

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

PROPOSED MINUTES
MEETING OF JUNE 16, 2020
CONDUCTED VIA TELECONFERENCE

BOARD MEMBERS

Present:

Thomas Moutes, Chairperson
Raymond Ciranna, Vice-Chairperson
Robert Schoonover, First Provisional Chair
Hovhannes Gendjian, Third Provisional Chair
Joshua Geller
Neil Guglielmo
John Mumma

Not Present:

Wendy G. Macy, Second Provisional Chair
Linda P. Le

PERSONNEL DEPARTMENT STAFF

Steven Montagna, Chief Personnel Analyst
Jenny M. Yau, Senior Management Analyst II
Mindy Lam, Personnel Analyst
Eric Lan, Management Assistant

OFFICE OF THE CITY ATTORNEY

Curtis Kidder, Assistant City Attorney

VOYA FINANCIAL

Michelle Williams, Vice President Strategic Relationship Management
La Tanya Harris, Registered Representative

1. CALL TO ORDER

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

2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES

A motion was made by Mr. Mumma, seconded by Mr. Schoonover, to approve the minutes of the May 19, 2020 Board meeting; the motion was unanimously adopted.

4. PLAN ADMINISTRATOR QUARTERLY REVIEW: MARCH 31, 2020

Presentation Highlights:

Michelle Williams, Vice President Strategic Relationship Management with Voya presented the Plan Administrator Quarterly Review ending March 31, 2020 for the City's Deferred Compensation Plan (DCP). She highlighted the following items:

- Page 7 details the number of plan participants (49,841) and value of plan assets (\$6.2 billion).
- Page 10 displays the plan's overall net cash flow (\$21 billion).
- Page 13 highlights the percentage of participants who increased their rate of contribution (71%).
- Pages 16-17 provides an overview of CARES Act activity regarding distributions and loans.
- Page 18 showcases the percentage of participants expressing High Financial Confidence (73% as of the week of May 31).
- Page 27 highlights progress towards meeting DCP participation goals as follows:
 - The percentage of employees with less than one year of service participating in the DCP was 44% surpassing the goal of 43%.
 - The DCP met or is near meeting the participation goals for five City departments with the lowest participation rate.
- Page 28 highlights progress towards meeting DCP contribution goals as follows:
 - Average employee contributions was 5.41% surpassing the goal of 5.39%.
 - The number of participants saving as a percent-of-pay was 2,897 at quarter-end versus the full fiscal year (FY) goal of 3,000.
- Page 33 highlights progress towards meeting the DCP's distribution goals as follows:
 - The percentage of retirees who closed accounts was 2.6% at quarter-end versus the FY goal of 2.5%.
- Page 35 highlights progress towards meeting the DCP's asset retention goals as follows:
 - The number of retirees who rolled funds out of their account was 3.0% at quarter-end of the retiree population compared to the FY goal of 4.5% of the retiree population.
- Pages 41-57 provide call center service and participant engagement statistics.

Board Member Comments, Questions, and Responses:

The Board acknowledged Voya and staff's work towards meeting the DCP's annual goals. The Board also inquired how many additional individuals have taken loans as a result of the CARES Act. Mr. Montagna stated that the CARES Act only increased the loan amount limit so staff would be able to identify those participants who took out a loan that exceeded the \$50,000 normal loan limit. The Board also asked about the types of questions local representatives are receiving from Plan participants. La Tanya Harris stated that representatives are primarily receiving inquiries regarding accrued leave payouts and rollovers.

5. BOARD REPORT 20-24: 2020 BOARD ELECTION RESULTS FOR ACTIVE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS) PARTICIPANT REPRESENTATIVE AND ACTIVE LOS ANGELES FIRE AND POLICE PENSIONS (LAFPP) PARTICIPANT REPRESENTATIVE

Presentation Highlights:

Ms. Jenny Yau presented this report regarding election results by highlighting the following items:

- Joshua Geller was re-elected to the Active LACERS Representative position.
- Officer Baldemar J. Sandoval was elected to the Active LAFPP Representative position.
- Voter participation remained about the same as the 2017 election for both positions.

Board Member Comments, Questions, and Responses:

Mr. Gendjian commented about the low voter turnout and inquired about using electronic voting systems for future elections. Mr. Schoonover expressed concern regarding electronic ballots and verifying voters' identity. Mr. Montagna stated that staff would inquire with the City Clerk on electronic voting systems.

Board Action:

A motion was made by Mr. Guglielmo, and seconded by Mr. Gendjian, that the Board of Deferred Compensation Administration (Board) receive and file the certified results of the 2020 Board election for the Active LACERS Participant Representative and Active LAFPP Participant Representative; the motion was unanimously adopted.

6. BOARD REPORT 20-25: 2019 DEFERRED COMPENSATION PLAN (DCP) ANNUAL REPORT

Presentation Highlights:

Mr. Montagna presented this report, indicating that staff approaches the annual report as an opportunity to reassess the most meaningful Plan data and highlighted several new data points:

- Page 5 highlights key member outcomes including the participation rate (74%), average contributions as a percent of salary (5.3%), the distributed assets success rate (99%), and the percent of eligible retiree assets being maintained in the City's Plan (95%).
- Page 8 breaks out Plan assets by how much is held by active employees versus retired participants with 60% of assets held by active employees and 40% held by retirees.
- Page 9 breaks out participant accounts by asset size; having 49% of participants with less than \$50,000 in their accounts is an indication of success in new enrollments over the last ten years, which total 17,000.
- Page 10 breaks out active versus retired participants, which shows that retirees represent about one quarter of total participants even while they hold about 40% of the assets.
- Page 11 adds data regarding the Board's adopted goals relative to its targets.
- Page 13 indicates 4% of participants are contributing up to their applicable annual maximum.

Board Member Comments/Questions & Responses:

There were no Board member comments or questions.

Board Action:

A motion was made by Mr. Gendjian, and seconded by Mr. Ciranna, that the Board approve the 2019 DCP Annual Report; the motion was unanimously adopted.

**7. BOARD REPORT 20-26: DEFERRED COMPENSATION PLAN PROJECTS AND ACTIVITIES
REPORT: MAY 2020**

Presentation Highlights:

Ms. Yau presented this report and provided the following highlights:

- NAGDCA tentatively plans to maintain its existing plans for an in-person conference but may consider conducting a digital conference due to low registration numbers.
- The City's ban on non-essential travel remains in place. All plans to attend conferences and trainings identified in the fiscal year 2020-21 Travel & Training Program are on hold.
- Attachment A provides a review of the status of the 2020 DCP Strategic Initiatives.

Mr. Montagna then provided a brief overview of the following two items:

- Topics reviewed by the Ad Hoc Subcommittee on DCP Autonomy in its two meetings and upcoming topics to be considered by the Subcommittee, including governance structures of governmental agencies administering defined contribution plans.
- Staff's collaboration with LACERS on preparing a response to a Request for Proposals for grant funding of up to \$100,000 for establishing or expanding financial wellness programs.

Board Member Comments, Questions, and Responses:

There were no Board member comments or questions.

Board Action:

A motion was made by Mr. Ciranna, and seconded by Mr. Schoonover, that the Board approve staff's collaboration with Los Angeles City Employees' Retirement System (LACERS) on preparing and submitting a response to the Request for Proposals sponsored by the Center for State and Local Government Excellence, International Public Management Association for Human Resources, National Association of State Treasurers' Foundation, and Wells Fargo & Company to establish or expand financial wellness programs for City of LA employees; the motion was unanimously adopted.

8. COMMENDATORY PRESENTATION

Mr. Montagna, on behalf of staff and the Board recognized John Mumma's service to the Board. He stated that Mr. Mumma has served over ten years on the Board, always seeking the betterment of the DCP and its participants. The Board thanked Mr. Mumma for his years of service and for his leadership, vision, and wisdom in guiding the DCP. Mr. Mumma thanked the Board and staff and also shared his belief that the most important objective of the Board right now was to complete work regarding program autonomy and succession planning.

9. REQUESTS FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

10. NEXT MEETING DATE

A meeting was noted for July 21, 2020 at 9:00 a.m.

11. ADJOURNMENT

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

Minutes prepared by staff member Eric Lan.