

**DEFERRED COMPENSATION COMMITTEE  
2021 CALENDAR YEAR AND Q1 RESULTS  
MEETING MINUTES**

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Meeting Date: Wednesday, May 5, 2021  
 Meeting Location: Microsoft Teams  
 Recorder: Velisa Parks, Sr. Administrative Assistant

Name of Attendee	Title	Name of Attendee	Title
Kevin Mizuno	<i>Finance Manager</i>	Teji O'Malley	<i>Human Resources Manager</i>
Christopher Thomas	<i>Finance Administrator</i>	Justin Mercer	<i>Instrument Technician</i>
James Olympia	<i>Environmental Compliance Inspector II</i>	Brent Harvey	<i>Chemist II</i>
Ama Lyon	<i>Accountant</i>	Erika Armstrong	<i>ICMA-RC/MissionSquare</i>
Kim Hammond	<i>ICMA-RC/MissionSquare</i>	Chas Mansfield	<i>ICMA-RC/MissionSquare</i>

Not in attendance: Joshua Whitman, Philip Leiber

**CALL TO ORDER**

10:00 a.m.

**AGENDA**

- **Reviewing and approval of minutes from February 3, 2021 meeting**
  - Member Thomas motioned for approval, seconded by Member Olympia. All Members present then voted affirmatively to approve the Minutes with no nays or abstentions.
  
- **Adoption of ICMA's Standard Plan Agreement Document for 457b Plan (item out of order)**
  - Mr. Mizuno asked if this item could be taken out of order so it can be discussed first given its importance.
  - There was a vacancy in the Finance Manager position commencing August 2018 until Mr. Mizuno was hired in July 2019. After assuming the role as Finance Manager, Ms. Armstrong advised Mr. Mizuno that because Central San had not adopted ICMA-RA/MissionSquare's standard Plan Document, Central San is responsible for maintaining its own Plan Document in-house. She also clarified that the most common arrangement for ICMA-RC/MissionSquare clients is to adopt the standard Plan Document.
  - To reduce legal costs and to stay in compliance with IRS rules and regulations, Mr. Mizuno requested the Committee's support in adopting ICMA-RC/MissionSquare's Standard Plan Agreement document for the 457B plan. Mr. Mizuno clarified it the document will need to go through Central San's Finance Committee, then go to the full Board for adoption. Mr. Mizuno communicated his preference to have this presented to the Board before the end of the fiscal year.
  - Ms. Armstrong reviewed the ICMA-RA/MissionSquare Standard Plan document to the committee. This plan was approved by the IRS in 2019. Central San is currently using the plan document for the 401 Plan. Mr. Mizuno advised the committee that the goal is

to keep everything status quo, that there would not be any change to how the plan is managed currently. The plan does not currently contain updates to the SECURE and CARES Act as ICMA-RC/MissionSquare is waiting to see if there are any other changes from Congress. ICMA-RC/MissionSquare has until 2024 to make changes per the law.

- **Member Thomas motioned to adopt, seconded by Member Olympia. Approved by all members present.**
- **Member Educational Workshop: “Fiduciary Roles & Considerations” (1<sup>st</sup> of 12 Modules)**
  - Mr. Mansfield presented an overview of Fiduciary Roles to the committee. Topics included the responsibilities of a fiduciary, the investment responsibilities of a fiduciary, required plan components and risk mitigation.
  - What is a Fiduciary?
    - Not related to the title
    - Related to function. Someone that uses discretion in administering or managing the plan or controlling plan assets.
    - Plan fiduciaries include plan trustees, plan administrators, plan investment committee members, plan consultants and advisors, discretionary asset managers, and most service providers.
  - Responsibilities of a Fiduciary - Concept
    - Run the plan solely in the interest of participants and beneficiaries – plan sponsor’s interest should not be considered
    - Prudence – carry out duties with care, skill, prudence, and diligence of a person with matters
    - Diversification – investment options should offer a broad range of investments
    - Terms of plan documents – includes basic plan document, adoption agreement, summary plan description, annual reports, plan amendments, hardship withdrawals and participant loans, fee disclosures
    - Avoid conflicts of interest – may not engage in transactions on behalf of the plan that benefit parties related to the plan
    - Pay only reasonable costs
  - Responsibilities of a Fiduciary – Investments
    - Organize – education on laws and rules, define the roles and responsibilities of all parties involved, service agreements in writing
    - Formalize – create program goals and objectives, select appropriate asset classes, investment policy statement
    - Implement – due diligence to evaluate potential investments
    - Monitor – review report that compare investment performance, expense should be fair and reasonable
  - Required Plan Components
    - Written document that describes the benefit structure and duties day-to-day operations
    - Trust fund to hold the plan’s assets
    - Recordkeeping system to track flow of monies going to and from plan
    - Documents to provide plan information to participants and government
    - Fiduciaries educate, not advise, plan participants
  - Risk Mitigation
    - Fiduciaries cannot eliminate risk, but can mitigate
    - Document the process used to execute fiduciary responsibilities
    - Give participants ability and opportunity to choose from a broad range of investments alternatives
    - Designate a qualified default investment alternative

