

BOARD OF DEFERRED
COMPENSATION
ADMINISTRATION

EUGENE K. CANZANO
CHAIRPERSON

BILL STEIN
VICE-CHAIRPERSON

--
SANGEETA BHATIA
SALLY CHOI
RICHARD KRAUS
MICHAEL A. PEREZ
SHELLEY SMITH
KURT A. STABEL
MARGARET M. WHELAN

DEFERRED COMPENSATION PLAN BOARD REPORT 08-53



Date: December 5, 2008

To: Board of Deferred Compensation Administration

From: Staff

Subject: Staff Report: Pending Projects & Information Items

Recommendation:

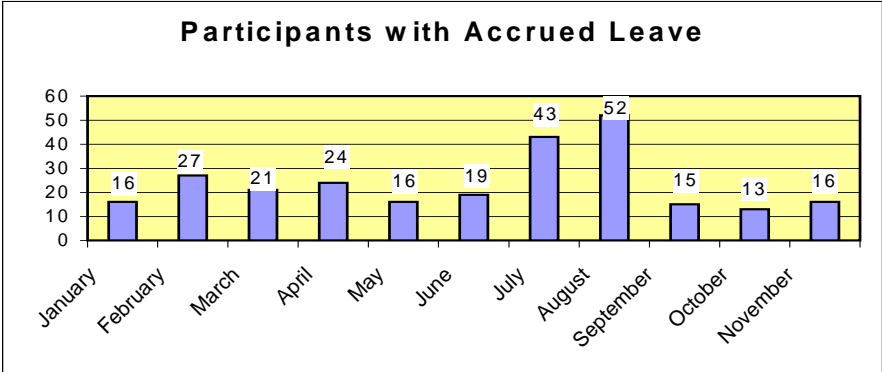
That the Board of Deferred Compensation Administration receive and file the following information.

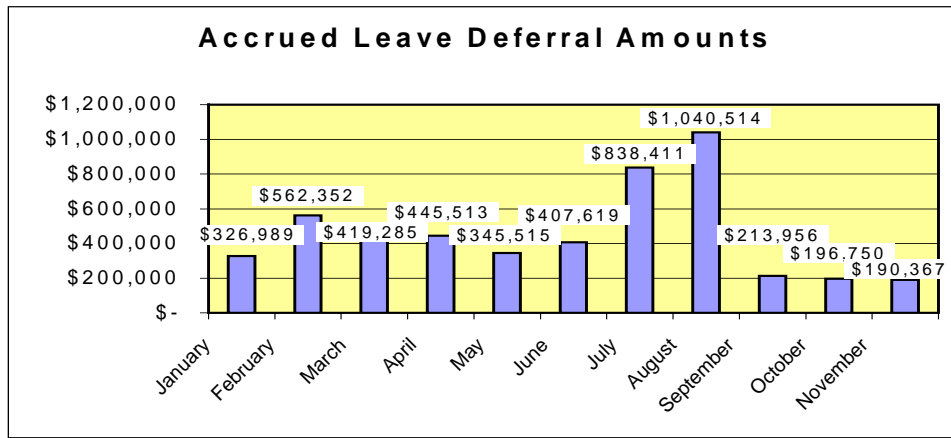
Pending Projects & Information Items:

- **Council Report Follow-Up: Plan Investments** – On October 1, 2008, the City Council considered a report from the Board of Deferred Compensation regarding Plan investments, focusing particularly on the Plan's FDIC-insured savings options. This was in response to a motion from Councilmember Dennis Zine. As part of Council's consideration of the original report, Councilmember Zine asked for a follow-up report, which staff is drafting and will shortly submit to Personnel Committee. The report will emphasize recent actions taken by the Board with respect to redesigning its FDIC-insured savings option.
- **Investments Committee** – The Board's Investments Committee met on December 2, 2008, to review a presentation from Mercer Investment Consulting regarding finalists for a passively-managed mid-cap fund. The Committee asked Mercer to prepare some additional information. The matter will be reconsidered at the next Committee meeting in January 2009.
- **IRA Implementation** – With adoption of an ordinance permitting establishment of Plan-sponsored Individual Retirement Accounts (IRAs), staff has begun taking steps towards implementation. However, this project is proving to be more problematic than anticipated. Only one other Great-West client (City of New York) offers IRAs and they do so within a custodial framework the City does not presently use. As a result, resolution of this issue appears to tie in with decisions yet to be made regarding the redesign of the core investment menu and how custodial services for the City's Plan are provided. This matter will therefore need to be concurrently considered by the Investments Committee.

