

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

ADOPTED MINUTES
REGULAR MEETING OF DECEMBER 20, 2022
CONDUCTED VIA TELECONFERENCE

BOARD MEMBERS

Present:

Thomas Moutes, Chair
Neil Guglielmo, Vice-Chair
Robert Schoonover, First Provisional Chair
Jeremy Wolfson, Second Provisional Chair
Joshua Geller, Third Provisional Chair
Dana H. Brown
Joseph Salazar

Not Present:

Linda P. Le
Baldemar J. Sandoval

PERSONNEL DEPARTMENT STAFF

Paul Makowski, Chief Management Analyst
Esther Chang, Senior Personnel Analyst II
Mindy Lam, Benefits Analyst

OFFICE OF THE CITY ATTORNEY

Charles Hong, Deputy City Attorney IV

MERCER INVESTMENT CONSULTING

Devon Muir, Principal
Ana Tom-Chow, Associate

VOYA FINANCIAL

Deirdre Jones, Vice President, Strategic Relationship Management
Kelly Montgomery, Client Relationship Manager

1. CALL TO ORDER

Mr. Moutes called the meeting to order at 9:02 a.m.

2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

Board Action:

A motion was made by Mr. Guglielmo and seconded by Mr. Geller, to approve minutes of the December 7, 2022, special Board meeting; the motion was adopted by approval of six Board members (Brown, Geller, Guglielmo, Moutes, Salazar, and Wolfson); one Board member was not present at the time of voting (Schoonover).

4. BOARD REPORT 22-63: DETERMINATION REGARDING TELECONFERENCING OPTION FOR BOARD MEETINGS PURSUANT TO ASSEMBLY BILL 361

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- The COVID-19 transmission level for the County of Los Angeles remains at “High.”

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

Board Action:

A motion was made by Mr. Wolfson and seconded by Mr. Guglielmo, that the Board adopt the attached Resolution and find, pursuant to Section 54953(e)(1)(B)-(C) of the California Government Code, as amended by Assembly Bill (AB) 361, that due to the ongoing COVID-19 State of Emergency (COVID Emergency) proclaimed by the Governor on March 4, 2020, conducting Board meetings in person without continuing to provide a teleconference and/or videoconference option for the Board members and the public, would present imminent risks to the health or safety of attendees; the motion was adopted by approval of six Board members (Brown, Geller, Guglielmo, Moutes, Salazar, and Wolfson); one Board member was not present at the time of voting (Schoonover).

5. BOARD REPORT 22-64: COMMUNICATION OF EMPLOYER MATCH PROGRAM CONSIDERATIONS

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- City match structure will be determined by the City of Los Angeles as the employer, but the Board should note its preferred parameters and considerations on behalf of its participants for the implementation of a potential employer match program.
- The City will likely need to plan ahead for implementation costs that the DCP would be unable to pay for since DCP assets are only meant to be used for the exclusive benefit of its participants.
- Since DCP resources will need to be dedicated to further Human Resource Project (HRP) testing and implementation, the DCP will need to note a timeline for when a match program could be implemented with its current resources.
- Staff recommends the Board chair form an ad hoc committee to provide considerations of an employer match program.

Board Member Comments/Questions & Responses:

Mr. Moutes agreed with staff’s recommendation, noted that the DCP’s bylaws provide the chair the ability to form an ad hoc committee, and indicated that interested Board members reach out to staff or the chair to join the ad hoc committee. Mr. Moutes indicated that the ad hoc

committee would allow for discussion with the City prior to decision-making items for the full Board.

Mr. Guglielmo asked whether the Office of the City Administrative Officer (CAO) needs to first negotiate with labor organizations about City enhancements to current benefits such as a match program, and noted that the implementation of an auto-enrollment feature would likely necessitate those discussions. Mr. Hong stated that discussions depend on the nature of the enhancement, as program components can be added. Mr. Geller asked if there were any bargains prior to the establishment of the DCP. Mr. Hong indicated that he would need to research the answer. Mr. Geller suggested that this discussion would be appropriate for the ad hoc committee to determine the Board's and City's obligations with regard to labor bargaining. Ms. Brown stated that a certain level of bargaining with labor is required in order to implement programmatic changes. Mr. Schoonover indicated that a match program would be a part of bargaining discussions. Ms. Chang noted that the City would be the entity making these decisions, and the Board would develop the ad hoc committee to generate further discussion.

Mr. Guglielmo noted his approval of staff's recommendation and his interest in being a part of the ad hoc committee.

Board Action:

A motion was made by Mr. Guglielmo and seconded by Mr. Salazar, that the Board Chair form an ad hoc committee for Employer Match Program Considerations, in order to document Deferred Compensation Plan (DCP) preferred parameters and considerations for implementation of a potential employer match program to be communicated to the City; the motion was unanimously adopted.

