

MEETING MINUTES
EBMUD 401(k)/457(b) & 401(a) ADVISORY COMMITTEES
Thursday – August 21, 2025 – 9:00 a.m.

A regular meeting of the 401(k)/457(b) Advisory Committee and the 401(a) Advisory Committee convened on Thursday, August 21, 2025, at 9:04 a.m. 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 with the opportunity to participate via video and teleconference. To participate in the meeting or provide public comments, please see the Appendix of the Agenda for instructions on joining the Zoom meeting online or by phone.

ROLL CALL:

L39 has two representatives that support each other by attending the DC Advisory Committee meetings, Andrew Kwan is Rep A and Arcelio Camacho is Rep B. There is only one committee vote for L39, the Rep in attendance will be noted as attending. We will not mark the 2nd Rep as absent as only one Rep needs to attend each meeting. "L39 Rep" will be marked absent if neither Rep A nor Rep B are in attendance.

The following 401(k)/457(b) Advisory Committee Members were present: Kevin Fitzsimmons, Robert Hannay, Andrew Kwan (L39 Rep A), Sophia Skoda, Stella Tan, Alan Chan, Nick Baranzini, and Lisa Sorani (as C. Charan). Committee Member absent: Matthew Stimson and Ginger Chen.

The following 401(a) Advisory Committee Members were present: Kevin Fitzsimmons, Robert Hannay, Andrew Kwan (L39 Rep A), Sophia Skoda, Stella Tan, Alan Chan, and Lisa Sorani (as C. Charan). Committee Member absent: Ginger Chen.

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

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

PUBLIC COMMENT:

There was no public comment.

CONSENT CALENDAR:

1. **Approval of Minutes - 401(k)/457(b) and 401(a) Meeting Minutes of May 8, 2025.** The Committee reviewed the minutes, and Sophia Skoda proposed edits for accuracy and clarity. The corrections included clarifying that the discussion referred to “weighted investment fees,” not “weighted investment”, adjusting a sentence to reflect that collective investment trusts

(CITs) could impact the overall weighted investment fees, especially when participants shift toward fixed income or lower-fee funds, removing a confusing phrase referencing "where participants are at the end of the period", and clarifying the discussion around auto enrollment. Suzanne Rogers confirmed that there is no auto enrollment in the plan. Instead, if participants fail to make an investment election, their contributions default into lifestyle target date funds.

The corrected language was read aloud as follows:

“Weighted investment fees are impacted by the overall investments. Suzanne Rogers noted that there is no auto enrollment and that the lifestyle funds are the default when the participant has not elected any investments.”

Sophia Skoda motioned for the 401(k)/457(b) and 401(a) committee to approve the minutes and Lisa Sorani seconded.

The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES (Lisa Sorani, Sophia Skoda, Robert Hannay, Alan Chan, Kevin Fitzsimmons, Andrew Kwan, Stella Tan, Nicholas Baranzini, NOES (None), ABSTAIN (None), ABSENT (Matthew Stimson, Ginger Chen)

The motion carried for the 401(a) Committee (7-0-0-1) by the following: AYES (Lisa Sorani, Sophia Skoda, Robert Hannay, Alan Chan, Kevin Fitzsimmons, Andrew Kwan, Stella Tan NOES (None), ABSTAIN (None), ABSENT (Ginger Chen).

ACTION:

2. Annual Review and Approval of Investment Policy Statements (IPS):

The Committee reviewed the annual update to the Investment Policy Statements for the 401(a), 401(k), and 457(b) plans. Audrey noted that these documents are critical fiduciary resources reviewed annually. This year, no material changes were made aside from updating the revision date. The Committee confirmed that there were no further questions or concerns regarding the content of the IPS documents.

Sophia Skoda motioned for the 401(k)/457(b) and 401(a) committee to approve to adopt the updated Investment Policy Statements for all applicable plans (401(a), 401(k), and 457(b)). and Lisa Sorani seconded.

The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES (Lisa Sorani, Sophia Skoda, Robert Hannay, Alan Chan, Kevin Fitzsimmons, Andrew Kwan, Stella Tan, Nicholas Baranzini, NOES (None), ABSTAIN (None), ABSENT (Matthew Stimson, Ginger Chen)

The motion carried for the 401(a) Committee (7-0-0-1) by the following: AYES (Lisa Sorani, Sophia Skoda, Robert Hannay, Alan Chan, Kevin Fitzsimmons, Andrew Kwan, Stella Tan NOES (None), ABSTAIN (None), ABSENT (Ginger Chen).

