CITY OF LOS ANGELES
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

ADOPTED MINUTES
REGULAR MEETING OCTOBER 18, 2016 - 9:00 A.M.
700 E. TEMPLE STREET, ROOM 350

BOARD MEMBERS:

Present:
John R. Mumma, Chairperson
Cliff Cannon, First Provisional Chair
Raymond Ciranna, Second Provisional Chair
Wendy G. Macy, Third Provisional Chair
Linda P. Le
Don Thomas
Robert Schoonover

Not Present:
Michael Amerian, Vice-Chairperson
Thomas Moutes

Staff:

Personnel:	Gregory Dion	Steven Montagna	Ana Chavez
	Matthew Vong	Daniel Powell	Angela Yin

City Attorney: Curtis Kidder

1. CALL TO ORDER

John Mumma called the meeting to order at 9:01 a.m.

2. PUBLIC COMMENTS

None.

3. MINUTES

A motion was made by Linda Le, seconded by Don Thomas, to approve the September 6, 2016 meeting minutes; the motion was unanimously adopted. *Cliff Cannon was not present to vote on this item.*

Mr. Mumma asked if staff conducted a follow up on Empower’s data transfer fee as referenced in the minutes. Mr. Montagna replied that staff had yet to receive a response from Empower.

4. INVESTMENT REVIEW FOR QUARTER ENDING 06/30/16

Devon Muir and Michael Molino of Mercer Investments Consulting (Mercer) discussed the Deferred Compensation Plan's fund performance for the second quarter of 2016 and provided a brief update on recent 3Q fund performance. Mr. Muir first presented a broad overview of the second quarter and year to date capital market performance. He stated that U.S. equity markets experienced good second quarter performance, with Small Cap stocks generally outperforming Large Cap stocks and value stocks outperforming growth stocks. He stated that Global Real Estate Investment Trusts (REITs) and Telecom stocks tended to outperform growth oriented areas like consumer discretion stocks and technology. He indicated that international equity markets were positive midway through the second quarter, but the United Kingdom's withdrawal from the European Union ("Brexit") caused a sell-off towards the end of the quarter. He noted that the MSCI EAFE Index experienced nonexistent to slightly negative returns while the MSCI Emerging Markets Index, a top performer year to date, experienced slightly positive returns. He stated that Brexit occurred in concert with a rally in bond prices as yields declined significantly. He stated that the Barclays Aggregate Index increased 2.2% for the quarter and similar returns were present throughout the bond markets. He noted that Barclays High Yield Bonds performed particularly well and performance increased 5.5% for the quarter and 9.1% on a year to date basis. He stated that Loomis Sayles, the Plan's active bond manager within the DCP Bond Fund, delivered significant excess returns because it dedicates a portion of its portfolio to high yield or credit oriented type of bonds. He stated that NAREIT Equity REITs had increased approximately 14% on a year to date basis and that these investments generally performed well in the first two quarters of the year. He stated that the resurgence of the Commodity indexes was directly attributable to the increase in oil prices. He stated that Loomis Sayles was in negative territory early in the year as a result of exposure to energy sector bonds, particularly high yield issuers. He stated their thesis was that oil was at an equilibrium price of around $50 a barrel while trading at about $28 a barrel at that point in time. He stated they have appeared to be correct and performance has rallied significantly since.

Mr. Muir then briefly described the City's investment options lineup and commented on asset allocation by tier. He indicated Plan assets totaled over $5.1 billion by the end of the second quarter, which represented an increase of about a $111 million. He stated that the DCP Large Cap Stock Fund and DCP Stable Value Fund continue to be primary investments as they make up 31% and 21% of overall assets respectively. He stated risk based profile funds continue to grow steadily as a group and represented about 17% of overall assets. He discussed overall expenses of the City's investment options and stated the City's fund expense ratio is lower than the median comparable peer group across the board. He stated the weighted average of total "All-in" Expenses, reflective of administration cost and rebates back to the Plan, is 26 basis points.

Mr. Thomas stated the language on page 17 regarding quarterly performance seemingly contradicts the language on page 24. Mr. Muir clarified that the returns for the DCP Mid Cap Stock Fund were positive on an absolute basis but underperformance relative to the benchmark took away from overall return. Raymond Ciranna asked Mr.

Muir whether the Plan would increase basis points if the DCP Large Cap Stock Fund was not included. Mr. Muir stated yes. Mr. Ciranna asked Mr. Muir to discuss Mercer's meetings with advisors and managers. Mr. Muir stated that a regular due diligence meeting with lead portfolio manager Jeff Bianchi of Voya as well as a review of the portfolio and process by Mercer's research team reaffirmed top rated Mid Cap Growth strategy convictions. He indicated that a similar, routine portfolio review process took place with lead portfolio manager Don Wordell of Ceredex. He stated that Daniel Ling and Filipe Benzinho of MFS Investment Management, based in Singapore and London respectively, will lead portfolio management upon the retirement of portfolio manager Marcus Smith in April 2017. He indicated that Mercer is familiar with both successors but will closely monitor the overall lineup continuity of the portfolio management team.

Mr. Muir reviewed the three and five year performance of the Plan's funds. He stated the DCP Bond Fund underperformed for the most recent three year period largely due to the prior management of Pacific Investment Management Company (PIMCO). He indicated the PIMCO Total Return Fund was replaced with Natixis Loomis Sayles Core Plus Bond Fund on October 14, 2014 and has experienced good performance since. He stated the Ultra Conservative Profile underperformed as well, but the level of underperformance is fairly negligible when compared to the relative benchmark.

Mr. Muir continued his review of fund performance and stated that the FDIC-Insured Savings Account generated small levels of return, nevertheless significantly greater than the Money Market Fund. He stated that the DCP Stable Value Fund, which consists of close to 21% of the Plan's overall assets, had positive performance on a year to date basis and exceeded its benchmark. He indicated that the DCP Bond Fund was in the top 22% of comparable strategies, up about 3% on a three month basis and 6.6% on a year to date basis, well in excess of the 5.3% benchmark. Mr. Muir highlighted Loomis Sayles' strong performance as an active manager for the DCP Bond Fund as their fund increased 7.7% on a year to date basis, placing them in the ninth percentile of actively managed bond managers, a significant improvement from January. He stated that Conservative and Moderate Profile Portfolios had good performance and the Ultra Conservative Profile Portfolio had modest performance of 3.7% for the three year period, narrowly underperforming the benchmark. He indicated that risk based funds generally had meaningful returns long term. He stated the Aggressive and Ultra Aggressive Profile Portfolios had decreased -1.9% and -1.8% respectively in the three month period, slightly underperforming the benchmark.

Mr. Molino stated the DCP Large Cap Stock Fund passive return had good performance through the three year period and that the DCP Mid Cap Stock Fund, comprised of three underlying managers, returned 2.4% in the three month period and 3.9% year to date. He indicated the DCP Mid Cap Stock Fund returned with strong positive performance and exceeded the benchmark in the third quarter. He stated that the Voya Mid Cap Opportunities Fund outperformed its benchmark through the second quarter and year to date as well. He noted that the DCP Small Cap Stock Fund returned 3.2% and lagged behind the benchmark by 0.5%, mainly a result of DFA US Small Cap Value Portfolio's poor consumer discretionary and stock selection in healthcare and industrials. He indicated that the Small Cap Fund was still a little behind in third quarter performance but had strong positive performance in general small cap equity. He stated that the Hartford Small Cap Growth Fund outperformed its benchmark for the second quarter and year to date. He indicated that the DCP International Stock Fund performance was negative about 1% and slightly underperformed its benchmark.

Mr. Muir presented the Deferred Compensation Plan's third quarter 2016 Performance Evaluation Flash Report and indicated that the City has experienced a strong market environment and significant positive growth moving forward from the second quarter. He stated the S&P 500 was up close to 4% and Small Cap stocks were up 9% as judged by the Russell 2000. He indicated that International equities came bouncing back as fears about Brexit subsided and UK equity returns were good for the quarter. He stated bonds had fairly directionless, though still positive, returns as judged by the Barclays Aggregate and high yield continued to perform well as it increased by 5.6%.

