

# Deferred Compensation Plan

## BOARD REPORT 17-15

Date: April 18, 2017

To: Board of Deferred Compensation Administration

From: Staff

Subject: Staff Report – Plan Projects & Activity Report

*Board of Deferred  
Compensation Administration  
John R. Mumma, Chairperson  
Michael Amerian, Vice-Chairperson  
Cliff Cannon, First Provisional Chair  
Raymond Ciranna, Second Provisional Chair,  
Wendy G. Macy, Third Provisional Chair  
Linda P. Le  
Thomas Moutes  
Robert Schoonover  
Don Thomas*

### **Recommendation:**

That the Board of Deferred Compensation Administration receive and file staff's update on Plan projects and activities during March 2017.

### **Discussion**

This report provides updates and informational items relative to the following:

## **A. CURRENT/UPCOMING PROJECTS & BOARD MEETING CALENDAR**

**Projects** – Personnel Department staff are responsible for four primary functions relative to executing the City's Deferred Compensation Plan: communications, operations, administration, and governance. Below are certain key projects that staff has been working on:

### **Communication**

- 1Q Newsletter & Statements – Plan staff reviewed and is in the process of approving the proposed newsletter layout. Staff expects the newsletter and statements to be printed and mailed out by the end of April.

### **Administration**

- Plan Governance & Administrative Issues Committee – This Committee met on March 21, 2017. The Committee's recommendations to the Board are addressed in a separate staff report.

### **Governance**

- Board Elections: Petitions for the active LACERS and LAFPP participant representative Board seats were available beginning March 17, 2017 and were due by March 31, 2017. The City Clerk/Elections Division, which is administering this election, has indicated that the following individuals have qualified as candidates for this election:
  - Active Participant LACERS Representative (three candidates):  
*Michael Amerian (incumbent), Wilkin Ly, Stephanie Clements*
  - Active Participant LAFPP Representative (one candidate):

*John Mumma (incumbent)*

A summary of all completed and upcoming projects for Division staff is provided as Attachment A.

**Meeting Calendar** – Staff maintains a calendar of upcoming Board meetings and proposed topics. This calendar includes the annual meeting plan and will be refined and updated as the Board meets and objectives/assignments are refined for the coming year. The current calendar is provided as Attachment B.

#### **Other Items**

- State of Utah Stable Value Fund - At its March 21, 2017 meeting, the Board requested a report back regarding the status of the State of Utah's stable value fund and whether it contains an insurance wrap component. Devon Muir of Mercer, the City Plan's investment consultant, reached out to Craig Stone, Director of Defined Contribution Plans at Utah Retirement Systems (URS), and determined that URS had previously explored unwrapping their stable value option, but decided against it.

Their Plan currently offers a stable value option, similarly constructed to that of the City's Plan. URS utilizes Ameriprise as their sole stable value product advisor, whereas the City utilizes Galliard and two sub-advisors, Jennison and Dodge & Cox, offering additional diversification. As of 12/31/16, the DCP Stable Value Fund's performance has exceeded that of the URS stable value fund over the 3-month, 1-year, 3-year, 5-year, and 10-year periods.

## **B. STAFFING AND COMMITTEE ASSIGNMENTS**

Following is a summary of staff positions supporting the Deferred Compensation Plan:

| Position Authority          | Incumbent Class             | Function                    | Est. Percent Reimbursed by DCP | Staff Member    |
|-----------------------------|-----------------------------|-----------------------------|--------------------------------|-----------------|
| <b>Personnel</b>            |                             |                             |                                |                 |
| Chief Personnel Analyst     | Chief Personnel Analyst     | Executive Director          | 20%                            | Steven Montagna |
| Senior Personnel Analyst II | Senior Personnel Analyst II | Operations Manager          | 60%                            | Vacant          |
| Management Analyst II       | Management Analyst II       | Administration/Policy       | 90%                            | Matthew Vong    |
| Management Analyst II       | Management Assistant        | Metrics/Communications      | 90%                            | Daniel Powell   |
| Management Analyst II       | Management Assistant        | Governance/Special Projects | 90%                            | Vacant          |
| Benefits Specialist         | Sr. Administrative Clerk    | Participant Services        | 90%                            | Claudia Guevara |
| <b>City Attorney</b>        |                             |                             |                                |                 |
| Assistant City Attorney     | Assistant City Attorney     | Board Counsel               | 25%                            | Curt Kidder     |
| Legal Assistant             | Legal Assistant             | Participant Legal Services  | 40%                            | Vicky Williams  |

