

**CITY OF LOS ANGELES  
BOARD OF DEFERRED COMPENSATION ADMINISTRATION**

ADOPTED MINUTES  
MEETING OF AUGUST 16, 2022  
CONDUCTED VIA TELECONFERENCE

**BOARD MEMBERS**

**Present:**

Thomas Moutes, Chairperson  
Raymond Ciranna, Vice-Chairperson  
Robert Schoonover, First Provisional Chair  
Neil Guglielmo, Second Provisional Chair  
Joshua Geller, Third Provisional Chair  
Dana H. Brown  
Baldemar J. Sandoval  
Jeremy Wolfson

**Not Present:**

Linda P. Le

**PERSONNEL DEPARTMENT STAFF**

Paul Makowski, Chief Management Analyst  
Daniel Powell, Senior Personnel Analyst II  
Mindy Lam, Benefits Analyst  
Eric Lan, Benefits Analyst

**OFFICE OF THE CITY ATTORNEY**

Charles Hong, Deputy City Attorney IV

**Voya Financial**

Deirdre Jones, Vice President, Strategic Relationship Management  
Kelly Montgomery, Client Relationship Manager  
Drew Russell, Director of Strategic Initiatives  
La Tanya Harris, Registered Representative

**MERCER INVESTMENT CONSULTING**

Devon Muir, Principal  
Ana Tom-Chow, Associate

**SEGAL CONSULTING**

Wendy Carter, Vice-President

**1. CALL TO ORDER**

Mr. Moutes called the meeting to order at 9:03 a.m.

## 2. PUBLIC COMMENTS

There were no public comments. Mr. Moutes noted that agenda item 10 will be moved to a future meeting.

## 3. MINUTES

### Board Member Comments/Questions & Responses:

Mr. Geller indicated that he would abstain from voting since he was not present at the prior meeting.

### Board Action:

**A motion was made by Mr. Schoonover and seconded by Mr. Wolfson, to approve minutes of the July 19, 2022 regular meeting of the Board; the motion was adopted by approval of seven Board members (Baldemar, Brown, Ciranna, Guglielmo, Moutes, Schoonover, and Wolfson); one Board member abstained from voting on it (Geller).**

## 4. BOARD REPORT 22-42: DETERMINATION REGARDING TELECONFERENCING OPTION FOR BOARD MEETINGS PURSUANT TO ASSEMBLY BILL 361

### Board Member Comments/Questions & Responses:

Mr. Moutes asked whether the Board would be able to return to teleconferencing if it determined to return to in-person meetings temporarily. Mr. Hong noted that he would research and report back to the Board. Mr. Wolfson asked if a hybrid approach to Board meetings was feasible. Mr. Hong stated that he believed it would be possible but that he would research and report back to the Board. Mr. Ciranna stated that the Los Angeles Fire and Police Pension Board is conducting hybrid meetings.

### Board Action:

**A motion was made by Mr. Ciranna and seconded by Mr. Wolfson, that the Board adopt the attached Resolution and find, pursuant to Section 54953(e)(1)(B)-(C) of the California Government Code, as amended by Assembly Bill (AB) 361, that due to the ongoing COVID-19 State of Emergency (COVID Emergency) proclaimed by the Governor on March 4, 2020, conducting Board meetings in person without continuing to provide a teleconference and/or videoconference option for the Board members and the public, would present imminent risks to the health or safety of attendees; the motion was unanimously adopted by the Board.**

## 5. BOARD REPORT 22-43: ED-3 REVIEW WAIVER

### Presentation Highlights:

Mr. Powell introduced the report and provided the following highlights:

- Executive Directive No. 3 (ED-3) requires that contracts meeting certain criteria be routed to the Mayor's Office for approval.
- The Mayor's Office refers contracts to the CAO for review of its compliance with the City's contracting requirements.

- The review process can lead to delays in contract execution since the CAO often has many other priorities, resulting in the contractor unable to start work, a contractor's work stoppage until a new contract is executed, and may impede the Board's efforts to fulfill its fiduciary obligations.
- The DCP is anticipating several upcoming contract extensions and new contracts with the collective investment trusts (CITs), which is why staff is pursuing this exemption.

Board Member Comments/Questions & Responses:

Mr. Ciranna inquired about any potential upcoming contract renewals for the DCP. Mr. Powell noted that Voya, Mercer, Galliard as well as eight other CITs. Mr. Ciranna asked if staff had already reached out to the Mayor's Office to gauge their concern. Mr. Powell indicated that staff discussed this with the Mayor's Office, but did not have an indication about their leaning on the topic. Mr. Guglielmo stated that it is important for the Board to give approval for contracts without a lengthy review process. Mr. Ciranna noted that the Board would be able to reach out to the Mayor's Office to emphasize its importance, if needed.

Board Action:

**A motion was made by Mr. Guglielmo and seconded by Mr. Ciranna, that the Board authorize the Board Chairperson to sign and transmit the attached letter (Attachment A) to the Officer of the Mayor requesting an exemption of Deferred Compensation Plan (DCP) contracts from the Office of the City Administrative Officer (CAO) review component of the Executive Directive No. 3 (ED-3) requirement; the motion was unanimously adopted.**

**6. BOARD REPORT 22-44: QUARTERLY REIMBURSEMENTS FOR Q2 2022**

Presentation Highlights:

Ms. Lam introduced the report and provided the following highlights:

- The Board approves staffing reimbursements on a quarterly basis for Personnel Department and City Attorney staff providing direct support of the DCP, which are funded through the DCP Trust Fund and requires Board approval.
- Second quarter 2022 reimbursements totaled \$54,985.13, including \$30,280.55 for the Personnel Department and \$24,704.58 for the City Attorney.

