

CITY OF LOS ANGELES
BOARD OF DEFERRED COMPENSATION ADMINISTRATION
PLAN GOVERNANCE AND ADMINISTRATIVE ISSUES COMMITTEE

PROPOSED MINUTES
MEETING OF AUGUST 19, 2010 - 2:30 P.M.
200 N. SPRING STREET, ROOM 805

Committee Members:

Present:

Eugene Canzano, Chairperson
Clifford Cannon
John Mumma

Other Board Members Present:

None

Staff:

Personnel: Steven Montagna
Natasha Gameroz
Ashley Stracke

City Attorney: None.

1. CALL TO ORDER

Eugene Canzano called the meeting to order at 2:36 p.m.

2. PUBLIC COMMENTS

None.

3. Deferred Compensation Plan Bylaws

Mr. Montagna stated that the prior Committee meeting was focused on Part II of the Bylaws and that a draft was not adopted by the Board. Mr. Mumma asked what sample bylaws staff had reviewed while drafting the Board's Bylaws. Mr. Montagna stated that staff had reviewed the bylaws of LACERS and Fire and Police Pensions. Mr. Mumma asked if staff reviewed bylaws of other deferred compensation plan boards in California. Ms. Stracke stated that staff had reviewed other bylaws, but not ones specific to other deferred compensation plans in California. Mr. Mumma stated that he believed that they could provide valuable information and help with the formulation of the Board's own bylaws. Mr. Montagna stated that staff could request the documents from the members of the Calnet group.

Mr. Canzano directed the Committee and staff to page 5 of the Bylaws. He stated that Section 2.3B should also mention "expiration of term" given that election cycles and the Chair nomination cycles do not coincide. Mr. Mumma asked if the Chair nomination cycle was in the City Administrative Code. Mr. Montagna stated that it was.

Mr. Mumma directed the Committee and staff to pages 5 and 6 of the Bylaws. He stated that the Bylaws currently state that staff and the Board Chair may set the agenda of the Board, but make no mention of the Personnel Department General Manager. Mr. Canzano stated that by virtue of the position, the General Manager could direct staff on how to prepare the agenda. Mr. Mumma indicated that it might be useful for the Bylaws to include a definition of "staff" and outline the expectations, duties, and responsibilities of staff and the City Attorney.

Mr. Cannon asked what the consequences might be if Board expectations were not met by the City Attorney or staff. Mr. Montagna stated that the Board has the authority to approve the Plan budget. Mr. Canzano indicated that he believed that one of the main responsibilities of the City Attorney should be representation at all Board and Committee meetings.

Mr. Canzano asked if the Board had control over the staffing of the Plan. Mr. Montagna stated that the General Manager of the Personnel Department currently holds the authority. Mr. Mumma indicated that the definition of staff could therefore be "those persons appointed to the Plan full and part time as determined by the General Manager of the Personnel Department."

Discussion then moved back to the topic of the City Attorney's duties and responsibilities in relation to the Plan. Mr. Cannon asked if the Board should define the specific qualifications required of the Board's designated City Attorney representative. Mr. Mumma stated that he did not feel that the Board was qualified to determine the appropriate legal background and experience needed to make such a definition.

Mr. Mumma directed the conversation to the length and timing of meetings. Mr. Montagna suggested that the length of meetings be explicitly stated in the Bylaws. Mr. Canzano stated that the Bylaws could have wording to the effect of "meetings of the Board generally last three hours in length." Mr. Montagna also suggested that a regular meeting date be set. Mr. Canzano stated that he was concerned about writing specifics into the Bylaws. Mr. Montagna stated that a specific date would set the scheduling expectations for Board members. He also stated that the Bylaws could be amended at any time to reflect changes to the policies of the Board.

The Committee next discussed general changes to the Bylaws. Mr. Canzano recommended that the outlined duties and responsibilities of staff, the City

Attorney, and the Personnel Department General Manager be placed under the heading of "Positions Reimbursed by the Plan." After reviewing the Bylaws, Mr. Mumma suggested that staff make a statement that would incorporate state laws cited in the Bylaws by reference.

Referring to page 8 of the Bylaws, Mr. Cannon stated that Section 3.2 "Resignations" did not give the Board authority to remove a Board member. Mr. Montagna stated that the City Administrative Code was the governing document that gave the authority of appointing and electing Board members therefore the Board itself did not have the authority to remove under performing members. Mr. Canzano suggested the possibility of having provisions in the Election Policy regarding "recalls." Mr. Montagna stated that there was already a provision in the policy for "special elections."

Mr. Mumma directed the Committee and staff to Section 7.6 (b) on page 14 of the Bylaws. He indicated that he believed that the Bylaws should state the consequences of not attending conference sessions. Mr. Montagna stated that there would need to be some form of oversight to determine if a Board member or staff did not attend a conference session. Mr. Mumma suggested that the Bylaws could state something to the effect of "should it come to the Board's attention that a member of the Board or staff did not attend a conference session paid for by the Plan for reasons other than emergency or illness, that person could be barred from participating in future conference travel sponsored by the Plan." Mr. Cannon stated that there would still need to be a way for the Board to determine if the conference sessions were attended.

The Committee discussed the general training requirements of the Plan. Mr. Canzano suggested that Section 7.5 (a) "Fiduciary Training" include the ability to use outside organizations such as programs provided by the International Foundation. Mr. Montagna stated that this could be included, but also added that it may be more cost efficient for the Plan to bring such programs in-house. Mr. Mumma suggested the Plan partner with the County to identify additional cost savings. Both Mr. Mumma and Mr. Canzano recommended that new Board members receive ethics and fiduciary training within the first six months of joining the Board, after which Board members would be required to attend additional training each subsequent year.

Mr. Montagna suggested that the Committee consider creating a list of core training requirements for Board members. Mr. Canzano stated that he believed that Board members should be versed in ethics, fiduciary responsibilities, and investment/portfolio management. Mr. Montagna stated that staff could view what resources were available to do in-house training and define more specific requirements at a later date.

4. REQUESTS FOR FUTURE AGENDA ITEMS

None.

5. ADJOURNMENT

A motion was made by Cliff Cannon, seconded by John Mumma, to adjourn the meeting; the motion was unanimously adopted. The meeting adjourned at 4:11 p.m.

Minutes prepared by staff member Ashley Stracke.