

DEFERRED COMPENSATION PLAN BOARD REPORT 13-23

Date: July 3, 2013
To: Board of Deferred Compensation Administration
From: Staff
Subject: Training Programs: FYs 2013/14 and 2014/15

Members
Eugene K. Canzano, Chairperson
John R. Mumma, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
Sangeeta Bhatia, Third Provisional Chair
Michael Amerian
Ray Ciranna
Robert Schoonover
Margaret Whelan

Recommendation:

That the Board of Deferred Compensation Administration approve (a) staff's recommendations for Board/staff travel expenditures for Fiscal Year 13/14; (b) staff's recommendation for an in-meeting training to be conducted by the Board's tax counsel at the earliest available meeting; and (c) staff's proposed Training Program for Fiscal Year 14/15, which includes reserving \$5,750 of carryover funds from FY 13/14.

Summary

This report includes staff's recommendations for Board/staff travel expenditures, subject to Mayoral approval for FY 13/14. Staff requested that Board members identify FY 13/14 conference training preferences, so that staff could develop a recommendation to the Board regarding specific conference training authorizations for FY 13/14. The results of the survey are summarized in this report. Staff also recommends an in-meeting training on the topic of regulatory duties and obligations for administering a Section 457 defined contribution plan. Finally, this report includes the proposed FY 14-15 Training Program for Board consideration.

Discussion

Conference Training - At its July 17, 2012 meeting, the Board adopted a Training/Education/Travel policy for its members and staff. The Training Policy establishes objectives for training within certain categories, identifies resources for providing training, and authorizes the creation of an annual education program.

At its October 16, 2012 meeting, the Board adopted a Training Program for FY 13/14. The Training Program identifies specific planned training resources for the coming fiscal year, including any involving travel.

At its June 18, 2013 meeting, staff presented the Board with conference travel options for the FY 13/14 Training Program. Staff requested that Board members identify

conference training preferences so that staff could develop a recommendation to the Board regarding specific conference training authorizations for FY 13/14.

Additionally, staff informed the Board that although a normal year’s travel budget has sufficient resources for one conference travel event per year, a training budget surplus carryover from the 2012/13 fiscal year provided resources that could allow individuals to attend more than one event. Available funding for FY 13/14 travel is indicated as follows:

RESOURCES	AMOUNT
Training Budget for FY 13/14	\$ 55,756
Unused Training Carryover from FY 12-13	\$ 33,607
Total Funds Available for FY 13/14	\$ 89,363

The following table summarizes the travel preferences indicated by Board/staff members. Staff is recommending that the Board authorize the necessary training and travel-related expenditures for these events:

Training Conference Event	Location of Training Event	Number of Board/Staff requesting attendance	Estimated Cost per person
National Association of Governmental Defined Contribution Administrators (NAGDCA) *	Louisville, Kentucky	14	\$2,480
Institutional Investor Defined Contribution Symposiums	Half Moon Bay, California	1	\$1,200
International Foundation of Employee Benefit Plans	Las Vegas, Nevada	2	\$2,500
Pensions & Investments West Coast Conference	San Francisco, California	2	\$1,500
Plan Sponsor National Conference	TBD	2	\$2,000
TOTAL (For all attendees/events)			\$47,920

**In the past the Board has approved funding for any available Board/staff members to attend the NAGDCA Conference since it is the only conference training event that is exclusively focused on governmental defined contribution plan administration. Although 8 individuals specifically indicated they would attend, some have not been able to provide final confirmation. Staff is therefore requesting that the Board approve all available individuals (excluding only those who have confirmed they are not able to attend).*

Notwithstanding any of these events which were included in the City’s adopted budget for FY 13/14, all conference-related travel is still subject to final approval by the Mayor’s

Office. Certain conferences adopted by the Board were not included in the adopted budget, including the Institutional Investor Defined Contribution Symposiums and the Pension and Investments West Coast Conference. Staff will nevertheless include those in its request for Mayor's Office authorization.

Board members should not expend any personal funds for any of these conferences until final approval has been provided by the Mayor and travel authorities issued by the City Controller. Staff will provide further information on this as it becomes available.

The current estimated total expenditure for conference-related travel is \$47,920 vs. a budgeted amount of \$40,000. The additional expenditure beyond the Board's budgeted amount can be funded out of carryover funds from FY 12/13. Staff will not project any potential surplus from FY 13/14 until other elements of the training program (including business meeting travel and in-meeting trainings) have been addressed; approval of this recommendation does not preclude the Board from adopting additional travel or training authorizations during the course of the fiscal year.

