



CENTRAL CONTRA COSTA SANITARY DISTRICT

5019 IMHOFF PLACE, MARTINEZ, CA 94553-4392

Central Contra Costa County Sanitary District  
Deferred Compensation Committee

Meeting Date: 2/2/2022

Attendees		
	Name	Title
<b>Committee Members</b>	Kevin Mizuno	Finance Manager, Committee Chair & Plan Administrator
	Amal Lyon	Accountant, Administration
	Bryan McGloin	Management Analyst, Engineering & Tech Services
	Justin Mercer	Instrument Technician, Operations
	James Olympia	Environmental Compliance Inspector, Engineering & Technical Services
	<b>Other</b>	Christina Gee
Philip Leiber		Director of Finance & Administration
Teji O'Malley		Human Resources & Organizational Development Manager, Deputy Plan Administrator
Velisa Parks		Senior Administrative Assistant
<b>NFP</b>	Mindy Harris	Senior Consultant
	Rob Whited	Investment Analyst
<b>Mission Square</b>	Kim Hammond	Plan Provider Representative
	Amy Humphrey	MVP, Relationship Management
<b>Absent</b>	Christopher Thomas	Committee Member, Accounting Supervisor, Administration
	Joshua Whitman	Committee Member, Maintenance Crew Leader, Operations
	Erika Armstrong	Relationship Manager, Mission Square

**Administrative Review**

Call to order at 10:00 am.
Prior Meeting Minutes <input checked="" type="checkbox"/> : Approved unanimously; meeting date 11/2/2021
Service Plan <input type="checkbox"/> : In development
Signed Plan Documents on file with NFP: <input type="checkbox"/> Yes <input type="checkbox"/> No Plan documents undergoing restatement process, due 4/1/22
Signed Investment Policy Statement on file with NFP: <input type="checkbox"/> Yes <input type="checkbox"/> No In development
Signed Education Policy Statement on file with NFP: <input type="checkbox"/> Yes <input type="checkbox"/> No In development

**Fiduciary Consultant Relationship Overview**

Kevin Mizuno introduced the team from NFP, Central San's Fiduciary Consultant. Mindy Harris and Rob Whited will be working with the committee to provide guidance and advice regarding fiduciary responsibilities including investment oversight, plan design, plan administration and best practices. Whited presented a brief market overview and outlined consulting services that will be brought to the committee in the coming months, including Efficient Fund Menu education, NFP's Scorecard System for evaluating funds, a proposed Investment Policy Statement (IPS), and Plan Governance recommendations. Whited and Harris recommended the committee develop two subcommittees, one each for investments and plan governance. Mizuno tabled the discussion until new business at the end of the meeting.

## Participant Education Efforts – 2021

Amy Humphrey and Kim Hammond from Mission Square gave an overview of participant education and outreach in 2021. A full report was provided to the committee, and highlights of changes over year 2021 included:

- Asset values increased 16% in the 401(a) plan and 13% in the 457(b) plan
- Number of participants had increased by 8%
- 38% of total plan assets are invested in equities, and 19% in the Plus fund, showing that participants are well diversified
- Average account balances were up by 13% and averaged over \$200,000 at year end.

Hammond discussed virtual education programs that had been offered throughout the year. Employees and participants were offered 2 virtual trainings per month on a variety of topics, and Q4 topics were focused on retiree-specific topics. She mentioned that the plan has a high number of participants with account balances over \$1 million; that there had been an 82% increase in the number of CFP consultations; and that the plan has a 98.5% retention rate – all of which demonstrate high participant engagement. Bryan McGloin asked if there are notable changes in questions participants are asking, and Hammond responded yes, there has been an increase in Roth and other tax saving strategies, and she thinks that is one reason for the uptick in CFP consultations.

## Webinar / Education Plan – 2022

Christina Gee and Teji O'Malley presented the education plan for 2022. Topics will be offered in a virtual format and include:

- Guided Pathways Managed Accounts
- Avoiding Loan Pitfalls
- Retirement Basics – Will you have enough to retire comfortably?
- Keeping Your Retirement on Track During Difficult Times
- Investing for Retirement Basics
- Investing in Volatile Markets
- Roths & IRAs
- I'm Nearing Retirement, Now What?
- It's Not Too Late to Save
- Estate Planning Basics

O'Malley also discussed the "HR At Your Service" seminars offered periodically to all employees. Offered in the near future will be a presentation on pension benefits, with a discussion of deferred compensation included (mid-February), followed by an overview of the deferred compensation plans (mid-April). O'Malley and Hammond agreed to meet offline to develop a retiree focused seminar and outreach plan; they will invite Erika Armstrong. James Olympia asked for more advanced investment topics to be included in the future. O'Malley will send the virtual seminar list to the committee.