INFORMATION:

3. Markets and Economic Update and Investment Performance – (Fiduciary Consulting Group)

Presenters: Audrey White – Fiduciary Consulting Group

Audrey White, representing Fiduciary Consulting Group, opened the Q2 2025 performance review by noting a recent rebranding of her firm’s reports following internal integration. While the cover pages now reflect the Fiduciary Consulting Group name, the content and structure of the investment reports remain unchanged.

Audrey began with an overview of the U.S. economic landscape for the second quarter. The economy experienced a slight contraction, driven primarily by a surge in imports ahead of anticipated tariff increases, which introduced volatility into the markets. Despite this, labor market conditions remained steady, with unemployment staying low and job growth exceeding expectations. The Federal Reserve held interest rates constant during the quarter but indicated that one or two rate cuts could occur before year-end. Inflation remained stable at 2.7% as of June, though future impacts from tariffs continue to create uncertainty. Globally, after initial declines following the “Liberation Day” tariff announcements, markets rebounded sharply, resulting in strong performance across asset classes.

Audrey then presented a consolidated review of the three retirement plans—the 457, 401(a), and 401(k)—which ended the quarter with combined assets of approximately \$819.1 million, up from \$741.3 million at the beginning of the quarter. This \$77.8 million increase was driven by a strong market return of over \$72 million, offsetting a slightly negative net cash flow of about \$760,000. Quarterly investment performance was notably strong, with a return of 9.7%, rebounding from a -2.2% return the previous quarter. One-year returns reached nearly 13%, with three-year returns around 15%, five-year returns at 10.85%, and ten-year performance exceeding 9%. A significant fund change occurred during the quarter: the Artisan Small Cap Fund was replaced with the Hood River Small Cap Growth Fund, which now holds \$6.1 million, or roughly 0.75% of total plan assets. Audrey also noted continued participant shifts in asset allocation. Fixed income allocations declined from about 10% to under 9%, while large-cap equity allocations increased from 34.9% to over 36%, indicating a shift from conservative to growth-oriented investments—a trend consistent with other plan sponsors.

Three funds remain on the watch list due to performance concerns first raised in Q3 2024. The MFS Mid Cap Growth Fund is no longer in compliance violation but remains under observation. The American Funds EuroPacific Growth Fund continues to underperform, largely due to the growth style lagging behind blend and value strategies. The Vanguard Wellesley Income Fund also remains on watch due to its 1.09% underperformance against its benchmark; Audrey clarified that this fund follows a conservative, value-oriented strategy, which has been out of favor in a growth-driven market. While it has not significantly missed its benchmark, the committee may consider a manager search if performance does not improve. There was also discussion around the Wellesley benchmark, clarified to be the U.S. Conservative Index—not a value index—aligning with the fund’s investment objective.

Target Date Funds flagged with red indicators on the Manager Scorecard were discussed. Audrey explained these were Collective Investment Trust (CIT) versions of the Vanguard Target Retirement series. According to policy, the suite is treated collectively, and since fewer than half of the funds were out of compliance, the overall series remains in good standing with no action required.

Audrey then reviewed each plan in detail. The 457 Plan closed the quarter with \$195.2 million in assets across 1,450 participant accounts, with an average balance of \$134,000 and no participant loans. The 401(a) Plan had \$85.4 million in assets with 612 accounts and an average balance of \$139,000. Brokerage assets accounted for 9.24% of this plan, and participant loans were present. The 401(k) Plan remained the largest, with \$531.9 million in assets across 2,572 accounts. It had the highest average balance at \$206,000, with 9.5% of assets in brokerage accounts and 1.05% allocated to loan balances. Across all plans, participant loans were low, representing just 0.79% of total assets, something Audrey praised as a positive indicator of participant financial health. From a historical perspective, overall plan growth has been strong. Since 2020, assets have grown from \$769 million to over \$812 million, while the number of participant accounts increased from around 3,800 to 4,637. The average participant balance across all plans now stands at \$175,000. Audrey concluded her presentation with a fee and revenue analysis. Investment fees remain competitive, ranging from 15.9 to 17.5 basis points across the three plans. Administrative costs are shared between the district and participants. In the 457 Plan, participants paid \$68,000 in admin fees annually, while the district contributed \$36,000. In the 401(a) Plan, participants paid approximately \$30,000 and the district paid \$15,800. For the 401(k) Plan, participant-paid admin fees totaled \$186,000 annually, with \$98,000 covered by the district. Audrey confirmed that no changes to fees or the current fund lineup were recommended at this time. However, Fiduciary Consulting Group will prepare a CIT Access Document for the next meeting to evaluate lower-cost CIT options for the MFS Mid Cap Growth and Allspring Special Mid Cap Value mutual funds.