- Hire a service provider to handle fiduciary functions
- Consulting Services
  - Consultants are usually look at the plan two ways. Plan Consulting and Investment Consulting.
  - Plan consulting involves plan design, fee policy development, cost benchmarking and analysis, and RFP/RFI development and execution.
  - Investment consulting involves policy development, due diligence and monitoring, investment lineup construction, performance reporting, and cost benchmarking and analysis.
- **Review and discussion of plan performance – 2021 Q1**
  - Mr. Mansfield shared Central San’s plan performance for Q1 2021. The review included Plan Investment Lineup Review, Economic and Capital Markets Overview, and Vantagepoint View.
  - Plan Allocations as of March 31, 2021 are at \$156.5M. The percentage breakdown of the plan allocation is PLUS 22%, Asset Allocation 13%, Individual strategies 61%, Guaranteed Lifetime Income 4%.
- **Participant education efforts**
  - Ms. Armstrong and Ms. Hammond provided an overview of plan education efforts over the past year. In March, ICMA-RC changed its name to MissionSquare Retirement. MissionSquare has also developed a Plan Sponsor Toolkit as a resource to answer questions during the transition. There were eight new enrollments in the 457 Plan during the first quarter of 2021. Ms. Hammond mentioned that she has great success doing virtual appointments. Ms. Armstrong advised the committee about the 2021 financial planning webinars which are recorded and available for on-demand viewing. There are plans to increase participation in the 457 Plan, increase savings through the auto enrollment feature in Accounting Access, host financial wellness and open enrollment events, and promote plan changes.
- **Review and discussion of loans and emergency withdrawal requests**
  - Mr. Mizuno has not received any emergency withdrawal requests.
- **Discussion of plan administrative fee plan and alternatives**
  - Mr. Mizuno needed to leave the meeting and Ms. O’Malley took over as meeting facilitator.
  - Ms. Armstrong and Mr. Mansfield discussed the plan administrative fee plan with the committee. Currently, ICMA-RC/MissionSquare charges a fee (basis points) of .0525% (\$50 per \$100,000). This is a revenue requirement to run the plan. Right now, the plan administrative costs are collected per plan. With some plans collecting more than others. The amount from each plan is put together, then ICMA-RC/MissionSquare collects their fee, and the balance is going to the administrative allowance account to cover costs. At the end of each year, the balance that is left from the administrative allowance costs is returned to the participants. However, this may not be equitable since some participants may not be contributing the same amount as others but are receiving the same amount of money.
  - To be more transparent and equitable, ICMA-RC/MissionSquare has proposed “fee leveling”, which would debit or rebate participants (depending on the fund) to get the required revenue. There would not be a contribution to the administrative allowance cost account.
  - ICMA-RC/MissionSquare would like to have a recommendation from the committee on what action they would like to take.

- **Legislative update**
  - Ms. Armstrong advised that there are no updates.
- **Committee membership changes**
  - Ms. O'Malley and Mr. Mizuno discussed if there would need to make any changes to committee membership. No changes at this point to the membership.
- **Parking Lot / New Business**
  - Items to be covered next meeting:
    - Fiduciary training
    - Clarification on Form 700
    - Custom website landing page for Central San
    - Discussion of Item #8, Administrative fee plan and alternatives
- **Next Meeting: August 4, 2021**

**ADJOURN**

11:59 a.m.