

Deferred Compensation Plan BOARD REPORT 10-36

Date: October 6, 2010
To: Board of Deferred Compensation Administration
From: Staff
Subject: Deferred Compensation Plan Trustee

*Board of Deferred
Compensation Administration
Eugene C. Canzano, Chairperson
Richard Kraus, Vice- Chairperson
Sangeeta Bhatia
Cliff Cannon
Sally Choi
John R. Mumma
Michael Perez
Maggie Whelan*

Recommendation:

That the Board of Deferred Compensation Administration:

- (a) Refer to the Plan consultant correspondence (and attachments) dated September 20, 2010 from Board member John Mumma to the Plan's consultant for review and consideration relative to its evaluation of Plan trustee issues as requested by the Board; and
- (b) Approve attached correspondence from the Board to the Police Protective League acknowledging receipt of the above-described correspondence and indicating that it has directed its consultant to review it in connection with its analysis.

Discussion:

At its meeting on June 15, 2010, the Board requested that staff develop draft correspondence to the City Attorney's Office requesting clarification of the question of which entity is acting in the capacity of trustee for the City's Deferred Compensation Plan and what that entity's responsibilities are relative to that role. At its meeting on July 20, 2010, the Board considered staff's proposed correspondence, discussed some potential changes to the wording of the questions, and asked staff to return the matter to the Board for reconsideration. At its meeting on August 17, 2010, the Board discussed the option of, prior to issuing correspondence to the City Attorney, having its consultant conduct an outside review of this issue. At its meeting on September 21, 2010, the Board directed the Plan consultant to (a) evaluate the City of Los Angeles Deferred Compensation Plan's authoritative documents and determine the degree to which they are consistent with best practices for meeting Internal Revenue Code Section 457 trust requirements for governmental plans, and (b) if necessary, make recommendations for modifications/improvements.

Staff is in receipt of a communication from Board member John Mumma (see Attachment A) regarding a review of the Deferred Compensation Plan trustee issue requested by the Police Protective League and performed by an outside law firm. Staff is recommending that the Board refer this document to the Plan's consultant to consider

and review as part of the evaluation it is conducting at the request of the Board. In addition, staff is recommending that the Board approve correspondence from the Board to the Police Protective League acknowledging receipt of this information and indicating that it has directed its consultant to review it in connection with its analysis of the trustee issue (Attachment B).

Submitted by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez