



## Board Report 21-49

Date: September 21, 2021  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Deferred Compensation Plan Projects and Activities  
Report: August 2021

### Board of Deferred Compensation Administration

**Thomas Moutes**  
*Chairperson*

**Raymond Ciranna**  
*Vice-Chairperson*

**Robert Schoonover**  
*First Provisional Chair*

**Neil Guglielmo**  
*Second Provisional Chair*

**Joshua Geller**  
*Third Provisional Chair*

**Linda P. Le**

**Wendy G. Macy**

**Baldemar J. Sandoval**

**WPERP Representative**  
*Vacant*

### Discussion:

Following are Deferred Compensation Plan (DCP) project and activity updates for August 2021:

#### A. Operations and Project Updates

- **Active Water and Power Employees' Retirement Plan (WPERP) Representative Board Seat Special Election Update** – The term for the Active WPERP Participant Representative Board seat ended on June 30, 2021. Due to no candidates meeting the qualifications to be placed on the official ballot for the regular election which was scheduled on May 13, 2021, the regular election was canceled and a special election to fill the Board seat is currently underway. The Board approved suspending the signatures-gathering requirement for the special election at its meeting on May 18, 2021.

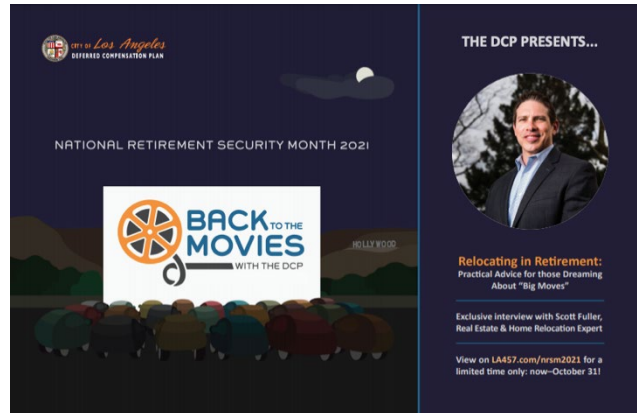
Ballots for the 2021 special election were mailed to all eligible participants of the DCP on September 1, 2021. In order to be counted, all ballots were required to be received by the City Clerk by September 16, 2021 at 4:30 pm. Staff drafted and DWP subsequently sent a department-wide email on September 7, 2021 reminding employees of the September 16th deadline and also directing employees to the DCP website for more information on the special election. Ballots were tallied and counted by the City Clerk on September 20, 2021. The candidate who receives the highest number of votes cast will be declared the winner of the election. Staff will report on the results of the election to the Board at its next meeting.

#### B. Communications Updates

- **National Retirement Security Month (NRSM)** – Staff presented the proposed 2021 NRSM campaign to the Board at its August 17, 2021 meeting. At that time staff indicated that as

part of the campaign staff was working to develop content for two expert speaker interviews on widely appealing financial topics in collaboration with Voya and the Broadcast Retirement Network (BRN), a lifestyle media platform. The two tentative concept titles included “Where Should I Retire? Choosing a Retirement Location That Works for You” and “\$mile! Can Changing Your Spending Habits Make You Happier?”

For the former topic on real estate, staff and BRN identified a speaker, Scott Fuller, and recorded the presentation, which is presently in production. It will be made available for on-demand viewing on LA457.com throughout the month of October. For the latter topic on spending, the intended interviewees (Dr. Elizabeth Dunn and Dr. Michael Norton, co-authors of “Happier Money – The Science of Happier Spending”) declined the interview offer. As there was insufficient time to pivot to a new topic and speaker, the NRSM campaign will only include the interview with Mr. Fuller. However, as noted previously, if the format is well-received and obtains strong engagement, staff will consider recommendations for delivering similar content on a recurring basis. The event will be marketed through a postcard participant mailing, Citywide emails, Voya emails, and social media.



- New Voya Participant Website Targeted Mail and Email Campaign** – On July 18, 2021, the upgraded participant website went live. To encourage participants to check out the upgraded website, a custom postcard and email were sent to participants highlighting the features of the upgraded site with an incentive to win a DCP teddy bear if participants logged into their account by August 7<sup>th</sup> (subsequently extended to August 14<sup>th</sup>). As a result of this targeted mail and email campaign, unique web logins to the participant website increased as follows:

Week of	Unique Web Logins	% Change from July 11, 2021
July 11, 2021	6,143	-
July 18, 2021	8,245	34%
July 25, 2021	7,147	16%
August 1, 2021	6,746	10%

- Money Matters Zoom Virtual Meetings** – In October 2020, staff launched “Money Matters” virtual meetings for employees to interact with DCP local retirement counselors via Zoom. During these sessions, DCP local retirement counselors provide education on various topics and answer participant questions.

