

CITY OF LOS ANGELES  
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

PROPOSED MINUTES  
REGULAR MEETING JULY 17, 2012 – 9:00 A.M.  
700 E. TEMPLE STREET, ROOM 350

BOARD MEMBERS:

**Present:**

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

**Not Present:**

Clifford Cannon, First Provisional Chair  
Tom Moutes, Second Provisional Chair  
William Raggio

Staff:

Personnel: David Luther  
Alejandrina Basquez  
Steven Montagna  
Natasha Gameroz  
Esther Chang

City Attorney: Curtis Kidder

1. CALL TO ORDER

The meeting was called to order at 9:10 a.m.

2. PUBLIC COMMENTS

There was no public comment.

3. MINUTES

**A motion was made by Mr. Mumma, seconded by Mr. Schoonover, to approve the June 19, 2012 minutes; the motion was unanimously adopted.**

#### 4. BOARD REPORT 12-35: DEFERRED COMPENSATION STAFFING

*Mr. Amerian arrived at 9:12 a.m.*

Mr. Montagna stated the Board had reviewed a recommendation to fund a Senior Management Analyst position at its meeting in April and had referred the matter to the Plan Governance and Administrative Issues Committee for additional consideration. He stated the committee met on July 3, 2012 and was recommending approval to the full Board. He indicated committee members had requested additional details on contingency funding plans should anticipated revenue not be realized. He stated he did not anticipate falling short of projected revenues due to recent asset growth and staff's conservative assumed growth rate; however, the most viable of several contingency options would be to increase the annual fee cap from \$125 to \$150. He stated this would impact only the accounts valued at \$125,000 or more. He stated other options were increasing the general asset based fee, establishing charges for services that were currently provided at no cost, laying off a position in the Plan, or allowing possible vacancies to go unfilled. Mr. Canzano stated the committee had reviewed and discussed the funding for the position and indicated belief that the position would remain funded.

**A motion was made by Mr. Schoonover, seconded by Ms. Bhatia, to approve funding for the addition of a Senior Management Analyst I position; the motion was unanimously adopted.**

#### 5. BOARD REPORT 12-36: TRAVEL/TRAINING/EDUCATION POLICY

Mr. Montagna indicated the Board had reviewed an initial report in April, and referred the matter of a travel, training, and education policy over to the Plan Governance and Administrative Issues Committee. He stated that staff would also develop a yearly program; once adopted by the Board, the proposal would be included with the Personnel Department's budget request. He indicated that \$54,000 was budgeted for the next fiscal year for training and educational costs.

Ms. Bhatia referred to section (IV)(b) of the proposed policy and asked for clarification regarding the language, as she was hesitant of any exception to regular procedure. Mr. Montagna indicated there was a recent conference that staff had identified for training purposes; however, due to timing, by the time the request got to the Board and staff obtained the appropriate City approvals to attend, the costs of travel had increased significantly. Mr. Montagna indicated that the language would allow staff to secure travel or preferred registration rates prior to Board review, but only if there was a timing issue and only up to the deemed \$2,500 limit. Mr. Canzano stated that he believed it would not to be used in the regular course of business. Mr. Mumma indicated that the exception required not only the approval of the Chair, but that of the Personnel Department's General Manager as well, which he indicated would provide a check and balance as a department General Manager would have to review and approve as a

regular course of the departmental budget process. Ms. Bhatia stated that the Department of Water and Power employees do not get reimbursed for gratuities; rather, it is considered as part of the daily allowance. Mr. Montagna stated that the proposed policy was within the guidelines issued by the Controller's Office.

**A motion was made by Mr. Amerian, seconded by Mr. Schoonover, to a) adopt a Training, Education and Travel Policy, and b) direct staff to draft a proposed training program for FY 2013-14; the motion was unanimously adopted.**

#### 6. BOARD REPORT 12-37: PLAN BUDGET REIMBURSEMENTS

Ms. Gameroz stated staff recommended reimbursements to the City Attorney's Office and the Personnel Department for the quarters ending September 30, 2011; December 31, 2011; and March 31, 2012.

**A motion was made by Mr. Mumma, seconded by Mr. Schoonover, to a) receive and file staff's report; and b) approve reimbursements from the Plan Reserve Fund accounts to the Personnel Department and City Attorney's Office; the motion was unanimously adopted.**

Mr. Mumma asked whether there was an alternative method to approve purely administrative acts, such as reports that only needed the Board's approval to receive and file. Ms. Bhatia stated that the DWP board agendas have an initial receive and file section, though Board members can pull any of the items for discussion. She stated action items would follow. Mr. Mumma asked whether the agenda could be organized in such a way that administrative items requiring only being received and filed be addressed at the start of the meeting, and any items requiring discussion could follow. Mr. Canzano indicated that since the Chairperson introduced each item, he would ask if there was any discussion on the item before asking for a motion.

#### 7. BOARD REPORT 12-38: 2011 DEFERRED COMPENSATION PLAN 2011 ANNUAL REPORT

Ms. Gameroz stated staff had added a few new data points and a summary of significant achievements to the annual report. Ms. Bhatia asked that the name for the Department of Water and Power Employees Retirement Plan be spelled out in its entirety on page 2. Ms. Whelan indicated that on the letterhead for page 2, Michael Perez was incorrectly listed as a current Board member. Mr. Mumma and Ms. Bhatia asked whether Michael Perez should be listed in the Board membership as the annual report was for the year of 2011. Mr. Montagna indicated that a paragraph could be added to the report to address changes in Board membership over the prior year.

