



Meeting Date: 8/3/2022

5019 IMHOFF PLACE, MARTINEZ, CA 94553-4392
 Central Contra Costa County Sanitary District
 Deferred Compensation Committee

Attendees		
	Name	Title
Committee Members	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
	Joshua Whitman	Committee Member, Maintenance Crew Leader, Operations
	Christopher Thomas	Committee Member, Accounting Supervisor, Administration
	Other	Christina Gee
Philip Leiber		Director of Finance & Administration
Teji O'Malley		Human Resources & Organizational Development Manager, Deputy Plan Administrator
Chad Jaschek		Investment & Plan Governance Subcommittees
Velisa Parks		Senior Administrative Assistant, Plan Governance Subcommittee
NFP	Mindy Harris	Senior Consultant
	Rob Whited	Investment Analyst
Mission Square	Erika Armstrong	Relationship Manager, MissionSquare
	Hillis Haygood	Relationship Manager, Mission Square
Absent	Kim Hammond	Plan Provider Representative, MissionSquare

Administrative Review

Call to order at 10:00 am.
Prior Meeting Minutes <input checked="" type="checkbox"/> : Approved unanimously; meeting date 5/4/2022
Service Plan <input type="checkbox"/> : In development
Signed Plan Documents on file with NFP: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 401(a), 457 Plan Documents, Adoption Agreements, Administrative Services Agreement
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No Approved 8/3/22 as Appendix A to revised AP047

Plan Performance – Q2 / Investment Subcommittee Report / Efficient Fund Menu

Market overview Q2 2022:

U.S. equity markets declined sharply in the second quarter, falling 16.7% (Russell 3000) on persistent inflation, rising interest rates and slowing global growth. International equities fell to a lesser extent, posting a 13.7% loss over the quarter (MSCI ACWI ex U.S.). The broad U.S. fixed income market provided little shelter from the storm, down 4.7% (Bloomberg Barclays Aggregate) as interest rates rose during the quarter. Despite cooling economic growth, the U.S. labor market remained tight during the quarter with unemployment at 3.6% in June. Large cap value stocks held up relatively better, with the Russell 1000 Value outperforming the Russell 1000 Growth by over 8 percentage points this quarter. The Federal Reserve raised interest rates 125 basis points during the quarter. Additionally, the Fed expects further rate hikes in 2022 to combat inflation.

Funds on Watch list- no action taken – fund menu will be changing in Q1 2023:

MissionSquare Aggressive Opportun Fund Class R9 ScoreCard – 6

MissionSquare Growth & Income Fund Class R9 ScoreCard – 5

MSQ T. Rowe Price Growth Stock R5 ScoreCard – 5

MSQ Contrafund R5 ScoreCard – 6

Investment Subcommittee / Efficient Fund Menu:

Rob discussed the philosophy and logic behind Efficient Fund Menu.

- Avoid sharp edges
- Lower fees where possible
- Identify skilled managers
- Track participant behavior

The further rational for EFM

- Supported by recent court rulings – Hughes v Northwestern – prudent expert standard
- Too many choices, or “choice overload” can lead to decision making paralysis, anxiety and stress.
- A focused menu limits participant confusion and drives better participant outcomes
- Investment menu options are fewer in number, but broader in scope, allowing participants exposure to a broad array of asset classes.

Current Plan Menu vs. Efficient Plan Design Menu:

Value	Blend	Growth	
Active Active, Active, Active (3)	Passive Active, Active, Active, Passive,	Active Active, Active, Active (3)	Large
Active, Active (2) Active, Active (2)	Passive (1)	Active Active, Active, Active (3)	Medium
Active Active (1)	Active	Active Active (1)	Small

International Equity	Stable Value	Core Fixed Income
Active, Passive Active (4), Passive (5)	Active Active (1)	Active, Passive Active (1), Passive (1)

Asset Allocation Funds	Specialty
Active/Passive TDF's (Agg, Mod, Cons) Active TDF's (Agg); Active Risk Models (Agg, Mod, Cons)	Active (REI)

<p>Efficient Plan Design Menu Current Plan Menu</p>
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Participant Education Efforts

MissionSquare went through a review of the participant engagement results and strategy for Q2.

The leading topic was how participants have been educated to help address market volatility. MissionSquare implemented a responsive education strategy through continued outreach in the forms of emails, webinars, surveys, white papers, and videos. There was additional insight through CIO commentary and by providing participants with a market volatility center where they could find all these resources on-demand.

MissionSquare then covered the statistics around the participant engagement. They updated the committee on numbers involving participant education involvement, participation & savings, financial wellness, and retention. It was discussed how these categories are part of the overall plan goals and objectives and the strategies being used to achieve them.

Lastly for the engagement review, MissionSquare went through the education and events calendar, monthly webinar topics, upcoming National Retirement Security Month, and how these fit into the overall target messaging for the year. “Enhance Your Journey” is the targeted message for the upcoming Q3.

Loans & Emergency Withdrawal Requests

Mizuno reported that no new loan or emergency withdrawal requests had been received.

Plan Governance Subcommittee Report

Mizuno reviewed the synopsis of changes to the AP047 & BP047 documents. In addition to various housekeeping cleanup items, AP047 includes a revised Education Policy Statement (Appendix A) that discusses education for advisory committee members as well as plan participants; an Investment Policy Statement (Appendix B); language about establishing subcommittees; and language requiring that the DCAC strive to achieve an Efficient Fund Menu Design. BP047 also included various housekeeping cleanup items, as well as language allowing the delegating of unforeseeable emergency withdrawal applications to the record keeper and clarifying that the Plan Administrator has authority to sign plan documents once approved by the Board. The DCAC unanimously agreed to recommend approval of the revised AP047 & BP047 to the General Manager and Board, respectively.

Committee Membership

The DCAC discussed committee membership and the possibility of including a retiree member. Committee members were generally in favor of adding a retiree to the committee.

Parking Lot / New Business

None

Future Meetings / Upcoming Agenda

The next meeting will be November 2, 2022. In addition to standing items, the agenda will include a recommendation to approve the new proposed fund lineup as well as translation sheet of “old to new” fund choices and structure, a review of employee educational / outreach efforts and future plans; and updates on approval of changes to internal AP's and BP's.

Meeting adjourned at 11:59 am.

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