

MINUTES

401(A) ADVISORY COMMITTEE MEETING

East Bay Municipal Utility District

NOVEMBER 1, 2012

A special meeting of the EBMUD 401(a) Advisory Committee convened at 10:25 a.m., Thursday, November 1, 2012 in the Board Annex Room of the Administration Building. Wanda Hendrix called the meeting to order.

INTRODUCTION: Delores Turner, new Human Resources Manager, was introduced as the new Committee Chairperson.

PRESENT: Wanda Hendrix and Delores Turner

ABSENT: Eric Sandler

STAFF PRESENT: Dhanyale Dunbar and Elizabeth Grassetti

PUBLIC COMMENT: None

INTRODUCTION OF HYAS GROUP: Greg Settle was introduced as the Senior Retirement Plan and Investment Consultant for the Hyas Group. Hyas Group was the consulting firm chosen to conduct the Request for Proposal for the EBMUD Deferred Compensation Recordkeeper. EBMUD is negotiating a contract with the Hyas Group for deferred compensation consulting services that include semi-annual investment performance reporting and monitoring, alternate quarter investment performance summary report and conference call, on-going due diligence research, investment manager searches, new product and service research and reporting, regulatory/legal/compliance monitoring and updating, investment policy statement review and maintenance, and ERISA and fiduciary education for California plans.

STABLE VALUE FUND: Greg Settle provided a brief summary of how stable value funds operate and how they offer participants the potential to earn a return above a traditional money market fund while guaranteeing liquidity at book value. Fidelity Managed Income Portfolio II (MIP), EBMUD's current stable value fund, has lagged over the past several years. Given the option's underperformance and availability of other competitive and low-cost alternatives, the Hyas Group performed a manager search within the asset class and reviewed Morley Stable Value Fund, New York Life Anchor Account, and VantageTrust PLUS Fund.

Morley Stable Value Fund is most similar to the current MIP option, with the exception of its lower fee, lower asset base, and broad use of sub-advisors. New York Life Anchor Account is distinct in that it is wrapped and managed by a single provider (which in turn may more directly align fund management in terms of wrapper and credit analysis), offers extensive exposure to non-governmental debt, and has a substantially lower asset base and fee. The VantageTrust PLUS Fund is unique given its relatively high yield, stemming in part from its use of guaranteed

investment contracts. The PLUS Fund offers broader diversification of sub-advisors, a relatively low asset base, and a reduction in fees. It has performed well for the past two decades, offers the lowest fees of all the stable value funds reviewed, and is being specially offered to EBMUD by ICMA-RC.

Gerald Hunter moved the Committee add the ICMA-RC VantageTrust PLUS Fund and map Fidelity Managed Income Portfolio II to the new stable value fund. The motion was seconded by Dave Beyer and passed unanimously.

ITEMS CALENDARED FOR FUTURE MEETINGS: Hyas Group will provide a comprehensive investment report upon completion of contract with EBMUD.

ADJOURNMENT: Delores Turner moved the meeting be adjourned. Wanda Hendrix seconded the motion and the meeting adjourned at 10:35 a.m.