draft contract to Mizuno for the addition of WellCents to the NFP service plan.
2. Haygood to provide matrix of service level tiers showing which services participants qualify for at different account values or age levels.
3. Haygood will provide flyer about online account registration for CCSD to send to employees.



## Q3 2023

### Meeting Minutes

4. Haygood will review the structure at City of Anaheim for employee deferral of PTO, Sick and Overtime pay and report to the DCAC.
5. Mizuno to invite Leah, District Counsel, to future DCAC meetings.

### Disclosures

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ACR# 6020444 10/23