

**DEFERRED COMPENSATION COMMITTEE  
2020 CALENDAR YEAR AND Q4 RESULTS  
MEETING MINUTES**

Meeting Date: Wednesday, February 3, 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>	Philip Leiber	<i>Director of Finance and Administration</i>
Teji O'Malley	<i>Human Resources Manager</i>	Justin Mercer	<i>Instrument Technician</i>
James Olympia	<i>Environmental Compliance Inspector II</i>	Kim Hammond	<i>ICMA-RC</i>
Erika Armstrong	<i>ICMA-RC</i>	Chas Mansfield	<i>ICMA-RC</i>
Brent Harvey	<i>Chemist II</i>	Ama Lyon	<i>Accountant</i>
Christopher Thomas	<i>Finance Administrator</i>		

Not in attendance: Joshua Whitman

**CALL TO ORDER**

10:00 a.m.

**AGENDA**

- **Reviewing and approval of minutes from November 4, 2020 meeting**
  - Member Mercer motioned for approval, seconded by Member Harvey All Members present then voted affirmatively to approve the Minutes with no nays or abstentions.
  
- **Revised administrative procedures and accompanying Board policy for GM and Board approval**
  - Mr. Mizuno reviewed the updated Deferred Compensation Plan Administrative Procedures with the committee. Mr. Mizuno's updated document includes revisions provided by Ms. Armstrong. The last Administrative Procedures were approved by the Board in 2012 and the committee is bound by those procedures until they are revised.
  - Significant provisions in the document covered by Mr. Mizuno included: Members continuing to be appointed by their departmental directors; three-year terms, with a maximum to consecutive terms; frequency of normal Committee meetings being quarterly; Members being required to file form 700s; designating the HR Manager as Deputy Plan Administrator; the elimination of minimum employee contributions; a requirement to review the internal Administrative Procedures at least every two years; etc. Mr. Mizuno stated that once approved by the Advisory Committee, the next step would be to bring the Administrative Procedures document to the Finance Committee for feedback prior to delivering to the General Manager for approval. The Committee was also presented with a more condensed higher level deferred compensation Board Policy document to govern the newly proposed Administrative Procedures document. The Board Policy focused on the scope of the Advisory Committee and the Board's

involvement in the deferred compensation plan in general, and would need to be presented to and approved by the Board at a future date.

- Member Mercer motioned for approval, seconded by Member Thomas. All Members present then voted affirmatively to approve the administrative procedures document with no nays or abstentions.
- **Plan Performance – Calendar Year 2020**
  - Mr. Mansfield shared Central San’s plan performance for Q4 2020. The review included Economic and Capital Markets Overview, Vantagepoint View, and Plan Investment Lineup Review.
  - Economic and Capital Markets overview - US Real GDP for Q3 was strong compared to the first two quarters of 2020. Q4 expects to be strong in the US but is from a lower base number. Growth is expected because of the availability of a vaccine, and the amount of stimulus coming from central banks and world governments. Topics also covered, unemployment, inflation measures, and treasury yield.
  - Capital Markets overview – During Q4 2020, small cap stocks returned nearly 32%, emerging market stocks returned nearly 20%, and international developed market stocks returned nearly 17% which is a reversal in trends in the equity market. Real estate continued to struggle, with over the course of the year suffered losses.
  - Vantagepoint View – For the next year, equities should outperform bonds. Neutral positioning to large-cap versus small-cap equities and to US over international equities. Neutral positioning for growth and value equities, US interest rates, and credit markets.
  - Plan Investment Lineup overview – Plan allocations as of December 31, 2020, PLUS is 21%, Asset Allocation is 13% and Individual Strategies is 65%. Performance of the funds is strong overall.
  - Mr. Mansfield also shared that ICMA-RC will be launching a Quarterly Market Monitor. There will be a “deeper dive” on the focus funds.
- **Loans and emergency withdrawal requests**
  - Mr. Mizuno reported to the Committee that there were no emergency withdrawal requests in the last quarter to review. As of December 31, 2020, the 457 Plan had 43 active outstanding loans totaling \$511,000 seven of those loans are delinquent totaling approximately \$82,000. This was informational only, with no items requiring action by the Committee.
- **Participant education efforts**
  - Ms. Armstrong and Ms. Hammond provided an overview of plan education efforts over the past year. 2020 was a challenge for everyone, but ICMA-RC was able to pivot quickly. Ms. Hammond has been able to meet with participants via Microsoft Teams and Zoom. Plan participation at Central San is high in both the 401 and 457 plans, about 83%. There was a small amount of new hires in 2020, but all new hires are participating in the 457 and 401 plans. For the Plan savings, there was a 3% increase. There was a 20% increase in participants account log ins, with 33% of those being mobile log ins. Plan retention saw a 75% decrease.
- **Legislative update**
  - Ms. Armstrong discussed some of the legislative plan updates. She spoke of the SECURE 2.0 Act and the Retirement Security and Savings Act (RSSA). Common provision between SECURE 2.0 and RSSA are increased starting age from 72 to 75, eliminates the “first day of the month” requirement, and increases catch-up contribution limit to age 60.

- **Committee membership changes**
  - Mr. Mizuno advised that there are no changes.
  
- **Annual plan report**
  - Mr. Mizuno advised the committee of upcoming annual report to the Board. A copy of the annual report was included in the agenda packet. The annual report included a discussion of 2020 plan performance, education and outreach efforts as well as the intent to present the approved administrative procedures document to the Finance Committee for feedback.
  
- **Parking Lot / New Business**
  - Items to be covered next meeting:
    - Fiduciary training
    - Discussion on fees
    - In-depth investment performance review – possible Q1 meeting
  
- **Next Meeting: May 5, 2021**

**ADJOURN**

11:54 a.m.