**A motion was made by Mr. Amerian, seconded by Mr. Mumma, to approve the 2011 Deferred Compensation Plan Annual Report, as amended; the motion was unanimously approved.**

8. BOARD REPORT 12-39: GREAT-WEST ROLLOVER ACCOUNT  
MAINTENANCE FEE

Ms. Usha Archer of Great-West stated incoming rollovers required separate recordkeeping functions. She stated that while participants saw their money in one statement, Great-West had to meet separate tax reporting and recordkeeping requirements for each money type. She stated that a \$25 charge had been incorporated into the contract that was finalized in 2002. She stated the fee had been disclosed to participants, but due to a programming error, only accounts with balances less than \$10,000 had been assessed the fee. She stated the fee would not be applied retroactively. She indicated active members not eligible for distribution would have the option to roll out their funds.

**A motion was made by Mr. Schoonover, seconded by Ms. Whelan, to receive and file the report from Great-West; the motion was unanimously adopted.**

9. BOARD REPORT 12-40: CALIFORNIA DEFINED CONTRIBUTION PEER  
NETWORK

Mr. Montagna stated an interesting topic at the most recent meeting of the network had been regarding different types of products being developed for people looking to put money into more conservative assets. He stated one example was a product that would be a blended FDIC-insured fund that plans could participate in; he indicated there was currently no similar product on the market. He indicated currently the Plan had individual contracts with three banks for its FDIC-insured savings option, but Great-West had to blend them into one fund. He stated another product was a layered bond product; he indicated that unlike a bond mutual fund where one can still potentially lose money as the market value of underlying bonds changes, an individual could essentially invest in individual, laddered bonds. He stated that as long as the bonds were held until maturity, value would not be lost. He stated another interesting portion of the discussion was a presentation from InFRE, a national training organization. He indicated there were different options for putting together custom education programs for staff and the Board, and indicated there might be an opportunity for the California groups to coordinate a regional training event to help lower the per-person cost.

Mr. Mumma asked why certain entities in the network were not choosing to comply with the Department of Labor (DOL) fee disclosure requirements. Mr. Montagna indicated San Francisco was not participating due to an internal decision, but that a few other entities were waiting for their record keepers to prepare the disclosure materials.

Mr. Canzano asked whether there were any updates on the issue of the third party administrator that filed a protest against a request for proposal (RFP). Mr. Montagna indicated that under the State of California, a non-selected vendor may protest results of a RFP. He stated in this case, the plan's legal counsel had to determine if the protest had any merit. He indicated that counsel did not find merit with the protest. He stated that at the state level, plan counsel has the final determination; the next recourse available to the vendor would be to file with the court.

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

#### 10. BOARD REPORT 12-41: CONTRACT STATUS UPDATE

Mr. Canzano indicated the recommendation for the item was to receive and file. **A motion was made by Mr. Mumma, seconded by Ms. Whelan, to receive and file staff's report; the motion was unanimously adopted.**

#### 11. BOARD REPORT 12-42: COMMUNICATIONS UPDATE

Mr. Canzano indicated the recommendation for the item was to receive and file. Mr. Mumma asked if there was an update about possible legislation that would allow auto-enrollment. Mr. Montagna indicated he was not aware of any legislation. Mr. Mumma asked about the retirement calculator and timeframe for it going live. Mr. Montagna indicated staff was working on the development of the design and it could possibly be live in six months.

Mr. Canzano inquired about the status of the new website and how the current functionalities might change. Mr. Montagna indicated he would not expect any loss of functionality, and indicated staff would be reviewing to ensure the new website was tailored to meet participant needs. Ms. Archer indicated that based on feedback from other plans that have implemented the new website, most functionality has remained, though it may be labeled differently.

Mr. Mumma asked whether the flyer for "20/20 Retirement Vision" might be construed as providing advice; he stated perhaps contribution amounts and types should be discussed with tax advisors. Mr. Montagna stated the Plan has been historically encouraging people to contribute pre-tax funds, and that materials were being updated to now encourage both ways to save. He stated the intent of the piece was to outline the ways the features work and the differing options upon retirement. Mr. Canzano stated that the flyer seemed to be an illustrative example.

Mr. Mumma asked for the percentage of participants receiving online statements, and asked if there was a way through which a temporary fee reduction could be provided if participants enrolled. Mr. Montagna stated the initial challenge was to enroll participants

to view online accounts. He indicated only about 25% of participants view their accounts at least once monthly. He stated promotions or marketing offers could be discussed to increase this number first, followed by an effort to increase online statement enrollment.

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

12. BOARD REPORT 12-43: STAFF REPORT

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

13. REQUESTS FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

14. NEXT MEETING DATE – AUGUST 21, 2012

15. ADJOURNMENT

**A motion was made by Mr. Schoonover, seconded by Mr. Amerian, to adjourn the meeting; the motion was unanimously adopted.** The Board adjourned at 10:24 a.m.