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

Board Action:

**A motion was made by Mr. Ciranna and seconded by Mr. Guglielmo, that the Board approve reimbursements from the Deferred Compensation Plan (DCP) Reserve Fund to the Personnel Department in the amount of \$30,280.55 and to the City Attorney in the amount of \$24,704.58 totaling \$54,985.13 for staff providing direct support of the DCP during the quarter ending June 30, 2022; the motion was unanimously adopted.**

**7. BOARD REPORT 22-45: 2022 NATIONAL RETIREMENT SECURITY MONTH**

Presentation Highlights:

Mr. Lan and Mr. Russell introduced the report and provided the following highlights:

- National Retirement Security Month (NRSM) is a key element to the DCP's communication and participant engagement strategy to drive participants to retirement security.
- Staff was notified on July 28, 2022 that the DCP was awarded a 2022 National Association of Government Defined Contribution Administrators (NAGDCA) Leadership Award.
- The DCP's 2022 NRSM theme will be "Foodies and Finance" and will last throughout the month of October.
- Staff is planning a webinar featuring a retirement industry speaker to help city employees navigate retirement savings journey and incentivize participation with prizes.
- The theme will merge the historical restaurant and food culture of Los Angeles with important financial behaviors in a fun and engaging way.
- Each element of the campaign will fit within the theme, with weekly menus that highlight the content for each week.

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

Board Action:

**A motion was made by Mr. Ciranna and seconded by Mr. Schoonover, that the Board approve the proposed 2022 National Retirement Security Month (NRSM) campaign; the motion was unanimously adopted.**

## **8. QUARTERLY INVESTMENT & ECONOMIC REVIEW: SECOND QUARTER 2022**

Mercer Presentation Highlights:

Mr. Muir introduced the presentation and provided the following highlights:

- Page 2 – Quarter ending June 30, 2022, appeared to be the low point for equity markets and bond markets with a high focus on the effects of inflation.
  - Expectation is for the federal government to continue to act aggressively.
  - The current federal target rate is 2.25 with a 50 basis point increase.
  - Expectation that Stable Value Fund will continue to outperform over the full market cycle.
- Page 3 – More negativity compared to Q1 as well as negative commodity markets.
- Page 7 – Positive performer was the energy sector.
- Page 8 – Valuations have improved during the equity drawdown and are more attractive than prior quarters.
- Page 10 – Despite concerns of inflation, market barometers of inflation expectations are moving downward and are moving closer to the Fed's target rate.
- Page 15 – The DCP's assets declined over \$1 billion in the quarter but still show healthy contributions to the DCP with strong long-term investors.
- Page 21 – The DCP's effective net expense is 0.69% and is more economical compared to the peer group.
- Page 23 – FDIC provider rates have increased and have a blended rate of 0.88%.

- Rising inflation rates often lead to a decline in the Stable Value Fund as part of the methodology to bring market value to 100% of the book value.
- Bond market has been negative as a result of Loomis' underperformance.
- Page 24 – Active Large Cap management is challenging and the DCP has decided to be passive, which has resulted in competitive costs.
- Performance Update sheet – The DCP's funds performance as of July 31, 2022.

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

**9. BOARD REPORT 22-46: DCP PROJECTS & ACTIVITIES REPORT FOR JULY 2022**

Presentation Highlights:

Mr. Powell presented the report and provided the following highlights:

- DCP staff and City Attorney met with outside tax counsel Ice Miller to consider questions regarding the appropriateness of funding the design and implementation of an employer match program using DCP funds. Staff recommends moving referring the topic to a committee or ad hoc committee for further discussion.
- There were 3,262 required minimum distribution notifications mailed participants in 2022, 416 of which were first-time recipients. In 2021, a total of 2,841 letters were sent to participants, of which 267 were first-time recipients.
- A task order solicitation (TOS) was issued to three firms on the Personnel Department's bench of executive recruitment firms, but only one response was received. Additional adjustments to the TOS and proposal deadline were made in an effort to gain additional responses.
- The Senior Benefits Analyst II position is still being advertised citywide.

Board Member Comments/Questions & Responses:

Mr. Moutes stated that the employer match issue will be referred to the Plan Governance and Administration Committee and noted that the committee is seeking one additional Board member.

Mr. Moutes thanked staff for continuing to work efficiently while the DCP's positions are being filled.

**10. COMMENDATORY PRESENTATION**

Mr. Moutes noted that the commendatory presentation would be postponed to a future meeting date.

**11. REQUESTS FOR FUTURE AGENDA ITEMS**

The Board requested an update on AB 361 requirements for teleconferencing and the feasibility of a hybrid model.

## **12. NEXT MEETING DATE**

A regular meeting was noted for September 20, 2022, at 9:00 a.m.

## **13. ADJOURNMENT**

The meeting was adjourned at 10:02 a.m.

*Minutes prepared by staff member Eric Lan.*