

CITY OF LOS ANGELES
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

ADOPTED MINUTES
SPECIAL MEETING FEBRUARY 15, 2011 – 9:00 A.M.
200 N. SPRING STREET, ROOM 1070

BOARD MEMBERS:

Present:

Eugene K. Canzano, Chairperson
Richard Kraus, Vice-Chairperson
John R. Mumma, First Provisional Chair
Clifford Cannon, Second Provisional Chair
Sangeeta Bhatia
Mike Perez
Bob Schoonover
Margaret Whelan

Not Present:

Tom Moutes, Third Provisional Chair

Staff:

Personnel:

Alex Basquez
Steven Montagna
Natasha Gameraoz
Ashley Stracke
Claudia Guevara

City Attorney:

Curtis Kidder

1. CALL TO ORDER

The meeting was called to order at 9:07 a.m.

2. PUBLIC COMMENT

None.

3. MINUTES

Mr. Kraus noted a typographical error on page 7. He then directed staff to page 8 and requested that the minutes reflect that he had asked if a custodian could also provide trustee services. Staff indicated that this would be added. Regarding Board Report 11-07, Mr. Kraus asked if the Board would need to adopt a resolution each time it held a special meeting. Mr. Kidder indicated that this was not needed and that the resolution he was referring to was in regards to the Board adopting a regular meeting time and location. He explained that if the meeting time and/or location were to deviate from what had been adopted by the

resolution, then that meeting would be consider “special.” Mr. Kraus concluded by asking that page 12 of the minutes reflect that he had requested a bar graph showing hardship activity over the past year. Staff indicated that this would be included.

Referring to page 11, Mr. Mumma asked that the minutes reflect that Mr. Cannon had declined a request by Mr. Canzano to become First Provisional Chair. He also asked that Mr. Cannon’s title of “Second Provisional Chair” be included on the first page of the minutes. **A motion was made by Richard Kraus, seconded by Bob Schoonover, to adopt the January 18, 2011 minutes as amended; the motion was adopted (ayes – Eugene Canzano, Richard Kraus, John Mumma, Cliff Cannon, Bob Schoonover, Mike Perez; abstention – Sangeeta Bhatia).**

4. INVESTMENT PROVIDER PRESENTATION: PIMCO

Matthew Clark, Senior Vice President and Account Manager for PIMCO, introduced himself and asked if the Board would like him to address any specific topics. Mr. Perez stated that he would like Mr. Clark to provide information on how the current events taking place in the Middle East might affect the Plan’s fund portfolio. Mr. Clark indicated that he would address this in his presentation.

Mr. Clark began by directing the Board to page 2 of the PIMCO report and stated that the equity markets during the first and third quarters of 2010 showed negative returns while the bond market showed fairly consistent positive returns over the year. Referring to page 3, he stated that the PIMCO Total Return Fund consistently outperformed the Barclays Capital U.S. Aggregate Index.

Mr. Perez asked Mr. Clark to discuss PIMCO’s staffing outlook as well as the primary investment managers of the fund. Mr. Clark stated that the primary investment portfolio management team consisted of a nine-person investment committee. He indicated that Bill Gross was the lead portfolio manager for the PIMCO Total Return Fund and stated that Mr. Gross did not have any plans to retire or resign.

Mr. Clark indicated that overall interest rates fell over 2010, however, towards the end of the year interest rates started to increase, which has continued through the beginning of 2011. He stated that the increase in interest rates was due to the outlook for the global economy.

Mr. Schoonover asked how PIMCO’s investments might change as interest rates rise. Mr. Clark directed the Board to page 8, and explained that PIMCO actively looks to manage the interest rate exposure of the fund. He indicated that PIMCO had lowered the Fund’s interest rate exposure. He explained that should interest rates continue to rise, the price of the index would likely be more affected than

the price of the portfolio. He also stated that earlier in 2011, the fund was able to outperform the index because it had more conservative interest rate exposure.