6. BOARD REPORT 22-65: 2022 NAGDCA CONFERENCE LEARNINGS

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- A breakout session on cybersecurity indicated that the most immediate and primary method of defense is for participants to register their accounts and review transactions.
- The DCP sent out a year-end checklist, which included a recommendation for participants to register their online accounts.
- A session on design and implementation of a financial wellness program encouraged staff to integrate financial wellness features into the regular Money Matters sessions and boost awareness of the Retirement Calculator and Financial Wellness survey.

Board Member Comments/Questions & Responses:

Mr. Guglielmo stated that the two NAGDCA conferences he has attended were very beneficial and also noted that other cybersecurity features were displaying loan transactions or other account transactions at the top of the login screen, password changes every 90 days, and the use of a password manager. Mr. Guglielmo also noted a NAGDCA discussion of DCP's and TPA's insurance coverages, and that financial wellness provisions should be culturally and linguistically accessible. Mr. Guglielmo stated that the City of Milwaukee offered an incentive program for participants of the financial wellness program. Mr. Guglielmo also noted a recommendation for a DCP escalator as an employee retention tool.

7. BOARD REPORT 22-66: 2022 NATIONAL RETIREMENT SECURITY MONTH (NRSM) CAMPAIGN RESULTS

Presentation Highlights:

Ms. Chang introduced the report and provided the following highlights:

- The 2022 NRSM campaign was launched with a dedicated landing page, weekly interactive quizzes, presentations, weekly blog posts, social media content, and a printed mailer.
- This year's campaign received a total of 6,845 engagements across its campaign elements.
- Staff pivoted approach when realizing multiple choice question format was the most effective engagement technique, and saw an increase in quiz participation in the campaign's latter weeks.
- Engagement of those who have separated from service has increased by 7% from the prior year.
- Staff hopes to streamline the timing of NRSM with the various awareness campaigns in the same month.

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

8. QUARTERLY INVESTMENT & ECONOMIC REVIEW: THIRD QUARTER 2022

Presentation Highlights:

Mr. Muir provided the following highlights:

- Page 3 – Similar trends throughout Quarters 1, 2, and 3, although with fewer losses in Q3.
 - Most market specialists continue to predict a recession in the coming years.
- Page 12 – rates continue to increase as a result of Federal action.
- Page 15 – continued contributions to the DCP offset other investment losses, resulting in a total asset amount of \$7,848.2 million.
- Page 18 – Mr. Mike Norman will become the sole President of Galliard.
- Page 20 – The Stable Value Fund asset allocation has increased.

Board Member Comments/Questions & Responses:

Mr. Schoonover noted that bond values decline as a result of when interest rates increase. Mr. Muir agreed and noted that generally asset prices are reacting to higher interest rates.

Mr. Schoonover asked whether it would benefit the DCP to consider other providers given the low interest rates. Mr. Muir stated that the FDIC-Insured Savings Account rate is around 2.1871 and is likely to increase and that the Stable Value Fund through Galliard has yielded positive results. Mr. Muir indicated that the DCP would continue to yield results over the long term.

9. PLAN ADMINISTRATOR QUARTERLY REVIEW: SEPTEMBER 30, 2022

Presentation Highlights:

Ms. Jones, Ms. Montgomery, and Mr. Russell provided the following highlights:

- Ms. Montgomery provided an update regarding the transfer of SDBA funds to meet the minimum core balance amount and noted that all shares required to meet the minimum balances were sold and the process completed for applicable accounts.
- Page 5 – Voya provided an overview of its internal technology efforts to enhance decision-making, engagement, plan design, and financial well-being.
- Page 7 – Participant website enhancements include the Voya Retire mobile app now including Spanish, a redesigned contribution experience, and efforts related to a voice biometrics opt-in feature.
- Page 15 – Total DCP participants with a balance increased by 538 participants since Q2.
- Page 19 – Around 800 participants are invested in over 9 funds; Voya will target this group for education and engagement.
- Page 22 – There was a slight increase in those taking unforeseeable emergency withdrawals due to eviction/foreclosure, up to 60%.
- Page 27 – Save More Journey resulted in \$125,192 additional contributions and Restart Savings Journey resulted in \$51,998 additional contributions.
- Page 29 – Participants who completed the Financial Wellness assessment generally yield 10.2% participant savings.

Board Member Comments/Questions & Responses:

Mr. Moutes asked if there is a correlation between the market and the use of the Financial Wellness assessment. Mr. Russell noted that it is possible and indicated that there was high attendance in the DCP’s Money Matters sessions regarding market volatility and financial wellness.

10. REQUESTS FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

11. NEXT MEETING DATE

A regular meeting was noted for January 17, 2023, at 9:00 a.m.

12. ADJOURNMENT

The meeting was adjourned at 10:25 a.m.

Minutes prepared by staff member Eric Lan.