**Committee Membership** – Following is the new committee roster as designated by the Board Chairperson, effective July 20, 2015:

| <b>Plan Governance &amp; Administrative Issues Committee</b> |
|--|
| <b>John R. Mumma, Chair</b>                                  |
| Cliff Cannon   |
| Linda P. Le  |
| Michael Amerian  |

| <b>Investments Committee</b>  |
|-------------------------------|
| <b>Raymond Ciranna, Chair</b> |
| Thomas Moutes                 |
| Michael Amerian               |
| Don Thomas                    |

Submitted by: \_\_\_\_\_  
Matthew Vong

Approved by: \_\_\_\_\_  
Steven Montagna

| DEFERED COMPENSATION           |                    |   |   |          |            |                        |
|--------------------------------|--------------------|---|---|----------|------------|------------------------|
|                                | Legend:            |   |   |          |            |                        |
|                                | G = Governance     |   |   |          |            |                        |
|                                | C = Communications |   |   |          |            |                        |
|                                | O = Operations     |   |   |          |            |                        |
|                                | A = Administration |   |   |          |            |                        |
| COMPLETED PROJECTS: MARCH 2017 |                    |   |   |          |            |                        |
| #                              | STATUS             |   | PROJECT   | DUE DATE | COMPLETED? | NOTES                  |
| 1                              | Completed          | G | Board Report - Staff Report   | 03/14/17 | y          | For January & February |
| 2                              | Completed          | G | PG&AI Report - Plan Resources Review Report Backs                   | 03/14/17 | y          |                        |
| 3                              | Completed          | G | Board Report - Quarterly Reimbursements, 4Q 2016                    | 03/14/17 | y          |                        |
| 4                              | Completed          | G | Board Report - TPA Transition Update                                | 02/21/17 | y          |                        |
| 5                              | Completed          | G | Convene PG&AI Committee Meeting                                     | 03/21/17 | y          |                        |
| 6                              | Completed          | A | Board Elections - Generate Voter Eligibility Lists for City Clerk   | 03/13/17 | y          |                        |
| 7                              | Completed          | A | Board Elections - Make Nominating Petitions Available               | 03/17/17 | y          |                        |
| 8                              | Completed          | A | Board Elections - Send Draft of Election Notification to City Clerk | 03/31/17 | y          |                        |
| 9                              | Completed          | A | Nominating Petitions to City Clerk for Review                       | 03/31/17 | y          |                        |
| 10                             | Completed          | A | Distribute Nominating Petitions                                     | 03/17/17 | y          |                        |
| 11                             | Completed          | A | Forward Nominating Returned Nominating Petitions to City Clerk      | 03/31/17 | y          |                        |
| 12                             | Completed          | C | 1Q Newsletter Layout Review   | 03/31/17 | y          |                        |
| 13                             | Completed          | C | Finalize Nominating Petitions                                       | 03/16/17 | y          |                        |
| 14                             | Completed          | O | Plan Payroll & Transaction Processing                               |          |            | Ongoing                |
| 15                             | Completed          | O | Participant & Payroll Issues Resolution                             |          |            | Ongoing                |
| PENDING PROJECTS               |                    |   |   |          |            |                        |
| APRIL 2017                     |                    |   |   |          |            |                        |
| 16                             | PENDING            | G | Board Report - Minutes  | 04/30/17 |            | For March              |
| 17                             | PENDING            | G | Board Report - Staff Report   | 04/30/17 |            | For March              |
| 18                             | PENDING            | G | Board Report - TPA Transition Update                                | 03/31/17 |            | Pending                |
| 19                             | PENDING            | A | TPA Transition  |          |            | Ongoing                |
| 20                             | PENDING            | A | Generate Board Election Mailing List & Send to City Clerk           | 04/10/17 |            | Pending                |
| 21                             | PENDING            | A | Governance Documents Review   | 04/30/17 |            | Plan Document, Bylaws  |

