

AGENDA  
MEETING OF THE RETIREMENT COMMITTEE  
WITH BOARD OF DIRECTORS\*  
ORANGE COUNTY WATER DISTRICT  
18700 Ward Street, Fountain Valley, CA (714) 378-3200  
**Tuesday, February 28, 2023 – 8:00 a.m.**

The OCWD Retirement Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of strict compliance with the Brown Act and to allow all Board members to hear the presentations and participate in the discussions. OCWD Directors receive no additional compensation or stipend as a result of simultaneously convening this Board of Directors meeting. Items recommended for approval at this meeting will be placed on **March 15, 2023** Board meeting Agenda for approval.

Due to the continuing state of emergency declared by the Governor related to preventing the spread of COVID-19 and pursuant to Government Code Section 54953(e), OCWD will hold its February 28 Retirement Committee meeting by Zoom Webinar and will be available to the Board and the public by either computer web-link or telephone audio as follows:

Computer Audio: You can join the Zoom meeting by clicking on the following link:  
<https://ocwd.zoom.us/j/89650786226>

Telephone: US: +1 213 338 8477

Webinar ID: 896 5078 6226

## **ROLL CALL**

## **VISITOR PARTICIPATION**

Members of the audience wishing to address the Committee/Board on items of interest to the public are requested to identify themselves. If the matter on which they wish to comment is an Agenda item, the visitor will be called on when that matter comes up for consideration.

## **ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

RECOMMENDATION: Determine need to take action on item(s) which arose subsequent to posting of the Agenda (Adoption of this recommendation requires two-thirds vote of the Board/Committee, or, if less than two-thirds of the members are present, a unanimous vote)

## **CONSENT CALENDAR (ITEM NO. 1)**

1. MINUTES OF RETIREMENT COMMITTEE MEETING HELD JANUARY 24, 2023

RECOMMENDATION: Approve minutes as presented

## **END OF CONSENT CALENDAR**

## **MATTER FOR CONSIDERATION**

2. RETIREMENT PLAN ADMINISTRATIVE/RECORDKEEPING SERVICES FOR THE 401(a) MONEY PURCHASE RETIREMENT PLAN AND THE 457 DEFERRED COMPENSATION PLAN FOR EMPLOYEES OF ORANGE COUNTY WATER DISTRICT

RECOMMENDATION: Agendize for March 15 Board meeting: Authorize entering into an agreement with Fidelity to provide recordkeeping and administrative services to both the District's 401(a) Money Purchase Retirement Plan and 457 Deferred Compensation plans with the final agreement to be approved by the General Manager and General

**CHAIR DIRECTION AS TO WHICH ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT MARCH 15 BOARD MEETING**

**ANNOUNCEMENTS/REPORTS**

**ADJOURNMENT**

## **RETIREMENT COMMITTEE MEMBERS**

### **DIRECTORS**

Kelly Rowe, Chair  
Valerie Amezcua, Vice Chair  
Denis Bilodeau

### **ALTERNATES**

Roger Yoh  
Bruce Whitaker  
Natalie Meeks  
Dina Nguyen  
Van Tran  
Steve Sheldon  
Cathy Green

### **STAFF MEMBERS**

Jason Dadakis  
Vishav Sharma

### **STAFF ALTERNATES**

Kevin O'Toole (1<sup>st</sup> Alternate)  
Jana Safarik (2<sup>nd</sup> Alternate)

### **EMPLOYEE ADVISORY COMMITTEE**

Rita Hintlian  
Roy Herndon  
Jeremy Davis  
Nic Nguyen

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted at the guard shack entrance and in the main lobby of the Orange County Water District, 18700 Ward Street, Fountain Valley, CA and on the OCWD website not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the District Secretary. Backup material for the Agenda is available at the District offices for public review and can be viewed online at the District's website: [www.ocwd.com](http://www.ocwd.com).

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the District Secretary at (714) 378-3233, by email at [jdurant@ocwd.com](mailto:jdurant@ocwd.com) by fax at (714) 378-3373. Notification 24 hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

As a general rule, agenda reports or other written documentation has been prepared or organized with respect to each item of business listed on the agenda, and can be reviewed at [www.ocwd.com](http://www.ocwd.com). Copies of these materials and other disclosable public records distributed to all or a majority of the members of the Board of Directors in connection with an open session agenda item are also on file with and available for inspection at the Office of the District Secretary, 18700 Ward Street, Fountain Valley, California, during regular business hours, 8:00 am to 5:00 pm, Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Orange County Water District office.



MINUTES OF BOARD OF DIRECTORS MEETING  
WITH RETIREMENT COMMITTEE  
ORANGE COUNTY WATER DISTRICT  
January 24, 2023, @ 8:00 a.m.

Due to the continuing state of emergency declared by the Governor and pursuant to Government Code Section 54953(e), Director Rowe called the Retirement Committee meeting to order via Zoom webinar. Members of the Board and the public participated via Zoom. The Secretary called the roll and reported a quorum as follows:

**DIRECTORS**

Kelly Rowe  
Valerie Amezcua  
Denis Bilodeau

**STAFF MEMBERS**

Jason Dadakis  
Vishav Sharma (absent)

**OCWD STAFF**

Stephanie Dosier, Plan Secretary  
Christina Fuller, Asst. District Secretary

**ALTERNATES**

Roger Yoh (absent)  
Bruce Whitaker  
Natalie Meeks (absent)  
Dina Nguyen (absent)  
Van Tran  
Steve Sheldon (absent)  
Cathy Green (absent)

**STAFF ALTERNATES**

Kevin O'Toole  
Jana Safarik

**EMPLOYEE ADVISORY CTE**

Rita Hintlian  
Roy Herndon  
Jeremy Davis  
Nic Nguyen (absent)

**CONSENT CALENDAR**

The Consent Calendar was approved upon motion by Jason Dadakis, seconded by Kevin O'Toole and carried (5-0) as follows.

***Yes –Rowe, Amezcua, Bilodeau, Dadakis, O'Toole***

1. Minutes of Previous Meeting

**The minutes of the October 25, 2022 Retirement Committee meeting are approved as presented.**

**MATTER FOR CONSIDERATION**

2. Money Purchase Retirement Plan Investment Line-Up and 457(B) Deferred Compensation Plan Red Flag Fund Review

Scott Sutherland of Sutherland Group discussed market trends and performance indicators for funds in the 457(b) Deferred Compensation Plan and 401(a) Red Flag Fund review. He presented benchmarks and performance metrics and offered recommendations on the items for review.

**Upon motion duly made and seconded and carried [4-0], the Committee recommended that the Board at its February 1 Board meeting: 1) Approve the following actions:**

<b>INVESTMENT FUNDS</b>	<b>SYMBOL</b>	<b>ACTION</b>
<b>457 (B) Portfolio</b>		
JP Morgan Emerging Markets Equity R6	JEMWX	Keep Red Flag
Parametric International Equity I	EIISX	Remove and Map to MFS International Equity R6 MIEIX
Touchstone Mid Cap Y	TMCPX	Red Flag
<b>401 (a) Portfolio</b>		

MassMutual Mid Cap Growth R5	MGRFX	Remove and Map to Janus Henderson Enterprise JDMNX
Goldman Sachs Infl Protected Secs Instl	GSIPX	Keep Red Flag
MFS Technology R4	MTCJX	Remove and Map to Columbia Seligman Tech & Info A SLMCX

**2) Receive and file the 401(a) Money Purchase Retirement Plan investment portfolio and the 457(b) Deferred Compensation Plan investment portfolio.**

**Yes – Rowe, Whitaker, Dadakis, O’Toole**

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 9:25 a.m.

\_\_\_\_\_  
Retirement Plan Secretary Stephanie Dosier



## AGENDA ITEM SUBMITTAL

**Meeting Date:** February 28, 2023

**To:** Retirement Committee  
Board of Directors

**From:** Mike Markus

**Staff Contact:** S. Dosier

**Budgeted:** N/A

**Budgeted Amount:** N/A

**Cost Estimate:** N/A

**Funding Source:** N/A

**Program/ Line Item No.** N/A

**General Counsel Approval:** Yes

**Engineers/Feasibility Report:** N/A

**CEQA Compliance:** N/A

**Subject: RETIREMENT PLAN ADMINISTRATIVE/RECORDKEEPING SERVICES FOR THE 401(a) MONEY PURCHASE RETIREMENT PLAN AND THE 457 DEFERRED COMPENSATION PLAN FOR EMPLOYEES OF ORANGE COUNTY WATER DISTRICT**

---

### SUMMARY

Last October staff issued a Request for Proposals (RFP) for the record keeping and administrative services for both the District's 401(a) Money Purchase Retirement Plan and the District's 457 Deferred Compensation Plan. Staff worked with our retirement advisor, Scott Sutherland, as well as the members of the Employee Advisory Committee to review the proposals, participate in the finalist presentations and subsequently come to a consensus on a vendor for both plans. Staff recommends entering into an agreement with Fidelity to provide record keeping and administrative services for the District's 401(a) Money Purchase Retirement Plan and 457 Deferred Compensation Plan.

