

CITY OF LOS ANGELES  
BOARD OF DEFERRED COMPENSATION ADMINISTRATION

ADOPTED MINUTES  
JANUARY 17, 2017  
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  
Thomas Moutes  
Robert Schoonover  
Don Thomas

**Not Present:**

Michael Amerian, Vice-Chairperson

Staff:

Personnel:	Jody Yoxsimer Ana Chavez	Steven Montagna	Matthew Vong Daniel Powell
City Attorney:	Curtis Kidder		

1. CALL TO ORDER

John Mumma called the meeting to order at 9:00 a.m.

2. PUBLIC COMMENTS

None.

3. MINUTES

**A motion was made by Robert Schoonover, seconded by Don Thomas, to approve the December 20, 2016 meeting minutes; the motion was unanimously adopted.** *Cliff Cannon was not present to vote on this item.*

4. BOARD REPORT 17-01: THIRD PARTY ADMINISTRATOR TRANSITION  
UPDATE

Steven Montagna provided the Board an update on the Plan's Third Party Administrator (TPA) transition. He stated staff wanted to obtain feedback from the Board regarding the included draft communication piece. He provided an overview of its layout and indicated the objective of the piece was to communicate to participants the reasons for making a change in TPA as well as provide them with a mechanism for engaging participants. He

indicated that as staff worked with Voya to develop the communication piece, it was determined a core message was to highlight how the Plan would be evolving with new technology and improving resources for participants.

John Mumma inquired as to whether staff is certain the “new tools and service features,” in particular the mobile app, were going to be established in time. Mr. Montagna responded that resources like the app already exist and would be readily available once customized for the Plan. He stated Voya was also working on incorporating the Plan’s Retirement Income Projection Calculator methodology into the new Plan website. Thomas Moutes asked if staff was satisfied with the level of security for the mobile app. Mr. Montagna responded that security questions related to the website and other matters had been reviewed during the RFP process and would be addressed in the contract. He stated the Plan could, at the Board’s request, reach out to Voya to request more information regarding their security protections. Mr. Moutes suggested that systems staff from the City review Voya’s security protocols as well.

Mr. Mumma inquired as to whether the communications piece could be sent out electronically to save money on printing and mailing costs. Mr. Montagna responded that it was important to ensure all participants received the information, and the Plan did not have email addresses for all participants. He stated the communication was also designed to be engaging and that Voya was paying for printing and mailing. Raymond Ciranna asked if the Plan could distribute via email as well, and Mr. Montagna replied that it could. Don Thomas asked whether the piece should include a contact phone number. Mr. Montagna responded that a phone number and other contact information would be included in addition to the survey web link.

**A motion was made by Mr. Moutes, seconded by Mr. Schoonover, to (a) receive and file the update regarding the Deferred Compensation Plan’s Third Party Administrator (TPA) transition; and (b) approve the draft communication to Plan participants regarding the change in TPA administration; the motion was unanimously adopted.** Mr. Montagna added that a meeting with Controller’s Office executive team was scheduled for Thursday of that week, and staff was following up with DWP to initiate discussions with their systems staff.

## 5. BOARD REPORT 17-02: TRAVEL POLICY UPDATE

Mr. Montagna stated there had been discussions in prior Board meetings regarding travel administration, at which time future reports backs were requested to clarify authoritative and administrative issues related to Plan travel. He stated that staff was looking for guidance from the Board on how to proceed on the issue. He provided a

brief overview of the Board's current education and travel policy, which was intended to primarily focus on education, but also contained references as well as recognition that the Plan would follow rules of the Controller and relevant sections of the Administrative Code with respect to how the Plan conducts travel. He continued by providing a brief overview of Chapter 14 of the Administrative Code, which establishes the authority for the Plan and makes clear that all expenses of the Plan are paid by participant fees and that the Board is responsible for disbursement of those fees. He highlighted Article Four of the Administrative Code, which discusses travel and sets forth reimbursement policies. He indicated Article Four defines "department" to include a City Board. He then referenced the Controller's Travel Policy Manual that provides additional information to clarify Article Four. He stated the Controller's Travel Policy provides departments discretion over approving travel expenses and certification to approve reimbursement of travel. He indicated, however, that this privilege can be taken away if a department is found to be noncompliant. He also noted that the manual indicates Los Angeles Fire Police Pension (LAFPP) and Los Angeles City Employees Retirement System (LACERS) have their own policies and control over their respective trust fund assets.

