

CITY OF LOS ANGELES
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

ADOPTED MINUTES
OCTOBER 17, 2017
700 E. TEMPLE STREET, ROOM 350

BOARD MEMBERS

Present:

John R. Mumma, Chairperson
Raymond Ciranna, Second Provisional Chair
Wendy G. Macy, Third Provisional Chair
Thomas Moutes
Don Thomas

Not Present:

Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Linda P. Le
Robert Schoonover

PERSONNEL DEPARTMENT STAFF

Jody Yoxsimer – Assistant General Manager
Steven Montagna – Chief Personnel Analyst
Matthew Vong – Management Analyst
Daniel Powell – Personnel Analyst
Leonard Hyman – Personnel Analyst

OFFICE OF THE CITY ATTORNEY

Curtis Kidder – Assistant City Attorney

MERCER INVESTMENT CONSULTING

Devon Muir – Principal

VOYA FINANCIAL

John Morrissey – Director Tax Exempt Implementation
Michelle Williams – Vice President Strategic Relationship Management
La Tanya Harris – Registered Representative

1. CALL TO ORDER

John Mumma officially called the meeting to order at 9:06 a.m.

2. PUBLIC COMMENTS

None.

3. MINUTES

A motion was made by Mr. Ciranna, seconded by Don Thomas, to approve the minutes of the September 19, 2017 meeting; the motion was unanimously adopted.

4. BOARD REPORT 17-35: THIRD-PARTY ADMINISTRATOR TRANSITION UPDATE

Steven Montagna reported that the Plan was able to successfully execute the contract with Voya prior to the Go-Live date of October 2, 2017. He noted that this accomplishment was made possible by a team effort, supported by the City Attorney, City Administrative Office, and Voya, all being responsive in the process. Mr. Mumma commented that this contract had set the standard moving forward. Mr. Montagna agreed and said that staff had implemented protocols that could serve as a template for future contracts.

Mr. Montagna said that the website had gone live on schedule, even before the Go-Live date for testing. He said that once the platform was live, staff addressed a range of practical issues as they were brought to staff's attention. He acknowledged members of the Voya team who had been in the office during the first three days of the transition and had provided support in managing issues.

John Mumma asked what the major issues were beyond what was written in the report. Mr. Montagna said that one of the major pain points for participants was an inability to access the website if they had lost or not received their new PIN. He said that there was an alternate process for participants to register and access the website, but it required authentication questions that some participants had difficulty answering. La Tanya Harris from Voya provided examples of some of these validation questions. John Morrissey from Voya said that the questions were drawn from Lexis Nexis, a third-party authentication service.

Mr. Montagna asked Mr. Morrissey for the number of people who had established online accounts. Mr. Morrissey indicated that 9,467 participants had established online account access, which he said was a much larger percentage than Voya typically sees, and 459 had established accounts on the mobile application. Mr. Morrissey said those were unique users and indicated that to-date the total number of logins was 7,200 on the mobile application and 32,000 on the website.

Mr. Mumma asked Ms. Harris how many participants had online accounts through Empower. Daniel Powell said that roughly 35% of participants had established online accounts through Empower, which amounts to an estimated 15,000 participants. Mr. Mumma commented that based on current online account usage, the Voya website already had two-thirds of the

number of established accounts in comparison to what was previously established with Empower.

Thomas Moutes said he had difficulty logging in because he typed the address specified as provided in the PIN notification he received. He stated he was surprised Voya had not caught the mistake given their experience. Mr. Morrissey said that the issue was related to the website redirect in the background, which had not been done in the production environment. Mr. Morrissey said that the mistake was a simple redirect issue and that language had been removed from PIN mailers in order to address this issue moving forward.

Mr. Montagna said that overall the Plan post-transition was executing its fundamental processes. He said Voya had successfully processed two payroll contributions since the conversion. He stated that the issues moving forward were more long-term where staff would be working with Voya on enhancements to functions and processes, both via the website as well as in other areas. Mr. Montagna asked Mr. Morrissey to provide an update in terms of call volume. Mr. Morrissey stated that the trend had been declining post-transition and 20 seconds was the average speed of answer, averaging 450 calls per day. He noted that there had been one 600-call day. He noted that staff would be sending eligibility notices and that the call center had added resources and staff to handle the anticipated call volume.

Mr. Montagna indicated that non-enrolled eligible employees would receive a brochure in the mail containing information about the Plan and its features. He stated this mailing would inform eligible employees of a forthcoming PIN notification, which would enable them to enroll online. He stated that moving forward, this would be the Plan enrollment process for any new employee. Mr. Montagna said it would be interesting to see, not just with this population, but for all new employees, whether this would increase enrollment. He further indicated that because of the eligibility file information, the Plan would be able to track progress and noted that there was previously no effective way to monitor this.

Mr. Montagna noted that, thus far, two Empower representatives had transitioned to work for Voya; Ms. Harris and Leslie Yoshioka. He indicated that both individuals were present in the office working on behalf of Voya during the week prior to the transition. He stated this helped to demonstrate continuity of local personalized resources.