In-Meeting Training: Regulatory Overview – As the Board is aware, the City Attorney is in the process of entering into a contract with Steptoe and Johnson LLP to provide advice and guidance to the Board on tax and regulatory matters. As of the time of writing this report, this contract had not been executed. However, upon execution, staff recommends that the Board approve training module involving a presentation from Steptoe's principal, Donald Wellington, on the topic of regulatory duties and obligations for administering a Section 457 defined contribution plan. The date of this training would be subject to final approval of the contract with Steptoe and Johnson and optimal integration with the Board's ongoing meeting calendar.

Fiscal Year 14-15 Proposed Training Program – Staff has developed a "Proposed Training/Travel Program FY 14/15" (Attachment A). The recommendations for FY 2014/15 are similar to those adopted at the Board's October 16, 2012 meeting for FY 2013/14.

The only change to the proposed training program for FY 14/15 is the addition of two educational certificate courses. The first course is an investment certification course offered through the Wharton School at the University of Pennsylvania in partnership with the International Foundation of Employee Benefits. This added educational option comes following input received from the Board Chairperson. Participation in this event does create a deficit in the overall travel/training budget, but staff is proposing reserving \$5,750 of carryover funds from FY 13/14 to address that deficit. The other educational course is on Public Sector 457 Plans and is offered as part of the International Foundation of Employee Benefits Certificate Series. This event will be added to the seminar options and does not alter the budget.

Staff recommends approval of its proposed training program for FY 14-15.

Submitted by:

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Steven Montagna

Approved by:

Alejandrina Basquez

PROPOSED TRAINING/TRAVEL PROGRAM FY 14-15

EXTERNAL TRAINING										
Conference Travel (Eligible Conferences)	Tentative Date(s)	Approx. Per Member Cost	Approx. # Attendees	Maximum Cost	Fiduciary	Ethics	Regulatory	Best Practices	Plan Services	Investments
Natl Assn of Governmental Defined Contribution Administrators (NAGDCA)	9/6/2014 - 9/10/2014	\$ 2,500	TBD	TBD	x		x	x		x
Pensions & Investments East Coast or West Coast Conference	Oct-14 / Mar-15	\$ 2,500	TBD	TBD	x		x	x		x
International Foundation of Employee Benefit Plans	Nov-14	\$ 2,500	TBD	TBD	x		x	x		x
Institutional Investor Defined Contribution Symposiums	Sep-14 or Apr-15	\$ 2,500	TBD	TBD	x		x	x		x
PIMCO Institute Investment Seminars	Sep-14 or Jun-15	\$ 2,500	TBD	TBD	x					x
Plan Sponsor Council of America	Sep-14	\$ 2,500	TBD	TBD	x		x	x		x
Mercer Global Investments Forum	Jun-15	\$ 2,500	TBD	TBD	x		x	x		x
Plan Sponsor National Conference	Jun-15	\$ 2,500	TBD	TBD	x		x	x		x
International Foundation of Employee Benefit Plans – Public Sector 457 Plans course	Oct - 14	\$2,500	TBD	TBD	x		x			x
Wharton School - Portfolio Management	May-15	\$ 5,850	1	TBD	x		x			x
Total Conference Travel Slots			16	\$ 45,850						
Business Meeting Travel	Tentative Date(s)	Approx. Per Member Cost	Approx. # Attendees	Maximum Cost	Fiduciary	Ethics	Regulatory	Best Practices	Plan Services	Investments
California Defined Contribution Peer Network Meeting(s)	Jun-15	\$ 500	2	\$ 1,000	x		x	x		x
Third-Party Administrator Site Visit	Apr-15	\$ 500	2	\$ 1,000					x	
Total Business Meeting Travel Slots		\$ 500	4	\$ 2,000						

INTERNAL/ONSITE TRAINING

Training	Tentative Date(s)	Approx. Per Member Cost	Approx. # Attendees	Maximum Cost	Fiduciary	Ethics	Regulatory	Best Practices	Plan Services	Investments
Fiduciary (at City)	TBD	\$ 267	15	\$ 4,000	x					
Regulatory (at City)	TBD	\$ 267	15	\$ 4,000			x			
Investments (at City)	TBD	\$ 67	15	\$ 1,000						x
Best Practices (at City)	TBD	\$ 200	15	\$ 3,000		x		x		
Total On-site Training Costs				\$ 12,000						

INDIVIDUAL TRAINING PROGRAMS

Training	Tentative Date(s)	Approx. Per Member Cost	Approx. # Enrollees	Maximum Cost	Fiduciary	Ethics	Regulatory	Best Practices	Plan Services	Investments
INFRE Retirement Plan Administrator Series	n/a	\$ 550	5	\$ 2,750	x		x	x		x
Total Training Program Costs				\$ 2,750						

TRAINING EXPENDITURES FY 14/15

\$ 62,600

TRAINING BUDGET FY 14/15

\$ 56,850

RESERVE FUNDS TO BE HELD OVER FROM FY 13/14

\$ 5,750

DIFFERENCE

\$ (0)