

CITY OF LOS ANGELES  
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

ADOPTED MINUTES  
REGULAR MEETING OCTOBER 16, 2012 – 9:00 A.M.  
700 E. TEMPLE STREET, ROOM 350

BOARD MEMBERS:

**Present:**

Eugene K. Canzano, Chairperson  
John R. Mumma, Vice-Chairperson  
Clifford Cannon, First Provisional Chair  
Sangeeta Bhatia, Third Provisional Chair  
Michael Amerian  
Margaret Whelan

**Not Present:**

Tom Moutes, Second Provisional Chair  
William Raggio  
Robert Schoonover

Staff:

Personnel:

Steven Montagna  
Natasha Gameraoz  
Esther Chang

Alejandrina Basquez  
David Luther

City Attorney: Curtis Kidder

1. CALL TO ORDER

The meeting was called to order at 9:15 a.m.

2. PUBLIC COMMENTS

There was no public comment.

3. MINUTES

**A motion was made by Mr. Mumma, seconded by Ms. Bhatia, to approve the September 18, 2012 minutes; the motion was unanimously adopted.**

4. BOARD REPORT 12-48: PROPOSED TRAINING PROGRAM FY 13-14

*This item was discussed after Item #7, which was taken out of order.  
Mr. Cannon arrived at 9:25 a.m.*

Mr. Montagna stated staff was proposing a training program for fiscal year 2013-14. He indicated the program would allow Board members and staff to participate in different types of training that would not necessarily rely on conference training, which can involve travel that can be costly and subject to lengthy external approval processes.

Mr. Montagna indicated that for external training at industry conferences, there would be 16 training slots that would provide each staff or Board member an opportunity to participate in one training event per year. He stated that industry information could be brought to the Board and staff on a regular basis. He indicated additional forms of external training would be business meetings with the California Defined Contribution Peer Network and onsite visits to the Plan's third-party administrator.

He stated internal training opportunities could also be held, which could involve speakers or training sessions at a new proposed annual one day retreat and during the two Board meetings dedicated for training each year. He also indicated there were courses offered by the International Foundation for Retirement Education (inFRE), which provides certification for defined contribution plan administration. He indicated that individuals would receive a certificate upon completion and that each individual could pursue the online training at their own pace and time. He stated certain training options could also potentially have a cost sharing component with regional entities that might seek similar training.

Mr. Montagna indicated staff was further proposing that any unused training funds carry over to the subsequent fiscal year. Mr. Canzano asked for clarification regarding the maximum costs listed to see if they were fixed or if money intended for one training item could be applied to another. Mr. Montagna indicated the maximum costs for each item were estimates and there was flexibility to move unused funding for an item over to a different item. Ms. Bhatia asked if there was any particular reason training funds had not carried over previously. Mr. Montagna indicated this concept had never been considered in the past.

**A motion was made by Ms. Bhatia, seconded by Mr. Amerian, to a) approve staff's proposed Training/Travel Program for fiscal year 2013-14, and b) authorize the scheduling of a one-day Board member training retreat for fiscal year 2013-14; the motion was unanimously approved.**

## 5. BOARD REPORT 12-49: CONTRACT STATUS UPDATE

Ms. Chang provided an update on the status of Plan contracts. She stated that staff recently finalized the amendment to the Bank of the West contract, which was related to the change of allocation in funds for the FDIC Savings Account. She indicated staff was working to finalize the investment and plan administration consulting services contract with Mercer Investments. She stated there were two Requests for Proposals (RFPs) that were still pending release, one for a fund custodian and another for investment management services for international, mid-cap, and small-cap funds. Mr. Mumma

asked for more details regarding the pending RFPs. Mr. Montagna stated staff was still working through administrative issues related to the City's general contracting requirements. He indicated it was a larger issue with the investment management services RFP, as the Plan did not want to restrict any viable firms from competing. He stated there was progress being made and that staff hoped to release the RFPs in the near future.

**A motion was made by Ms. Bhatia, seconded by Mr. Cannon, to receive and file the quarterly update on the status of Plan contracts; the motion was unanimously adopted.**

#### 6. BOARD REPORT 12-50: COMMUNICATIONS UPDATE

Ms. Chang provided an update on Plan communications activity for the third quarter of 2012. She stated that most recently, a letter was sent to affected participants regarding the changes to the FDIC Savings Account. She indicated approximately 22 participants would have their FDIC insurance coverage affected. She stated that in addition to the letter to the affected participants, a newsletter article was included to inform all Plan participants.

She indicated staff was also working on several items such as a National Save for Retirement Week article (to be distributed to all City employees); the fee disclosure document and marketing piece for eligible non-participants; and the third quarter newsletter, which would be sent out at the end of October. She indicated the newsletter would announce the launch of retiree loans. She indicated staff and Great-West were still working on the retirement calculator, reviewing the technical issues related to providing online distribution and enrollment, and providing comments regarding the Plan website conversion.

She stated the Plan still had several upcoming projects, such as the "Go Green" campaign, periodic participant survey coordination, and webinar development. She indicated that another upcoming project added was social media; she stated that the State of Missouri had taken many steps in trying to leverage social media to assist participants.

She indicated that the Plan had won two awards during the quarter, one being the NAGDCA Leadership Effective Communications Award and the other awarded by Pensions & Investments. Mr. Canzano additionally congratulated Mr. Montagna for being elected to the NAGDCA Board.

**A motion was made by Mr. Amerian, seconded by Mr. Mumma, to receive and file staff's report; the motion was unanimously adopted.**

#### 7. BOARD REPORT 12-51: NAGDCA CONFERENCE

## REVIEW & DISCUSSION

*This item was discussed out of order and discussed after the approval of Item #3 and before Item #4.*

Mr. Montagna stated this agenda item had been calendared to provide Board members with the opportunity to discuss specific information or insight gained at the NAGDCA conference and identify potential action items meriting further review.

Mr. Amerian indicated he found the presentation by UCLA Professor Shlomo Benartzi to be very informative, and stated that consideration of human behavior when considering plan design could prove beneficial and help participants save in a more effective manner. He stated Professor Benartzi had offered free plan audits to identify any steps or actions that could bring about improvement, and indicated that he believed the Plan should take advantage of the offer. Mr. Canzano agreed and indicated Professor Benartzi had made some great points with consideration to behavioral economics/human behavior. Mr. Amerian stated he would like to direct staff to look further into the potential for an audit. Mr. Canzano asked whether a motion was necessary. Mr. Kidder advised a motion was not necessary as the Board could direct Plan staff. Mr. Montagna indicated that staff would initiate contact with the Professor and gather information and return to the Board with a recommended course of action.

### 8. BOARD REPORT 12-52: STAFF REPORT

Ms. Chang reviewed the September staff report. She indicated that the numbers proved fairly consistent, however, she highlighted that the hardship activity had decreased in number of requests as well as dollar amount.

Mr. Canzano asked whether there were any updates on the ability to convert pre-tax dollars to Roth dollars while active in the Plan. He also asked about the ability to roll in Roth IRA funds to a Roth 457 account, much like how the pre-tax IRAs could be rolled in. Mr. Montagna indicated he would be attending a NAGDCA Board meeting on November 3<sup>rd</sup> and would identify these issues when discussing NAGDCA's legislative yearly agenda. Mr. Mumma indicated he had received related questions from employees who wanted to consolidate accounts and take advantage of the Plan's lower fees.

Mr. Mumma asked whether there were any updates regarding auto-enrollment. Mr. Montagna indicated there had not been any new developments. Ms. Whelan asked if it was the case that federal legislation allowed auto-enrollment while state legislation would not. Mr. Montagna indicated current state legislation included language that prevented wages from being taken without an employee's permission, which has been interpreted to mean that it could be a hindrance to implementing auto-enrollment. He indicated the City would also likely have to collectively bargain auto-enrollment.

**A motion was made by Mr. Amerian, seconded by Mr. Cannon, to receive and file staff's report; the motion was unanimously adopted.**

9. REQUEST FOR FUTURE AGENDA ITEMS

None.

10. NEXT MEETING DATE – NOVEMBER 20, 2012

11. ADJOURNMENT

**A motion was made by Ms. Whelan, seconded by Mr. Cannon, to adjourn the meeting; the motion was unanimously adopted. *The Board adjourned at 10:08 a.m.***