Mr. Kraus asked Mr. Clark to discuss the fund's international allocations. Mr. Clark explained that the fund was primarily developed to follow the Barclays Capital U.S. Aggregate Index, which has no international exposure. He continued by stating that when the fund invests outside of the U.S., it is because there is a better ratio of risk versus reward than the domestic sector. He gave an example in 2009 where PIMCO substituted certain U.S. government exposure for that of France and Germany. He stated that formally the fund can invest up to 30% of the portfolio in non-domestic sectors.

Mr. Kraus asked Mr. Clark to describe PIMCO's process and strategy for planning ahead. He indicated that PIMCO forecasts three to five years in length, which is the typical length of a business cycle in North America. He indicated that there are times when PIMCO makes an assessment that does not correspond with the current state of the markets. He explained that in 2006, PIMCO had determined that a conservative position was needed given the trajectory of the US economy. He indicated that this position cost the firm potential returns in the short term, but ended up helping over the proceeding three years.

Referring to page 9, Mr. Clark stated that over the long term PIMCO forecast limited growth in developed countries. He stated, however, that PIMCO's short term outlook was more positive given the effects of the stimulus from the tax cuts and general acceleration of economic activity in the U.S. He cited high unemployment, housing prices, and deleveraging of personal debt as the primary reasons for PIMCO's long term forecast.

Mr. Clark concluded stating that the organization continued to be stable and well-resourced. He noted that PIMCO had grown their assets to \$1,242.1 billion. He indicated that the key focus for their public defined contribution clients was to develop inflation hedging strategies and view Plan design from a holistic perspective. He indicated that Paul McCulley, a member of PIMCO's Investment Committee and the firm's Chief Federal Reserve watcher had retired. He stated that his position had since been filled.

Mr. Perez asked Mr. Clark to discuss how the events taking place in the Middle East were affecting PIMCO's strategy. Mr. Clark noted that the fund had very little exposure to Egypt. He stated that generally the Middle East has the least impact on debt of emerging markets and indicated that the events might have an effect on overall emerging market debt. He stated that PIMCO believes that the events in Egypt will be relatively contained.

Mr. Mumma asked Mr. Clark to explain the Build America Bond Program. Mr. Clark stated that it was a subsidy from the federal government for municipal debt.

He indicated that when the program ended it caused a ripple in the tax-exempt municipal bond market.

Mr. Cannon stated that the Plan's PIMCO fund had recently experienced a large outflow of assets and asked if this was consistent with other defined contribution plan clients. Mr. Clark indicated that this was consistent. He stated that investors were moving away from bond strategies and toward other investment types. Mr. Clark ended his presentation by inviting the Board and staff to a PIMCO seminar regarding investment fundamentals that would be held in Newport Beach, California in June.

5. GREAT-WEST QUARTERLY REPORT

Usha Archer, Regional Manager, Lisa Tilley, Director of Government Operations, and Gary Robison, Local Manager, all with Great-West Retirement Services (Great-West) were present to provide the Great-West quarterly review. Ms. Tilley stated that revised pages from the 2010 Third Quarter report had been provided.

Ms. Tilley began her presentation by stating that Plan assets had risen by 6.7% over the last quarter primarily due to positive market growth. Referring to page 5, she indicated that a large percentage of Plan assets were invested in the Deferred Compensation Stable Value Fund and the Vanguard Institutional Index Plus Fund which was consistent with other quarters. She also stated that overall Plan assets were at their highest levels.

Moving to page 7, Ms. Tilley stated that new statistics had been included in the report for this quarter. She stated that approximately 9,800 participants were contributing less than \$25 per pay period and 2,397 participants were contributing the maximum limit. Ms. Tilley indicated that Great-West would work to target those contributing less than \$25. Referring to the chart, Ms. Tilley indicated that the percentage of non-contributing participants had risen over the previous quarter. She stated, however, that during the fourth quarter, a number of participants reached the maximum contribution limit for the year.

