



DEFERRED COMPENSATION 457(b) ADVISORY COMMITTEE Minutes

June 6, 2025
9:30 a.m. – 11:30 a.m.

700 H Street, Sacramento, CA 95814
4th Floor, Large Conference Room

DEFERRED COMPENSATION ADVISORY COMMITTEE

Member	Role	Present	Absent
Sylvester Fadal	Plan Administrator	X	
Chad Rinde	Ex-Officio Member	X	
Dave Irish	Retiree Member	X	
Chris Giboney	Member	X	
Dalen Fredrickson	Member	X	
Hang Nguyen	Member	X - Late Item 8	
Chris Baker	Member	X	
Kim Nava	Member	X	
Ethan Dye	Member	X	
Joesph Angelo	Member	X - Late Item 5	
Vacant	Member		X

Quorum = 6 We have a quorum: **Yes**

DEFERRED COMPENSATION WORKING COMMITTEE

Member	Role	Present	Absent
Alice Krueger	Personnel Services – Member	X	
Alex Leos	Personnel Services – Member	X	
Tracy Daniels	Personnel Services – Member	X	
Bernard Santo Domingo	Finance – Member		X
David Matuskey	Finance – Member	X	
Ashley Wisniewski	County Counsel - Member	X	

GUESTS

Name	Organization	In- Person	Remote
Brent Petty	NWCM		X
Jason Small	Vanguard		X
Kassi Stengel- Moore	Vanguard		X
James Robbins	Personnel Services	X	

Deferred Compensation 457(b) Advisory Committee Meeting Minutes – June 6, 2025

Item #	Presenter	Item	Attachment Consent
1.	Personnel Services	Call to Order and Roll Call	
Alice Krueger called the meeting to order. Roll call was conducted, and a quorum was confirmed.			
2.	Personnel Services	Approval of Meeting Minutes – April 4, 2025	Attachment Consent
No public comment on the April 4, 2025, meeting minutes. Ethan Dye motioned to approve, seconded by Chad Rinde. There were seven votes to approve, and the motion passed.			
3.	Personnel Services	Public Comments on Off Agenda Items	
There were no public comments on off-agenda items.			
4.	Plan Administrator Sylvester Fadal	Comments from Plan Administrator	
There were no comments from Sylvester Fadal. There were no public comments on this agenda item.			
5.	Personnel Services	Contracts	
<p>Alice Krueger provided an update on contracts. Due to some California-specific requirements for Qualified Domestic Relations Orders (QDROs), specifically that Joinder services may be needed, a contract amendment is being drafted by Fidelity to fully outline the different costs for different levels of QDRO services.</p> <p>Also, Mike Gomes is promoting and thus leaving the County's account. Per our contract condition, Fidelity will be presenting us candidates before selection for the Workplace Consultant role. Suzanne Smith, who has been facilitating additional days of service for our account, will be doing coverage in the meantime with the Fidelity Advisor Team.</p> <p>Contracts being worked on this year include NWCM and our outside auditor.</p> <p>Chad Rinde, James Robbins, and Joe Angelo asked various questions regarding these changes. There were no public comments about this agenda item.</p>			
6.	Personnel Services	Audits	
<p>The Department of Finance is getting close to finishing the internal audit and meetings to finalize the audit will be happening soon.</p> <p>Moss Adams did not complete the limited scope review prior to the contract expiring, and there have been some issues with the re-contracting. The Department of Finance auditing contract may not be an option for ongoing services and thus we may need to be conducting an RFP.</p> <p>There were no public comments on this agenda item.</p>			