## 2021 Annual Report and Board Presentation

Mizuno reviewed the draft annual report, to be presented to the Finance Committee in March and to the Board of Directors in April. The report, required by Central San Administrative Procedures, includes highlights from 2021 including:

- Plan growth as compared to 2020 data
- Asset distribution across all plans
- Education & outreach efforts to plan participants
- Selection of a Plan Fiduciary Services Advisor
- Adoption of new Administrative Procedures, including establishing plan committee member terms and term limits and requiring members to file a Form-700 identifying any conflicts of interest.

Justin Mercer asked if it is appropriate to include participant loan information in the Board packet. Amal Lyon stated that historically, names have been redacted. Mizuno agreed to redact names from the final Board packet and will also ask Kent Alm, Legal Counsel, for an opinion on what public records requirements may apply to Plan information provided to the Board.

***Mercer moved, Olympia seconded, to accept the Board report with redacted names from the loans section. Motion passed unanimously***

## Loans and Emergency Withdrawal Requests

Mizuno reported that there have been no new requests for emergency withdrawals. He reminded the group that applications for emergency withdrawal go to the committee, and not the Board as previously handled. Mizuno reported that seven loans are in default.

## 401(a) Plan Restatement & Amendments

Mizuno and Humphrey informed the committee that plans are asked to do a restatement of their plan documents, amendments / adoption agreements approximately every six years, to ensure they stay in accordance with regulations and maintain compliance. Mizuno discussed an available option, where the District could offer new employees an option to make a one-time

only, irrevocable election within 60 days of hire, to contribute to the 401(a) plan in an amount ranging from 1 – 20% of salary. This would only be available to new employees and would take effect immediately following Board approval. **Mercer moved, McGloin seconded, to approve the restated plan document and the amendments, including the new hire option. Motion passed unanimously.** Mizuno emphasized now that the majority of Central San employees are now PEPRA with significantly reduced pension benefits compared to legacy employees, having the option to defer additional income to retirement will be a valued benefit for newly hired employees, O'Malley informed the group that the option could be made available for eligible current employees if they were to reach full agreement, and any contributions would be mandatory for all. However, as such an action would impact current employees it would be more complex and require meeting with bargaining groups and possibly the consensus of all participants impacted.

### Legislative Update

Whited reported that the Supreme Court ruled unanimously to resurrect a lawsuit against Northwestern University brought by university employees over the school's alleged violation of its fiduciary duties in managing employee retirement plans. The district court dismissed the case, and on appeal, the U.S. Court of Appeals for the Seventh Circuit affirmed. The appellate court's decision focused on the fiduciary's choice to present a diverse menu of options to investors. The court held that the wide array of choices presented to investors, "eliminated any claim that plan participants were forced to stomach an unappetizing menu." The justices, however, disagreed with Justice **Sonia Sotomayor** stating "fiduciaries must do more than simply present endless choices." Whited stated that this decision is expected to draw the attention of plan sponsors from plans of all sizes, and that the work Central San has hired NFP to perform should help minimize any risk exposure the District may have.

Harris reported that the provisions of two bills, HR 2954 Securing a Strong Retirement Act 2021, and S.1770 Retirement Security and Saving Act 2021, are alive and continue to have wide bipartisan support. While there has been little movement, there is still an expectation that the provisions will pass at some point. The provisions of most interest to governmental plans are elimination of the first of the month rule; increasing the age for Required Minimum Distributions; and adding an additional catch-up option for participants over age 60. NFP will continue to monitor any movement on these proposals and will inform the District as they occur.

### New Business

During this meeting's Fiduciary Consultant Relationship Overview, NFP recommended that two subcommittees be formed to work with NFP: An Investment Subcommittee, and a Plan Governance Subcommittee. Establishing subcommittees whose members will work with NFP in between committee meetings will allow the committee to focus on decision making and not in-depth analysis. Subcommittees will generally review and refine issues and proposals and bring to the committee for decisions and should be odd numbered to allow for a tie breaker on decisions. Subcommittees are not charged with making decisions on behalf of the plan or committee. **Mizuno moved, Olympia seconded to establish subcommittees. Motion passed unanimously.**

Subcommittee volunteers are:

- Investment Committee: Phil Leiber, Justin Mercer, James Olympia
- Plan Governance Committee: Teji O'Malley, Velisa Parks, Bryan McGloin

### Future Meetings / Upcoming Agenda

The next meeting will be May 4, 2022. In addition to standing items, the agenda will include a report on Board actions, and subcommittee reports.

Meeting adjourned at 12:05 pm.

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