|          |         |   |  |          |  |  |
|----------|---------|---|--|----------|--|--|
| 22       | PENDING | A | Union Bank - Contract Approval from CAO/Mayor                              |          |  | Pending  |
| 23       | PENDING | A | Union Bank - Contract Execution  |          |  | Pending  |
| 24       | Pending | C | TPA Transition Communication to Participants Mailout                       | 03/31/17 |  | Pending  |
| 25       | PENDING | C | Investment Performance Document - Revisions                                |          |  | FNs to be updated for FDIC; review for other fund changes as well. |
| 26       |         | C | Finalize 4Q Newsletter & Mailout   | 04/31/17 |  | Pending  |
| 27       | PENDING | C | Draft Notice of Election for City Clerk Posting                            | 04/18/17 |  | Pending  |
| 28       |         | C | New Employee Welcome Packet Mailout  | 03/31/17 |  | Pending  |
| 29       | PENDING | O | Plan Payroll & Transaction Processing                                      |          |  | Ongoing  |
| 30       | PENDING | O | Participant & Payroll Issues Resolution                                    |          |  | Ongoing  |
| 31       |         |   |  |          |  |  |
| MAY 2017 |         |   |  |          |  |  |
| 32       | PENDING | G | Board Report - Minutes   | 04/30/17 |  | For April  |
| 33       | PENDING | G | Board Report - Staff Report  | 04/30/17 |  | For April  |
| 34       | PENDING | G | Board Report - TPA Transition Update                                       | 03/31/17 |  | Pending  |
| 35       | PENDING | G | Board Report - DCP Board Elections Update                                  | 04/11/17 |  | Pending  |
| 36       | PENDING | G | Boar Report - 2017-2018 Conference Training Preferences                    | 04/11/17 |  | Pending  |
| 37       | PENDING | G | Board Report - DCP Travel Policy Update                                    | 04/11/17 |  | Pending  |
| 38       | PENDING | A | TPA Transition   |          |  | Ongoing  |
| 39       | PENDING | A | Governance Documents Review  | 04/30/17 |  | Plan Document, Bylaws  |
| 40       | PENDING | O | Plan Payroll & Transaction Processing                                      |          |  | Ongoing  |
| 41       | PENDING | O | Participant & Payroll Issues Resolution                                    |          |  | Ongoing  |
| UPCOMING |         |   |  |          |  |  |
| 42       | PENDING | C | Revise Pension Savings Plan Highlights                                     |          |  | Pending  |
| 43       | PENDING | C | Pending Distributions on To Do List Notification to PPTs                   |          |  | Pending  |
| 44       | PENDING | G | DCP Annual Report  | TBD      |  | Pending  |
| 45       | PENDING | G | Board Report - Beneficiary Campaign Summary                                | TBD      |  | Pending  |
| 46       | PENDING | G | Board Report - Distributions & Contributions - Retirees who return to work | TBD      |  | Pending  |