He presented performance of the Plan's overall fund assets, which totaled approximately $5.3 billion dollars, representing about $200 million of growth quarter over quarter. He stated the DCP Bond Fund was up 1.3% on a year to date basis. He indicated more aggressive funds, including the Ultra Conservative Fund, experienced better returns in the third quarter as more equity exposure paid off. Mr. Ciranna asked about Loomis Sayles's active manager performance. Mr. Muir stated an active manager actively selects and tilts the fund towards different sectors. He stated that Loomis Sayles chose to tilt the portfolio to high yield and corporate credit, which was beneficial, and the fund also experienced positive emerging market exposure. He indicated the team had some volatile performance towards the end of last year but has had good performance since that point. He stated that the DCP Large Cap Stock Fund is the single highest used option and passive management has been a strong force this year, though active management is beginning to perform better in the third quarter. He stated that the DCP Mid Cap Stock Fund had a very good quarter and performed 5.1% in excess of the benchmark and narrowed the gap on a year to date basis. He indicated the Small Cap Stock Fund increased over 7% for the quarter alone and, although it trailed the benchmark, was up close to 10% for the year. Mr. Muir concluded the report by stating that the DCP International Stock Fund increased 6.4% and, although slightly trailing the benchmark, performed well on an absolute basis.

5. BOARD REPORT 16-27: THIRD PARTY ADMINISTRATOR TRANSITION UPDATE/ PROPOSED IMPLEMENTATION DATE/ EMPOWER CONTRACT EXTENTION

Mr. Montagna indicated that the board report was the first of ongoing monthly reports to detail the transition of TPA services. He stated that staff held a preliminary meeting with Voya on September 15, 2016 to discuss a high level review of key areas of focus in the transition planning process, which involves helping the new administrator understand how the City's Plan is currently doing, setting objectives for where the City wishes to be at the time of the transition, and determining the actions necessary to reach those objectives. He stated that staff scheduled a two-day transition meeting to take place on October 25th and 26th, at which time both parties would review current Plan processes and areas for potential improvements and enhancements, including implementation of auto enrollment functionality by the time of transition, incorporation of the retirement income projection methodology into web tools on Voya's primary platform, and potential expansion of the demographic data exchanged between the City and the third party administrator (TPA), which would provide the City with more capabilities to perform data mining and create custom communications. Mr. Ciranna asked for more detail about the demographic data expansion. He indicated that some participants may not wish to release their private information and emphasized the importance of good communication and outreach in this area. Mr. Montagna stated that very limited data is currently exchanged between the City and Empower, and staff would like to eventually provide more data from the payroll system, such as department and class codes, to the TPA, which would allow staff to generate helpful reports. He stated that staff will consult with the Board before the demographic data expansion and exchange process is finalized, so there would be time to address any potential concerns about privacy or security. Mr. Mumma stated the process may serve as an opportunity to gain insight on specific departments' contributions and assets and provide targeted educational opportunities for departments. Mr. Montagna stated that the Controller's Office indicated in previous years that the exchange of demographic information of non-participants is not permissible. He stated that staff will conduct research and determine if other state and local government plans exchange demographic data with their providers. He indicated that outreach to non-participants requires a custom, in-house process when a TPA does not possess demographic information. He stated that the transition presents staff with a good opportunity to revisit current Plan processes and design potential improvements.

Mr. Montagna indicated that the Controller's office created a testing module for auto-enrollment. He stated that the integration of auto-enrollment methodologies will be discussed with Voya to ensure successful implementation. He indicated that staff is aiming to implement auto-enrollment at the launch of the transition, because it would not be reasonable to currently build functionality with Empower with the investment of resources and time in process creation. He stated that staff will also create a communications plan to reach out to and share information with Plan participants. He stated that a key objective is to effectively communicate Plan information and enhancements to participants and to reassure participants that there would be no increase in fees and no change in the investment options currently offered.

