

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

MINUTES
MEETING OF DECEMBER 14, 2004
700 E. TEMPLE STREET, ROOM 350
LOS ANGELES, CA 90012

BOARD MEMBERS PRESENT

Shelley Smith, Chairperson
Sgt. Thomas A. Dawson, Ph.D.
Richard Kraus
Betty Porter
Javier Romero
Margaret Whelan

BOARD MEMBERS ABSENT

Joya De Foor, Vice Chairperson

STAFF

Maryanne Keehn, Personnel
Steven Montagna, Personnel
Francois Verin, Personnel
Richard Bobb, City Attorney

1. Call to Order

Ms. Smith called the meeting to order and stated that the first order of business will be public comments.

2. Public Comments

Ms. Smith stated that there were no speaker cards turned in for Public Comments.

3. Executive Session

Richard Bobb, City Attorney, summarized topics discussed in closed session: Galvin v. City of Los Angeles, Case No. BS 093076 and Nationwide Retirement Solutions, Inc. v. City of Los Angeles, et al., Case No. BS 093525. No decision rendered.

4. Board Report 04-39 Great West Contract Extension

Staff recommended that the Board authorize the Chairperson to execute a temporary extension of the current contract with Great-West. Steven Montagna stated that this recommendation to extend the current contract with Great-West is based on the request from City Council to redo the RFP and extend the current contract with Great-West until the RFP is resolved. Maggie Whelan asked staff to come back at the next board meeting and provide a sense as to where things stood in terms of creating a new RFP and providing a timeline.

Sgt. Dawson asked if staff spoke to Great-West about the ramifications of a contract extension, specifically if there would be any additional fees charged to the Plan. Sgt. Dawson also asked if the City Council recommended a month-to-month contract extension instead of a 6-month extension. Mr. Montagna stated that the City Council recommended a month-to-month contract extension for a period no longer than 6 months, which will be until the end of June 2005, and additional fees will not be incurred by the Plan.

Sgt. Dawson moved for approval of staff's recommendation to authorize the Chairperson of the Board to execute a temporary extension of the current contract with Great West. Ms. Whelan seconded the motion. The Board voted unanimously for approval.

5. Board Report #04-40 Consulting Contract

Staff recommended that the Board approve the contract amendment with Mercer Investment Consulting to increase the compensation and length of the City's current contract, and authorize the Board's Vice Chairperson to sign and execute the contract amendment.

Chairperson Smith recused herself from voting or participating on this issue due to previously expressed concerns regarding a potential conflict of interest while serving on the LACERS Board of Directors. Ms. Smith said she was being overly cautious to make sure that Deferred Compensation participants are confident that the Board fairly reviewed and voted without prejudice or influence. Ms. Smith designated Sgt. Dawson as the Vice Chairperson. Sgt. Dawson resumed discussion and asked that staff provide a summary regarding the recommendation for the contract amendment.

Mr. Montagna said that part of this recommendation was based on discussions with the City Attorney regarding the need for the Vice Chairperson to execute the amendment due to uncertainties regarding the conflict of interest issue involving Ms. Smith.

Sgt. Dawson expressed concern regarding raising the amount of the contract above \$300,000. Mr. Montagna explained that this was necessary due to the additional work requested by the Board due to the RFP review and the current situation of redoing the RFP. Sgt. Dawson suggested that staff provide updates to the Board regarding the status of contract work and associated fees submitted by Mercer when this appears to go beyond the contracted amount.

Sgt. Dawson expressed additional concerns regarding whether raising the contract ceiling from \$300,000 to \$375,000 was sufficient to cover all costs. Mr. Montagna assured the Board that \$375,000 would be sufficient. Ms. Keehn stated that the RFP process is a labor-intensive process that occurs once every five years and should not affect the remainder of the contract. Ms. Whelan suggested that staff provide detailed information regarding the procedures used by Mercer and for staff to conduct requested consultation and billing.

Mr. Romero stated that he was not comfortable making a decision without further input from the City Council and said he would not vote on this issue.

