COMMITTEE:
Mitch Thomas, Firefighter - Chair
Kyle Santuccio, Fire Engineer – Vice Chair
Sarah Ortiz, Payroll Manager – Treasurer
Nathan Hofford, Fire Captain – Education Chair
Michelle Dehoney, HR Analyst II – Secretary
Dustin Rodriques, Fire Captain
Cardiff Schmitz, Fire Engineer
Troy Simonick, Retiree Representative
Jim Newcomer, Retiree Representative

DEFERRED COMPENSATION COMMITTEE
REGULAR MEETING AGENDA

May 13, 2026 – 9:00AM

The Deferred Compensation Committee meeting is open to in-person attendance at the Sacramento Metropolitan Fire District Station 32 Meeting Room, 8890 Roediger Lane, Fair Oaks, CA 95628. Citizens may also submit public comment in written form to the Deferred Compensation Committee at deferredcompensationcommittee@metrofire.ca.gov. All public comment received prior to 8:00AM the day of the meeting will be provided to Committee members electronically or in written form. Emails received after 8:00AM the morning of the meeting will become part of the official record and retained by the Secretary but will not be disseminated to the Committee prior to the Committee's action.

OPEN SESSION

Call to Order: 9:01AM
Roll Call: Mitch Thomas
Members Present: Dehoney, Hofford, Newcomer, Ortiz, Santuccio, Simonick & Thomas
Members Absent: Rodriques & Schmitz

Public Comment:
Persons may address the Committee on items not on this agenda. Please limit comments to 3 minutes per person since the time allocated for Public Comment is 15 minutes. If all comments cannot be heard within the 15-minute time limit, the Public Comment period will be taken up at the end of the regular session. The Committee is not permitted to take any action on items addressed under Public Comment.

1. Approval of Action Summary Minutes

Regular Meeting – February 11, 2026 – Action summary minutes approved by the following:

Motion: Newcomer/Santuccio/Unanimous 7:0
Ayes: Dehoney, Hofford, Newcomer, Ortiz, Santuccio, Simonick & Thomas
Absent: Rodriques & Schmitz

2. Nationwide Retirement Solutions Quarterly Program Update

Presenter: Jim Keeler (Nationwide Retirement Solutions)
1st Quarter 2026 Admin Report & Field Update
Stable Value Crediting Rate Error Corrective Processing Update Discussion
January/February/March Legislative Reports

SECURE ACT 2.0 Provisions Enablement Status
Dalbar Award Announcement

Mr. Keeler shared that while there was some volatility in the 1st quarter, that loss has since been recouped and assets in the plan exceed 180 million dollars. There are 1,107 participants in the plan with an average participant balance of $173,086. Roth participation continues to increase and is an attractive option for newer participants.

Crediting rate error discussion, anyone who took monies out of their account during this period had a rounding error. There were two Metro Fire participants whose distributions needed to be corrected. Additional safeguards have been put in place to prevent these errors in the future.

Inflation ticked up a bit, likely due to gas inflation and the conflict in Iran.

Secure Act 2.0 update discussion including new children's accounts rolled out under Trump's administration with a goal to make IRAs easier to enroll in. Talks about Secure 3.0, likely cleanup language. Language regarding ability for survivor of domestic abuse to be able to take monies up to 50% out of their account (in an amount not to exceed $10,000) will be ready in Q1 of 2027.

Nationwide Retirement Solutions earned DALBAR's prestigious Plan Participant Service Award for the 12th consecutive year. The award recognizes firms that deliver exceptional customer experiences across multiples dimensions of service, communication, and digital interaction.

Ms. Luttges shared that the updated shift calendars are in the process of getting distributed across the district and that the financial wellness events Nationwide is sponsoring in conjunction with 522 have yielded good conversations and information sharing.

3. Fiduciary Consulting Group Quarterly Program Update

Presenter: Vincent Gallindo (Fiduciary Consulting Group)
First Quarter 2026 Performance Report

- Market commentary
- Current fund lineup overview
- Current on watch funds: MFS Mid Cap Growth Fund and Sterling Capital Total Return Bond Fund
- New on watch funds: T. Rowe Price Large Cap Growth Fund and Dodge & Cox International Stock Fund

Review Target Date Fund Fee Savings Analysis
Review Market-to-Book Value Ratio of the Nationwide Guaranteed Separate Account

Mr. Gallindo updated the group on the market economy which is being described as a "Goldilocks economy", not too cold, not too hot, but just right. GDP contracted by 0.5% in the first quarter of last year, rebounded in the second quarter, and continued improving from there. Inflation is ticking up, partly due to conflict in the Middle East. Energy and fertilizer supply disruptions through the Strait of Hormuz are creating inflationary pressure. Even if the issue is resolved quickly, countries may begin stockpiling supplies to avoid similar risks in the future.

There is administrative pressure on the Federal Reserve to lower interest rates. Two or three rate cuts are currently expected, though there is now nearly a 40% chance that rates could increase.