General DCP information virtual meetings are held on the third Wednesday of every month from 12 noon to 1:00 pm. In addition, specialized Separation Incentive Program (SIP) virtual meetings for the Harbor were scheduled in July and August 2021. Staff also added a DCP enrollment virtual meeting targeted at eligible but not participating employees. Attendance for the August virtual meetings is provided in the chart below:

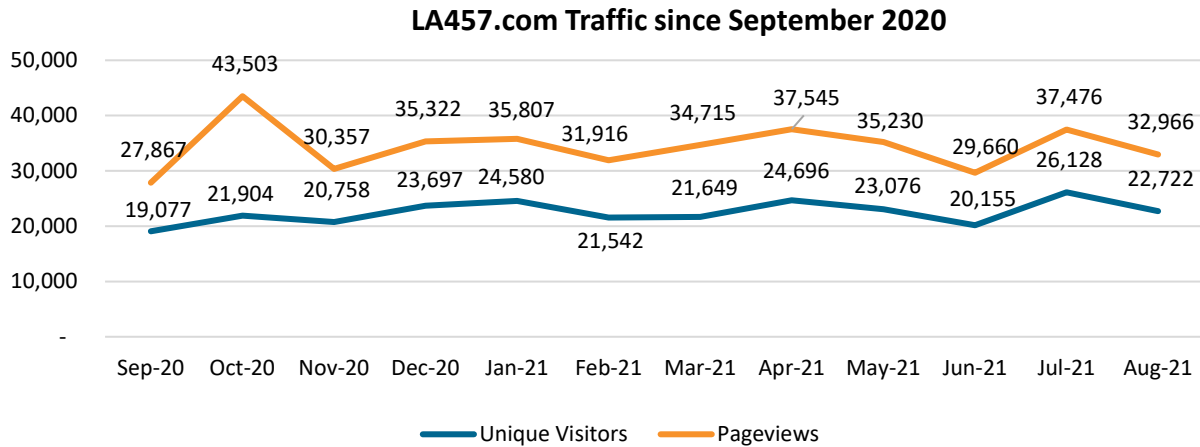
Topic	Date	Attendance
DCP Enrollment	August 3, 2021	13
Harbor Separation Incentive Program	August 12, 2021	18
Distribution Options	August 18, 2021	12

- LA457.com Engagement Statistics: August 2021**

LA457.com saw 22,722 unique visitors and 32,966 pageviews. The table to the right provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in August 2021	Views
1. Homepage	23,990
2. Revamped DCP Participant Navigation is Live!	1,603
3. FAQs	701
4. Contact Us	689
5. Contributions	610
6. Join the DCP	567
7. Retirement Counselor Calendar	548
8. Board Meeting Materials	547
9. Investments Committee Materials	392
10. Your Distribution Options	326

The chart below tracks LA457.com unique visitors and pages viewed since September 2020.



### C. 2021 DCP Strategic Initiatives Update

**Attachment A** provides a status review of 2021 DCP Strategic Initiatives as adopted by the Board at its January 19, 2021 meeting.

### D. Staffing Update

Staff member Jenny Yau has accepted an emergency appointment and well-deserved promotion to Chief Management Analyst with the Personnel Department’s Administrative Services Division. Ms. Yau has played a vital role in support of the DCP and other Employee Benefits Division (EBD) programs over the last few years and will be greatly missed. Staff is expeditiously proceeding to fill the vacancy. Ms. Yau’s last day with EBD will be September 24, 2021, but as she is staying within the Personnel Department she is expected to be a resource to help support the transition.

The following table provides a summary of staff positions supporting the DCP.

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
<b>Personnel</b>				
Defined Contribution Plan Manager	Defined Contribution Plan Manager	Executive Director	100%	Vacant
Chief Personnel Analyst	Chief Personnel Analyst	Executive Director	20%	Steven Montagna
Senior Benefits Analyst II	Senior Benefits Analyst II	Plan Governance	40%	Jenny M. Yau
Senior Benefits Analyst I	Vacant	Plan Administration	100%	Vacant
Benefits Analyst	Management Assistant	Communications	100%	Eric Lan
Benefits Analyst	Benefits Analyst	Operations	100%	Mindy Lam
Benefits Specialist	Benefits Specialist	Participant Services	100%	Claudia Guevara
DCP Intern	DCP Intern	Participant Research	100%	Rose Moore
<b>City Attorney</b>				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curtis Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

### E. Committee Assignments

Following is the current Committee roster as designated by the Board Chairperson:

Plan Governance and Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc DC Plan Manager Selection Committee
Joshua Geller, Chair	Raymond Ciranna, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Joshua Geller	Joshua Geller
Baldemar J. Sandoval	Neil Guglielmo	Baldemar J. Sandoval	Neil Guglielmo