Mr. Montagna indicated that staff consulted with Segal, discussed the issues involved in planning for the transition process, and came to the recommendation of extending the current contract with Empower through September 30, 2017. He indicated that the transition may take place before that point in time but extending the contract to that date would allow sufficient time for the transition to occur. He stated that staff has drafted a contract extension request that would move forward to Council upon finalization and signatures from the Board of Deferred Compensation Chairperson and Vice Chairperson. Mr. Mumma inquired about the approval process of the contract extension request. Mr. Montagna stated that the report would be reviewed by the Personnel and Animal Welfare (PAW) Committee at a future committee meeting before moving on to full Council. Mr. Mumma asked whether staff was required to attend the meeting. Mr. Montagna replied that that staff will attend but it would be beneficial to have the Board, including the Chairperson, also be present as the communication is from the Board. Mr. Mumma agreed to attend and requested that staff inform him of the meeting date once it is determined.

Mr. Ciranna asked staff whether the eleven month contract extension will provide sufficient time for the transition process to occur so that no additional extensions would be required. Mr. Montagna replied that it is always possible additional time would be necessary to resolve an unforeseen issue, but an eleven month extension is very reasonable based on counsel from the Plan's administrative consultant, Wendy Young-Carter. Mr. Ciranna asked that the TPA contract extension report be written on the Board of Deferred Compensation Administration letterhead and addressed to full Council as it possesses final approval authority. Ms. Le requested that staff contact the Department of Water and Power office directly to inform their staff of major developments in the transition, because they will need to make preparations in advance. Mr. Montagna agreed and stated that staff will also be working closely with payroll staff, because the transition will involve creating a new process for exchanging data between the DWP payroll system and the TPA. He indicated that improvements made to the process of information exchange and auto-enrollment between both payroll systems and the TPA must be consistent. He stated staff communicated with both payroll groups together when developing the plans for auto-enrollment to ensure that the processes created could be adopted and executed by both.

Mr. Ciranna stated that Fire and Police Pensions staff would gladly work with Plan staff regarding outreach and assist with the transition if necessary. Mr. Montagna indicated that the Benefits Division recently built resources and made several significant changes to the 2017 Benefits Program to help the division effectively communicate changes to City employees. Wendy Macy emphasized the importance of ensuring that communications about the TPA transition is sent across multiple email systems to all affected participants. Mr. Mumma noted that an email pertaining to National Retirement Security Week did not reach the Sworn population and communications does not always reach all City employees as planned due to various web servers or managers. Mr. Montagna stated that staff did include all of the populations on the distribution list and will follow up to ensure not only that the list is sent to the correct contacts but also that the contacts follow through with email distribution.

Ms. Le asked whether auto-enrollment is in development for only the City payroll system and not the DWP payroll system. Mr. Montagna stated that was correct and noted that auto-enrollment is based on participating MOUs and any MOU may opt into the program in the future if desired. He reemphasized staff's desire to develop administratively feasible and consistent auto-enrollment functionality instead of having two processes with two different payroll systems. Ms. Le stated that DWP's payroll system is currently undergoing changes and enhancements.

Mr. Cannon inquired about the potential cost of the 11 month contract extension. Mr. Montagna stated that there is no additional cost as the current contract with Empower would continue to exist under present terms and conditions, in which participant fees are paid to Empower for the duration of its administrative services. He indicated that payments to Voya will not occur until after the transition is made by the City and the time and resources to be spent in the transitioning process has already been factored into Voya's submitted pricing.

