

**Q2 2023
Meeting Minutes**

**Central Contra Costa Sanitary District
CENTRAL CONTRA COSTA SD (PTS)**

Meeting Date: 08/02/2023

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

Administrative Review

Reviewed Prior Meeting Notes

Reviewed Service Plan

Signed IPS on file

Signed Committee Charter on file

Investment Due Diligence

Investment Analysis Summary

- NFP provided an economic and market commentary for Q2 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 06/30/23 were \$446,921.22
 - 100.00% in Cash Alternatives
- 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.

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- 1 fund is acceptable:
 - MissionSquare PLUS Fund Class R1, 92208J105
- 0 funds are on watchlist:
 - Potential Replacements:

Market Summary - Q2 2023

U.S. equity markets rallied in the second quarter, rising 8.4% (Russell 3000) on continued moderating inflation. The Consumer Price Index (CPI) peaked last June and has since come down. International equities rose to a lesser extent, posting a 2.4% gain over the quarter (MSCI ACWI ex U.S.). The broad U.S. fixed income market returned -0.8% (Bloomberg Barclays Aggregate) over the quarter. The U.S. labor market remained tight during the quarter with unemployment at 3.6% in June. Large cap growth stocks had a strong quarter, with the Russell 1000 Growth up 12.8% and outperformed the Russell 1000 Value by over 8 percentage points. The Federal Reserve raised interest rates 25 basis points during the second quarter. The Fed will continue to analyze incoming data on inflation in deciding whether to continue its interest rate hiking regime. (All data from MPI) ACR# 5807173 07/23

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

Fiduciary Governance

Legislative Update - Q2 2023

NFP provided an update on developments in the legal and regulatory landscape, including a discussion about recent notice from the IRS regarding self-correction programs. Highlights include:

- SECURE Act 2.0 provided for more lenient correction for employers to self-correct plan failures
- “Eligible inadvertent failure” (EIF) was defined and opens many additional types of plan failures for self-correction
- EIFs can be self-corrected before IRS identification or even after IRS identification under certain circumstances
- The IRS clarified procedures for self-correcting EIFs
- Existing restrictions on self-correcting loan failures were eliminated
- Some plan failures remain ineligible for self-correction
- This became effective the date of the IRS Notice in May 2023

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NFPR-2023-162

ACR# 5838444 07/23

Plan Governance Subcommittee Report

Mindy Harris reviewed the 5/31/23 Plan Governance subcommittee meeting where the WellCents financial wellness tool was introduced. Tom Heuer reported on the subsequent subcommittee meeting on 6/28/23, where he reviewed the WC landing page and provided guidance to the 5 volunteers that would beta-test the site. The volunteers have not all completed the testing but reported feedback to the DCAC about their impressions of the tool. Chad Jaschek did complete his testing and said he didn't see significant differences between the MissionSquare CFP support and WC. Hillis Haygood clarified that the MS CFP support is available to participants with \$100,000 or more in their accounts. Heuer clarified that WC is available to all employees and he sees the main difference being that WC is proactive and offers outreach and follow up to employees, where MS CFP program is reactive to employee-initiated outreach. Jaschek further reported that he would like to see WC include other sources of income (e.g., rental income). Heuer recommended that all beta-testers complete the testing and reconvene to discuss their experiences. Heuer will reach out to the beta-testers and will report back to the DCAC at the 11/1/23 meeting.

Quarterly Recordkeeper Report

Hillis Haygood reported on participant outreach, education and services. He mentioned there an uptick in participant queries about the CIT change from Wilmington Trust to Great Gray, and suggested *CITs vs. Mutual Funds* as a future topic for employee education. Haygood reported that during April, Financial Literacy Month, MS emphasized personal financial wellness center engagement. He also informed the DCAC that MS had sent a participant satisfaction survey to 300,000 randomly chosen participants for specific feedback on the participant website and MS services.

Update of WellCents Pilot Program

This agenda item was covered in the Plan Governance Subcommittee report.

Update on Fund Lineup Changes and New Recordkeeping Agreements

Kevin Mizuno reported that there was much advance communication to employees and participants prior to the fund lineup changes, and very few questions or complaints - participants appear to understand and appreciate the changes. Mizuno also reported that the Administrative Services Agreement with MS has been fully executed and includes performance standards and guarantees recommended by NFP.

Employee Feedback on New MissionSquare Website

Mizuno reported that there have been several complaints about the new MS participant website. He mentioned a participant survey he and MS are working on, and asked MS for a more customized approach. He also asked DCAC members to promote the survey amongst their co-workers.

DCAC and subcommittee members provided feedback to Haygood about their website experiences. Jaschek and Jerry Ledbetter reported that they haven't been able to do custom historical analyses of their accounts & market performance and have found that current fund info is usually 30 days old. Haygood responded that MS is moving to an open architecture platform which incorporates technology from other partner entities. He mentioned that investment history is available but must be exported, and quickly demonstrated to the group how that works. He further noted that participants can access the fund fact sheets for more detailed information about each fund. Additionally, MS will be adding some benchmarking tools in the near future. Haygood confirmed to the group that the big takeaway from the discussion is that custom account analysis and market comparisons are important to the DCAC, and stated that he would bring the key elements of the discussion to MS' technical team.

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Fiduciary Training

Mindy Harris discussed NAGDCA's Best Practices brochures and covered part one of six, Plan Administration. She discussed the key elements of Plan Administration - Structure, Services, and the Roles of Advisors and Consultants. The Plan Document is the legally required tool that sets the framework for the Plan, and uses MS's Optional Provisions Election Form to document the plan-specific information about eligibility and optional features. Harris mentioned that while ERISA does not apply to governmental plans, it is widely used as a resource for best practices for fiduciary responsibilities. One best practice is to hire specialized expertise to provide guidance and assistance to plan administrators in meeting fiduciary responsibilities, and Central San has hired NFP for that purpose. Other areas that plans often hire outside experts is for tax or legal review and auditing.

Emergency Withdrawal Requests

Mizuno reported there were no emergency withdrawal requests since the last meeting, and reminded the group that MS is now handling review of such requests.

Committee Membership

Mizuno reported that DCAC member Amal Lyon is resigning from the committee as she is now in the MSCG and is no longer eligible to represent Local 1 / Administration. Phil Lieber will be appointing a replacement.

Additional Comments

There being no further business, the meeting adjourned as 12:15 pm.

Follow up items:

1. Tom Heuer to follow up with Plan Governance subcommittee on beta-testing WellCents and report status at next DCAC meeting, 11/1/23.
2. Phil Lieber to appoint DCAC committee member to replace Amal Lyon.

Disclosures

This material contains an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources.

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