

CITY OF LOS ANGELES
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

ADOPTED MINUTES
MEETING OF JANUARY 16, 2018
700 E. TEMPLE STREET, ROOM 350

BOARD MEMBERS

Present:

John R. Mumma, Chairperson
Wendy G. Macy, Third Provisional Chair
Cliff Cannon
Linda P. Le
Lita Payne
Don Thomas

Not Present:

Michael Amerian, Vice-Chairperson
Raymond Ciranna, First Provisional Chair
Robert Schoonover, Second Provisional Chair

PERSONNEL DEPARTMENT STAFF

Jody Yoxsimer – Assistant General Manager
Steven Montagna – Chief Personnel Analyst
Matthew Vong – Management Analyst
Daniel Powell – Personnel Analyst
Leonard Hyman – Personnel Analyst

VOYA FINANCIAL

La Tanya Harris – Registered Representative
Luis Chaves Guzmán – Participant Engagement Consultant

1. CALL TO ORDER

John Mumma called the meeting to order at 9:03 a.m.

2. PUBLIC COMMENTS

None.

3. MINUTES

A motion was made by Wendy Macy, seconded by Don Thomas, to approve the minutes of the December 5, 2017 meeting; the motion was unanimously adopted.

4. BOARD REPORT 18-01: ELECTION OF OFFICERS

Steven Montagna stated that there was a requirement within the Administrative Code that the election of officers for the Board of Deferred Compensation Administration take place in the January of every even-numbered year. John Mumma stated that Cliff Cannon had indicated that he would step down as the First Provisional Chair. Mr. Mumma opened nominations for Board officers.

A motion was made by Mr. Thomas, seconded by Mr. Cannon, to nominate and elect John Mumma as Chairperson, Mike Amerian as Vice Chairperson, Ray Ciranna as First Provisional Chair, Bob Schoonover as Second Provisional Chair, and Wendy Macy as Third Provisional Chair; the motion was unanimously adopted.

5. BOARD REPORT 18-02: 2018 BOARD ELECTIONS

Leonard Hyman stated that there would be elections held in 2018 for the DWP Active Participant Representative and the Retired Participant Representative for the Board of Deferred Compensation Administration. He indicated that the terms for the current Board members filling those positions would expire on June 30, 2018. He stated that the election would be held on May 11, 2018 with new terms beginning July 1, 2018 and ending June 30, 2021. He stated that staff was working with the City Clerk staff to conduct the election, and that in early March eligible participants would be notified about the election via general mail. He stated that nominating petitions would be available on March 15, 2018, the deadline for submission of signed petitions would be March 29, 2018, and ballots would be mailed in late April. He indicated that the next election would be held in 2020 for the Active LACERS Representative and the LAFPP Participant Representative.

Mr. Mumma asked if it had been confirmed that Mr. Cannon would not pursue another term. Mr. Montagna indicated that was correct. Linda Le stated that the Board of Administration of the Water and Power Employees' Retirement Plan would also be holding elections in 2018. Mr. Montagna indicated that staff would ensure that mailings to Plan participants would make every effort to minimize confusion within the Plan's communications about the Deferred Compensation Plan elections.

A motion was made by Mr. Thomas, seconded by Ms. Macy, to receive and file the staff update regarding 2018 Board Elections; the motion was unanimously adopted.

6. BOARD REPORT 18-03: BOARD/COMMITTEE MEETINGS ATTENDANCE REVIEW

A motion was made by Mr. Thomas, seconded by Ms. Macy, to receive and file staff update regarding 2017 Board and Committee meeting attendance.

7. BOARD REPORT 18-04: STRATEGIC INITIATIVES

Mr. Montagna stated that the purpose of this report was to provide a roadmap of upcoming

strategic initiatives for the City's Plan. He indicated that the first initiative was a review of the long-term revenue and expenses of the Plan, to be addressed in a separate report for this meeting's agenda. He noted that a second initiative related to refinements to the Plan's training program, also addressed in a separate report for this meeting's agenda.

Mr. Montagna stated that the third initiative related to addressing Plan goals for improving participant outcomes. He stated that staff was working on updating these goals, all of which were core components for advancing the Plan's core mission to support participant retirement income security. He stated that the fourth initiative related to moving forward with implementing automatic enrollment, the provisions of which have already been adopted in the City's Plan Document. He stated that moving forward with the pilot program had been awaiting completion of the transition in Third-Party Administrator (TPA) providers. He indicated that staff previously had discussed development of a pilot program with the Los Angeles Police Protective League (LAPPL), and would now initiate further discussions.

Mr. Montagna stated that a fifth initiative would be a Plan Document review, which would involve staff working with the City Attorney and Segal Consulting to ensure the current version of the Plan Document is up to date, operationally and procedurally. He indicated a sixth initiative was reviewing the potential for offering investment advisory services.

Mr. Montagna stated staff had previously reported to the Board about the possibility of adding a Deemed Individual Retirement Account (IRA) to the Plan. He indicated that staff had previously reported to the Board on this topic, indicating that although very few governmental plans offer Deemed IRAs, Voya is able to administer them and staff had indicated that it would review this in depth and provide recommendations as to the merits and feasibility once the conversion was completed. He stated that the final primary initiative indicated in the report was initiating certain investment manager searches, a process that would begin mid-year.

A motion was made by Mr. Cannon, seconded by Mr. Thomas, to receive and file the staff update regarding strategic initiatives for the Deferred Compensation Plan; the motion was unanimously adopted.

8. BOARD REPORT 18-05: DEFERRED COMPENSATION PLAN: QUARTERLY STAFFING COST REIMBURSEMENTS – QUARTER ENDING 09/30/17; 2018 BUDGET FORMULATION AND PLAN GOVERNANCE COMMITTEE REVIEW OF LONG-TERM REVENUE EXPENSES

Matthew Vong stated that this report consisted of two recommendations. The first recommendation was a staffing reimbursement request from the Plan Reserve Fund accounts to the Personnel Department and the City Attorney. The second recommendation was that the Board direct the Plan Governance and Administrative Issues Committee to convene for the purpose of reviewing long-term Plan revenues and expenses. He indicated that in preparation for the 2018 draft budget, staff had noted a large increase in Plan assets in 2017 and the full impact of TPA fee reductions under Voya, resulting in a long-term projection of larger than anticipated reserve fund surpluses. He stated that in light of these

projected surpluses, staff recommended that the Committee convene to review the data and develop recommendations for the full Board.

A motion was made by Mr. Amerian, seconded by Mr. Thomas, to approve reimbursements from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for \$133,195.35 and City Attorney for \$21,074.01 for the quarter ending 09/30/17; the motion was unanimously adopted.

A motion was made by Mr. Mumma and Ms. Macy to direct the Plan Governance & Administrative Issues Committee to convene for the purpose of reviewing long-term Plan revenues and expenses and developing recommendations for further action; the motion was unanimously adopted.

9. BOARD REPORT 18-06: 2018 PROPOSED BOARD MEETING TRAININGS

Mr. Montagna stated that the Board has an adopted training program. He indicated that part of the program was to bring trainings to the board during regularly scheduled meetings. He indicated staff had evaluated ways fiduciary training could be done more effectively. He indicated that the last time the Board received fiduciary training was in 2015, and that presently there was no process for ensuring that every new Board member or staff member received this training. He said that although it would be helpful to provide an in-person fiduciary training to the Board, it was also important to create a process to provide this information to new staff and Board members as part of on-boarding. He indicated a final priority was ensuring that the training was repeated on a regular basis.

Mr. Montagna stated that he had consulted with Wendy Young-Carter from Segal Consulting who had advised that many plans repeat fiduciary training every three years, and that often fiduciary training is conducted in conjunction with a review of the Investment Policy Statement (IPS). He indicated this could be helpful for understanding the way in which the investment menu for the Plan was constructed. He indicated that staff recommended a combined Fiduciary-IPS training be developed and its frequency and availability be established within the Board's training program. He said that staff would investigate options for ensuring the information would be consistent.

Mr. Montagna stated that staff considered a range of options for the second in-meeting Board training for 2018 and recommended development of a broad-based review of retirement benefit design in the United States, beginning at the macro-level and then distilling down to defined contributions plans and Internal Revenue Code Section 457 plans in particular. He indicated that this training would help to place the Plan and its goals and metrics into a broader context.

Ms. Le stated that she thought the second training was a good idea and would be interested in training specific to the Deferred Compensation Plan. Mr. Montagna said that this training would provide both broad context as well as information tailored specifically to the City's Plan.

Mr. Montagna stated that staff recommended that the first training would be held in April and

the second training would be in October, and the intention would be to maintain that cycle moving forward. He stated that staff would also propose revisions to the training program to codify Ethics training, which all Board members are required to complete, as well as Sexual Harassment training.

Mr. Cannon stated that given that the Board would have a different composition as of June 1, 2018, due to the elections, staff might consider changing the date of the fiduciary training. Mr. Montagna said staff would consider this.

A motion was made by Mr. Cannon, seconded by Mr. Amerian, to approve proposed in-meeting trainings for 2018, and direct staff to draft proposed revisions to the Board's Training, Education, and Travel policy regarding requirements for Fiduciary/IPS Training, Ethics Training, and Sexual Harassment Training as described in the staff report, and return to the Board for final approval; the motion was unanimously adopted.

10. BOARD REPORT 18-07: PLAN PROJECTS & ACTIVITIES REPORT

Mr. Hyman stated that the Plan newsletter had been finalized and would be included with the 4th Quarter statement, ending December 31, 2018. He stated that the Board had requested an update once the Tax and Jobs Act had passed. He confirmed that there were no provisions that would directly impact 457 plans, and the changes that were made to retirement plans had a much more minimal impact. Mr. Montagna added that there is some apparent interest in Congress for pursuing a technical corrections bill, and staff would be monitoring this closely for any developments.

Mr. Mumma requested that staff reach out to Board members to determine what interest they have in specific committee assignments, due to upcoming vacancies. Mr. Montagna introduced Kevin Hirose who would be joining the Plan as a Personnel Analyst in January.

A motion was made by Mr. Thomas, seconded by Mr. Cannon, to receive and file staff monthly activity report for December 2017; the motion was unanimously adopted.

11. REQUESTS FOR FUTURE AGENDA ITEMS

None.

12. ADJOURNMENT

The meeting adjourned at 9:42 a.m.

Minutes prepared by staff member Leonard Hyman.