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DEFERRED COMPENSATION PLAN BOARD REPORT 07-03



Date: January 31, 2007

To: Board of Deferred Compensation Administration

From: Staff

Subject: Plan Governance

Recommendation:

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

Discussion:

Subsequent to the January 16, 2007 Board meeting, Board member Mike Carter requested that the subject of Pensions participant representation on the Board be placed on a future Board meeting agenda for discussion. This report is provided to the Board to provide some background on the topic.

As the Board is aware, the City Council recently approved the Board's recommended changes to the governance of the City's Deferred Compensation Plan. Included among these changes were provisions requiring elections for the three retirement plan constituencies (LACERS, Pensions and DWP Plan participants) which currently serve on the Board by virtue of their service on retirement/pension boards.

Mr. Carter has indicated his concern that because the Police Officer membership of Pensions exceeds that of Firefighters, it is unlikely that a Firefighter would ever serve on the Board. At the January 16th meeting, Mr. Carter asked whether this particular question had been previously considered. Staff, which participated in the Plan Governance Task Force discussions which generated the recommended changes, recalls that the issue was discussed by the Task Force members but did not recall the details of those discussions.

One of the strengths of the process used by the Board in generating the recommendations for Plan governance changes was obtaining "grassroots" feedback from the participant members of the Plan Governance Task Force. The Board used this approach as a means of demonstrating its commitment to obtaining input from Plan participants on important decisions affecting their Plan.

If the Board elects to reconsider any of the governance changes it has approved and which have also already been adopted by the City Council, staff believes it would be prudent to

obtain advice and feedback from the Plan Governance Task Force members before taking a policy position. If this matter were to be referred back to that Task Force, staff would suggest that the Board request a response from the Task Force, at minimum, on the following questions:

- Does the Task Force find that the smaller-member Firefighter constituency would be unlikely to have one of its members elected as the Pensions representative?
- Does the Task Force find that the two discrete Pensions constituencies have materially different issues/needs that would be best served by building out provisions to have both groups represented on the Board?
- If so, how would the Task Force recommend that this be accomplished? Should both Fire and Police have permanent or rotating positions on the Board? If permanent positions, how would this affect the overall composition of the Board?

The Board may find these are matters warranting further analysis and review. In that event, staff strongly recommends that the Board use the same process for considering those matters that it used in developing the other recommended Plan governance changes.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn