

AGENDA
DEFERRED COMPENSATION ADVISORY COMMITTEE
EAST BAY REGIONAL PARK DISTRICT

Thursday, January 11, 2024

A. BUSINESS BEFORE THE COMMITTEE

I. COMMITTEE REPORTS

Deferred Compensation Advisory Committee: Minutes of 11/15/23 (D'Arcy)

The November 15, 2023, Deferred Compensation Advisory Committee (Committee) meeting was held pursuant to the Brown Act, as amended by AB 361. Committee members and staff participated in the meeting in person at 2950 Peralta Oaks Court, Oakland, CA.

The November 15, 2023, 2023, Deferred Compensation Advisory Committee (DCAC) was video recorded and may be viewed by clicking the following link: [Nov 15, 2023 Deferred Compensation Advisory Committee Meeting - East Bay Regional Park District, CA \(swagit.com\)](https://www.swagit.com/Nov-15-2023-Deferred-Compensation-Advisory-Committee-Meeting-East-Bay-Regional-Park-District-CA)

Committee Chair Meadow D'Arcy called the meeting to order at 9:33 a.m.

I. Roll Call

Connie Swisher, Recording Secretary, conducted a roll call. Present were the following committee members: Chair Meadow D'Arcy, Ben Guzman, Monica Alvarez-Selles, Deborah Spaulding, Monica Alvarez-Selles, Pete Volin, Connie Swisher (Recording Secretary)

Staff: None

Public: Bill Thornton Investment Director, John McAndrew -Internal Sales Director and Eric Leavitt - Sales Director for the West Region, with Empower Investments

2. Approval of the Minutes for the Deferred Compensation Advisory Committee Meeting on September 28, 2023

Motioned by Pete Volin to approve the September 28, 2023 minutes, seconded by Deborah Spaulding. Motion approved.

Public Comments on Items Not on the Agenda – no public comments

3. Action Items

a. None

4. Information Items

a. NAGDCA Conference Recap

Chair Meadow D'Arcy registered for the conference virtually, however she was unable to attend and

assumed she would be able to watch recordings of the sessions later in the day, but she was unable to.

D’Arcy reiterated the benefits of attending the conference in person: Interacting and asking questions that is not available virtually. Ben Guzman was not able to register because the training wasn’t approved until days before the conference. He plans to watch the recorded sessions in January 2024 when available to all members.

D’Arcy stressed the importance of identifying the funding source available for future conference registrations in advance to avoid last minute bookings and increased costs and prioritizing having committee members and Board members attend.

Future NAGDCA conferences:

2024 NAGDCA conference is in Phoenix on 9/15/24 – 9/18/24

2025 conference is in San Diego 9/28/-10/2/25

b. Draft Investment Policy Statement & Proposed Empower Investments (Empower) Fund Lineup & Discussion of timeline for transition

The committee discussed and edited the draft Investment Policy Statement (IPS) and will bring it to the Board Finance Committee on January 24, 2024, with a planned transition date of March 1, 2024.. The Board approved the contract with Empower at the October 17, 2023 board meeting.

D’Arcy requested a comparison of services/features provided by Empower vs. Mission Square for the committee and participants i.e., financial planners; availability of appointments; website; retirement coordination with CalPERS etc. Spaulding advised this will be an action item for her and Alvarez-Selles. D’Arcy expressed concern that there is angst among participants, and we need to make sure the information is provided well in advance and have their questions answered, before the transition.

Guzman asked who generates the Investment Policy Statement. Spaulding advised this is Empower’s first draft for the Park District, adding it is a best practice to have an investment policy statement now that the Park District has oversight over what the investments are.

Empower Investments (Empower) introduced themselves, Bill Thornton Investment Director, John McAndrew – Internal Sales Director and Eric Leavitt –Sales Director for the West Region.

Mr. Thornton gave an overview of Empower and both Empower and the committee members went over each section and edited the draft Investment Policy Statement.

- What is RHS Plan? Retiree Health Savings Plan (a plan available to Police Association members with over twenty years of services, at retirement they are allowed to put money into their RHS).
- Committee recommends a definition section at the front of the IPS

Part I: The Plan - overview of what the Investment Policy Statement covers.

Part II: Purpose of the Investment Policy Statement

Part III Investment Objectives

- Change #3 to read: *The fees and expenses relating to each option should be reasonable and competitive.*
- Add to this section: *Competitive and reasonable fees apply to both the Park District and the Plan Participants.*

Part IV: Roles and Responsibilities

- Change “committee” to read: *the Deferred Compensation Advisory Committee*
- Change second paragraph: The Park District to – *The Park District Board of Directors is a named*

fiduciary of the Plan and, among other things, is responsible for selecting and appointing the Plan's trustee, the record keeper, investment advisory consultants, if desired, and is responsible for appointing and make-up of the Committee if one exists. The Committee is responsible for monitoring and evaluating each of the service providers appointed by the Park District Board of Directors.