|    |         |   |  |          |  |                      |
|----|---------|---|--|----------|--|----------------------|
| 47 | PENDING | G | Report back recapping presentation on Financial Wellness from Strategic Planning Meeting               | TBD      |  | Pending              |
| 48 | PENDING | G | Letter to City Council re 10% Early Distribution Penalty   | TBD      |  | Pending              |
| 49 | PENDING | G | Board Report - Proxy Share Voting  | TBD      |  | To add to Gov Review |
| 50 | PENDING | G | PSP Program Review - Proposal for Terminated Accounts  | TBD      |  | Pending              |
| 51 | PENDING | G | Loan Policy Document   | TBD      |  | Pending              |
| 52 | PENDING | G | Board Report - Historical Contribution History   | TBD      |  | Pending              |
| 53 | PENDING | G | Board Report - SAS Form  | TBD      |  | Pending              |
| 54 | PENDING | G | Review of CA Governmental Plan - Demographic Files   | TBD      |  | Pending              |
| 55 | PENDING | G | Board Report - Contractor Evaluation Policy  | TBD      |  | Pending              |
| 56 | PENDING | G | Board Report - Retirement/Pension System Retired Loan Payments   | TBD      |  | Pending              |
| 57 | PENDING | G | Investments Committee Meeting: Investment Policy Review - Termination                                  | TBD      |  | Pending              |
| 58 | PENDING | G | Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting) | TBD      |  | Pending              |
| 59 | PENDING | G | Deemed IRA   | TBD      |  | Pending              |
| 60 | PENDING | G | Auto-Glide Investment Allocations  | TBD      |  | Pending              |
| 61 | PENDING | G | Board Report - Transition Manager Procurement  | TBD      |  | Pending              |
| 62 | PENDING | G | Revisit Plan Audit   | TBD      |  | Pending              |
| 63 | PENDING | G | Board Report - 2014 PSP Annual Report  | TBD      |  | Pending              |
| 64 | PENDING | C | Catch Up - Form revisions  | 11/30/16 |  | Pending              |
| 65 | PENDING | C | Research - Video Content Development & Social Media Capabilities                                       | TBD      |  | Pending              |
| 66 | PENDING | C | Website Tutorial/Education Videos  | TBD      |  | Pending              |
| 67 | PENDING | C | Letter Notification to Participants RE: Catch-Up Eligibility ("Attained Age Letters")                  | TBD      |  | Pending              |
| 68 | PENDING | C | EZ Enrollment Form   | TBD      |  | Pending              |
| 69 | PENDING | C | Enrollment Guide Revision  | TBD      |  | Pending              |
| 70 |         | C | DROP Options Guide update-revisions  | TBD      |  | Pending              |
| 71 | PENDING | C | Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)                             | TBD      |  | Pending              |

|    |         |   |   |         |  |         |
|----|---------|---|---|---------|--|---------|
| 72 | PENDING | C | DROP participant fee comparison graphic flier   | TBD     |  | Pending |
| 73 | PENDING | C | Roth 457 Intro Guide Revise/Redesign  | TBD     |  | Pending |
| 74 | PENDING | C | DCP Glossary  | TBD     |  | Pending |
| 75 | PENDING | C | Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.) | TBD     |  | Pending |
| 76 | PENDING | A | Budget procedural revisions   | TBD     |  | Pending |
| 77 |         | O | Catch Up Contribution changes allowed online  | TBD     |  | Pending |
| 78 | PENDING | O | PSP Account Consolidation   | TBD     |  | Pending |
| 79 | PENDING | O | Domestic Partners Research and Review with City Attorney and California Peers                             | TBD     |  | Pending |
| 80 | PENDING | O | Online Enrollment Functionality   | TBD     |  | Pending |
| 81 | PENDING | O | Pre-Audit Testing - Phase II  | TBD     |  | Pending |
| 82 | PENDING | O | PST Retroactive Adjustments - Meeting w/ LACERS & Controller  | TBD     |  | Pending |
| 83 | PENDING | O | DCP Work processes Review & Documentation   | Ongoing |  | Pending |

## BDCA UPCOMING AGENDA TOPICS

|                  | Administrative Issues                              | Presentations/Training                           |
|------------------|--|--|
| <b>May 2017</b>  | TPA Transition Update                              | Quarterly Investment & Economic Review (1Q 2017) |
|                  | 2017-2018 Conference Training Preferences          |  |
|                  | Travel Policy Update                               |  |
|                  | Goals & Metrics Update                             |  |
| <b>June 2017</b> | TPA Transition Update                              | TPA/Plan Statistics Review (1Q 2017)             |
|                  | 2017 Board Elections - Results                     |  |
|                  | 2016 DCP Annual Report                             |  |
|                  | Quarterly Reimbursements, 1Q 2017                  |  |
| <b>July 2017</b> | TPA Transition Update                              |  |
|                  | Proposal National Ret. Security Week Campaign 2017 |  |
| <b>Aug. 2017</b> | TPA Transition Update                              | Quarterly Investment & Economic Review (2Q 2017) |
| <b>Sep. 2017</b> | TPA Transition Update                              | TPA/Plan Statistics Review (2Q 2017)             |
|                  | Quarterly Reimbursements, 2Q 2017                  |  |
|                  | Proposed DCP Training Program, FY 18-19            |  |
| <b>Oct. 2017</b> | TPA Transition Update                              |  |
|                  | 2017 NAGDCA Conference Update                      |  |
|                  |  |  |