Mr. Mumma asked what month participants generally reach the maximum limit. Mr. Robison stated that participants looking to contribute the maximum over the year divide the limit over 25 pay periods in order to keep contribution amounts even. He explained that since there are 26 pay periods, there is usually a drop in contributing participants during the last paycheck in December.

Mr. Kraus asked if Great-West could provide information regarding how many of the participants identified as "non-contributing" were actually retirees. Mr. Montagna stated that staff was working on obtaining this information from the Controller.

Referring to page 9, Ms. Tilley indicated that net cash flow had increased in the portfolio funds as well as the self directed brokerage window and stated that the figures on page 10 reinforced the information on page 9. Mr. Mumma asked what the differences were between the pages. Ms. Archer explained that the information regarding net cash flow included contributions and distributions, while page 10 only provided information regarding transfers in and out of the Plan's various funds.

Ms. Tilley continued by directing the Board to page 12. She indicated that 711 participants utilized only one profile portfolio, while almost 1700 participants had more than one profile portfolio. She stated that it might be beneficial to reinforce the concept of profile portfolios to these participants. She also indicated that Great-West could provide an update on these figures quarterly. Mr. Perez asked what could be done to address this. Ms. Archer stated that literature on profile portfolio funds could be targeted to these participants.

Ms. Tilley stated that the figures on page 13 showed that more assets were being allocated to the profile portfolio funds, while fewer assets were being allocated to the Deferred Compensation Plan Stable Value Fund. She indicated that assets in the Self-Directed Brokerage Option (SDBO) had increased, while allocations to the SDBO by contribution had decreased. Directing the Board to page 15, Ms. Tilley indicated that contribution allocations to the profile portfolio funds had increased.

Moving on to page 16, Ms. Tilley indicated that there was an increase in the average account balance of 6.7%. She stated that the median balance was \$35,534. She also stated that the number of millionaires in the Plan had risen over the quarter. Mr. Perez asked if the Plan received Public Records Act requests regarding participant account information. Staff indicated that the Plan did not receive such requests. Mr. Kidder stated that some information is not subject to the Public Records Act.

Ms. Archer stated that additional pages had been included in the quarterly report to indicate participant activity. She stated that most participant assets left the Plan as full or partial distributions, while the majority of distributions by participant count are for periodic payments. Ms. Archer explained that a revised page 19 had been provided with the report and indicated that the page reflected the information shown graphically on page 18 in greater detail. She stated that approximately 53% of partial distributions were for loans and indicated that purchase of service credits had slowed down over the last couple years.

Ms. Archer stated that page 20 had been revised to reflect the Plan year. She indicated that more money rolled out of the Plan in 2010 than rolled in. Ms. Archer stated that page 21 included participants with one outstanding loan versus participants with two outstanding loans. She explained that approximately 14,000 participants had loans. Referring to the number of defaults, Mr. Robison

stated that participants who have loans and then leave the City often allow their loans to go into default rather than repaying them. Ms. Archer indicated that the average number of outstanding loans had risen over time.

Mr. Mumma asked approximately how many defaults were related to participants who have already severed employment with the City. Mr. Robison indicated that approximately 70%. He also indicated that since loan payments are made through payroll deductions, few active participants default. Ms. Archer indicated that Great-West provides participants with a notification if loan payments stop.

Mr. Kraus noted that approximately one third of participants had a loan and asked if this was high compared to Great-West's other clients. Ms. Archer indicated that the Plan's rates were high compared to Great-West's other clients, however, loan initiations were trending upwards across the industry. Mr. Kraus commented that the number of loans could be directly related to economic conditions, and that it was possible that as economic conditions improved, the number of loans initiated might fall.

Ms. Archer indicated there were fewer hardships during the fourth quarter of 2010 compared to the previous quarter. She stated that prevention of foreclosure, prevention of eviction, and loss of income continued to be the main reasons participants requested their funds.