7.	Personnel Services	Communications to Participants	
<p>Messaging that was successful last year including the July Cost of Living Allowance (COLA increases) and PEPRAs messaging for those in these SCERS tiers that need more deferred compensation saving for retirement security and thus these messages are being repeated. Annual messages also include adding a beneficiary or reviewing and updating your beneficiary for participant's accounts, Black History Month, Women's History Month, Financial Wellness Month, America Saves Week, and National Retirement Security Month.</p> <p>It was asked if labor contracts will finalize soon and will general salary increases happen in July or be limited to certain bargaining units. Bargaining agreements are completed at different times, and thus general salary increases will not all occur at once in July, but rather as the contracts are ratified and approved by the Board of Supervisors.</p> <p>Internal messaging is planned this year on beneficiaries and continue messaging to those with the past outdated partial percentage contributions.</p> <p>Messaging to those making more than \$145,000 in 2025 that are or will be age 50+, as the catch-up contributions will be post-tax ROTH for these individuals will be done later this year. This does include the age 60-63 catch-up but does NOT include the special 3-year catch-up program.</p> <p>The committee was asked for ideas that could help us reach more employees. Comments came regarding updating employee orientation and live presentations. James Robbins stated that the New Employee Orientation is in the process of being updated and expanded to onboarding practices.</p> <p>There was a question as to whether Departmental data could be used or union information to target specific groups that are not contributing as much or not contributing at all. They asked if messaging could be sent to the unions on what percentage of their members are contributing. Alice Krueger let them know that the new matching messaging will be targeted towards those not contributing, those under the matching maximum, and those over the matching amount. The PEPRAs messaging targets those not contributing, those below 8%, and those above.</p> <p>There were no public comments on this agenda item.</p>			
8.	Personnel Services	Ongoing Advisory Committee Training	
<p>Last meeting we had another training for the Advisory Committee with Investing 101 topics and this meeting we review our Vanguard funds including Target Date Funds, which are our Qualified Default Investment Alternative (QDIA) on our plan. Future topics coming your way are intermediate investing and courtroom lessons. We will repeat Brown Act and Fiduciary training at regular intervals.</p> <p>There were no public comments on this agenda item.</p>			

9.	Vanguard	Presentation – Vanguard	Attachment
	<p>Jason Small and Kassi Stengel-Moore presented on the Vanguard funds. They have outperformed the benchmarks and S&P 500 for the past 5-10 years. The Vanguard Extended Market Index Fund Institutional Shares and the Vanguard Institutional Index Fund Institutional Plus Shares give exposure to the entire U.S. Stock Market. The Vanguard Total International Stock Index Fund Institutional Shares cost lowered by the largest amount ever, from 9 basis points to 6 basis points, and the savings were passed on to participants. They close at 4:00 PM EST for valuation, which is a timing difference to the benchmark close, which can have an a slight impact, but should annualize out. The Vanguard Target Retirement 2070 Trust Plus (90/10 allocation) recently added has been down this year, but up over the one-year mark. The Vanguard Target Retirement 2060 Fund has an average of 8.4% returns over 10 years. The Vanguard Target Retirement 2030 Fund has been driven by international markets in the year-to-date. Vanguard is in the top quartile for year-to-date and 1-year returns and in most benchmarks for longer timeframes. The Total Bond Market Index Fund Institutional Shares is down to 2.5 basis points. Vanguard is the leader in target date funds and has more than 50% of the market share than their competitors.</p> <p>Vanguard’s strategic plan includes reinvesting profits or passing them on to participants through lower fees. Looking at the chart on page 12 of their presentation, their U.S. expenses are 5.5 basis points lower than others. Looking at slide 13, they utilize Human Capital Theory for their glide path. They start target date investing allocations at 90%/10%, then at age 40 become more conservative, derisking by increasing fixed income. They track to set the risk factor so that participants will not run out of money by age 95. They last changed the glide path in 2015 and are not currently anticipating any changes. Their fixed income includes high-quality fixed equities, and no high-yield bonds.</p> <p>Slide 21. Chad Rinde asked if the glide path is still effective for public sector employees. Brent Petty said it was reviewed seven years ago and was still applicable and that another review is in the works. Bretn Petty said as a fiduciary the Department of Labor wants you to review comparisons and understand how the glide path works. How Vanguard compares on the graph compared to other competitors in the gray section on this graph. There have been some changes on what is allowed in plans and we will continue ot monitor how this impacts the glide path.</p> <p>Slide 28. Vanguard’s rebalancing policyhas a 2% threshold and is looked at daily, whereas, most other companies are only looking at this monthly or quarterly. So for example, if split 50% to 50%, can get to 48% to 52% before rebalancing. Smaller trades can let the market do the work in cash flows.</p> <p>There was a question about private equity being brought into planes. They mentioned Blackstone. Vanguard is looking at the research on this, specifically to answer how do you bring liquidity to a non-liquid asset class. Other innovations coming to plans will likely be better for those with a higher</p>		