Mr. Mumma asked about the status of the Empower website. Mr. Montagna said that the Empower website would eventually come down, but would remain available for participant log-in through the end of 2018. Mr. Mumma asked whether there was information on the website indicating that the Plan had transitioned to Voya. Mr. Montagna said that there was. Mr. Mumma said he had received calls from participants expressing concern that their accounts had been zeroed out. Mr. Montagna stated that Empower had agreed to post a

notice of the conversion on both their 800-number and on their website; on the 800-number, it was done, but not executed timely on the website. He said that the Plan had not received zero-balance inquiries once the message was posted on the website.

Mr. Morrissey shared recent transaction statistics, indicating there had been 422 banking information updates, 300 beneficiary elections 1,000 deferral election changes, 250 loan transactions, 99 reallocation requests, 18 rebalancing transactions, and 158 withdrawal transactions. He noted that the majority of these transactions were previously done through paper forms, but they were now done via online transactions. He added that the call volume had seemed to die down, and the majority of calls were related to transactions instead of login problems.

Mr. Mumma asked if the current website included all of the functionality the Board expected, such as the retirement calculator and historical statements. Mr. Montagna said that historical statements were not yet live because the staff was addressing certain security issue and would report back at an upcoming Board meeting. Mr. Mumma asked if participants were able to access their historical statements through some other means. Mr. Montagna stated that participants could continue to log in to their old accounts via Empower's participant website and that access to that website would continue through next year. Mr. Morrissey said that in light of the Equifax breach, Voya needed to revisit the security concerns.

Ms. Harris then provided statistics on the local office. She stated that during the first week of the transition, the office received 316 phone calls and participated in 99 in-person meetings. She indicated there were 266 phone calls and 80 in-person meetings during the following week.

Following this discussion, **a motion was made by Raymond Ciranna, seconded by Mr. Moutes, to receive and file staff's update regarding the Deferred Compensation Plan's Third Party Administrator (TPA) transition; the motion was unanimously adopted.**

5. BOARD REPORT 17-36: FDIC-INSURED SAVINGS ACCOUNT RFP

Mr. Montagna stated that at the August 22, 2017 meeting, the Board had directed staff to write a Request for Proposal (RFP) for FDIC-Insured Savings Account providers. Staff noted that the purpose of the RFP was to fill the slot for this option's third provider because the Plan currently contracts with two providers, but the investment option is actually designed to have three. Mr. Montagna indicated that staff had reviewed how this RFP would align with existing contracts and timelines. Mr. Montagna said that given that the prior contracts expire in September 2019, staff had determined that this process would work for all three contracts.

Mr. Montagna stated that if all providers started at the same time, then all three could be procured for at the same time during the subsequent procurement cycle.

Mr. Mumma asked if this approach was acceptable to counsel. Mr. Montagna replied affirmatively, indicating that the Plan had the option to terminate existing contracts at any time upon sufficient written notice. He stated that the recommendation for the Board was to approve the RFP. Devon Muir stated that the RFP was constructed in a manner similar to its prior constructions and would conform with the Plan's RFP processes for other services, including a skills-based interview. Mr. Montagna indicated that staff was also requesting that Board members execute the procurement Pledge Form provided as an attachment to the staff report.

Mr. Mumma asked Mr. Muir if he had any further insight regarding vendor interest in this RFP. Mr. Muir replied that Mercer believed there may be more interest in this investment management opportunity than the City's Plan had seen in the prior procurement.

Mr. Mumma asked when the RFP would be released. Mr. Montagna replied that it would be released the following month. Mr. Mumma asked when responses would be due. Mr. Montagna replied that the responses would be due in January, and noted that staff intended to provide the results to the Investments Committee before coming back to the Board.

A motion was then made by Mr. Moutes, seconded by Wendy Macy, to approve and authorize the release of the proposed Request for Proposal for FDIC-Insured Savings Account service providers; the motion was unanimously adopted.

6. BOARD REPORT 17-37: PLAN PROJECTS & ACTIVITIES REPORT

Matthew Vong stated that the annual National Association of Government Defined Contribution Administrators (NAGDCA) conference took place in Milwaukee, Wisconsin from September 24, 2017 through September 27, 2017. He said that the conference focused on behavioral economics, benchmarking and other topics intended to improve participant outcomes.

Mr. Montagna commented that the conference was well-received by the attendees, and there was a good exchange of information and ideas. He indicated that NAGDCA created an opportunity for structured dialogue for plan sponsors. He added that the legislative update was a standard part of the conference, and NAGDCA was monitoring the development of potential legislative changes that might be part of a future tax bill, including the concept of 'Rothification' to push participants away from pre-tax savings into Roth savings. He indicated that the concern among retirement professionals was that reform along those lines would be

detrimental to participant saving.

Mr. Mumma observed that Mr. Montagna was no longer the President of NAGDCA. He thanked Mr. Montagna for serving in that capacity and congratulated him on a successful conference.

A motion was then made by Mr. Thomas, seconded by Ms. Macy, to receive and file the staff update regarding Plan Projects and Activities; the motion was unanimously adopted.

7. REQUESTS FOR FUTURE AGENDA ITEMS

Mr. Mumma observed that the next scheduled meeting was the week of Thanksgiving, so he suggested that staff investigate availability to reschedule.

8. ADJOURNMENT

The meeting adjourned at 9:39 a.m.

Minutes prepared by staff members Leonard Hyman and Matt Vong.