

MEETING MINUTES

EBMUD 401(k)/457(b) & 401(a) ADVISORY COMMITTEES

Wednesday – December 6, 2023 – 9:00 a.m.

A regular meeting of the 401(k)/457(b) Advisory Committee and the 401(a) Advisory Committee convened on Wednesday, December 6th, 2023, at 9:02 am. The meeting was called to order by Lisa Sorani (as C. Charan), Acting Chairperson.

This meeting was conducted with DC Advisory Committee Members physically present in the Administration Building, 375 Eleventh Street, 7th Floor Conference Room A/B, Oakland, California. This location served as the physical location for members of the public who wished to attend the meeting in person. Please note, however, that members of the public were also provided the opportunity to participate via video and teleconference. To participate in the meeting or provide public comment, please see the Appendix of the Agenda for instructions on joining the Zoom meeting online or by phone. Some Staff and Presenters also attended via Zoom.

ROLL CALL:

The following 401(k)/457(b) Advisory Committee Members were present: Nick Baranzini, David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan). Committee Member absent: Sophia Skoda and Matthew Stimson.

The following 401(a) Advisory Committee Members were present: David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan). Committee Member absent: Sophia Skoda.

Staff members present: Valerie Weekly, Mae Shepherd, and Cindy Vong.

Consultants present: Hyas Group (Audrey White), Fidelity Investments (Suzanne Rogers and Brenda Knudsen).

PUBLIC COMMENT:

The 401(k)/457(b) and 401(a) Advisory Committees are limited by State Law to providing a brief response, asking questions for clarification, or referring a matter to staff when responding to an item not listed on the agenda. (No Public comment)

CONSENT CALENDAR:

1. **Approval of Minutes** – 401(k)/457(b) and 401(a) Meeting Minutes of August 30, 2023, Robert Hannay motioned and Kevin Fitzsimmons seconded.

The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES (Nick Baranzini, David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda and Matthew Stimson).

The motion carried for the 401(a) Committee (7-0-0-1) by the following: AYES (David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda).

ACTION:

2. **Adopt Updated Investment Policy Statements (IPS) – (Hyas Group)** - The Committee discussed Hyas Group's recommended updates to the Investment Policy Statements for the 401(k) and 457 Deferred Compensation Plans and the 401(a) Plan which included: Both Investment Policy Statements have been updated to December 2023 (date change only). After discussion, the Committee voted and approved the IPSs with a slight change. On each cover page, EBMUD would like to see "Reviewed: December 2023" and "Revised: June 2022." If the documents read better by including "Last" before "Reviewed" and "Revised", that works too. Once these updates have been made, Hyas Group will provide updated, clean Investment Policy Statements for the Committees' signatures and records.

Robert Hannay motioned, and David Beyer seconded. The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES (Nick Baranzini, David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda and Matthew Stimson).

Robert Hannay motioned, and David Beyer seconded. The motion carried for the 401(a) Committee (7-0-0-1) by the following: AYES (David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda).

3. **Recommend Adoption of Roth 457(b) Option – (Staff)** – Lisa Sorani introduced Valerie Weekly to discuss the addition of the Roth 457(b) plan option. Due to the Secure 2.0 Act provisions, Staff had been working to implement the mandatory provision of Section 603 requiring certain eligible participants to designate their catch-up contributions as Roth contributions. The IRS announced a 2-year administrative transition period intended to facilitate an orderly transition for compliance. With the administrative transition, Staff recommended to continue with the implementation of the 457(b) Roth effective January 1, 2024. The Committee officially voted and approved adding the Roth to the 457 plan. It was noted that in-plan Roth conversions were not added to the 457 plan at this time.

Kevin Fitzsimmons motioned, and Andrew Kwan (Rep A) seconded. The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES (Nick Baranzini, David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda and Matthew Stimson).

Kevin Fitzsimmons motioned, and Andrew Kwan (Rep A) seconded. The motion carried for the 401(a) Committee (7-0-0-1) by the following: AYES (David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda).

4. **Authorize Staff to Update Fidelity Contract Three Years with the Option to Extend Additional Two Years – (Staff)** - The Committee discussed updating the Fidelity recordkeeping contract for an additional three years with the option to extend for two additional years (in one-year increments). After many thoughtful questions and comments from the Committee, this was ultimately approved alongside adding Financial Wellness as a topic to each meeting agenda going forward and providing consistent fee benchmarking from Hyas Group. Hyas Group will prepare a recordkeeping fee benchmark report for the Committee and will present this at the February 8, 2024 meeting.