Mr. Mumma asked whether Voya would become the Plan's TPA effective immediately following the expiration of the City's contract with Empower, without any overlap in the transition. Mr. Montagna stated that the contract with the new TPA should become effective immediately upon expiration of the contract with the incumbent provider, as was the case of the City's transition in 1999. Lisa Tilley of Empower stated that assets are usually transferred to the new TPA on the day of the transition but Empower will receive and service calls received after the transition as well. She announced that she will be moving off of the City's Plan and Bruce Dale will be replacing her in assisting the Plan through the transition. She indicated that she would be available to assist Bruce and the City with questions that arise during the transition. Mr. Mumma thanked Ms. Tilley for her service and welcomed Mr. Dale aboard. Mr. Montagna indicated that Mr. Dale assisted the City in its 1999 transition and is not unfamiliar with the City's Plan.

A motion was made by Mr. Ciranna, seconded by Mr. Thomas, to receive and file the update regarding the Deferred Compensation Plan's Third Party Administrator transition, approve a tentative transition target date in the third quarter of 2017, and approve the City Council request extending the incumbent provider contract as amended per Mr. Ciranna; the motion was unanimously adopted.

6. BOARD REPORT 16-28: DEFERRED COMPENSATION PLAN GOVERNANCE & INVESTMENT COMMITTEES

Matthew Vong indicated that the Board of Deferred Compensation Administration established the Plan Governance and Administrative Issues Committee and the Plan Investments Committee to support the Board in carrying out its responsibilities. He stated that staff recommends a review of the Plan's long term allocation of Plan revenues, staffing and administrative resources as well as a review of the Plan Document and Board Bylaws be referred to the Plan Governance Committee to refine Plan administration and certify compliance with applicable policies and regulations as necessary. He stated that staff also recommends a review of the Plan's Investment Policy Statement and investment menu be referred to the Plan Investments Committee.

He indicated that the report includes a list of current members on both committees and that assignments may be made at the Board Chairperson's discretion. Mr. Mumma stated Board members who wish to join or change committee assignments may notify Mr. Vong, who will inform him of the requests. He indicated as per past practice, any Board member currently not assigned to a committee may choose to attend the meetings by communicating their interest to staff in advance.

Mr. Ciranna asked Mr. Montagna whether the Board must approve the Plan's Investment Policy Statement annually. Mr. Montagna indicated that there may be language in the statement discussing an ongoing review process. He stated that a review of the statement is due, hence staff's recommendation to the Board. Mr. Mumma asked Mr. Muir whether there is a standard for reviewing investment policy statements within a certain period of time. Mr. Muir replied that a yearly evaluation constitutes best practice.

A motion was made by Mr. Ciranna, seconded by Mr. Thomas, to refer a review of Plan resources, the Plan Document, and Board Bylaws to the Plan Governance and Administrative Issues Committee and a review of the Plan's Investment Policy Statement and investments menu to the Plan Investments Committee; the motion was unanimously adopted.

7. BOARD REPORT 16-29: DEFERRED COMPENSATION PLAN FY 16/17 PROPOSED METRICS

Mr. Montagna indicated that a primary theme of the 2016 National Association of Government Defined Contribution Administrators (NAGDCA) Conference and an important mindset that staff has embraced is a goals-oriented, outcomes-based perspective in Plan administration. He stated that the Plan has exceeded the Board's adopted goal of increasing gross new enrollments for fiscal year 2015-16 by 3%, with 1,997 new enrollments recorded. He indicated that staff wishes to set additional goals for fiscal year 2016-17 of increasing contributions as well as reducing the number of full distributions, account closures, and dollars rolled out of the Plan. He stated that staff would continue its search for additional methods to measure success, utilize metrics to create and set goals, and implement strategies to influence participant behavior and encourage greater retirement success. He indicated that staff would be well occupied with the TPA transition in the following months, but nevertheless aim to meet the objectives listed in the report. He stated that most areas where staff is seeking to influence participant behavior involve the creation of new communication methods with participants. He noted that staff recommends setting a goal of increasing new enrollment in fiscal year 2016-17 by 5%, which translates to a target number of 1,606, rather than 1,485 listed in the report. He indicated that the target percentage has increased this year due to a refined method of calculation, and the target nets out close to the previous fiscal year's target number. He stated that staff also recommends adopting a goal of a 2% increase in average participant contributions, a 3% reduction in the number of full distributions, and a 5% reduction in outgoing rollovers. He stated that the report compares the overall Plan participation rate to state and local peers based on benchmarking data from NAGDCA. Mr. Mumma inquired about the factors that increased gross enrollments for the past fiscal year. Mr. Montagna replied that the increase in enrollment is a result of various factors, including an adopted goal and communication of helpful departmental data between staff the Plan's local representatives. Robert Schoonover asked if the 5% goal of increased enrollments factors in the City's hiring of new employees. Mr. Montagna stated that new hiring does provide staff with a great opportunity to reach out to employees early in their City career, but staff wishes as well to target enrollment for the 30% of non-participating City workforce.

