

MEETING MINUTES
EBMUD 401(k)/457(b) & 401(a) ADVISORY COMMITTEES
Thursday – May 9, 2024 – 9:00 a.m.

A regular meeting of the 401(k)/457(b) Advisory Committee and the 401(a) Advisory Committee convened on Thursday, May 9th, 2024, at 9:00 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, 2nd Floor Large TRC, 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, Matthew Stimson, Ramona Gonzalez, Steven Goodman-Leibof (as Robert Hannay), Arcelio Camacho (Rep B), Stella Tan, Sophia Skoda (arrived at 9:30am), and Lisa Sorani (as Cindy Charan). Committee Members absent: Kevin Fitzsimmons.

The following 401(a) Advisory Committee Members were present: David Beyer, Arcelio Camacho (Rep B), Ramona Gonzalez, Stella Tan, Steven Goodman-Leibof (as Robert Hannay), Sophia Skoda (arrived at 9:30am), and Lisa Sorani (as Cindy Charan). Committee Members absent: NONE.

Staff members present: Valerie Weekly, Mae Shepherd, and Nancy Li.

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

PUBLIC COMMENT:

There were no public comments.

CONSENT CALENDAR:

1. **Approval of Minutes** – 401(k)/457(b) and 401(a) Meeting Minutes of February 8, 2024, Ramona Gonzalez motioned, and Steven Goodman-Leibof seconded.

The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES Nick Baranzini, David Beyer, Matthew Stimson, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, and Lisa Sorani. NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda and Kevin Fitzsimmons).

The motion carried for the 401(a) Committee (6-0-0-1) by the following: AYES (David Beyer, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, and Lisa Sorani. NOES (None). ABSTAIN (None). ABSENT (Sophia Skoda).

ACTION:

2. **Consider a Change to Participant Account Fees – (Hyas Group)** – During discussion, the Historical Budget Report was reviewed prior to the Participant Account Fees discussion.
 - a. Participant Fee Analysis – Hyas Group presented the annual Administrative Fee Discussion report to the Committee. It was noted that currently, participants pay an annual fee of 0.035% on their retirement plan assets. This is also the amount Fidelity collects each year for their recordkeeping costs. The District provides \$150,000/year to support these costs. The Committee monitors the Plans’ budget on a regular basis and aims to keep six months’ worth of reserves in the admin account as a best practice. Hyas Group noted the current level of reserves being in excess of six months and offered ways in which reserves can be reduced toward target levels. These included a rebate approach, a participant fee reduction approach, or a combination of the two. After a thorough discussion, the Committee voted and approved to take no action at this time and will plan to review participant fees again at the 1Q 2025 meeting. The 2025 Budget Report will be reviewed at the 4Q 2024 meeting. Hyas Group will bring an updated Administrative Fee Discussion report to the 1Q 2025 meeting.
 - b. Historical Budget Report – Audrey White from Hyas Group presented a Five-Year Review of Administrative Budget History report, which was information requested by a Committee member at the last meeting. The analysis included the inflows, outflows, and returns, along with beginning and ending admin account balances for years 2019-2023. The report also showed the yearly contribution made by the District. Lastly, it was noted that \$111,357.41 was paid from the District’s administrative account(s) in 2024 for all remaining 2023 expenses.

Ramona Gonzalez motioned for no action to be made at today’s meeting and to bring the item back when the deferred compensation plans budget will be discussed. David Beyer seconded.

The motion carried for the 401(k)/457(b) Committee (9-0-0-1) by the following: AYES Nick Baranzini, David Beyer, Matthew Stimson, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Lisa Sorani, and Sophia Skoda. NOES (None). ABSTAIN (None). ABSENT (Kevin Fitzsimmons).

The motion carried for the 401(a) Committee (7-0-0-0) by the following: AYES (David Beyer, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Lisa Sorani, and Sophia Skoda. NOES (None). ABSTAIN (None). ABSENT (None).

3. **Adopt 2024 Plan Revenue and Expense Report – (Staff & Hyas Group)** – Lisa Sorani introduced the training budget for calendar year 2024. Currently there was \$8,000 budgeted for training. Lisa Sorani encouraged two committee members and one staff member to attend

the annual NAGDCA conference and suggested increasing the \$8,000 a year budget to \$10,000 a year to accommodate for 3 people to attend. Committee members provided suggestions on how to budget for trainings and how to identify sinking funds for training.

Sophia Skoda motioned to adopt the 2024 Revenue and Expense Report plan as amended to allow for an increase to the training budget from \$8,000 to \$10,000. Matthew Stimson seconded for 401(k)/457(b). David Beyer seconded for 401(a).

The motion carried for the 401(k)/457(b) Committee (9-0-0-1) by the following: AYES Nick Baranzini, David Beyer, Matthew Stimson, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Sophia Skoda, and Lisa Sorani, NOES (None). ABSTAIN (None). ABSENT (Kevin Fitzsimmons).

The motion carried for the 401(a) Committee (7-0-0-0) by the following: AYES (David Beyer, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Lisa Sorani, and Sophia Skoda. NOES (None). ABSTAIN (None). ABSENT (None).

4. **Consider Moving Artisan Small Cap Fund to Watch List – (Hyas Group)** – Audrey White from Hyas Group recommended placing the Artisan Small Cap Fund (APHSX) on watch status due to performance reasons. After discussion, the Committee agreed with Hyas Group’s recommendation and approved placing the fund on watch status. Hyas Group will provide an update on the Fund at the next meeting.

Sophia Skoda motioned to place Artisan Small Cap Fund to Watch List. Lisa Sorani seconded.

The motion carried for the 401(k)/457(b) Committee (9-0-0-1) by the following: AYES Nick Baranzini, David Beyer, Matthew Stimson, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Sophia Skoda and Lisa Sorani. NOES (None). ABSTAIN (None). ABSENT (Kevin Fitzsimmons).

The motion carried for the 401(a) Committee (7-0-0-0) by the following: AYES (David Beyer, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Lisa Sorani, and Sophia Skoda. NOES (None). ABSTAIN (None). ABSENT (None).

5. **Decrease Minimum Initial Required Balance and Transfer Amounts for the Self-Directed Brokerage Account – (Lisa Sorani)** – Lisa Sorani discussed the current initial required balance and transfer amounts for the self-directed brokerage account (\$2,500 and \$1,000 respectively). District staff proposed lowering both of those to \$500 each. The Committee voted and approved to lower the initial required balance to \$500 and the transfer amount to \$500, as soon as administratively possible. District staff will work with Fidelity to facilitate these changes.

Matthew Stimson motioned to change the initial and transfer amounts to \$500 for the 401(k) and 457(b) Committee. Nick Baranzini seconded.

Lisa Sorani motioned to change the initial and transfer amounts to \$500 for the 401(a) Committee. David Beyer seconded.

The motion carried for the 401(k)/457(b) Committee (8-0-1-1) by the following: AYES Nick Baranzini, David Beyer, Matthew Stimson, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, and Lisa Sorani. NOES (None). ABSTAIN (Sophia Skoda). ABSENT (Kevin Fitzsimmons).

The motion carried for the 401(a) Committee (6-0-1-0) by the following: AYES (David Beyer, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, and Lisa Sorani. NOES (None). ABSTAIN (Sophia Skoda). ABSENT (None).

INFORMATION:

6. **Markets and Economic Update and Investment Performance – (Hyas Group)** –Audrey White from Hyas Group provided the Market and Economic Update – The U.S. economy continues to post respectable economic growth numbers and last month’s employment report provided no indication of any slowdown in the job market. Employers continue to add jobs at a robust pace and the unemployment rate remains below 4%. Expectations for several Federal Reserve rate cuts this year propelled markets during the First Quarter. These expectations have softened markedly as Federal Reserve leadership has expressed caution and inflation numbers appear to be somewhat stuck above targets. Markets have reacted in kind, with both fixed income and equity markets retreating from prior quarterly gains.
 - a. Fee Benchmarking Report - Report to be provided each year at the 4Q meeting.
7. **Investment Menu Analysis – (Hyas Group)** – Audrey White from Hyas Group presented a Five-Year Historical Investment Change Analysis report, which was requested by a Committee member at the last meeting. There were a total of five fund changes that occurred over this period. These fund changes include one share class change for the money market fund, three index fund changes from the Vanguard to Fidelity fund families, and a mid-cap value manager change.
8. **Fidelity Investments Quarterly Report – (Fidelity Investments)**
 - a. SECURE 2.0 Act Update - Suzanne Rogers from Fidelity provided an update for Secure 2.0 Act and presented on mandatory and optional provisions. Some mandatory provisions include the age 50 catch up contributions and how contributions are required to be made in ROTH for individuals with wages greater than \$145,000 in the prior year. This has been delayed with an effective date of December 31, 2025. Minimum distribution and age increase provisions are already in place currently, raising the age from 72 to 73 in 2023, and from age 73 to 75 in 2033. Secure 2.0 Act eliminated the 457(b) rule regarding the first of the month requirement, and now the 457(b) plan operates similarly to the 401(k) and 401(a) plans. Suzanne Rogers provided an additional overview regarding optional provisions that the District could adopt, which includes participants being eligible to self-certify hardships and unforeseeable emergency distributions. Other optional provisions include the domestic abuse distribution, which allows victims of domestic abuse to self-certify. There is no