Robert Hannay motioned, and Ramona Gonzalez seconded. The motion carried for the 401(k)/457(b) Committee (7-1-0-2) by the following: AYES (Nick Baranzini, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (David Beyer). ABSTAIN (None). ABSENT (Sophia Skoda and Matthew Stimson).

Robert Hannay motioned, and Ramona Gonzalez seconded. The motion carried for the 401(a) Committee (6-1-0-1) by the following: AYES (Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (Rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (David Beyer). ABSTAIN (None). ABSENT (Sophia Skoda).

INFORMATION:

5. **Markets and Economic Update and Investment Performance – (Hyas Group)** – Audrey White presented the third quarter 2023 performance report which included the following items:
- Market and Economic Update – Throughout the Third Quarter 2023, the U.S. economy experienced resilience in the face of ever-higher interest rates and increasing geo-political turmoil. The U.S. jobs market has remained strong as well – adding over the expected 336,000 jobs during the month of September. The Federal Reserve seems to be comfortable with their progress on the inflation front, although CPI is still about twice as high (3.7%) as the Fed’s long-term target of 2%. It appears that the Fed will continue to maintain higher interest rates for longer, which could spell challenges for the economy later this year and into the next.
 - Legal and Regulatory Updates –
 - New IRS retirement plan deferral limitations for 2024 were discussed.
 - Current Fund Lineup Overview –
 - MFS Mid Cap Growth R4 was placed on watch last quarter due to a recent manager departure. The Committee agreed with Hyas Group’s recommendation to retain the fund on watch status.
 - Plan Data Review – As of September 30, 2023, total assets were approximately \$621.6 million, which was a decrease of approximately \$20.9 million from last quarter.
 - Fee and Revenue Analysis
6. **Quarterly Plan Budget Review – (Hyas Group)** – Audrey White presented the Quarterly Plan Budget review. For 2Q the realized revenues from participant account fees was \$54,187. The next quarter, the plan value increased (the plans went from \$606.54 mil in total assets to \$637.14 mil for 3Q23) but the amount collected from participant accounts went down to \$53,436. The Committee member asked for clarification on this. Hyas Group will look into this and report back at the next meeting. A Committee member asked specifically about the revenues collected from “Participant Account Fees” for Q2 and Q3 2023. It was also noted that as of quarter-end the

administrative account had about 8.3 months' worth of cash reserves, equal to \$51,610 in excess compared to the 6-month reserve target. Hyas Group commented that during the 1Q meeting of each year a fee evaluation is conducted on the plans. At that time the Committee can discuss whether or not they would like to make any changes to participant account fees.

7. **Fidelity Investments Quarterly Report – (Fidelity Investments)** – Suzanne Rogers presented on the Fidelity Investments third quarter report. For the combined plans, 53% of active/eligible participants are contributing, which is a lower contribution rate compared to 2Q 2023, which was 52%. The peer average is 72%.
 - There were 208 new enrollments over the past 12 months via Easy Enroll or Online Enroll.
 - The average total savings rate for active participants with a balance is 13.2%.
 - Active participants that have at least one loan outstanding was 16.9%.
 - Employee engagement: 87% of active participants have contacted Fidelity by phone or logged into NetBenefits.
 - At the February 8, 2024 meeting Fidelity will provide:
 - Overview of 401(k)/401(a) Loans Training
 - Review of Self-Directed Brokerage (SDB) Utilization
8. **Staff Report** – Valerie Weekly provided updates to the Staff Report. She went over the 3Q 2023 Participant Account Fees and Credits, NAGDCA 2023 Annual Conference Brief, and Introduction of Cindy Vong

ITEMS TO BE CALENDARED: Update Investment Policy Statement(s); Hyas Group to provide memo(s). Review of Self-Directed Brokerage (SDB) Utilization.

MEETING ADJOURNMENT:

David Beyer moved to adjourn the meeting at 11:50 am and Andrew Kwan seconded the motion. The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES (Nick Baranzini, David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda and Matthew Stimson).

The motion carried for the 401(a) Committee (7-0-0-1) by the following: AYES (David Beyer, Kevin Fitzsimmons, Ramona Gonzalez, Robert Hannay, Andrew Kwan (rep A), Stella Tan, and Lisa Sorani (as C. Charan)). NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda).