




**EAST BAY REGIONAL PARK DISTRICT  
BOARD OF DIRECTORS MEETING  
AGENDA STAFF REPORT**

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<b>DATE</b>	February 6, 2024
<b>TITLE</b>	Approval of Investment Policy Statement and Proposed Fund Lineup for Deferred Compensation Plans
<b>DIVISION</b>	Finance and Management Services
<b>FROM</b>	Deb Spaulding, Assistant Finance Officer Sabrina Landreth, General Manager
<b>APPROVED</b>	Sabrina Landreth, General Manager 

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**RECOMMENDATION**

The General Manager recommends that the Board of Directors approve the Investment Policy Statement and Fund Lineup for the Park District's 457 Deferred Compensation Plan (457) and 401(a) Money Purchase Plan (401a).

**BACKGROUND**

The Park District has provided retirement savings opportunities for its employees via a 457 Plan and 401a Plan (Plans) since 1981. The Park District has been contracting with the firm MissionSquare, formerly called ICMA-RC, as administrator and recordkeeper since these Plans were first initiated.

At its October 3, 2023 meeting, the Board of Directors approved the selection of Empower Personal Wealth LLC (Empower) as the Park District's Plan administrator and recordkeeper following a Request for Proposals (RFP) process. A panel of five reviewers, including three members of the Deferred Compensation Advisory Committee, was convened to review proposals and interview firms. The panel unanimously recommended Empower as the preferred choice to serve as the Park District's Plan administrator. The selection was based several factors, including that Empower had the lowest fees of all proposers, as well as a user-friendly participant website.

Since the time the contract was awarded to Empower, Park District staff have been taking the necessary steps to facilitate the transition to the new plan administrator, including: creation of a Master Services Agreement between the Park District and Empower; restatement of the Park District's 457 and 401a Plans, and development of a co-fiduciary agreement to clarify and confirm the investment advisory assistance that Empower will be providing to the Park District in its capacity as Plan Sponsor.

The parties negotiated the attached Investment Policy Statement. Use of an Investment Policy Statement or "IPS" is a best practice for deferred compensation plans. The Department of Labor has issued formal guidance indicating that the use of an IPS is consistent with fulfilling the duty of prudent plan management. Additionally, the IPS will aid the Park District in its selection of investments and oversight of the Plans. The IPS delineates the types of investments that will be offered to participants, clarifies fiduciary and administrative responsibility, outlines the criteria for

investment selection, describes how investment performance will be monitored, as well as how and when investments may be changed.

Using the criteria outlined in the IPS, Empower has developed the attached proposed list of investments that will be offered to Plan participants (Attachment C), called the “Fund Lineup.” Participants’ current investments at MissionSquare will be mapped to transition from their MissionSquare fund to the corresponding new fund in the Empower Fund Lineup.

The proposed timing of the transition of investments from MissionSquare to Empower is as follows:

- Board Adoption of the Investment Policy Statement and Fund Lineup - February 6<sup>th</sup>
- Plan blackout dates (no trades allowed) begin February 21
- MissionSquare funds liquidate and transfer to Empower, February 29
- Assets reinvested with Empower, March 1
- Empower portal available to Plan participants, week of March 11<sup>th</sup> (earlier if possible)
- Information Sessions offered to Plan participants and retirees, week of March 18<sup>th</sup>.

## **ANALYSIS**

Park District staff has worked with Empower to develop the attached IPS, which establishes:

- Investment objectives
- Roles and responsibilities related to Plan investments, management and administration.
- Criteria and procedures for selecting investments
- Standards for measuring and evaluating investment options
- Steps to be taken if an investment fails to meet the established standards
- Appropriate diversification of investments
- Default investments

The IPS states that the Board will continue to monitor Plan investment options by meeting at least annually to review investments options and ensure that they continue to satisfy the investment selection criteria. Empower will serve as a co-fiduciary in this task, providing quarterly reporting to allow the Park District to evaluate the performance of the investments in the Fund Lineup. Each Investment Review Report will include: 1) a Macroeconomic Summary, including a summary of equity and bond market returns; 2) Allocation / Performance Summary, comparing the performance of the investments in the Plan Lineup against benchmarks and peer investments, as well as a summary of net expense ratio, gross expense ratio, and peer ranking for expenses; and 3) a Fund Analysis, providing detailed information regarding each fund in the Lineup. A sample Investment Review Report is attached as Attachment B.

The Proposed Fund Lineup is included with this report as Attachment C. The number of funds that will be offered to Plan participants will be pared back as compared to the funds offered by MissionSquare, which is another best practice. This simplifies the participant experience, reduces the oversight and due diligence burden on plan sponsors, potentially reducing fees through pooling of assets, and makes selection of asset classes simpler for Plan participants.

## **FISCAL IMPACT**

There is no direct fiscal impact to the Park District related to the adoption of the Investment Policy Statement and Fund Lineup. All fees are borne by Plan participants. Based on the Fund Lineup that has been proposed for approval, fees that are charged to participants for Plan administration and recordkeeping are projected to be more than \$200,000 lower than the fees that were charged by MissionSquare.

**ATTACHMENTS**

Attachment A – Proposed Investment Policy Statement

Attachment B – Sample Investment Review Report

Attachment C – Proposed Fund Lineup



**EAST BAY REGIONAL PARK DISTRICT  
RESOLUTION NO. 2024-02-  
FEBRUARY 6, 2024**

**APPROVAL OF INVESTMENT POLICY STATEMENT AND PROPOSED FUND  
LINEUP FOR DEFERRED COMPENSATION PLANS**

**WHEREAS**, the East Bay Regional Park District (Park District) has offered a 457 and 401a deferred compensation plans to its permanent employees since 1981; and

**WHEREAS**, on October 3, 2024 the Park District's Board of Directors authorized the Park District to enter into an agreement with Empower Personal Wealth LLC (Empower) for Deferred Compensation Administrative Services; and

**WHEREAS**, it is a best practice to have an Investment Policy Statement for the deferred compensation plans, as it is consistent with the duty of prudent plan management and will help achieve a high-quality investment management process; and

**WHEREAS**, an Investment Policy Statement guides the selection of the Fund Lineup which should provide a diverse but manageable number of investment options for Plan participants to select from; and

**WHEREAS**, Park District staff worked with staff from Empower to develop the attached Investment Policy Statement and to develop the selection of the investments offered in the Fund Lineup; and

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors of the East Bay Regional Park District hereby approves the Investment Policy Statement and Fund Lineup for the Park District's Deferred Compensation Plans as presented to the Board on February 6, 2024; and

**BE IT FURTHER RESOLVED**, that the General Manager is hereby authorized and directed, on behalf of the Park District and in its name, to execute and deliver such documents and to do such acts as may be deemed necessary or appropriate to accomplish the intentions of this resolution.

Moved by Director \_\_\_\_\_, and seconded by Director \_\_\_\_\_, and adopted February 6, 2024, by the following vote:

FOR:

AGAINST:

ABSTAIN:

ABSENT: