



AGENDA

18700 Ward St.
Fountain Valley, CA 92708
(714) 378-3200

MEETING OF THE RETIREMENT COMMITTEE
WITH BOARD OF DIRECTORS
ORANGE COUNTY WATER DISTRICT
Tuesday, February 25, 2025 – 12:00 p.m. – Conference Room C-2

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 5, 2025** Board meeting Agenda for approval.

This meeting will be held in person. As a convenience for the public, the meeting may also be accessed by Zoom Webinar and will be available by either computer or telephone audio as indicated below. Because this is an in-person meeting and the Zoom component is not required, but rather is being offered as a convenience, if there are any technical issues during the meeting, this meeting will continue and will not be suspended.

Computer Audio: Please click the link below to join the Zoom webinar:
<https://ocwd.zoom.us/j/87475375352>

Telephone: US: +1 213 338 8477

Webinar ID: 874 7537 5352

Teleconference Sites:
10382 Bonnie Drive, Garden Grove
20 Civic Center, Santa Ana
303 W. Commonwealth Avenue, Fullerton
601 N Ross Street, Santa Ana
1502 North Broadway, Santa Ana

* Members of the public may attend and participate at all locations.

ROLL CALL

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

RECOMMENDATION: Adopt resolution determining need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda (requires two-thirds vote of the Board members present, or, if less than two-thirds of the members are present, a unanimous vote of those members present).

VISITOR PARTICIPATION

Time has been reserved at this point in the agenda for persons wishing to comment for up to three minutes to the Board of Directors on any item that is not listed on the agenda, but within the subject matter jurisdiction of the District. By law, the Board of Directors is prohibited from taking action on such public comments. As appropriate, matters raised in these public comments will be referred to District staff or placed on the agenda of an upcoming Board meeting.

At this time, members of the public may also offer public comment for up to three minutes on any item on the Consent Calendar. While members of the public may not remove an item from the Consent Calendar for separate discussion, a Director may do so at the request of a member of the public.

CONSENT CALENDAR (ITEM NO. 1)

1. MINUTES OF RETIREMENT COMMITTEE MEETING HELD JANUARY 28, 2025

RECOMMENDATION: Approve minutes as presented

END OF CONSENT CALENDAR

MATTER FOR CONSIDERATION

2. SECURE ACT 2.0 OPTIONAL PROVISIONS FOR RETIREMENT PLANS

RECOMMENDATION: Agendize for March 5 Board meeting: Approve the addition of the following Secure Act 1.0/2.0 optional provisions as soon as feasible due to the payroll system and Fidelity process changes these will entail.

1. Self-certification of hardship and unforeseen emergency withdrawals – 457(b) plan;
2. Penalty-free withdrawal for domestic abuse cases with the participant self-certifying their eligibility – 457(b) plan;
3. Increased catch-up contribution limits – 457(b) plan;
4. Increase in small balance mandatory distribution threshold – 457(b) plan;
5. Qualified Birth and Adoption Distributions – 457(b) plan; and
6. Funds for Qualified Disaster Relief with the participant self-certifying their eligibility – 401(a) and 457(b) plans

CHAIR DIRECTION AS TO WHICH ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT MARCH 5 BOARD MEETING

ANNOUNCEMENTS/REPORTS

ADJOURNMENT

RETIREMENT COMMITTEE MEMBERS

DIRECTORS

Erik Weigand, Chair
Valerie Amezcua, Vice Chair
Roger Yoh

ALTERNATES

Dina Nguyen
Cathy Green
Fred Jung
Van Tran
Steve Sheldon
Natalie Meeks
Denis Bilodeau

STAFF MEMBERS

Jason Dadakis
Kevin O'Toole

STAFF ALTERNATES

Roy Herndon (1st Alternate)
Bill Leever (2nd Alternate)

EMPLOYEE ADVISORY COMMITTEE

Rita Hintlian
Jeremy Davis
Nic Nguyen
Jana Safarik

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.

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) 378-3234, by email at cfuller@ocwd.com or 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. 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 28, 2025, @ 12:00 p.m.

Director Amezcua called the Retirement Committee meeting to order at 12:00 p.m. in the District Conference Room C-2. Public access was also provided via Zoom webinar. The Secretary called the roll and reported a quorum as follows:

DIRECTORS

Erik Weigand (absent)
Valerie Amezcua
Roger Yoh

ALTERNATES

Dina Nguyen
Cathy Green
Fred Jung Participated as guest
Van Tran (absent)
Steve Sheldon (absent)
Natalie Meeks (absent)
Denis Bilodeau

STAFF MEMBERS

Jason Dadakis
Kevin O'Toole

STAFF ALTERNATES

Roy Herndon
Bill Leever

EMPLOYEE ADVISORY CTE

Rita Hintlian (absent)
Jeremy Davis (absent)
Nic Nguyen (absent)
Jana Safarik (absent)

OCWD STAFF

Stephanie Dosier, Plan Secretary
Natasha Issak, Principal HR Specialist
Leticia Villarreal, Asst. District Secretary

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Amezcua, seconded by Director Tran and carried (4-0) as follows.

Yes – Amezcua, Tran, Dadakis, O'Toole

1. Minutes of Previous Meeting

The minutes of the October 22, 2024 Retirement Committee meeting are approved as presented.

MATTERS FOR CONSIDERATION

2. Money Purchase Plan Investment Line-Up and 457(b) Plan Red Flag Fund Review

Scott Sutherland of The Sutherland Group of Wells Fargo Advisors 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 by Director Amezcua, seconded by Kevin O'Toole, and carried [5-0], the Committee recommended that the Board at its February 5 Board meeting: Approve the following actions:

| 401(a) Items for Review | |
|---------------------------------------|------------------------|
| INVESTMENT FUNDS | ACTION |
| American Funds New Perspective R6 | Keep Red Flag |
| Carillon Scout Mid Cap I | Keep & Remove Red Flag |
| 457 Items for Review | |
| AB Large Cap Growth I | Red Flag |
| T. Rowe Price All-Cap Opportunities-I | Grey Flag |

Ayes: Amezcua, Tran, Yoh, Dadakis, O'Toole

3. Stable Value Fund Options

Plan Secretary Stephanie Dosier recalled that in August discussions began with the Committee regarding the review of stable value options for the plans. Scott Sutherland provided updates on his due diligence process, which included sending out RFIs to 13 approved vendors with nine vendors initially responding, which was narrowed down to five by August. He advised that further narrowing led to the identification of three top vendors: Invesco, New York Life and T. Rowe Price. Ms. Dosier reported that the Retirement Advisory Committee, along with Mr. Sutherland's team, participated in meetings to review presentations from these top vendors. The Committee recommended Invesco due to the highest comfort level with their overall process and risk management approach.

Upon motion by Director Amezcua, seconded by Kevin O'Toole, and carried [5-0], the Committee recommended that the Board at its February 5 Board meeting: Authorize entering into an agreement with Invesco to add their stable Value fund to both the District's 401(a) Money Purchase Plan and 457(b) Deferred Compensation plan with the final agreement to be approved by the General Manager and General Counsel.

Ayes: Amezcua, Tran, Yoh, Dadakis, O'Toole

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:46 p.m.

Retirement Plan Secretary Stephanie Dosier

AGENDA ITEM SUBMITTAL

Meeting Date: February 25, 2025

To: Retirement Committee
Board of Directors

From: John Kennedy

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: N/A

Engineers/Feasibility Report: N/A

CEQA Compliance: N/A

Subject: SECURE ACT 2.0 OPTIONAL PROVISIONS FOR RETIREMENT PLANS

SUMMARY

In 2019 and 2022, Congress enacted the Secure Act 1.0 and 2.0, which introduced several provisions impacting retirement plans. The Board has already approved the inclusion of all mandatory provisions in the retirement plans as well as several optional provisions. However, the staff would like to propose the addition of several additional optional provisions from the Act. During the upcoming meeting, Scott Sutherland will provide a brief overview of each proposed provision and address any questions from the committee.

