

Deferred Compensation Plan PLAN GOVERNANCE COMMITTEE REPORT 12-02

Date: June 26, 2012

To: Plan Governance & Administrative Issues Committee

From: Staff

Subject: Training, Education and Travel Policy

*Board of Deferred
Compensation Administration
Eugene, Canzano, Chairperson
John R. Mumma, Vice- Chairperson
Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
Sangeeta Bhatia, Third Provisional Chair
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Margaret M. Whelan*

Recommendation:

That the Plan Governance & Administrative Issues Committee refine staff's draft training and education policy and recommend its adoption to the Board of Deferred Compensation Administration.

Discussion:

At the April 17, 2012 Board of Deferred Compensation Administration meeting, the Board referred a draft training/education/travel policy to the Plan Governance Committee for further review and consideration. This policy attempts to delineate training objectives for Board members and staff and provide for an efficient and judicious use of the available resources.

In the proposed policy, staff has attempted to identify primary education topics and the potential resources for those topics. The policy further provides for adoption of a proposed annual education program which would be effective for the subsequent fiscal year. Included within that program would be related travel expenditures.

Staff's proposal is for the Board to adopt the program in July of each year such that the Personnel Department can incorporate this information, on behalf of the Board, in its departmental budget request typically submitted in the Fall of each year. Note that present policy is that the Mayor's Office must still separately approve each travel item, even if the travel has been included in the adopted budget.

Staff is further proposing that training slots be allotted to Board members and staff on a sequential basis, such that individuals who are unable to attend an initial training event will be provided the first opportunity to attend a subsequent event. This will ensure that external conference/travel costs do not exceed the Board's annual training budget, and that individuals have equal opportunities to participate in training events.

Staff is also proposing that the Board utilize, where appropriate resources can be identified, onsite or online training. Onsite training is generally a more efficient means of obtaining training because a single training resource is brought to multiple Board/staff members rather than vice versa. Staff has identified, for example, contracted fiduciary experts who could be brought to the Board. Similar resources may be identified for other training categories.

Included within the proposed policy is a provision providing the Board Chairperson with the authority to approve certain education/travel expenses with the concurrence of the General Manager Personnel Department, in instances where an opportunity for immediate training is identified and there is insufficient time to bring the request to the full Board. This addresses situations where waiting until the full Board meets either prevents attendance at a training opportunity or leads to significantly higher costs.

Staff has also drafted a sample of how the annual education program might be structured at a summary level. This provides the Board with some information regarding how staff is contemplating structuring the proposal.

Staff recommends that the Plan Governance & Administrative Issues Committee consider and refine the proposed policy and recommend to the Board a final proposed document.

Submitted by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez

**CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN
TRAINING/EDUCATION/TRAVEL POLICIES
BOARD MEMBERS AND STAFF**

Adopted: _____

I. DUTY AND RESPONSIBILITY

The Board recognizes that education and training support the proper fulfillment of Board/staff member roles and responsibilities, and that certain expenditures are required in relation to that and in order to exercise due diligence over Plan operations. The Board further recognizes that all such expenses for training, education and travel are paid from participant fees and therefore all expenditures for these purposes must be appropriate and relevant, paid in accordance with City rules, policies and procedures, and the use of funds judicious, such that the expenditure will result in a demonstrable benefit to Plan participants.

II. OBJECTIVE

The objective of the Board's training and education policy is to promote awareness of the following subject areas involved in administering the Plan, and diligence in providing oversight of Plan operations:

- (a) The obligations and role of a fiduciary and the paramount duties of loyalty and prudence.
- (b) Ethics requirements dictated by State/City law as well as adopted by Board policy.
- (c) The legal and regulatory framework for defined contribution plans generally and Section 457 plans specifically.
- (d) The best practices of similar organizations administering similar programs.
- (e) The ongoing administrative operations, processes and practices involving the Plan's service providers and staff.
- (f) Principles of investment manager selection and performance review.

III. TRAINING & EDUCATION PROGRAM

A. Topics/Resources/Applicability

Following is a summary of primary training/education topics; potential training resources; and their customary applicability to Board members and staff.

Educational Category	Topic	Potential Training Sources	Board Member Training	Staff Training
Orientation	Overview of Plan history, statistics, governance, demographics, fees, and administration.	Personnel Department Staff; third-party-administrator	x	
Fiduciary Responsibilities	Review of fiduciary responsibilities of administering the Plan	External fiduciary training specialists; consultant; Board counsel; third-party-administrator	x	x
Ethics Responsibilities	Review of State and City ethics laws as they relate to contracting, conflict-of-interest, and other topics	Bi-annual State/City training	x	x
Legal/Regulatory	Review of Federal laws and regulations related to administration of a Section 457 plan	Conferences; consultant; third-party-administrator	x	x
Best Practices	Review of best practices of other defined contribution plan administrators	Peer networks; conferences; consultant; third-party-administrator	x	x
Plan Services & Administration	Monitoring of services/operations of Plan third-party-administrator	Site visits for staff; operations training for Board members	x	x
Investments	Review of principles of investing, investment monitoring, and investment menu design relevant to defined contribution plan administration	Consultant; conferences; external training specialists	x	x

B. Internal/In-Meeting Education Resources

The Board may utilize in-house resources periodically at regular Board meetings or organized as stand-alone sessions, available from the following:

- (a) *Personnel Department Staff* – Personnel Department staff may provide expert resources regarding the City’s internal administrative operation of the program, as well as the institutional history of development of rules, policies and procedures.
- (b) *City Attorney Staff* – City Attorney staff may provide expert resources regarding fiduciary, ethics, and legal/regulatory matters.
- (c) *Plan Administrator* – The City’s Plan Administrator may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans and plan services and administration.
- (d) *Consultant* – The Board’s consultant may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.

- (e) *Subject Matter Experts* – Subject matter experts may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.

C. External/Non-Local Education Resources

- (a) *Conferences* – External conference events may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.
- (b) *Business Meetings* – External business meetings of professionals in the field of defined contribution administration may provide expert resources regarding fiduciary law, legal/regulatory matters, best practices of other plans, and investment-related issues.

D. Annual Education Program

In July of each year staff will prepare for Board adoption a proposed education program for the fiscal year which begins one year following. Once adopted, Personnel Department staff, on behalf of the Board, will include any travel requests related to the annual education program in the Personnel Department’s proposed budget.

In instances where Board members or staff identify seminars, conferences, or meetings involving travel which has not been previously been included and adopted in the Personnel Department’s budget, Personnel Department staff will facilitate the necessary request for approval.

The education program will include the names of eligible external conferences and training events that Board and staff members may attend. The program will include a maximum number of training slots (including all Board members and the professional staff who support the Plan) for the fiscal year. Because there are limited resources and a limited number of training slots, these slots will be offered to Board members and staff on a sequential basis, such that any Board member or staff who declines or is unable to participate in one training opportunity will be provided first opportunity to participate in a subsequent training opportunity.

IV. TRAINING, EDUCATION AND/OR TRAVEL EXPENDITURE AUTHORIZATION AND REIMBURSEMENT

The following policies will govern all travel in support of training and training and education expenditures paid for by the Plan:

- (a) All training, education, and travel in support of training expenditures must be pre-approved by the Board and Council and Mayor as applicable.
- (b) Notwithstanding subsection (a) the Board Chairperson shall have authority, with the concurrence of the General Manager Personnel Department, to authorize training, education, and/or travel in support of training expenditures of up to \$2,500 per person per event in those instances where an opportunity

for immediate training is identified and there is insufficient time to bring the training request to the full Board without either (a) losing the training opportunity or (b) creating the likelihood for significantly higher travel expenses due to the proximity of the training event to the next available Board meeting. In no event shall the costs of a training authorized pursuant to this subsection exceed the average per-person conference expense provided for in the Annual Education Program. Staff shall provide a report on expenditures authorized under this provision to the full Board at the next regular Deferred Compensation Board meeting or as soon as feasible.

- (c) All Board members and staff will comply with the travel guidelines set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code, and with the travel policies and guidelines set forth by the Office of the City Controller.
- (d) To be eligible to attend and be reimbursed for an external conference or training event, all Board members and staff attending are required to attend all regular days of the event.
- (e) Reimbursement of training and travel expenses will not be made absent the attendee submitting all necessary documents completed to the satisfaction of Controller guidelines and within the deadlines established by the Controller, including but not limited to travel expense worksheets, required receipts, and conference evaluations.

TRAINING-TRAVEL CALENDAR FY 13/14

DRAFT

EXTERNAL TRAINING										
Conference Travel	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)	Sep-13	\$ 2,500	TBD	TBD	x		x	x		x
Pensions & Investments East Coast or West Coast Conference	Oct-13 / Mar-14	\$ 2,500	TBD	TBD	x		x	x		x
International Foundation of Employee Benefit Plans	Nov-13	\$ 2,500	TBD	TBD	x		x	x		x
Plan Sponsor Conference	Jun-12	\$ 2,500	TBD	TBD	x		x	x		x
Total Conference Travel Slots		\$ 2,500	18	\$ 45,000						
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-14	\$ 500	2	\$ 1,000	x		x	x		x
Third-Party Administrator Site Visit	Apr-14	\$ 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 (On-site)	TBD	\$ 200	15	\$ 2,750	x					
Regulatory (On-site)	TBD	\$ 200	15	\$ 2,750			x			
Investments (On-site)	TBD	\$ 200	15	\$ 2,750						x
Total On-site Training Costs				\$ 8,250						

TRAINING EXPENDITURES FY 13/14

\$ 55,250

TRAINING BUDGET FY 13/14

\$ 55,740

DIFFERENCE

\$ 490