Mr. Montagna stated staff was able to make several key observations. He indicated the Administrative Code establishes travel policy for all employees, and that the Board of Deferred Compensation Administration meets the definition of a "Department." He stated that because the Personnel Department is charged with administering the program on behalf of the Board, certain duties are delegated to Plan staff, including administering travel. He indicated travel reimbursements for Board members are processed by the Personnel Department's Administrative Services Division, which performs budget and accounting functions for the Personnel Department. He noted there have been issues in the past in regard to interpretation of Controller rules concerning reimbursement decisions. He suggested staff could explore creating an option for the Board to appeal to the Controller's Office regarding disagreements pertaining to travel reimbursements. He added this may more clearly reflect the independent nature of the Board. He concluded his report by stating that if the Board was interested in such a process, staff could bring forth a proposal at a future meeting.

Mr. Ciranna inquired as to whom currently approves travel reimbursement documents. Mr. Montagna responded that staff currently approves them, but that a process could be set up where the Board Chairperson could approve travel for staff as well as other Board members, while a separate mechanism could be created to approve travel expense reimbursements for the Chairperson. Mr. Mumma stated this proposed change would be acceptable to him as long as the additional review did not unnecessarily prolong the process. He stated, from personal experience, that it often takes up to two months to receive reimbursement for expenses incurred from travel. He suggested the

Plan explore reimbursing travel expenses incurred by Board members in a more immediate fashion. He expressed concern that the financial burden on Board Members and staff may discourage educational travel. Mr. Moutes stated that with respect to LAFPP and LACERS' travel reimbursement procedures, a person receives reimbursement as soon as the Board President certifies travel expenses as appropriate but the reimbursement is always available for Controller's Office audit. He added the LACERS Board Vice-President approves the President's travel. He also stated that presently Board Members receive a list of conferences at the beginning of the year without agendas and are expected to use that list to decide, with much uncertainty, which conferences to attend, but that new Board Members may need additional education and the current allocation of slots limits opportunities.

Linda Le stated a mechanism currently exists for DWP Retirement Plan Board Members to receive travel advances. Mr. Mumma stated the City's policy had changed in recent years with regards to travel advances making the process more burdensome. Ms. Le indicated that DWP does use the City's travel policy as guidance and is able to offer advances. Mr. Ciranna asked for confirmation that the Personnel Department budgets for and pays for Plan travel and later receives reimbursement from the Plan, as opposed to the Plan directly paying for costs. Mr. Montagna stated that travel authority is requested in the budget process, but that expenses are paid by transferring funds from the Plan administrator reserve fund to an internal City fund, from which payments are made. Mr. Ciranna asked if it was necessary to use the internal fund. Mr. Montagna responded that he is aware that Empower processes travel payments directly for some Plan sponsors, but in the City's case doing this would take the Plan outside the process for how travel is handled elsewhere in the City. Mr. Ciranna stated that because the Plan is a trust, there should be consistency in how expenses are handled so as to avoid a bifurcated process. Mr. Mumma suggested that, when administering travel, the Plan look into pre-paying for predetermined conference costs, travel costs, as well as hotel fees. Mr. Ciranna suggested that when a Board Member is traveling, the reimbursement be reviewed by Personnel staff and receive final approval from the Board Chair.

**A motion was then made by Mr. Ciranna, seconded by Wendy Macy, to receive and file information regarding City travel policy and Deferred Compensation Plan travel; the motion was unanimously adopted.** *Cliff Cannon was not present to vote on this item.*

## 6. BOARD REPORT 17-03: 2017 BOARD ELECTIONS

Matthew Vong informed the Board that terms for the active LACERS and active LAFPP participant representative seats will expire June 30, 2017, and an election to fill the seats would be held May 12, 2017. He stated all pertinent participant populations would be notified of the election as well as their eligibility to run for the positions in early March. He stated nominating petitions would be made available beginning March 17, and that the City Clerk, with assistance from Plan staff, would administer the election on behalf of the Board. He also reported that after this year, the next election would be for the active DWP and retired employee participant seats and expected to be held in May of 2018. **A motion was made by Mr. Schoonover, seconded by Mr. Ciranna, to receive and file information regarding upcoming elections for the Board of Deferred Compensation Administration; the motion was unanimously adopted.**