Mr. Ciranna asked whether the 1,997 new enrollments in fiscal year 2015-16 could be further broken down to include years of service of new participants thus far. Mr. Montagna replied that staff can provide the Board with a breakdown of results by department, which would be helpful for further analysis. He indicated that staff has discussed the complexities of the data mining process internally, and staff member Daniel Powell will be assisting with ongoing metrics analysis. He stated that metrics will be a strong focus for staff in the implementation process with Voya, so that both are focused on the creation of more successful participant outcomes. Mr. Mumma noted that the average per paycheck contribution is $270 according to the report and inquired whether that number may be presented as a percentage of pay. Mr. Montagna replied that year-old aggregate data suggests participants contribute an average of 5% of pay in the first five years of employment and very gradually increase contribution percentage to about 10% of pay at the 30th year of employment. He indicated that the 2% - 10% range implemented in auto-enrollment is the required formula to replace 100% of lifestyle income at retirement. He stated that current participants in the aggregate are thus on track with the objective.

Mr. Mumma stated that a 2% contribution may be more meaningful for employees at the start of their career. Mr. Montagna agreed and indicated that auto enrollment would include the option to set contributions as percent of salary.

A motion was made by Mr. Schoonover, seconded by Mr. Ciranna to receive and file the report regarding Deferred Compensation Plan goals and metrics; and for FY 16/17, adopt a new goal of increasing new enrollment by 5%, increase average participant contributions by 2%, decrease full distributions by 3%, and reduce outgoing rollovers by 5%; the motion was unanimously adopted.

8. BOARD REPORT 16-30: PLAN TRAINING/TRAVEL PROGRAM FOR FY 2017-18

Angela Yin presented staff's recommendation to approve the proposed Training Program for Fiscal Year 2017-18. She indicated that the Board annually adopts a Plan Budget that includes funds set aside for training purposes for the calendar year and, each fall, staff provides the Board with a proposed Training Program for the subsequent fiscal year beginning in July. She stated that travel events must be approved within the Personnel Department's annual fiscal year budget, because the Personnel Department includes information from the Board's adopted Training Program in its budget request on behalf of the Board. She stated that the recommended training and travel items for fiscal year 2017-18 are consistent with those adopted for the previous fiscal year and the proposed training budget has increased slightly in account of 2% annual growth in the base budget amount for training, which is sufficient to cover the maximum amount of anticipated expenses. She noted that actual expenditures have typically been significantly below budgeted amounts.

A motion was made by Mr. Cannon, seconded by Mr. Schoonover, to approve the proposed Training Program for Fiscal Year 2017-18; the motion was unanimously adopted.

9. BOARD REPORT 16-31 QUARTERLY REIMBURSEMENTS

Mr. Vong presented staff's recommendation to approve reimbursements from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for $240,995.38 and City Attorney for $57,906.00 for the quarters ending 03/31/2016 and 06/30/2016. He indicated that the report details the Plan's reserve fund projections for the next 10 years, the Board's previously adopted assumptions of Plan revenues and expenditures, key variables used to calculate the projections, and a breakdown of the Plan's expenses in the past four quarters. He noted that these assumptions would be reviewed at a future Plan Governance and Administrative Issues Committee meeting as indicated in Board Report 16-28.

