

# Q1 2024 Meeting Minutes

## Central Contra Costa Sanitary District Central Contra Costa Sanitary District 457(b) Plan

Meeting Date: 05/01/2024

### Attendees

Committee Members	Christopher Thomas	Dana Lawson
	Geoff Niswander	Grace Arellano
	Justin Mercer	Kevin Mizuno
	Tricia Cruz	
Non-Committee Attendees	Phil Leiber	Jerry Ledbetter
	Perla Hernandez	Leah Castella
NFP	Mindy Harris	Vince Learned, CFA, CFP®, CRPS®
Other	Hillis Haygood	

### Administrative Review

- Reviewed Prior Meeting Notes

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- Signed IPS on file

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- Signed Committee Charter on file

Notes: Geoff Niswander moved, Justin Mercer seconded to approve minutes. Approved unanimously.

### Investment Due Diligence

#### Investment Analysis Summary

- NFP provided an economic and market commentary for Q1 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 03/31/24 were \$101,758,236.77
  - 21.01% in Asset Allocation
  - 20.73% in Cash Alternatives
  - 6.50% in Fixed Income
  - 3.29% in International/Global Equity
  - 13.24% in Specialty
  - 35.22% in U.S. Equity

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- 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)
    - MSQ Cash Management R5, SPUSA06CAU
    - Core Bond I1 (Lord Abbett Total Return), 97183J566 (10)
    - Large Cap Value I1 (Putnam LCV), 97183K381 (10)
    - Small Cap Growth II I1 (AB Small Cap Growth), 97182E220
    - International Equity I1 (Fidelity Intl Cap Apprec), 97183C348
    - MissionSquare Brokerage
    - Large Cap Growth III I1 (AB Large Cap Growth), 97184D766
    - Small Cap Value III I1 (PIMCO RAE SCV), 97184J383
    - MissionSquare Roth Brokerage
  - 1 fund is on watchlist:
    - MissionSquare Retirement Income Advantage Fund R5, 74440A696.icma (5)
  - Potential Replacements:

### Market Summary - Q1 2024

U.S. Equities continued to march higher, returning 10.0 % (Russell 3000) over the quarter. Growth stocks continued to outperform value stocks, with growth outperforming value by over 1800 basis points over the latest one year time period. International equities rose to a lesser extent, posting a 4.7% return (MSCI ACWI ex U.S) over the quarter. The broad U.S. fixed income market was down over the quarter as rates rose, producing a negative 0.8% return (Bloomberg Barclays Aggregate). The Fed held interest rates steady. Investors are anticipating the Fed to lower rates in 2024, though expectations on the number of rate cuts were slowly being scaled back. The U.S. labor market remained tight during the quarter with unemployment at 3.8% in March. (All data from MPI) ACR# 6545999 04/24

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### 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 Income Advantage Fund R5 (74440A696.icma) (Recent Scores: 5,6,5,7) is on the watchlist  
Asset Value: \$3,965,943.03

### Notes

Hillis Haygood noted that MissionSquare is expecting to introduce two additional income products later this year.

### Fiduciary Governance

#### Fiduciary Governance Summary

Reviewed Fiduciary Education Module/s

Modules Reviewed: NAGDCA: Best Practices in Communication and Participant Education

### Education Modules

Mindy Harris presented a discussion on Best Practices in Communication and Participation. She described the Plan Sponsor's role and responsibilities in developing and delivering plan communication and education to aid participants and employees in understanding the benefits of plan participation and how they can work towards achieving a financially secure retirement. Key elements of communication include the purpose of the plan, how to get started, understanding investment basics (including fees and expenses), keeping beneficiary information current, and planning for withdrawal/distribution strategies. Harris emphasized the importance of providing varying styles of education, as well as topics that will address retirement savings at different stages of a participant's career or lifecycle. Hillis Haygood described educational and account modeling tools on MissionSquare's participant website that are available to all participants.

### Legislative Update - Q1 2024

An update on developments in the legal and/or regulatory landscape was provided. Highlights include:

- Statistics on number of Plan Sponsors who are looking to add emergency savings features to their retirement plan.
- These types of provisions are now permitted under the SECURE 2.0 ACT of 2022.