RECOMMENDATION

Agendize for March 5 Board meeting: Approve the addition of the following Secure Act 1.0/2.0 optional provisions as soon as feasible due to the payroll system and Fidelity process changes these will entail.

1. Self-certification of hardship and unforeseen emergency withdrawals – 457(b) plan;
2. Penalty-free withdrawal for domestic abuse cases with the participant self-certifying their eligibility – 457(b) plan;
3. Increased catch-up contribution limits – 457(b) plan;
4. Increase in small balance mandatory distribution threshold – 457(b) plan;
5. Qualified Birth and Adoption Distributions – 457(b) plan; and
6. Funds for Qualified Disaster Relief with the participant self-certifying their eligibility – 401(a) and 457(b) plans.

DISCUSSION

The purpose of this meeting is to review the optional provisions of the Secure Act 1.0 and 2.0, which were enacted in 2019 and 2022, respectively. We have previously discussed returning to the committee with recommendations for adding several additional optional provisions. However, we decided to wait until after the transition to Fidelity to consider making additional plan changes. Staff recommends adding the following to the respective plans:

➤ **Self-certification Unforeseen Emergency Withdrawals (457(b) plan)**

This provision would allow the plan administrator (OCWD) to rely on an employee certification that an unforeseen emergency distribution is based upon an immediate and heavy financial need, as described in the Treasury regulations, and that the amount requested is no more than necessary. Currently, OCWD would have to approve these types of requests. If approved, Fidelity would provide the requesting participant with the Self-Certification Form to complete prior to processing the request.

➤ **Penalty-free withdrawal for domestic abuse cases (457(b) plan)**

This provision would permit participants who self-certify that they experienced domestic abuse to obtain a withdrawal (the lesser of \$10,000, indexed for inflation, or 50 percent of the participant's account). The distribution is not subject to the IRS 10 percent penalty tax on premature distributions. Additionally, a participant can repay the withdrawn money from the retirement plan over three years and will be refunded for income taxes on money that is repaid.

➤ **Increased Catch-up Contribution Limits (457(b) plan)**

This provision would allow an increase to age-based catch-up contribution limits to the greater of \$10,000 or 50 percent more than the regular age 50 catch-up amount in 2025 (subject to IRS annual cost of living adjustments in \$500 increments) for participants contributing to the 457(b) plan who have reached ages 60, 61, 62 and 63. After age 63, the standard age 50+ catch-up limits will apply. For eligible governmental 457(b) plan participants, this catch-up cannot be used in the same tax year as the Special I 457 Catch-up.

➤ **Increase in Small Balance Mandatory Distribution Threshold (457(b) plan)**

The dollar amount which a plan may authorize a distribution of a terminated participant's vested account without the participant's consent increases from \$5,000 to \$7,000. The 401(a) plan was previously increased to the \$7,000 level when the plan document was updated and approved by the Board last year.

➤ **Qualified Birth and Adoption Distributions (QBAD) (457(b) plan)**

This provision provides a new exemption from the 10% early withdrawal penalty for retirement plan distributions taken prior to age 59 ½ to cover the cost of childbirth or adoption expenses up to \$5,000 if made during the one-year period beginning on the date on which a child of the individual is born or on which the legal adoption is finalized. The Act also allows the repayment of such expenses to the retirement account. A participant who has taken a QBAD may repay that distribution to an eligible retirement plan accepting rollovers during the three-year period beginning on the day after the date on which the QBAD was received.

➤ **Funds for Qualified Disaster Relief** (401(a) and 457(b) plans)

This provision creates a waiver from the 10% early withdrawal penalty for qualified disaster distributions from retirement plans up to \$100,000. Individuals can spread income tax payment on the qualified disaster distribution ratably over a three-year period. Individuals are permitted up to three years to repay the distribution back into the retirement plan. Individuals who took a hardship distribution from a retirement plan for a first-time home purchase in the disaster area may recontribute the amount into the retirement plan without tax penalty.

Staff is recommending approval to add the optional provisions to the plans as listed above. If approved, the plan documents would also need to be updated and brought back to the Board for final approval. Scott Sutherland will be at the meeting to address any questions the committee may have about these provisions.