Watch List Funds
Sterling Capital Total Return Bond R6 remains on watch due to their change in ownership. The process and portfolio remain the same, and the fund will likely be recommended for removal from watch status. MFS Mid Cap Growth R6 is no longer violating metrics and may come off watch status at the next meeting.

T. Rowe Price Large Cap Growth I and Dodge & Cox International Stock X are violating metrics and were voted to be placed on the watch list by the following vote:

Motion: Santuccio/Dehoney/Unanimous 7:0
Ayes: Dehoney, Hofford, Newcomer, Ortiz, Santuccio, Simonick & Thomas
Absent: Rodriques & Schmitz

Review Target Date Fund Fee Savings Analysis
Mr. Gallindo discussed a potential move from Vanguard target-date mutual funds to Vanguard Collective Investment Trusts (CITs). Fiduciary Consulting Group (FCG) has negotiated an arrangement with Vanguard that would reduce the expense ratio from approximately 0.08% to 0.045%, resulting in estimated annual savings of about $17,000 for the plan. The SMFD plan does qualify for participation.

The investment process and underlying strategy would remain substantially the same, and the transition could be completed relatively quickly if the committee decides to move forward. Considerations of the move include:
- CITs do not have publicly available ticker symbols meaning daily fund information is generally not available in the same way as mutual fund resulting in reduced transparency and ease of monitoring compared to traditional mutual funds.
- Vanguard provides fund fact sheets on a quarterly basis rather than daily performance reporting.

There is a consideration of the fiduciary structure change as well because currently, FCG serves as a non-discretionary advisor and remains accountable to plan participants rather than the committee itself. If the plan adopts the CIT structure, FCG would become a discretionary investment manager. Under this arrangement:
- FCG would continue to act as a fiduciary and must make decisions in the best interests of plan participants.
- While in most cases, FCG indicated they would likely communicate significant changes to the committee, but they would not be required to do so in emergency situations. FCG would have authority to make investment changes without obtaining prior committee approval.

Additional discussion included questions regarding what would happen if the plan later changed fiduciary advisors. It was noted that access to the Vanguard CIT platform could potentially be affected, though no definitive answer was provided. Mr. Gallindo also noted that plans can move between discretionary and non-discretionary advisory arrangements if desired in the future.

The committee discussed the market-to-book ratio of the Nationwide stable value fund. The current market-to-book ratio is approximately 96%, meaning that for every $100 of book value, the underlying market value is approximately $96. It was noted that once the market-to-book ratio exceeds 100%, the plan may have opportunities to move assets into a different account or investment option with a lower interest crediting rate, depending on prevailing market conditions and available alternatives. The discussion highlighted the importance of monitoring the market-to-book ratio when evaluating future stable value fund options and potential asset transfers.

Discussion of Vanguard 2070 Target Date Fund offering, to be discussed at a later meeting.

4. Treasurers Report (Ortiz)

Reserve Fund Policy

Ms. Ortiz discussed the Deferred Compensation Reserve Fund Policy and the need to increase the Contingency/Stabilization Reserve by $1,000 from $55,200 to $56,200. This would make the total reserve fund balance $101,000 broken down into $56,200 for Contingency/Stabilization, $10,000 for Education and Training and $34,800 for Major Plan Changes & Requests for Proposals. The Contingency/Stabilization Reserve balance was voted to be increased by $1,000 by the following vote:

Motion: Hofford/Simonick /Unanimous 7:0
Ayes: Dehoney, Hofford, Newcomer, Ortiz, Santuccio, Simonick & Thomas
Absent: Rodriques & Schmitz

After progressive gains in the reserve account and a thorough review, reimbursements will need to be done for all plan participants. Actual numbers on the total return dollars will be discussed at the next quarterly meeting.

5. Education Officer Report (Hofford)

No report

6. Chair Report (Thomas)

No report

7. Old Business

A’s baseball game was a success, very good attendance and good conversations in regards to financial wellness.

8. New Business

9. CLOSED SESSION

Pursuant to the cited authority (all references to the Government Code), the Deferred Compensation Committee will hold a closed session to discuss the following listed item(s). A report of any action taken will be presented prior to adjournment.

GOVERNMENT CODE 54956.96
Deferred Compensation Committee review of Record Keeper contract renewal.

The Deferred Compensation Committee voted to extend Nationwide's contract to continue serving as the SMFD Deferred Compensation Plan Record Keeper for the period of July 1, 2026 through June 30, 2027. The motion was approved by the following vote:

Motion: Ortiz/Newcomer/Unanimous 7:0
Ayes: Dehoney, Hofford, Newcomer, Ortiz, Santuccio, Simonick & Thomas
Absent: Rodriques & Schmitz

10. Adjournment: 10:53AM

2026 Regular Meeting Schedule

Second Wednesday Quarterly at 9:00AM, except where potential holiday conflicts exist.

Wednesday, May 13, 2026 – 9:00AM
Wednesday, August 12, 2026 – 9:00AM
Wednesday, November 18, 2026 – 9:00AM (adjusted due to Holiday)

Location

Sacramento Metropolitan Fire District Station 32
8890 Roediger Lane
Fair Oaks, CA 95628