Referring to page 25, Ms. Archer indicated that Great-West was introducing an Enhanced Interactive Voice Response System for Keytalk. She stated that the system was more intuitive to what the participant would be requesting. She stated that there were approximately 5,500 distinct logins during the quarter. She also stated that approximately 25% of participants were using the website.

Mr. Robison began his part of the presentation by stating that many of the inquiries during the fourth quarter were related to accrued leave. He explained that Great-West representatives were focusing their Outreach Campaign on the Fire and Police Departments as well as at retirement seminars with LACERS and DWP. He also indicated that local office phone calls and counseling decreased from the third quarter.

Referring to page 37, Ms. Bhatia asked what was referred to by "Total Excess Fees Due to the Plan." Ms. Tilley stated that it was the amount left over after Great-West was paid for its services. She indicated that the additional amount was used to pay City staff salaries and other expenses.

Ms. Archer directed the Board to the Marketing Communications Update. She stated that during 2010 the enrollment materials had been updated and that custom fliers and a special mailing had been created. She indicated that the 2011 Marketing Plan included the "Go Green Campaign," materials regarding the

Roth 457 contribution option, as well as materials regarding the asset class conversion.

Referring back to page 37, Mr. Mumma asked Great-West to explain the fee associated with the Unforeseen Emergency Withdrawal Service. Ms. Tilley explained that this fee was associated with the services provided to process hardship claims. Ms. Archer explained that several years ago this function had been moved from the City's staff to Great-West.

Mr. Kraus asked if Great-West was considering the use of social media and cell phone applications to disseminate information and allow participants access to their accounts. Ms. Tilley explained that Great-West has currently decided not to use social media due to legal restrictions. Mr. Kraus and Mr. Perez indicated that they would like to use them for informational purposes only. *Ms. Whelan arrived at 10:40 a.m.*

6. BOARD REPORT 11-10: THIRD-PARTY ADMINISTRATOR CONTRACT

Mr. Montagna stated that the Board adopted a motion to accept proposed terms for a five-year contract extension with Great-West. He explained that Mr. Kidder had been reviewing a section of the Administrative Code that would allow the Board to grant a contract extension without City Council approval given the contract did not result in an increased expense. Mr. Montagna explained, however, that Mr. Kidder believed that this provision was inconsistent with other sections of the Administrative Code and would need additional time for review. Mr. Kidder confirmed and added that counsel had researched the legislative history, however, key documents could not be identified to conclude the intent of the provision.

Mr. Kraus asked if the Board could proceed with a three-year contract extension without City Council approval. Mr. Montagna explained that if the Board conducted a new RFP process for a third-party administrator and the term of the contract was three years or less, the Board could grant a contract without City Council approval. He stated that any extension of the current contract would require City Council approval.

Mr. Kraus asked if the City Council report would include a request for extending the Board's ability to grant third-party administrator contracts without Council approval for up to five years. Mr. Montagna explained that this topic had been brought to the City Council several years ago and the request was denied. He indicated that staff recommended the report only focus on requesting a contract extension.

Mr. Mumma asked for information regarding the timeline. Mr. Montagna stated that the contract does not expire until December of 2011 and indicated that there would be sufficient time to extend the contract. He stated that should the City

Council deny the request, a subsequent request might be needed to extend the contract just long enough to complete the procurement process.

Mr. Canzano indicated that he believed that the Board should present the two items to the City Council separately. Mr. Kidder stated that doing so would help avoid delays in obtaining the contract extension due to discussion/research regarding changes to the Administrative Code.

Ms. Bhatia stated that when the Water and Power Employee Retirement Plan (WPERP) requests a contract extension, a due diligence questionnaire is included. She indicated that this would help strengthen the request and stated that she could provide staff with a sample.

