

**CITY OF LOS ANGELES
BOARD OF DEFERRED COMPENSATION ADMINISTRATION**

PROPOSED MINUTES
SPECIAL MEETING OF MARCH 5, 2024
700 E. TEMPLE STREET, ROOM 350
LOS ANGELES, CA 90012

BOARD MEMBERS

Present:

Thomas Moutes, Chair
Neil Guglielmo, Vice Chair
Joseph Salazar, Second Provisional Chair
Matthew Benham, Third Provisional Chair
Dana H. Brown
Carl Lurvey
Simboa Wright

Not Present:

Jeremy Wolfson, First Provisional Chair
Linda P. Le

PERSONNEL DEPARTMENT

Esther Chang, Defined Contribution Plan Manager

OFFICE OF THE CITY ATTORNEY

Charles Hong, Deputy City Attorney IV

1. CALL TO ORDER

Mr. Moutes called the meeting to order at 9:03 a.m.

2. PUBLIC COMMENTS

The Board welcomed Simboa Wright as the Organized Labor Representative.

3. MINUTES

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

Board Action:

A motion was made by Mr. Benham, and seconded by Mr. Guglielmo, to approve minutes of the January 16, 2024 regular Board meeting; the motion was adopted by approval of six Board members (Benham, Guglielmo, Lurvey, Moutes, Salazar, and Wright); one Board member was not present at the time of voting (Brown).

4. BOARD REPORT 24-10: QUARTERLY STAFFING REIMBURSEMENTS – FOURTH QUARTER 2023

Presentation Highlights:

Ms. Mindy Lam, DCP Benefits Analyst, introduced the report and provided the following highlights:

- The Board reviews and approves staffing reimbursements on a quarterly basis for City Attorney staff who are partially dedicated to the DCP and funded through the DCP Reserve Fund.
- Fourth quarter 2023 reimbursements totaled \$15,542.73 for the City Attorney.
- A fee review will take place at the next Plan Governance and Administrative Issues Committee meeting.

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

Board Action:

A motion was made by Mr. Guglielmo, and seconded by Mr. Benham, to approve reimbursements from the Deferred Compensation Plan (DCP) Reserve Fund to the City Attorney in the amount of \$15,542.73 for staff providing direct support of the DCP during the quarter ending December 31, 2023; the motion was unanimously adopted.

5. BOARD REPORT 24-11: 2024 DEFERRED COMPENSATION PLAN BOARD ELECTION: ACTIVE PARTICIPANT WPERP REPRESENTATIVE AND RETIRED & SEPARATED PARTICIPANT REPRESENTATIVE

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- City Clerk - Election Division (City Clerk) has provided recommendations on how to improve the policy by incorporating the following:
 - Notice of Intent Form to formally declare their desire to become a candidate
 - Count of ballots that are postmarked by Election Day and received within three (3) calendar days of the election
 - Flexible language relating to the distribution and submission of the nominating petition

Board Member Comments/Questions & Responses:

Mr. Benham noted that he appreciated allowing for the inclusion of ballots postmarked by Election Day due to mailing uncertainty.

Board Action:

A motion was made by Mr. Benham, and seconded by Mr. Salazar, to approve revisions to the Board of Deferred Compensation Administration *Election Policies & Procedures* as outlined in staff's report; the motion was unanimously adopted.

6. BOARD REPORT 24-12: PLAN DOCUMENT REVISIONS FOR SECURE 2.0

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- After discussions with the Plan Governance and Administrative Issues Committee, Segal Consulting, and the Board, staff recommended incorporating the following provisions within the calendar year:
 - Required Minimum Distribution (RMD) age increases to 73 as of 2023
 - Elimination of the First Day of the Month Requirement for deferral election changes
- The following items did not require Plan Document changes or will be discussed at a later date:
 - RMD penalty is decreased for a missed distribution
 - After-tax (Roth) account balances will no longer be subject to RMDs
 - Surviving spouses are allowed to elect to defer RMDs until the year in which the plan participant would have attained RMD age
- Upcoming provisions for review will be SECURE 2.0 Sections 109 and 603, which are pending further clarification from the IRS.

Board Member Comments/Questions & Responses:

Mr. Moutes thanked staff for Attachment B and noted it would be helpful to continue the discussion at the Committee level.

Board Action:

A motion was made by Mr. Salazar, and seconded by Mr. Wright, to adopt the revised Plan Document to incorporate SECURE 2.0 provisions related to changes to: a) required beginning age for Required Minimum Distributions, and b) elimination of the first of the month rule; the motion was unanimously adopted.

7. BOARD REPORT 24-13: HUMAN RESOURCES & PAYROLL (HRP) PROJECT UPDATE

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- HRP project is currently in Phase 2 which involves Time Tracking, Absence, Payroll, Compensation, and Benefits.
- Staff are documenting processes for DCP transactions and requesting reporting to determine the accuracy of the processes.
- Many customized reports are being requested to enable staff to perform work more effectively.
- Inbound and outbound files from Voya are being reviewed and tested.
- Custom processes for Special Catch-Up enrollment and Accrued Leave deferrals continue to be developed and tested.
- Year-to-date contributions need to be accurately translated into the new system to ensure that participants do not exceed their annual limits.

Board Member Comments/Questions & Responses:

Mr. Moutes noted that it appears the new Workday system requires more manual processing than in the current system. Ms. Chang affirmed the observation. Mr. Moutes indicated that it is disappointing that the new system would require more manual work for staff.

Mr. Salazar stated that staff at LAFPP are experiencing the same issues and suggested that the DCP partner with LACERS and LAFPP in approaching the HRP project managers with their concerns. Mr. Guglielmo also stated he also had concerns and agreed that collaboration would be helpful due to the commonalities of the issues.

Mr. Guglielmo noted a major concern is that the DCP may not have enough staff to support the transition, when compared to the other pension systems. Mr. Moutes noted anecdotally that other offices are bringing in additional consultants to assist staff in addressing and anticipating issues.

Ms. Brown asked how the work streams are set up for DCP staff. Ms. Chang noted that DCP is a part of the Benefits workstream along with LACERS and LAFPP staff. Ms. Brown noted that there have been issues with the Benefits workstream and that there would be an upcoming special meeting to address the issues. Ms. Chang noted that since DCP deductions are taken after wages are established, and that department payroll offices continue to have concerns with wage accuracy, staff is unable to predict the scope of potential corrections to be made each pay period once the transition occurs. Mr. Guglielmo suggested that the DCP potentially identify additional contractor support to assist staff.

Board Action:

A motion was made by Mr. Guglielmo, and seconded by Mr. Wright, to receive and file this report; the motion was unanimously adopted.

8. BOARD REPORT 24-14: FIDUCIARY LIABILITY INSURANCE

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- A Request for Proposal (RFP) for Fiduciary Liability Insurance broker schedule was presented, targeting a selection of a broker by July or August.

Board Member Comments/Questions & Responses:

Mr. Benham asked about the Evaluation Factors for Proposal Evaluation. Ms. Chang stated the percentages are taken from a standard template but are customized for the type of services for any RFP. Mr. Moutes thanked staff for moving forward with the Fiduciary Liability Insurance RFP.

Board Action:

A motion was made by Mr. Salazar, and seconded by Mr. Guglielmo, to approve and authorize the issuance of a Request for Proposal (RFP) for broker services to procure fiduciary liability insurance for the Board of Deferred Compensation Administration; the motion was unanimously adopted.

9. BOARD REPORT 24-15: DCP PROJECTS AND ACTIVITIES REPORT: JANUARY 2024

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- Mr. Wright was designated by the Coalition of LA City Unions to replace Mr. Bob Schoonover as the Organized Labor Representative, who has since retired.
- 1099-R forms were mailed to participants who took distributions in 2023.
- A critical hiring process was implemented by the City to limit hiring and eliminate non-critical vacant positions; Proprietary and Special Funded Departments are exempted from this process. As the DCP is currently fully staffed and is entirely special funded, it is not anticipated the critical hiring process would impact the budget request for additional positions, though the selection process may be delayed.
- Voya will be implementing an OMNI platform upgrade that allows for additional features, such as automated annual RMD amount re-calculation to update existing RMD installment elections; currently, participants would request a new amount each year. A new participant dashboard experience will also be launching, that will allow participants to incorporate a more holistic view of their finances.

Board Member Comments/Questions & Responses:

Mr. Moutes requested staff report to the Board if any issues arise related to the budget request for additional positions.

Mr. Guglielmo fully supports the initiative to establish a new HRP webpage on the DCP site to direct participants for assistance and support. Mr. Guglielmo also suggested that DCP staff send communications, before and after the HRP implementation, informing participants of the system change and for them to proactively verify their accounts and deduction amounts.

10. REQUESTS FOR FUTURE AGENDA ITEMS

Mr. Benham requested a future report on automatic enrollment into the Deferred Compensation Plan for City employees.

11. NEXT MEETING DATE

A regular meeting was noted for April 16, 2024 at 9:00 a.m.

12. ADJOURNMENT

The meeting was adjourned at 9:59 a.m.

Minutes prepared by staff member Eric Lan.