## 7. BOARD REPORT 17-04: RESERVE FUND REIMBURSEMENTS/ADJUSTMENTS AND 2017 ANNUAL BUDGET

Mr. Vong presented a report recommending the Board approve reimbursements from the Plan Reserve Fund to the Personnel Department for \$93,094.18 and the City Attorney for \$7,069.74 for the quarter ending September 30, 2016. He stated staff calculations include salaries for all positions including direct salary and indirect costs as calculated in the Controller's calculated special rate for indirect cost centers. He added that Special Rate 39 was used for quarter ending September 30, 2016. He stated staff determined that adjustments are necessary regarding calculations for indirect costs for quarters ending September 30, 2015 thru June 30, 2016. He reported they were previously using Special Rate 37, which was to be used for FY 14-15, but that the Controller has since provided staff with Special Rate 38 for application for Fiscal Year 15-16, which revised the rate for Personnel and City Attorney reimbursements downward. He stated that in accordance with past practices, staff had recalculated the reimbursement amount for the quarters of FY 15-16 and applied the credit to quarter ending September 30, 2016. He also presented staff's proposed budget for the Plan's 2017 calendar year. Mr. Mumma asked if Plan's counsel reviewed the budget reimbursement calculations. Mr. Montagna replied the budget is only reviewed by staff.

**A motion was made by Mr. Cannon, seconded by Mr. Schoonover, to approve reimbursements from the Deferred Compensation Plan Reserve Fund to the Personnel Department for \$93,094.18 and City Attorney for \$7,069.74 for quarter ending 9/30/16, incorporating prior fiscal year adjustments to indirect cost calculations; the motion was adopted unanimously.**

Mr. Montagna stated that the Plan Governance and Administrative Issues Committee continued to review the Plan's budget assumptions used to project the Plan's reserve fund. He stated that though the budget reimbursement report used the current assumption, there would eventually be a report from the Committee to the Board that may change those assumptions. Mr. Ciranna asked if they were looking at the fee cap. Mr. Montagna responded affirmatively. Mr. Ciranna noted that the long-term projections indicate a budgetary cushion. Mr. Montagna responded that the committee was not only looking at the income side, but the long-term resource side of the assumptions as well. **A motion was made by Mr. Thomas, seconded by Ms. Macy, to adopt the proposed Deferred Compensation Plan budget for Plan year 2017; the motion was adopted unanimously.**

#### 8. BOARD REPORT 17-05: 2016 Meeting Attendance Review

Mr. Vong stated that at its December, 2010 meeting, the Board requested that staff report on Board member attendance of the Deferred Compensation Plan Board and Committee meetings. He requested that the Board receive and file the attendance report for the 2016 calendar year. **A motion was made by Mr. Moutes, seconded by Mr. Cannon, to receive and file information regarding 2016 Board and Committee meeting attendance; the motion was unanimously adopted.**

#### 9. BOARD REPORT 17-06: PLAN PROJECTS AND ACTIVITIES

Mr. Vong updated the Board on pending and/or completed Plan projects and activities for the month of December 2016. He stated that staff completed a review of the fourth quarter newsletter, which was expected to be mailed out by the end of January along with fourth quarter 2016 statements. He indicated staff was working on reports back for the Plan Governance and Administrative Issues Committee as well as the Investments Committee. He stated that the meetings were expected to convene no later than mid-February. He added that any recommendations from either committee would ultimately be presented to the entire Board for consideration and approval. He reported the Plan recently received correspondence from Empower Retirement which clarified for the record comments made by Empower staff at the Board's September 2016 meeting. Mr. Montagna stated that staff was recently informed that Brent Neese and John Borne are no longer with Empower. Mr. Ciranna asked if staff was close to finalizing the date for the Investments Committee. Mr. Montagna responded that the meeting was tentatively scheduled for January 26. Mr. Mumma asked when the Plan Governance and Administrative Issues Committee meeting would take place. Mr. Vong indicated it was scheduled to convene on February 14.

**A motion was made by Mr. Schoonover, seconded by Mr. Thomas, to receive and file updates on Plan projects and activities during December 2016. The motion was adopted unanimously.**

#### REQUESTS FOR FUTURE AGENDA ITEMS

None.

10.FUTURE MEETING DATE - February 21, 2017

#### 11.ADJOURNMENT

**A motion was made by Mr. Schoonover, seconded by Mr. Mumma, to adjourn the meeting; the motion was unanimously adopted.** The meeting adjourned at 9:35am.

*Minutes prepared by staff member Daniel Powell*