A motion was made by Richard Kraus, seconded by Mike Perez, to direct staff to draft a report from the Board to City Council requesting authority to extend the contract with Great-West Retirement Services for third-party administrative services for the period 2012 to 2016; the motion was unanimously adopted.

7. BOARD REPORT 11-11: BYLAWS

Ms. Stracke indicated that at its June 29, 2009 meeting, the Board directed the Plan Governance and Administrative Issues Committee to develop proposed Board Bylaws. She stated that staff modeled the first draft of the Bylaws on the governance policies of the City's pension systems and indicated that the Committee reviewed the Bylaws over the course of five meetings with the assistance of counsel.

Ms. Stracke noted that language was added to address the responsibilities of staff and Board counsel and indicated that the Committee had discussed issues related to Board voting. She stated that Mr. Kidder informed the Committee that per the Administrative Code abstentions are considered affirmative votes. She also stated that per the Administrative Code motions and resolutions must be adopted by a majority of the Board's members, therefore supermajority votes are not allowed.

Ms. Stracke continued by indicating that a provision had been included in the Bylaws emphasizing Board and Committee member attendance. She stated that a provision was also included directing staff to provide the Board with an annual report regarding member attendance.

Ms. Stracke stated that staff had been informed by counsel that if a committee was comprised of a quorum of the Board and all members voted on an issue, then that action could be considered final action of the Board. She indicated that

language had been added to limit committee membership to less than a quorum of the Board.

Ms. Stracke concluded by stating that the original draft of the Bylaws included the Election Policy and Travel & Education Policy, however the Committee determined that these were administrative policies rather than governance policies and therefore should be outlined in a separate document. As a result, she stated that staff recommended that the Board refer the development of an administrative policies manual to the Plan Governance and Administrative Issues Committee.

Mr. Kraus recommended that the Board address questions page-by-page. He began by directing the Board to 2.1(C) and asked if fiduciary duties were itemized in the Bylaws or other governing documents. Ms. Stracke stated that they were outlined in the State Constitution. Mr. Kraus asked if there could be a reference made to the State Constitution. Mr. Perez stated that the Fire and Police Pensions Governance Policies had specific language from the Constitution.

Referring to Section 2.2, Mr. Kraus asked if additional language could be added stating that staff acts as a liaison with the consultant and third-party administrator. Mr. Montagna indicated that staff could amend Section 2.2(A) 13 to state "Act as a liaison to Board Counsel and contracted agents for all administrative, regulatory, technical and legal issues affecting the Plan."

Mr. Perez asked if the Bylaws had a provision requiring annual updates on the staffing percentage reimbursements. Mr. Montagna stated that this was not included in the Bylaws, but may be appropriate for the Administrative Policies Manual. Mr. Perez asked for the last time the staffing reimbursements were evaluated by the Board. Mr. Montagna indicated that it had been several years. Mr. Perez indicated that he believed this could be part of the annual budget process. Ms. Basquez stated that staff could bring a report back to the Board regarding staffing needs.

Referring to Section 3.4(A), Mr. Kraus asked if this would negate the need for a resolution. Ms. Stracke confirmed. Mr. Kraus stated that he believed that Section 3.4(D) should be reworded to indicate that Board members are only required to attend Committees they are members of. Ms. Stracke indicated that this would be included.

Referring to Section 4.1(C), Mr. Kraus asked if plan governance and administrative issues should be addressed in separate standing committees. Mr. Montagna stated that the current workload would not require two separate committees. Mr. Canzano indicated that should the workload change, the Board could revisit this.

Mr. Perez stated that he believed that the Bylaws should have a scheduled review date that would be listed on the cover page. He suggested the document be reviewed by the Board once every three years.

Referring to Section 3.4(B), Mr. Perez recommended adding language from the Brown Act. Mr. Kidder stated that it may not be necessary to include the specific language in the Bylaws. Mr. Perez indicated that he believed that referencing the exceptions to holding public meetings would be useful for the Board. The Board agreed that the Brown Act should be referenced as an attachment.

