457 DEFERRED COMPENSATION PLAN, 401(a) DEFINED CONTRIBUTION PLAN, AND RETIREMENT HEALTH SAVINGS PROGRAM COMMITTEE SPECIAL MEETING MINUTES VIA TELECONFERENCE 10:00 A.M. SEPTEMBER 13, 2021

1. CALL TO ORDER

The meeting was called to order by Chair Nichelini at 10:02 a.m.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

Committee Members Present: Chair Mike Nichelini, Committee Members Anne Cardwell, Mark Love, and James Olson
Alternates Present: Alternates Felicia Flores, Stephanie Sifuentes, Allen French, and Brisa Long
Committee Members Absent: Committee Member Kevin A. Brown, Bonnie Mirante, and Rekha Nayar
Alternates Absent: Alternate Jonathan Alberti, Jared Jaksch and Nicholas Rolley
Staff Present: Secretary Brannick, Chief Innovation Officer Ashraf, and Sr. Personnel Analyst Fisher

4. REPORTS

A. Report from Secretary to the Committee – None

B. Introduction of new Committee Members from Attachment A – Chair Nichelini read the full list from Attachment A to identify new and returning Committee Members and Alternates.

5. COMMUNITY FORUM

Speakers: None.

6. CONSENT CALENDAR AND APPROVAL OF AGENDA

A. Approval of Minutes

Recommendation: Approval of the minutes from the March 5, 2020, April 14, 2020, May 28, 2020, June 4, 2020, June 11, 2020, June 17, 2020, August 4, 2020, and August 17, 2021 meetings.

Chair Nichelini stated that the minutes should be adjusted to reflect that he was serving in the role of Vice Chair, rather than Chair, during 2020.

Action: Moved by Committee Member Cardwell, and seconded by Committee Member Olson, and carried unanimously to approve the minutes as submitted, with the adjustment to change Mike Nichelini's title to Vice Chair.

7. PRESENTATION

A. Presentation by Shawn Baker and Chad Parilla with MissionSquare

Recommendation: Presentation by Shawn Baker, substituting for Lenora Jenkins, and Chad Parilla rebranding of ICMA-RC to MissionSquare, partnership with SS&C and strategic marketing review, educational options, and an introduction to the Financial Wellness site.

Mr. Baker provided an overview on the rebranding of ICMA-RC to MissionSquare, explaining that the move was to be more inclusive of the additional groups that they now serve, including non-profits, hospitals, and schools. While the name has changed, the company itself has not changed and all services and historical information continues.

Mr. Baker discussed the efforts and resources of MissionSquare to help employees reach their retirement goals. Resources include a variety of outreach through webinars, monthly campaigns, one-on-one appointments, online Financial Wellness tools, and access to Certified Financial Planners. MissionSquare can also design more targeted marketing campaigns as well.

Mr. Baker provided information on the numbers of employees attending the variety of resources, the numbers of enrollments since transition, and approximate plan balance information since transition. He reports that the participant's use of the website and the mobile app are showing an increase.

The Committee asked questions regarding the option of Certified Financial Planners (CFP) and Mr. Baker and Mr. Parilla provided information on the distinction between our regular one-on-one appointments and what the CFPs can offer, adding that the use of the Certified Financial Planners was at no cost.

Mr. Baker gave an overview to the transition that MissionSquare is currently undertaking to move to SS&C company to handle the technical services of the recordkeeping. The SS&C company will be behind the scenes, with MissionSquare forward facing to the participants. With SS&C, the employer/sponsor website will have enhancements and more abilities to run ad hoc reporting. Multiple mock transitions are part of the process and those so far have been successful.

Chair Nichelini congratulated MissionSquare for the branding change and how seamless the move was for participants.

Mr. Parilla provided a demonstration on the new Financial Wellness Center. Options within the new center included recommended content, an area to ask questions, and videos and articles on a wide array of subjects. In addition, Mr. Parilla showed how maintaining and updating the profile helps the system direct appropriate content to the recommended content section.

Chair Nichelini asked the Committee Members if there were any questions. Hearing none, Chair Nichelini thanked Mr. Baker and Mr. Parillas.

B. Presentation by Vincent Galindo, Consultant for Hyas Group

Recommendation: Discussion and possible action: optional SECURE Act provisions. Fiduciary education session.

Mr. Galindo provided an overview of the SECURE Act, including noting that some of the law items are required and some aspects are optional. The Committee has two optional items that are available for review and consideration. The options, and the decision to move to accept or not, are not timed and can be added later. The options are whether to allow for distributions for in-service employees at age 59 ½ and whether to allow distributions for active employees for up to $5,000 for birth/adoptions for new parents.

Chair Nichelini asked, and it was confirmed by Executive Secretary Brannick, that at this time the Committee was receiving the information on the options as part of the presentation and that it would later discuss and take any action.

A short discussion began about whether adding the options would mean any costs to the plan. Mr. Galindo advised that there were no direct costs, only the soft costs associated with less fund balance in the plans.

Mr. Galindo held an educational session for the Committee on Fiduciary Fundamentals. He noted that while the Hyas group does not offer legal advice, they do offer guidance through their broad knowledge and experience on the subject and he invited the Committee Members to ask questions. He conveyed that he recommends that the Fiduciary Fundamentals presentation be incorporated in the minutes for reference.

In the session, Mr. Galindo explained a little of the history of laws governing retirement plans. The Employee Retirement Income Security Act of 1974 (ERISA) does not specifically govern Public Agency 457 plans. However, some agencies use it as a best practice. The Trust Law in California also uses much of the same language.

