

CITY OF LOS ANGELES
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

MINUTES
MEETING OF APRIL 19, 2005 – 9:00 A.M.
700 E. TEMPLE, ROOM 350

Board Members:

Present:

Shelley Smith, Chairperson
Joya De Foor, Vice-Chairperson
Sgt. Thomas A. Dawson, Ph.D.
Richard Kraus
Betty J. Porter
Javier Romero
Maggie Whelan

Staff:

Personnel: Maryanne Keehn, Personnel
Steven Montagna, Personnel
Francois Verin, Personnel
JoAnn Dominguez, Personnel
Richard Bobb, City Attorney

1. CALL TO ORDER

Shelley Smith, Chairperson called the meeting to order at 9:05 a.m.

2. PUBLIC COMMENTS

None.

3. MINUTES

Richard Kraus provided amendments to the November 30, 2004 meeting minutes. Staff indicated that the amendments would be included. **A motion was made by Richard Kraus, seconded by Thomas Dawson, approving the November 30, 2004 meeting minutes as amended; the motion was unanimously adopted.**

4. EXECUTIVE SESSION - CLOSED
PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a)
GALVIN v. CITY OF LOS ANGELES, CASE NO. BS 093 076
NATIONWIDE RETIREMENT SOLUTIONS, INC. v. CITY OF LOS ANGELES ET AL,
CASE NO BS 093 525

5. INVESTMENT PROVIDER PRESENTATION:
AMERICAN FUNDS

Lily Matias, Client Relationship Manager, and Mike Brother, Financial Analyst, of Capital Research and Management (“CRS”) were present to review performance information regarding the American Funds. Ms. Matias began by reviewing Capital Research and Management’s company history and provided information on the company’s investment philosophy and process, portfolio management expectations, and objectives and general policies.

Mr. Brother discussed both the Growth Fund of America and Investment Company of America. He informed the Board of each Fund’s characteristics, portfolio asset mixes, equity holdings, and industry diversification as of March 31, 2005. He concluded his presentation by reviewing the investment results in each class share, in particular discussing performance of the funds during declining markets.

Board Members discussed the performance results, portfolio characteristics as they related to performance and volatility of returns, and the fund operating expenses. Board members further inquired regarding the status of regulatory filings concerning the American Funds. Ms. Matias indicated that these issues had not been resolved but that the American Funds was very confident it would prevail. Following the discussion, Ms. Smith thanked both presenters.

6. BOARD REPORT 05-10: DEFERRED COMPENSATION PLAN
ANNUAL REPORT

Following a brief overview of the report, **a motion was made by Betty Porter, seconded by Maggie Whelan, approving the 2004 Deferred Compensation Plan Annual Report; the motion was unanimously adopted.**

7. REPORT 05-11: COMMUNICATION/EDUCATION/ENROLLMENT STRATEGIES

Mr. Montagna indicated that the item would be discussed and presented by staff and Great-West Retirement Services (“Great West”) as a joint project. He began the presentation by indicating that staff and Great West were working together on targeted mailings to various sub-groups with low rates of participation. In addition, outreach efforts would be made to “gatekeepers” at departmental and union groups to enlist their support in conducting meetings for their constituents. Usha Archer of Great-West provided additional details regarding the target mailing project.

Maggie Whelan indicated that staff and Great-West should make efforts to include Local 347, SEIU Service Employees in its efforts. Sgt. Thomas Dawson asked about the duration of group meetings. Discussion of this item concluded.

8. BOARD REPORT 05-12: REQUEST FOR PROPOSAL (“RFP”) –
FOR ACTIVELY MANAGED BOND/MID-CAP FUNDS

Mr. Montagna indicated that in July 2004 the Board directed staff to develop an RFP for a Core Bond and Core Mid-Cap Investment Fund. He discussed the process and informed the Board that the proposed RFP was ready for release with the Board’s authorization. Joya De Foor asked if potential bidders would be able to submit their proposals in electronic form. Mr. Montagna indicated that at the present time the Personnel Department did not accept bids in electronic form.

Board members asked about the applicability of various Standard Provisions requirements to the proposed RFP. Mr. Bobb indicated his belief that Standard Provisions requirements may be optional for an RFP of this type, given that these are participant funds and not City assets. Ms. Smith indicated that if this was the case, City Standard Provisions might limit the potential responses and thus an argument could be made for not having them apply. Mr. Montagna indicated that at the present time all plan RFPs included all parts of the City’s Standard Provisions.

Following this discussion, Ms. Smith indicated that the item should be deferred to the next Board meeting for further discussion and instructed staff to prepare a report addressing the appropriateness of including various Standard Provisions requirements on Plan RFPs.

9. BOARD REPORT 05-13: NAGDCA CONFERENCE

Maryanne Keehn informed Board Members of the upcoming National Association of Government Defined Contribution Administrators (“NAGDCA”) conference in September 2005. Mr. Montagna indicated that contrary to past practice, this year’s NAGDCA conference would require Board Members to make the necessary hotel and flight reservations themselves because an initial deposit was required. He indicated staff would continue to make the conference reservations as usual. Mr. Montagna continued by discussing the cost per person and provided an estimated cost for the entire conference.

Following the discussion, **a motion was made by Maggie Whelan, seconded by Richard Kraus, approving the necessary funding for the 2005 NAGDCA Conference; the motion was unanimously adopted.**

10. BOARD REPORT 05-14: TASK FORCE DEVELOPMENT

Mr. Montagna indicated that the Board had previously approved the development of two task force groups: Administrative Issues and Plan Governance. He indicated that communication materials for a solicitation of volunteers were currently in production at

the City print shop and that distribution would take place on or about April 25, 2005. He further indicated that the deadline for submission to be considered on one of the task force groups was May 11, 2005.

Mr. Kraus expressed concern about the time required to participate on a task force and asked if participants would be paid for their services. Mr. Montagna indicated that participation would be on a volunteer basis and that issues concerning how time on the task force would be treated would need to be addressed by each participant and his or her employing department. Ms. Whelan indicated her expectation that this would not be compensated time.

Following the discussion, Ms. Smith indicated that the report would be received and filed.

11. BOARD REPORT 05-15: STAFF ADMINISTRATIVE REPORT

Following a brief discussion of statistics included in the report, Ms. Smith indicated that the report would be received and filed.

12. HARDSHIPS

Mr. Dawson posed several questions regarding the staff recommendations. Following the discussion, **a motion was made by Thomas Dawson, seconded by Maggie Whelan, approving a full hardship distributions in Case No.'s 05-08 and 05-09; the motion was unanimously adopted.** A subsequent discussion ensued regarding Case No. 05-10. Following the discussion, **a motion was made by Maggie Whelan, seconded by Thomas Dawson, approving a full hardship distribution in Case No. 05-10; the motion was unanimously adopted.**

13. NEXT MEETING DATE: MAY 17, 2005

14. ADJOURNMENT

A motion was made by Thomas Dawson, seconded by Maggie Whelan, to adjourn the meeting; the motion was unanimously adopted. The Chairperson adjourned the meeting at 10:32 a.m.

* Minutes prepared by staff member Fernando Campos/Steven Montagna