4. Quarterly Plan Budget Review for 2Q 2025 – (Fiduciary Consulting Group)

Presenters: Audrey White – Fiduciary Consulting Group

The committee reviewed the Q2 2025 revenue and expense report. Plan balances at the start of the quarter totaled approximately \$741.3 million, and the beginning revenue account balance was \$365,000. Participant account fees generated \$71,273 in revenue. Expenses for the quarter included \$64,867 for recordkeeping (aligned with the 3.5 bps fee), \$13,000 for investment consulting, and a \$129,000 rebate returned to participant accounts.

After all revenue and expenses, the ending balance in the revenue accounts was \$229,000. The reserve now represents approximately 5.8 months of expenses, just below the 6-month target, primarily due to the participant rebate. Forecasting for upcoming quarters is included, and the current reserves are expected to gradually build.

The report also includes placeholders for planned or occasional expenses that included \$10,000 annually toward a future recordkeeping RFP, \$6,000 for training, and \$5,000 for miscellaneous

Items such as communication projects or unanticipated recordkeeping charges are not covered under the base contract. These allocations are for planning purposes and not yet treated as actual expenses unless spent. Audrey clarified that while the report treats them as if they are accrued, the funds remain in a shared account unless used. No separate “savings” accounts are being established for these items. This is how the district’s \$150,000 annual administrative contribution is reported. Although the district pays upfront and actual bills are drawn from this first, the budget report shows the amount is spread evenly across the year and prorated by plan size. This can cause confusion when percentages are shown in the report, as they are estimates based on assumed plan asset values.

The committee discussed whether to revise how accruals for long-term known expenses, such as the RFP in 4 years, are reported. The current approach is seen as workable, but staff will review with the consultant to determine if improvements should be made to better reflect set-aside intentions.

Lastly, it was noted that there were no expenditures for training or miscellaneous in Q1 or Q2 2025.

5. Fidelity Investments Quarterly Report – (Fidelity Investments)

Presenter: Suzanne Rogers and Brenda Knudsen from Fidelity Investments

Suzanne Rogers from Fidelity presented the Q2 quarterly update. She began with a new historical slide showing combined trends across the 401(k), 457(b), and Part-Time/Seasonal plans, dating back to 2010. The data demonstrated strong long-term growth in participant numbers and plan assets.

Current participation and asset figures were broken down by plan, with active vs. inactive participant counts noted. Participation rates were also segmented to reflect tenure, highlighting that employees with over 10 years of service are contributing at lower rates—possibly due to pension reliance or other financial milestones like home purchases.

The 401(k) plan continues to show strong participation and savings behavior. The 457(b) plan, while less utilized overall, still offers a valuable opportunity for dual-plan savings—a feature not available to all government entities.

Participant average savings rates increase with age and tenure. Approximately 34% of participants contribute at or above 10%, and 38% contribute over 10% when including all plans. Fidelity continues to promote a healthy target of 15% combined employer-employee contributions, especially considering the district’s pension benefits.

Use of the annual automatic increase feature remains strong, with 57% of participants enrolled. Asset allocation data showed appropriate equity levels by age, with many participants using lifecycle (target date) funds, aligning with best practices.

There are currently six terminated/retired participants using self-directed brokerage accounts, with a combined balance of just under \$2 million. These accounts are available only to retired or terminated employees.

Loan activity shows that most loans are for general purposes, with a smaller portion (18%) for home purchases. Withdrawals are now tracked in more detail, with hardship reasons categorized. The committee was reminded that four new withdrawal provisions under the SECURE Act (e.g., domestic abuse, qualified disaster, birth/adoption, emergency expense) went live July 1 and are now available via NetBenefits.