Mr. Galindo shared that the monies in the 457 are protected by law and are held in trust.

The education session included discussion on who is considered a fiduciary, what their role is, duty of loyalty, prudence and to follow the plan document. Some of the responsibilities of a fiduciary include determining plan design, education, to meet as a committee, monitor investments, document the process, etc. Some of the risks include lawsuits on such items as for poor performance of funds, excessive fees, etc., and claimants could seek the cost of the breach (what was the loss they are claiming). Mr. Galindo offered the best suggestion to protect the Committee would be to thoroughly document the processes. An additional item may be to review an additional fiduciary insurance policy.

Chair Nichelini asked the Committee Members if there were any questions. Hearing none, Chair Nichelini thanked Mr. Galindo.

8. ACTION ITEM(S)

A. Approval of New Members

Recommendation: Approve new members to the Committee (Attachment A)

Action: Moved by Committee Member Cardwell, and seconded by Committee Member Olson, and carried unanimously by Committee Members present to approve the list of Committee Members and Alternates as submitted in Attachment A.

B. Selection of New Chair and Vice Chair

Recommendation: Select a new Chair and Vice Chair by vote. Length of term is one year from September 2021 to September 2022.

There was a short discussion about the timing of the year-long terms, with alternate options reviewed. Some of the options included calendar year and annually in April.

Another item of discussion was whether to continue to take action on this item or postpone. Executive Secretary Brannick reported that due to the transition earlier, the election as outlined in the Charter had been missed and is therefore on the agenda for action today.

Chair Nichelini asked for nominations.

Committee Member Cardwell nominated, and Committee Member Love seconded the nomination, James Olson for Chair.

Chair Nichelini asked if there were other nominations.

Committee Member Cardwell nominated, and Alternate Member French seconded the nomination, of Mark Love for Vice Chair.

Action: Chair Nichelini called for the voted on the nominations for Chair and Vice Chair as moved by Committee Member Cardwell, and seconded by Committee Members Love and French, and carried by majority of Committee Members present. Members affirming were Cardwell, Love, French, Long, and those opposing were Chair Nichelini and Member Olson.

C. Reconfirm use of consultant

Recommendation: Determine whether to continue with Hyas Group, solicit an RFP for new consultant or discontinue use of a consultant.

Chair Nichelini asked if there were any motions on this item. Hearing none, there was a brief discussion about the current contract arrangement between Hyas and the City of Vallejo. Mr. Galindo reported out on the scope of work for the original contract which was primarily project based to assist with the formation of the committee, the governing documents, design of the RFP for the single recordkeeper for the plans, oversee through the transition, and some fiduciary education. With the meeting today, the scope of work for Hyas is complete.

Mr. Galindo from Hyas and Mr. Baker and Mr. Parillas from MissionSquare offered to answer any questions before exiting the meeting.

The Committee began a discussion on what types of things an ongoing consultant does while in contract with an agency. It was confirmed by Executive Secretary Brannick that most agencies do use a consultant as a best practice. Some of the items they perform are a review and report out of investments choices and fund performance, as well as to help review and educate the Committee on any options before them so that the Committee has a more informed decision making process.

Executive Secretary Brannick confirmed that the approximate cost for an annual contract with Hyas for ongoing consultation was $28,000. She noted that the funds for the consultant had been built into the plan design already. The agreement with Hyas would need to be rewritten if the Committee decides to continue.

Chair Nichelini asked if there were any more questions or need for discussion. Hearing none, he called for a motion.

Action: Moved by Alternate Member Long, and seconded by Committee Member Cardwell, and carried unanimously by Committee Members present to continue a consulting contract with Hyas.

D. Committee and Participant Education

Recommendation: Discuss scheduling of educational presentations.

Chair Nichelini opened a discussion on the item of committee and participant education. Executive Secretary Brannick confirmed that Mr. Parilla, from MissionSquare, had intended to include a review of the options in the presentation but he did not.

Chair Nichelini advised that the item will be continued until the next meeting

Action: None. Item continued until the next meeting.

E. Discuss meeting schedule

Recommendation: Discuss meeting schedule.

Chair Nichelini stated that the Committee Charter describes that the meetings will be held quarterly. It was suggested that the Committee set a schedule to include January, April, July, and October, on the 3rd Monday.

Action: Moved by Committee Member Cardwell, and seconded by Committee Member French, and carried unanimously by Committee Members present to set a regular meeting schedule quarterly the 3rd Monday in January, April, July and October.

9. FUTURE AGENDA ITEMS

A. Discussion of Agenda Items for Future Meetings

Future agenda items discussed were:
- Review and decide on SECURE Act Options introduced today
- Continuation of discussion and decision on Education

10. ADJOURNMENT

Action: Moved by Committee Member Cardwell, and seconded by Committee Member French, and carried unanimously by Committee Members to adjourn the meeting.

The meeting was adjourned at 11:29 a.m.

James Olson
Digitally signed by James Olson
DN: cn=James Olson, o=City of Vallejo, ou=Public Works LMD, email=james.olson@cityofvallejo.net, c=US
Date: 2021.10.18 10:07:44 -07'00'

JAMES OLSON, CHAIRPERSON

ATTEST:

Sarah Brannick
Digitally signed by Sarah Brannick
DN: cn=Sarah Brannick, o=Human Resources, ou=Human resources Program Mangaer, email=sarah.brannick@cityofvallejo.net, c=US
Date: 2021.10.18 10:31:40 -07'00'

SARAH BRANNICK, EXECUTIVE SECRETARY