Ms. Whelan moved for approval of staff's recommendation to increase the current contract. Sgt. Dawson restated that the first motion is to amend the current contract by increasing the ceiling of the contract from \$300,000 to \$375,000. Richard Kraus seconded the motion. Approved by a vote of 4 ayes (Whelan, Dawson, Porter, Kraus) - (Romero abstained).

Ms. Whelan moved to approve staff's recommendation to have the Board's Vice Chairperson sign the consultant contract amendment. Ms. Porter seconded the motion. Approved by a vote of 4 ayes (Whelan, Dawson, Porter, Kraus) - (Romero abstained).

Sgt. Dawson asked for a motion to approve staff's recommendation to incorporate the City of Los Angeles Travel Expense Reimbursement Guidelines to the Mercer contract. Mr. Kraus moved to approve staff's recommendation. Ms. Porter seconded the motion. Approved by a vote of 4 ayes (Whelan, Dawson, Porter, Kraus) - (Romero abstained).

Sgt. Dawson asked that Chairperson Smith be allowed to return and resume the Board meeting. Ms. Whelan moved that Chairperson Smith be allowed to return to Board meeting. Ms. Porter seconded the motion. Motion unanimously approved.

6. Board Report 04-41 Administrative Fee Trust Fund Reimbursements

Staff recommended that the Board approve reimbursement from the Deferred Compensation Plan Administrative Fee Trust Fund to the Personnel Department for the quarter ending 6/30/04. Betty Porter moved to approve staff's

recommendation. Maggie Whelan seconded. Sgt. Dawson asked for an explanation regarding how the Personnel Reimbursements and consulting fees are paid. Steven Montagna explained that the .50 paid by participants pays for the plan's expenses. Motion was unanimously approved.

7. Staff Administrative Report

Staff recommended to receive and file. Board approved to receive and file.

8. Hardships

Case No. 04-29: Sgt. Dawson expressed concern regarding the applicant's bankruptcy and the effects a distribution might have. Ms. Smith stated that since the bankruptcy had been concluded, it appears irrelevant in regards to the hardship distribution. Sgt. Dawson moved to approve. Ms. Porter seconded. Motion was unanimously approved.

Case No. 04-30: Sgt. Dawson asked why we are approving this case when the applicant has not submitted all the required documentation. Mr. Verin stated that if a case appears to meet the guidelines but is missing some of the required documentation, then we ask for approval pending the submission of required documentation. This gives the applicant a chance to submit the documentation without having to wait an extra month for the Board to meet and approve the hardship request. Sgt. Dawson moved to approve. Ms. Whelan seconded. Motion was unanimously approved.

Case No. 04-31: Sgt. Dawson asked about identifying various payroll deductions and whether we are able to verify. Francois Verin stated that the payroll screen he uses does not specify exactly where the deduction goes and the same is true with the pay statements. Sgt. Dawson moved to approve. Mr. Kraus seconded. Motion was unanimously approved.

Adjournment

Shelley Smith stated that all agenda items have been discussed and that the next Board meeting is scheduled for January 25, 2005.

Sgt. Dawson requested that at the next meeting the Board have an Executive Session to discuss how the Board review and approve financial hardship requests from staff. Maggie Whelan asked if it was necessary to have this discussion in Executive Session. Shelley Smith explained that the Board only goes into Executive Session when the Board needs to discuss legal issues or seek legal advice. Shelley Smith stated that Board members could ask staff to put this issue on the agenda for discussion and clarification.

Maggie Whelan requested that the issue of selecting the Board's Retiree Representative be put on the next agenda along with any Administrative Code revisions needed in regards to the election process of the Board's Retiree Representative.

Sgt. Dawson asked that staff prepare a "welcome aboard package" that gives new Board members some type of protocols, guidelines, and procedures. Shelley Smith suggested that staff prepare a strategic plan that gives an overview of the Board's goals, protocol, guidelines and procedures.

Ms. Smith adjourned the meeting.