A motion was made by Mr. Thomas, seconded by Mr. Ciranna, to (a) receive and file the status report on Deferred Compensation Plan budget accounts for quarters ending 03/31/16 and 06/30/16; and (b) approve reimbursements from the Plan Reserve Fund accounts to the Personnel Department for $240,995.38 and City Attorney for $57,906.00 for quarters ending 03/31/16 and 06/30/16; the motion was unanimously adopted.

10. BOARD REPORT 16-32: PLAN PROJECTS & ACTIVITIES REPORT

Mr. Vong updated the Board on the status of current and/or pending Plan projects and activities for September 2016. He indicated that National Retirement Security Week had begun and staff concluded work on campaign components, including a proclamation by the Mayor, development of a microsite, postcard printing and mailing to retirees and communications issued to the departmental gatekeepers, who would soon distribute emails to the active City population. He stated that the 3Q 2016 Newsletter was being finalized and would be distributed soon. He indicated staff was conducting a review of the Plan's Travel Policy and tentatively planning to provide the Board with information about Plan and travel expenditure authority as well as the feasibility and merits of creating an independent Travel Policy. He stated that the addition of the Union Bank as a third provider of the Plan's blended FDIC option had been delayed, a result of developed challenges with Union Bank in finalizing an operational trade agreement with Empower. He stated that staff informed the Board Chairperson and the decision to postpone implementation was made after further discussion. He stated that the contracts were still being negotiated and no transfer of assets would occur until all contractual agreements were fully resolved. He indicated that a notice regarding the delay was provided on the participant website, and a custom communication was generated to approximately 20 participants who would have seen an increase in their level of FDIC insured assets had the change taken place. Mr. Mumma asked whether staff received feedback from the 20 individuals. Mr. Vong stated not to his knowledge. Ms. Tilley stated that Empower had not received communication from the 20 participants.

Mr. Vong stated that staff attended the 2016 NAGDCA Conference in Denver, Colorado from September 18th through September 21st. He stated that this year's NAGDCA conference focused on measuring and creating success, and indicated that a presentation of note was an interactive session conducted by Gary DeMoss of Invesco Consulting, who demonstrated the importance of effective messaging in participant communication and engagement. Mr. Vong then presented regulatory updates discussed at the conference, including the elimination of the Determination Letter Filing Program for individually designed plans by the IRS effective 01/01/2017 and recent changes to the Defending Public Safety Employees' Retirement Act, which eliminated an early withdrawal penalty for qualified public safety employees who begin withdrawing funds starting at age 50, effective 12/31/2015. He indicated that the final keynote speaker Nathan Jaye discussed the evolution of communication, particularly among the millennial generation, and noted Plans may communicate with their participants via more visual forms of communication in the future. Mr. Mumma stated this year's NAGDCA Conference was widely perceived to be an excellent and engaging event with a unique agenda. He congratulated Mr. Montagna in his new role as President of NAGDCA.

Mr. Ciranna inquired whether the DROP Options Guide revisions and Participant Fee Comparison Flier was under work. Mr. Montagna stated they were and related to the Plan's rollover retention objective, so staff will soon begin work on creating enhanced communications materials to influence numbers during the course of the year.

A motion was made by Mr. Ciranna, seconded by Mr. Cannon, to receive and file staff's update on Plan projects and activities during September 2016; the motion was unanimously adopted.

11. REQUESTS FOR FUTURE AGENDA ITEMS

Mr. Ciranna requested that fellow Board members please inform him of any significant items they would like to discuss at the Investments Committee meeting. Mr. Mumma requested the same of the Plan Governance and Administrative Issues Committee meeting and asked that the Board members communicate agenda requests to Mr. Vong or himself if so desired.

12. FUTURE MEETING DATES – November 15, 2016

13. ADJOURNMENT

A motion was made by Mr. Thomas, seconded by Mr. Ciranna, to adjourn the meeting; the motion was unanimously adopted. The meeting adjourned at 10:25 a.m.

Minutes prepared by staff member Angela Yin.