Referring to Section 7: Procurement Processes and Contracting, Mr. Perez asked how vendor communication should be reported to the Board. He indicated that he believed it should be reported at the Board level. He also indicated that he believed that staff should meet with potential bidders in order to be fully educated on the products and services available. Mr. Montagna stated that staff had adopted an internal policy not to meet vendors regarding their products and services outside the procurement process. Mr. Perez asked how staff stayed informed of new investment products. Mr. Montagna indicated that staff stayed informed through the Plan consultant.

Mr. Kidder indicated that the provision allowed contacts if disclosed. Mr. Perez stated that the Bylaws should specify the type of disclosure process. Mr. Kidder indicated that any process would need to be reviewed with provisions from the Ralph M. Brown Act in mind.

Mr. Mumma asked how the Board would be aware of the contracting schedule of all Plan services in order to be mindful of the twelve month vendor communication policy. Mr. Montagna stated that the staff report could include an update. Mr. Perez suggested including a schedule on the agenda. Mr. Montagna recommended that the information be included in the staff report, but listed as an item on the agenda. The Board agreed.

Mr. Canzano indicated that he would like staff to bring the revised Bylaws back to the Board for review and approval. **A motion was made by Mike Perez, seconded by John Mumma, to refer to the Plan Governance and Administrative Issues Committee development of an Administrative Policies manual; the motion was unanimously adopted.**

8. BOARD REPORT 11-12: CALIFORNIA LARGE DEFINED CONTRIBUTION PLANS NETWORK

Mr. Montagna indicated that the January 20-21 meeting was the most beneficial to date and stated that the group discussed whether CalNet should remain informal or establish itself as a non-profit. He stated that this would be further explored at the next meeting, which would be held in June.

Mr. Canzano asked if the group had defined the criteria for determining “large” plans. Mr. Montagna indicated that the group had not but that it was something that would need to be considered. Mr. Cannon asked how the agenda is set for the meetings. Mr. Montagna stated that the group informally discusses topics of interest leading up to the meeting.

Mr. Perez stated that Fire and Police Pensions was a member of the California Association of Public Retirement Systems and indicated that the agendas for the quarterly meetings are determined by the chair, which rotates among the members. Mr. Kraus asked if the group would eventually need funding. Mr. Montagna stated that this had been discussed, but consensus had not been reached regarding how it would be funded. **A motion was made by Mike Perez, seconded by John Mumma, to receive and file information in the report regarding attendance at a meeting of the California Large Defined Contribution Plans Network in San Francisco, California, on January 20-21, 2011; the motion was unanimously adopted.**

9. BOARD REPORT 11-13: ROTH 457 UPDATE

Ms. Gameroz stated that staff, the City Attorney, and the consultants were in the process of reviewing the Administrative Code. She also stated that staff was in the process of drafting revisions to the Plan document based off model language provided by Great-West.

Ms. Gameroz indicated that staff held a meeting with the City Controller on February 2, 2011 to discuss the new deduction and reporting that would be required. She indicated that the Controller had informed staff that the City’s Information Technology Agency (ITA) was transitioning from the Legacy payroll system to the new PaySR payroll system and that this could potentially push the Roth implementation date to July 1, 2011. She also indicated that staff held a meeting with the Department of Water and Power (DWP) on February 10, 2011 to discuss modifications to the files that would need to be submitted for Roth contributions. She stated that another meeting would be scheduled for March.

In regards to the communications strategy, Ms. Gameroz stated that staff held a meeting with Great-West on February 1, 2011 to develop the core conceptual metaphor and indicated that Great-West was currently in the process of developing the related imagery and text.