- Change: The responsibilities of the Committee also include: (then 5 bullet points)
- Change #5 bullet point to read: Periodically monitoring investment, recordkeeping and administrative expense associated with the Plan and recommend appropriate changes.

D'Arcy requested the Board of Directors responsibilities be spelled out in number form as well and to include the approval of the selection of investment options is among the Board of Directors responsibilities.

Part V: Selection of Investments

- Change first paragraph to read: *The recommendations for selection of investment options offered under the Plan, to be approved by the Park District Board of Directors, is among the Committee's responsibilities. Set forth below are the considerations and guidelines that will be employed in fulfilling this fiduciary responsibility.*
 - Add here a process/procedure, to bring to the Board for approval, to change an investment option if needed.

Committee members had concerns about the Committee and the Park District Board of Directors selecting the fund line up without training. Spaulding replied the Committee would be guided by the IPS and the advice from Empower who will also act as co-fiduciary with the Park District Board of Directors.

Mr. Thornton (Empower) spoke on the suggested fund line up provided, he will provide a detailed analysis to the Committee on each fund in the line up (i.e., performance vs. benchmark, peer group) initially and continue the detailed review with the Committee quarterly. Mr. Thornton will be available to committee members at any time for questions. Mr. Thornton also noted that Empower will do fiduciary training for the Board of Directors and the Committee. The biggest concern from a fiduciary standpoint is that the Park District is following the IPS.

Committee continued reviewing IPS, Part V under Asset Classes

- Should read: *The Park District Board of Directors intent for the Plan to provide a range of investment options that will span the risk/return spectrum and will allow participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and risk tolerance.*

Part V under Investment and Investment Provider Selection

- Change to: *After determining the asset classes to be used, the Committee will evaluate individual investment options and investment providers, considering the following criteria: . . .*
 - #2 clarify "Style Consistency" – refers to investment style (asset categories), mid-cap growth. Add to definition page.
 - #4 clarify "Glide Path" – refers to the investment path going from 90% stocks to 30% stocks normally based on the participants age and risk. Add to definition page.
- #8 Tenure: should read Committee instead of Park District
- Committee requested adding, *ESG investments are important to the Park District and its participants the Park District anticipate providing ESG options for participants, under the Investment Provider Selection.*

Part VI: Investment Option Monitoring

- First paragraph: should read – *The Committee will monitor the Plan's investment options . . .*
- Second paragraph change from, *On a semi-annual basis to: On a quarterly basis, the investment options will . . .*
- Add monitor the structure of the investment options at least every 2 years.
- Under third bullet it should read: *Risk measures comparable to the investment option peer group.*
- Last paragraph should read: *If overall satisfaction with the investment options is acceptable, no further action is required by the Committee. If a fund consistently fails to meet the monitoring criteria, the Committee may put the investment on a "watch list". If an investment is on a watch list and continues to underperform in subsequent quarters, the Committee may recommend to the Park District Board of*

Directors to replace the investment.

Park VII: Investment Option Termination

- First paragraph should read: *An investment option may be removed from the Plan's investment line up when the Park District Board of Directors has lost confidence in the investment option's ability or potential; to:*
- Second paragraph, second sentence should read – *It is a judgment that turns on the Park District's Board of Directors and/or the Committee's confidence in the investment manager's ability to perform in the future.*
- Second paragraph last sentence should read: *The decision or recommendation may also consider other factors such as turnover of key investment personnel and material changes to the investment manager's investment guidelines.*
- Last paragraph should read: *Park District Board of Directors will decide the most appropriate course of action if an investment is removed from the Plan's investment options and such course of action may include but is not limited to:*
- Page 7 second paragraph should read: *The Committee's decision to replace an investment option will follow the Investment Policy Statement criteria.*

Part VIII: Additional Provisions

No edits

Discussion on the fund line up recommendation is moved to the DCAC January 11, 2024 meeting due to today's meeting time constraints.

c. Schedule 2024 Deferred Compensation Advisory Committee meetings & Draft 2024 Workplan

Next DCAC meeting is scheduled on January 11, 2024 at 2:00 pm, the remaining 2024 meetings were also scheduled.

D'Arcy will present draft of 2024 DCAC Workplan at the January 11, 2024 meeting.

d. Participation Data

Item moved to January 11, 2024 meeting

e. Discuss Deferred Compensation Survey – Draft

Item moved to January 11, 2024 meeting

f. 2024 Deferred Compensation Advisory Committee Budget Planning & Administrative Allowance Account

Item moved to January 11, 2024 meeting

5. Announcement

6. Adjournment