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- Pension Linked Emergency Savings Accounts (PLEASA) allow non-highly compensated employees to make ROTH contributions to a pension plan linked account that they are allowed to withdraw from monthly without the tax penalties normally accrued.
- SECURE 2.0 Act amends the definition of a “designated Roth contribution” allowing for employees to designate employer contributions as ROTH under certain circumstances.

ACR# 6580139 04/24

### WellCents Report

Geoff Nlswander reported that the WellCents ad-hoc committee met to plan for the rollout of the WellCents program. The theme is Financial Independence and will include a kickoff meeting and email campaign starting May 15, 2024. Jerry Ledbetter reported that he is still unable to get his beta-test of the program to work; he will inform the DCAC if he continues to experience issues once the program goes live.

### Quarterly Recordkeeper Report

#### Hillis Haygood

Haygood reported Q1 participant/plan metrics. He noted significant plan growth as of the end of the quarter but cautioned that the market declines in April has resulted in some declining numbers. Kevin Mizuno asked for the training on Social Security / Government Pension Offset to be repeated, as he has received requests from participants who were unable to attend. Hillis mentioned that MissionSquare's CFP will be onsite in July, and they will conduct a participant survey in September. He reviewed the education and outreach plans for the remainder of 2024 and noted that MissionSquare plans to attend the benefits fair in October.

Phil Leiber requested a cybersecurity overview from MissionSquare, noting that he has experienced unusual cyber-breaches on his own accounts. Haygood agreed to bring a corporate expert to the next meeting in August.

### 2023 Performance Standards

Harris reviewed the 2023 Performance Standards that are part of the District's contract with MissionSquare. She noted that overall, almost all of the standards had been met or exceeded and MissionSquare had delivered good service to the plan and participants. There were two standards that had not been fully met: Plan sponsor calls answered, and new committee member training. Harris also noted that MissionSquare was required to review the Plan Document and provide any recommendations for updates, but she had not seen such communication from MissionSquare. Haygood will research and report back on the Plan Document standard. Leiber asked for a general discussion on problem resolution, and Harris will follow up (note: email sent to Leiber 5/2/24).

Justin Mercer moved, Tricia Cruz seconded, to accept the 2023 Performance Standards report, including the penalties for the unmet standards. Motion approved with one abstention.

### Leave Cashouts / Deferral Contributions

Mizuno reported that Teji O'Malley researched the possibility of adding the option for employees to defer leave cashouts to the plan. O'Malley's

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information was that such an action would be considered constructive receipt of wage payments and therefore taxable, so employees would only have the option to defer post-tax (Roth) contributions, which is already available for vacation leave payouts. Mizuno said there is more research on whether sick leave payouts would be allowed and he will ask O'Malley to report to the committee in August.

### AP 047 Amendments

Mizuno reviewed the changes proposed to AP 047. Primarily, the updates are for job title changes, DCAC member terms of service, and also to formalize the use of administrative account funds. Dana Lawson noted that the minimum recommended for the administrative account is 100% of the annual budget and asked if there could be language regarding a maximum. The group discussed how amounts would be returned to participants if there were an excess. After some committee discussion, the consensus was that the administrative account reserves would be 100 - 150% of the annual budget and any excess would be returned to participants on a pro rata basis. Justin Mercer moved / Dana Lawson seconded to approve the committee consensus. Motion passed, five yes, one abstention. Grace Arellano was absent for this portion of the meeting and did not vote.

### DCAC Member Reports

Dana Lawson and Geoff Niswander attended NFP's recent 457 University and will have information to report at the August meeting.

### Committee Membership

Mizuno noted the committee terms, there were no changes.

### Follow-up Items

Cybersecurity presentation at August meeting - NFP and MissionSquare  
NAGDCA Annual Conference, September 15-18, Phoenix - DCAC members let Mizuno know if they want to attend  
WellCents Update - NFP and ad hoc committee  
Plan Document recommendations (See performance standards) - MissionSquare report in August  
Leave Balance Contributions to plan accounts - Central San report in August

### Additional Comments

There being no further business, the meeting adjourned at 3:03 pm.

## Disclosures

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