Mr. Cannon asked why ITA could not implement the changes into Legacy. Ms. Gameroz stated that staff’s understanding was that ITA could not implement changes in the Legacy payroll system. Ms. Whelan indicated that the Personnel Department was having difficulty prioritizing their projects with the Controller. Ms. Basquez indicated that staff would request another meeting with the Controller and ITA to ensure that the implementation date was not postponed

further. **A motion was made by Sangeeta Bhatia, seconded by Richard Kraus to receive and file information regarding implementation of a Roth 457 savings option within the Deferred Compensation Plan; the motion was unanimously adopted.**

10. BOARD REPORT 11-14: BOARD ELECTIONS

Ms. Gameroz stated that elections for the LACERS and Pensions representatives would be held on May 20, 2011. She indicated that the representatives would be seated on July 1, 2011. She continued by stating that staff was working with the Controller and Great-West to develop participant mailing lists and that a letter from the General Manager of the Personnel Department to the City Clerk had been drafted. **A motion was made by Sangeeta Bhatia, seconded by Mike Perez, to receive and file information regarding upcoming elections for the Board of Deferred Compensation Administration; the motion was unanimously adopted.**

11. BOARD REPORT 11-15: STAFF REPORT

Ms. Gameroz stated that 192 participants visited the Employee Benefits Division during the month of January to discuss their accounts and indicated that six participants elected to enroll in Accrued Leave. In addition, she indicated that forty-five hardship requests were processed and 387 participants requested a new loan.

Ms. Gameroz continued by stating that deferrals in January increased over those in December given that many participants reach the maximum contribution during December and suspended their deductions. She noted that there was an 8.4% reduction in deferrals over the previous year.

Referring to the quarterly budget review, Mr. Montagna stated that staff was waiting for the Controller to finalize the CAP rates. Ms. Gameroz stated that staff had been informed that the Controller was behind schedule. Mr. Montagna indicated that staff was drafting the Great-West contract amendment and Wells Fargo agreement and would bring these back to the Board.

Referring to an attachment, Ms. Gameroz stated that at the October 2010 Board meeting, Mr. Mumma had requested that State Street Global Advisors (State Street) provide performance returns as of the same date for the GIPS/Composite Performance as well as actual performance for the Russell 2000 Index Fund. She indicated that State Street had provided this information as of September 30, 2010. **A motion was made by Bob Schoonover, seconded by Mike Perez, to receive and file information contained in Board Report 11-15; the motion was unanimously adopted.**

12. REQUEST FOR FUTURE AGENDA ITEMS

Mr. Mumma stated that he was informed that Deloitte & Touche LLP completed a SAS 70 Compliance Auditing Form for Great-West and requested to see this on a future agenda. He also asked if it was possible to provide information on the participant's quarterly statement showing total participant contributions versus the current account value. Mr. Canzano stated that Great-West only has participant information since July of 1999. He also asked how roll-overs would be considered. Mr. Montagna indicated that staff would look into this. Mr. Perez stated that he thought including this information on the statement would be beneficial and recommended only covering a specified period of time.

Mr. Mumma stated on February 3, 2011 Merrill Lynch Investing presented information at the Police Academy regarding rolling money out of the Plan. He indicated that Ms. Gameraoz attended the meeting. Mr. Mumma recommended sending a letter to the Police Department requesting that the department not endorse or aid outside vendors. Mr. Kraus asked if a similar letter had been sent before. Mr. Montagna indicated that a letter had been sent to all of the departments several years ago.

Mr. Perez stated that the Los Angeles Federal Credit Union and the Los Angeles Fire Credit Union regularly hold discussions encouraging participants to roll their assets out of the Plan. Mr. Canzano asked that this be included on a future agenda. *Mr. Schoonover left the meeting at 12:05 p.m.*

13. NEXT MEETING DATE – MARCH 15, 2011

14. ADJOURNMENT

A motion was made by Mike Perez, seconded by John Mumma, to adjourn the meeting; the motion was unanimously adopted. The meeting was adjourned at 12:09 p.m.