## F. Upcoming Committee Meetings

Meeting Date	Proposed Agenda Items
October 2021	<ul style="list-style-type: none"><li>• DCP Actively Managed Mandates</li></ul>

## G. Upcoming Board Meetings

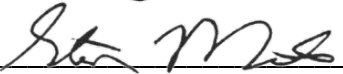
Following is a review of upcoming Board meeting agenda items:

Meeting Date	Proposed Agenda Items
October 19, 2021	<ul style="list-style-type: none"><li>• Fiduciary Responsibilities Training</li><li>• Board Report: DCP Investments Consulting Services Request for Proposals Evaluation</li><li>• Board Report: DCP Plan Projects &amp; Activities Report – September 2021</li></ul>
November 16, 2021	<ul style="list-style-type: none"><li>• Investment Policy Statement Training</li><li>• Quarterly Investment &amp; Economic Review – Quarter 3 2021</li><li>• Board Report: DCP Plan Projects &amp; Activities Report – October 2021</li></ul>

Submitted by:

  
\_\_\_\_\_  
Jenny M. Yau, Senior Benefits Analyst II

Approved by:

  
\_\_\_\_\_  
Steven Montagna, Chief Personnel Analyst

**2021 DCP Strategic Initiatives**

**1. Conduct Defined Contribution (DC) Plan Manager Position Selection Process (New)**

**Background:** At its October 20, 2020 meeting, the Board approved several recommendations with respect to the salary and recruitment considerations for the new DC Plan Manager position, including setting the salary of the classification at the level of Chief Personnel Analyst and requesting exemption of the new position from civil service and an unfreeze to fill the position.

**Status: In process.** At the Board's July 20, 2021 meeting, the Board requested that the Personnel Department initiate the examination development process if indication regarding the request for exempt status of the DC Plan Manager position was not received from the Mayor's Office by July 23, 2021. As no indication was received, staff discussed with the Board Chairperson and subsequently initiated the examination development process on July 28<sup>th</sup>. Updates on that process will be provided as it develops.

**2. Develop Board Findings Regarding Filing of Statements of Economic Interests and Related Requirements (New)**

**Background:** In connection with DCP autonomy provisions in the recently adopted Memorandum of Understanding between the Board and Personnel Department, the Board adopted a strategic initiative to establish its findings with respect to identifying positions required to file Statements of Economic Interests and coordinating related requirements.

**Status: Completed.** Staff's analysis and recommendation were addressed in Board Report 21-09. Staff has been working with the Personnel Department's Personnel Services staff and the City's Ethics Commission to help facilitate and advance updates to the Personnel Department Conflict of Interest Code. Staff will report back to the Board with updates as developments occur.

**3. Complete Plan Document Review (Continued)**

**Background:** Staff has been working with Board counsel and the Plan Governance and Administrative Issues Committee to revise the DCP Plan Document.

**Status: Completed.** The Board approved the revised Plan Document at its June 15<sup>th</sup>, 2021 meeting (Board Report 21-31). Staff subsequently posted the revised Plan Document to the LA457.com website.

**4. Complete Investment Manager Searches (Continued)**

**Background:** The Board is in the process of executing provider searches for all of its investment mandates.

**Status: In process.** On February 16, 2021, the Board selected Galliard Capital Management (Galliard) as the DCP Stable Value Fund provider. Staff is currently working with Galliard staff to negotiate and draft a new five-year contract in consultation with Board counsel. On May

18, 2021, the Board approved a five-year contract term with Vanguard to provide management services for DCP passive bond and passive large-cap equity strategies. Staff is currently working with Vanguard staff to negotiate and draft a new five-year contract in consultation with Board counsel.

Staff is working with the Investments Committee to schedule additional meetings to complete the consultant, Mercer’s and the Committee’s evaluation of search responses for DCP actively managed funds by the end of the calendar year. The following table provides a timeline for Investments Committee review of the remaining mandates and tentative subsequent consideration by the full Board:

Topic	Investments Committee Meeting Date	Board Meeting Date for Considering Investment Committee Recommendations
Stage 2 – International	September 17, 2021	N/A
Stage 2 – Mid-Cap	Week of September 27	N/A
Stage 2 – Small-Cap Stage 3 – International	Week of October 18	November 16, 2021 (International)
Stage 2 – Bond Stage 3 – Mid-Cap	Week of October 25	November 16, 2021 (Mid-Cap)
Stage 3 – Small-Cap Stage 3 – Bond	Week of November 29	December 21, 2021 (Small-Cap and Bond)

## 5. Complete Investment Advisory and Financial Education Services Review (Continued)

**Background:** Staff and the Board have been reviewing the potential for offering investment advisory and financial education services. A Request for Information (RFI) for investment advisory and/or financial education services was issued on the City's Los Angeles Business Assistance Virtual Network on March 4, 2020 with responses due on April 7, 2020, resulting in four responses. Staff’s evaluation of the responses to the RFI was addressed in Board Reports 20-34 and 20-38.

**Status: In process.** Staff’s updated analysis and recommendations were addressed in Board Report 21-21. A follow-up report and meeting of the Plan Governance and Administrative Issues Committee is anticipated to be scheduled in October of 2021.

## 6. Complete Request for Proposal for DCP Investment Consulting Services (New)

**Background:** The term of the contract with the DCP’s investment consultant, Mercer will end on December 31, 2021 (total 6.5 year term). Mercer currently provides three primary categories of services under its contract: (1) ongoing investment performance monitoring and reporting; (2) investment manager searches; and (3) ad hoc miscellaneous research and other assignments.

**Status: In process.** A total of three proposals were received in response to the RFP, including responses from Mercer, Callan LLC, and R.V. Kuhns & Associates, Inc. (RVK, Inc.). All proposals were evaluated by the Personnel Department’s Administrative Services Division for compliance with the City’s general contracting requirements and all firms were determined

to have passed the compliance review. An engagement exercise with all three firms was conducted during the week of August 23<sup>rd</sup>. Staff is working on finalizing the evaluation of the proposals in accordance with the guidelines established in the RFP and anticipates bringing a report to the Board at its October 19<sup>th</sup> meeting.

#### 7. Initiate DCP Financial Audit (Continued)

**Background:** The contract with Crowe LLP to provide financial audit services for the DCP was executed on December 18, 2020.

**Status: Pending.** On January, 6, 2021, staff met with Crowe LLP staff to discuss a proposed plan for the commencement of a financial audit. Staff reviewed the information provided by Crowe and staff's analysis and recommendations were addressed in Board Report 21-15. This project is temporarily suspended pending filling staff vacancies.

#### 8. Design Automatic Enrollment Program (AEP) Supplemental Model (Continued)

**Background:** In May 2018, the Los Angeles Police Protective League (LAPPL) signed a letter of agreement adopting the DCP's AEP. DCP staff subsequently engaged in meetings with labor organization leaders to gather feedback about AEP interest. At its June 18, 2019 meeting, the Board approved staff's recommendation to coordinate a meeting of interested employee labor organizations to gather feedback and gauge interest in the AEP.

**Status: In process.** Staff has developed a discussion document for the City's labor organizations with respect to designing a supplementary optional AEP model. Under this option, labor organizations could elect a model providing for a higher default contribution rate, higher and faster auto escalation of the contribution rate, and/or applying automatic enrollment to current non-participating employees (not just new hires). Discussions with labor organizations will proceed as soon as practical.

#### 9. Develop Options for Deemed IRA Investment Menu (Continued)

**Background:** At its December 15, 2020 meeting, the Board reviewed staff's analysis of the Deemed IRA option in Board Report 20-45 and adopted staff's recommendation to direct the Investments Committee to work with staff and the DCP investment consultant to develop options and considerations for a potential alternative investment menu design for the DCP Deemed IRA.

**Status: In process.** Potential investment options for a Deemed IRA can be addressed upon conclusion of the DCP Core Investment Menu bond/equity procurement process. Actual implementation of a Deemed IRA would be determined based on future actions to be taken by the Board.



## 10. Adopt Fiscal Year 2021-22 Participant Goals (New)

**Background.** On a fiscal year basis, the Board adopts DCP participant goals related to participation, contributions, distributions, and asset retention.

**Status: Completed.** The Board approved staff's proposal for amending the time period for DCP participant goals to be measured on an annual basis in Board Report 21-37. Accordingly, staff will be working with Voya to review and analyze the results of participant goals ending on December 31, 2021. Staff will also take into consideration the recent financial and economic backdrop in informing the setting of goals for the upcoming calendar year.

## 11. Implement Participant Survey Plan (Continued)

**Background:** The DCP periodically conducts surveys to assess participant feedback on various topics which are useful for the Board's consideration of service and plan design feature improvements or additions.

**Status: Completed.** Staff completed a review of an approach involving shorter and repeated "micro-surveys" to encourage responsiveness and develop trend data over time. The draft surveys and staff's proposal for issuing the surveys were approved by the Board at its June 15, 2021 meeting (Board Report 21-33).

## 12. Develop DCP Communications Strategic Plan (Continued)

**Background:** The Board adopted as a strategic initiative the development of a DCP communications strategic plan that would provide a roadmap for creating effective and coordinated DCP messaging for the purpose of increasing employee participation, engagement, awareness, and satisfaction.

**Status: Completed.** Staff completed its draft plan for incorporating creative strategies for obtaining data and feedback from participants and integrating this information into a communications and engagement plan that is flexible and iterative. The proposed draft plan along with the proposed participant surveys (strategic initiative number 11) were approved by the Board at its June 15, 2021 meeting (Board Report 21-33).