early distribution penalty and participants can repay the withdrawal funds within 3 years.

- b. Participant Engagement Update - Suzanne Rogers from Fidelity provided an overview on the 401(k), 457(b) and 401(a) plans with regards to plan participation rates, asset allocation, total savings, and participant engagement. Suzanne also went over cybersecurity, digital readiness for participants, and loan withdrawal activity for the 401(k) and 401(a) plans. There was discussion on how the District and Fidelity could guide communication towards specific groups to encourage enrollment in the deferred compensation plans. Staff mentioned plans to connect District affinity groups with Fidelity to promote overall financial wellness and engage participants to save or enroll. Staff will provide more information regarding the types of guided communication Fidelity offers at the next committee meeting. Fidelity will provide a report and analysis on true retirement readiness for the committee.

9. Staff Report –

- a. 1Q 2024 Participant Account Fees and Credits - Lisa Sorani reported that when participants invest in a fund that does revenue sharing with Fidelity, at the end of the quarter, the revenue sharing is returned to the participants. Participants received \$71,130 back during 1Q from revenue sharing.
- b. PEPPRA DC Participation Incentive Benefit Update - Valerie Weekly provided an update to the PEPPRA DC Participation Incentive. The communication strategy was effective and there was an increase in the number of eligible participants. Eligible participants are defined as members of the PEPPRA tier and had made at least one contribution to any of the deferred compensation plans during the lookback period. The number of participants that chose to defer the PEPPRA incentive decreased from the previous year and more participants chose to take the incentive as taxable cash in 2024. All PEPPRA Incentive meetings and communications indicated the eligibility requirements need to be met and the forms need to be filled out by employees in order to receive the incentive. This needs to be an employee election and the District cannot make it an automatic process every year.
- c. Unauthorized Financial Advisors - Valerie Weekly provided an update to a recent issue regarding unauthorized financial advisors contacting employees and retirees regarding their deferred compensation plans. The two agencies that were identified were AXA Advisors and Equitable Advisors. These agencies claimed association with EBMUD and Fidelity. District employees reported this to Staff and communication was sent out to employees and retirees that denied affiliation with the two agencies. Staff reiterates that EBMUD employees are public employees, with emails and phone numbers easily accessible on the internet. This issue was not related to a Fidelity or District data breach. Fidelity issued a cease and desist with the two agencies that claimed affiliation with Fidelity.

- d. NAGDCA 2024 Conference - Valerie Weekly encouraged Committee members Nick Baranzani and Matthew Stimson to attend and if interested, to email Staff to assist in the registration process.

ITEMS TO BE CALENDARED: Training: 401(k)/457(b) Loans Update – (Fidelity)

MEETING ADJOURNMENT:

Sophia Skoda motioned to adjourn the meeting at 11:59 a.m. and Dave Beyer seconded the motion.

The motion carried for the 401(k)/457(b) Committee (9-0-0-1) by the following: AYES Nick Baranzini, David Beyer, Matthew Stimson, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Lisa Sorani, and Sophia Skoda. NOES (None). ABSTAIN (None). ABSENT (Kevin Fitzsimmons).

The motion carried for the 401(a) Committee (7-0-0-0) by the following: AYES (David Beyer, Ramona Gonzalez, Steven Goodman-Leibof, Arcelio Camacho (Rep B), Stella Tan, Lisa Sorani, and Sophia Skoda. NOES (None). ABSTAIN (None). ABSENT (None).