A member raised concern that retirees cannot make online withdrawals. Fidelity confirmed that this was a legacy restriction unique to this plan, but a change request has now been submitted, and online access will soon be enabled for retirees.

Digital engagement metrics were strong: 62% of participants use mobile access, and 57% log in every 90 days. Two-factor authentication and cybersecurity best practices are being promoted, including voice ID and real-time alerts.

Brenda Knudsen and Shirley Ng have been increasing outreach to field locations. Brenda plans to visit each remote site at least once per year and they are beginning to plan the schedule for 2026. Suzanne emphasized the importance of meeting with participants in person, especially those in field locations who may not be able to easily attend centralized events. Fidelity will also coordinate with HR to align plan communications with the upcoming open enrollment period.

1. **Staff Report:**

Presenter: Valerie Weekly and Mae Shepherd

Staff provided a brief report beginning with an update on participation credit activity. These credits reflect amounts returned to participant accounts from revenue-sharing arrangements in certain investment funds. For Q2, credits were distributed to eligible employees and retiree participants.

The Financial Wellness update highlighted continued collaboration with employee affinity groups. During the previous quarter, Fidelity supported targeted financial wellness events tied to Asian Pacific Heritage Month, Pride Month, and programming for military service members and their families.

A large group from the district will be attending the upcoming 2025 NAGDCA (National Association of Government Defined Contribution Administrators) annual conference in San Diego, including Matthew Stimson, Alan Chan, Ginger Chen, Sophia Skoda, Stella Tan, Valerie Weekly, Nancy Lee, and Shirley Ng. This represents the largest group the district has ever sent to the event. The conference will take place from September 28 to October 1, 2025. Attendees were reminded to manage expectations around implementing new ideas discussed at the conference, given the district's more limited staffing compared to larger agencies. Fidelity will host a client dinner on

Monday evening during the conference, and FCG (Fiduciary Consulting Group) will host a client reception on Sunday evening.

Audrey White also announced an upcoming one-day Fiduciary Essentials Conference hosted by FCG and other partners on October 22 in Denver, Colorado. This event will focus on fiduciary responsibilities and provide a valuable networking opportunity.

The report continued with a discussion of investment-related updates. FCG (Fiduciary Consulting Group), in collaboration with Morgan Stanley, identified opportunities to transition two existing mutual funds to lower-cost collective investment trust (CIT) version, specifically the Mid Cap Growth and Allspring Special Mid Cap Value funds. Unlike the earlier transition to the Vanguard CITs, which was triggered by plan asset growth, these new CIT options are available due to the district's affiliation with Morgan Stanley. FCG (Fiduciary Consulting Group) will return at the November meeting to present details, including comparisons of cost, performance, and strategy alignment.

A member of the committee inquired about the possibility of implementing the optional higher catch-up contributions for employees aged 60 to 63, as allowed under the SECURE Act 2.0. Staff clarified that the district currently does not offer this optional provision and explained that the team is focused first on implementing the mandatory SECURE Act 2.0 requirement that participants earning over \$145,000 must make catch-up contributions on a Roth basis. This change has been complex due to system limitations, and implementation is still in progress. Only after required provisions are implemented will staff be able to consider non-mandatory features such as the higher catch-up. Staff also noted that decisions to amend plan features ultimately rest with the district as plan sponsor. This committee may make recommendations, but final approval lies with the district.

ITEMS TO BE CALENDARED:

None

MEETING ADJOURNMENT:

Lisa Sorani motioned for the 401(k)/457(b) and 401(a) committees to adjourn the meeting at 10:34a.m. Sophia Skoda seconded.

The motion carried for the 401(k)/457(b) Committee (8-0-0-2) by the following: AYES (Lisa Sorani, Sophia Skoda, Robert Hannay, Alan Chan, Kevin Fitzsimmons, Andrew Kwan, Stella Tan, Nicholas Baranzini, NOES (None), ABSTAIN (None), ABSENT (Matthew Stimson, Ginger Chen)

The motion carried for the 401(a) Committee (7-0-0-1) by the following: AYES (Lisa Sorani, Sophia Skoda, Robert Hannay, Alan Chan, Kevin Fitzsimmons, Andrew Kwan, Stella Tan NOES (None), ABSTAIN (None), ABSENT (Ginger Chen).