investment knowledge. Another items discussed was annuities in target date funds and whether they have investment merit, is their client demand, and will there be regulatory controls.

Through April there was market movement; Vanguard reacted and benefited from this movement.

On slide 37 Vanguard discussed the return expectations. Brent asked how much global and foreign bonds are in target date funds. On Slide 38, tariffs are affecting the economic outlook and U.S. valuations are stretched. Vanguard is expecting approximately a 10-15% tariff rate and two rate cuts towards the end of the year.

There were no public comments on this agenda item.

10.	NWCM	457(b) Plan Highlights & Key Observations	Attachment
<p>Brent Petty reviewed the Plan Highlights and Key Observations for the 457(b) plan. He said that the market was down for the first time in many years in the first quarter. Vanguard Target Retirement Target Date Funds hold more than half of the plan assets. He reviewed the funds on watch, JPMorgan Equity income, Parnassus Core Equity, JPMorgan Small Cap Equity, Fidelity Overseas, and Fidelity Contrafund. He mentioned that Contrafund is in succession planning mode, and they will be watching for continuity.</p> <p>He also discussed Tariff uncertainty stating that in April tariff uncertainty slowed corporate earnings. U.S. trade policy on average was 2% for the past 50+ years. Trying to anticipate what would go from single digits to approximately 10% on "liberation day" but may actually be 20% now spooked the market. China is basically an embargo. The sell-off was aggressive, but with the moratorium for 90 days the market came back up quickly. The economic outlook continues to be strong, above the line. The earnings season has been strong, with some signs of slowing. Unemployment is low to moderate. Inflation is 2.1%, much cooler, which is great news as the economy continues to chug along. The Fed may be concerned tariffs will spike inflation. 2.5% to 3% is okay, but the Feds are cautious and are taking a wait and see approach. Inflation effects those with lower income more and they end up on federal programs which can affect the national budget. Fed does not want to let inflation run away; there is seasonality over the holidays, it comes up and then comes down.</p> <p>Looking at asset class returns, large caps before 2002/2003 did not do well and now they are on an up trend, outperforming.</p> <p>There were no public comments on this agenda item.</p>			
11.	NWCM	Galliard Stable Value – Fiduciary Review	Attachment
<p>Brent Petty reviewed the Galliard Stable Value Fund. Most Stable Values are 85%=90%, so this 96.5% is very healthy, competitive returns, close to competing with money market. This fund has a</p>			

Deferred Compensation 457(b) Advisory Committee Meeting Minutes – June 6, 2025

conservative strategy and has a healthy market to book ratio. It has competitive expenses compared to its peers. It remains an appropriate and prudent option for our plan.			
There were no public comments on this agenda item.			
12.	Finance	Q1 2025 Performance Update Watch List	Attachment
Dave Matuskey from the Department of Finance gave a brief update on the watch list performance.			
There were no public comments on this agenda item.			
13.	Finance	Defined Contribution Plans Portfolio Analysis for Year Ended March 31, 2025	Attachment
Dave Matuskey presented the Portfolio Analysis for the period ending the first quarter of 2025 and noted agreement with NWCM's presentation. There were no public comments about this agenda item.			
14.	Personnel Services	Adjournment	
The meeting adjourned at 11:30 AM.			

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