- **Goals/Metrics DCP Communications** – Staff is in the process of developing goals and metrics for the Communications function of the Deferred Compensation Plan. This is a first step in developing goals/metrics for all of the primary functions of the program. All of these goals/metrics will be presented to the Board for approval/adoption before being finalized. The emphasis in these efforts will be on conducting a thorough and deliberative process to ensure the goals/metrics are meaningful and support the efficient and effective operation of the Plan.
- **Investment Provider Contract: State Street Russell 2000 Index** – Pursuant to Board action at the 11/18/08 meeting, staff is drafting a contract with State Street Global Advisors to continue providing this offering.
- **Retiree Loans** – Progress towards offering retiree loans been made in that issues have been resolved towards providing termination dates for City employees on bi-weekly contribution files. A meeting on this topic involving staff and Great-West will be taking place on or around December 17 to identify and resolve outstanding issues.
- **Fiduciary Responsibility** - This presentation regarding fiduciary responsibilities and obligations as they relate to the City's Deferred Compensation Plan has unfortunately been delayed. Staff members Ashley Stracke (Personnel) and Vicky Williams (City Attorney) were working closely with Deputy City Attorney Richard Bobb on this project. The City Attorney's Office has not yet designated a permanent replacement for Mr. Bobb. Once that occurs staff can work with that individual to finalize the presentation.
- **Board By-Laws** - The drafting of this document has been delayed. Ashley Stracke (Personnel) had been working closely with Deputy City Attorney Richard Bobb on this document. Work on this project will resume once the City Attorney's Office designates a permanent replacement for Mr. Bobb.
- **Accrued Leave Activity** – Staff has compiled the following results of Accrued Leave enrollment for the month of November 2008. During the month of November, sixteen participants elected to enroll in Accrued Leave and \$190,367 was contributed into the Plan from their Accrued Leave payouts.

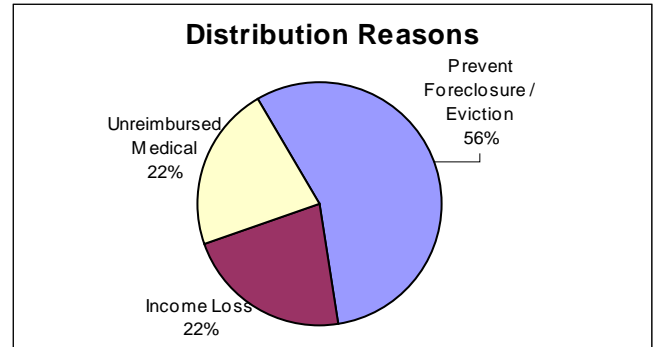
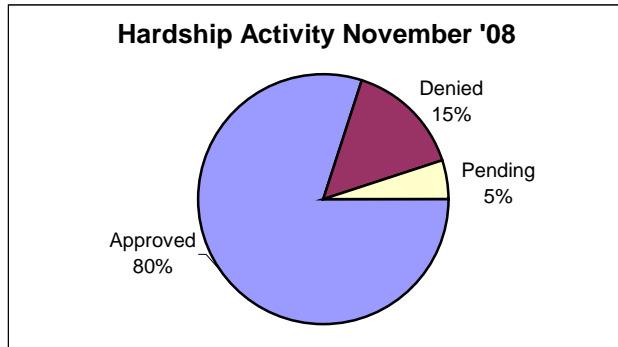
Following are accrued leave activity results from January to November 2008:





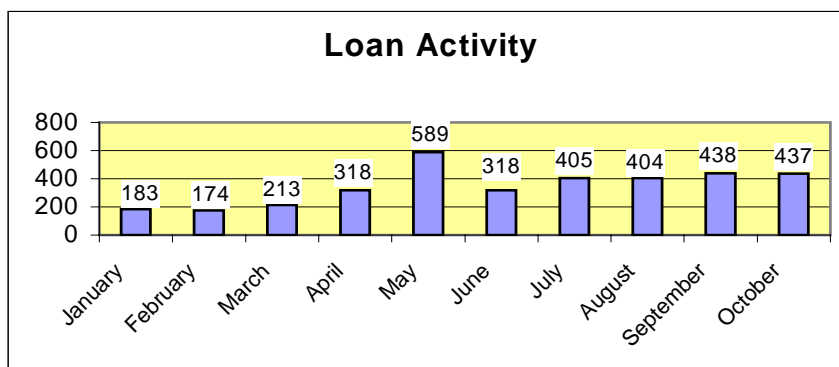
Hardship Activity – Staff has compiled the following results of hardship processing with Great-West for the month of November 2008. During the month of November, twenty hardship cases were submitted to Great-West. Sixteen cases were approved, three denied, and one was pending further documentation.

Following are hardship activity results for the month of November:



Loan Activity – Staff will now be providing monthly loan activity updates. As of October 2008, there was \$161,223,007 in loans outstanding, which represents 7.0% of total participant assets of \$2,307,881,633.

The chart below provides a history of new loans established for the period January – October 2008. The increase in loans taken in May of 2008 was coincident with the Plan offering participants the ability to obtain a second loan around this time. It is likely that much of the subsequent apparent increase in number of loans taken involved the taking of a second loan.



Submitted by:

Steven Montagna

Natasha Zuvich

Ashley Stracke

Approved by:

Maryanne Keehn