### RECOMMENDATION

Agendize for March 15 Board Meeting: Authorize entering into an agreement with Fidelity to provide recordkeeping and administrative services to both the District's 401(a) Money Purchase Retirement Plan and 457 Deferred Compensation plans with the final agreement to be approved by the General Manager and General Counsel.

### DISCUSSION

Prudential Retirement is the current record keeper and administrator for the District's 401(a) Money Purchase Retirement Plan and 457 (b) Deferred Compensation Plan. Prudential announced the sale of its retirement recordkeeping business to Empower, which was the reason for the RFP at this time. OCWD is scheduled to migrate both plans over to Empower in the third quarter of this year. Part of the District's fiduciary responsibility with the plans, is to ensure our current vendor is offering the best investment choices, charges appropriate and competitive fees, performs with a high level of service, and offers an appropriate and competitive selection of services and options. While Empower indicated it would keep the terms of our contract with Prudential, that contract ends at the end of December 2023. In November of 2021, the



Board approved staff to issue an RFP before the migration to Empower to ensure we chose the vendor that provides the services and fees the District wants rather than simply migrate over to Empower and wait to see how they change our contract terms for 2024.

Staff issued the RFP in August of 2022. Seven proposals were received in response to the RFP. Those proposals were reviewed by staff and our advisor, Scott Sutherland, and rated in the following categories:

- Experience of the staff
- Investment Platform
- Approach to the plans
- Capability to perform
- Relevant experience

The top three were chosen for interviews and presentations. Following the interviews, the team narrowed down the selection to two vendors, Fidelity and Empower. References were contacted and several meetings with the team to discuss each firms' proposal (fees, comparable stable value options and services) in detail were held.

It appears that both Fidelity and Empower can meet the minimum service requirements as outlined in the RFP. However, the staff at Fidelity was much more proactive during the process to ensure they understood our needs. They communicated their willingness to work with OCWD to customize their administrative processes to meet our needs and communicated ways to assist the District to improve the administrative processes already in place.

The references for both vendors were contacted. The Fidelity references that we spoke to communicated positive experiences with their service, indicated they had a proactive approach to ensure the services provided meet regulatory compliance requirements and are the most effective and efficient for the client and the plan participants, and described Fidelity's approach as collaborative. The feedback from Empower's references was positive, but there was a consensus that Empower's focus has been more on obtaining new business rather than on their existing clients.

In terms of fees, Prudential currently charges 3 basis points (bps). Both Fidelity and Empower have proposed a lower fee of 2.75 bps.

### **Recommendation**

After a thorough review and consideration with the team, staff is recommending entering into an agreement with Fidelity to provide recordkeeping and administrative services to both the District's 401(a) Money Purchase Retirement Plan and 457 Deferred Compensation plan under a 5-year agreement. The target date for a conversion would be October 1, 2023.

In addition to the recommended change in recordkeeper, staff is working with Scott Sutherland and the review team on the following additional items that will be brought back to the Committee at future dates for discussion:

- **The Stable Value option for both plans:** Staff plans to make a future recommendation on a new Stable Value Option for the plans. The current Guaranteed Income Fund (GIF) continues to lag other stable value options in terms of its rate of return. Fidelity has indicated it has an open platform, and we can choose any stable value option that works best for the District, and it does not require we use a proprietary Fidelity fund option. This provides great latitude to the District to offer a stable value fund based on merit and is not tied to a recordkeeper option. The current GIF will remain in the plan until an action is taken to replace it. Staff will continue to review the options with our advisor and bring back a recommendation at a future meeting.
- **Secure Act 2.0 Provisions:** Congress passed legislation that will affect our retirement plans. We reached out to Fidelity to ensure it is addressing the required system updates for the new provisions that will be required for our plans. There are several items staff is reviewing with our advisor and our retirement legal counsel that will require amendments to our plans. Staff will bring more information on these changes as well as recommendations on the new optional provisions for the Committee's consideration at a later date.
- **Fee Levelization:** Staff is currently discussing the plan's fee structure—or how the total cost of plan administration is paid. This is an issue we will bring back to the Committee later after the team and our advisor fully review the options and how a change in our current process may affect the plan and plan participants.