

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

ADOPTED MINUTES
REGULAR MEETING OF MAY 16, 2023
700 E. TEMPLE STREET, ROOM 350

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

Not Present:

Linda P. Le
Joseph Salazar

PERSONNEL DEPARTMENT STAFF

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

OFFICE OF THE CITY ATTORNEY

Charles Hong, Deputy City Attorney II

MERCER INVESTMENT CONSULTING

Devon Muir, Principal

1. CALL TO ORDER

Mr. Moutes called the meeting to order at 9:05 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. Wolfson and seconded by Mr. Schoonover, to approve the minutes of the April 18, 2023 Board meeting; the motion was unanimously adopted.

4. BOARD REPORT 23-19: QUARTERLY STAFFING REIMBURSEMENTS - FIRST QUARTER 2023

Presentation Highlights:

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

- The Board approves staffing reimbursements on a quarterly basis for Personnel Department and City Attorney staff who are partially dedicated to the DCP and funded through the DCP Trust Fund, which requires Board approval.
- First quarter 2023 reimbursements totaled \$35,370.39, including \$9,845.59 for the Personnel Department and \$25,524.80 for the City Attorney.

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. Wolfson, that the Board approve reimbursements from the Deferred Compensation Plan (DCP) Reserve Fund to the Personnel Department in the amount of \$9,845.59 and to the City Attorney in the amount of \$25,524.80 totaling \$35,370.39 for staff providing direct support of the DCP during the quarter ending March 31, 2023; the motion was unanimously adopted.

5. BOARD REPORT 23-20: 2023 DCP BOARD SPECIAL ELECTIONS: ACTIVE PARTICIPANT LAFPP REPRESENTATIVE SEAT

Presentation Highlights:

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

- The Board approved the recommendation to direct staff to conduct a Special Election for the Active Participant LAFPP Representative seat for the remainder of the unexpired term ending June 30, 2026.
- Staff consulted with the City Clerk to develop the special election timeline for the Active Participant LAFPP Representative Board seat with an election day of Friday, July 21, 2023.
- Staff prepared a one-page flier and a refreshed email that was distributed to appropriate departments and labor organizations to encourage participants to consider running for the seat.

Board Member Comments/Questions & Responses:

There were no comments or questions from the Board.

6. QUARTERLY INVESTMENT & ECONOMIC REVIEW: FIRST QUARTER 2023

Presentation Highlights:

Mr. Muir provided the following highlights:

- Page 3 – Overall positive quarterly returns with a transition towards growth stocks in the market.

- Page 10 – The presence of an interest rate yield curve inversion, which may be a sign of recession and could lead to uncertainty in banking.
- Page 15 – At the quarter end, the DCP had \$8.6 billion in assets, an increase in \$449 million over the prior quarter.
- Page 24 – East West Bank was in the news regarding their action to access the federal government’s Bank Term Funding Program as a means to receive additional cash. East West Bank reports that they did so as a means to take reasonable steps to continue to demonstrate healthy capital ratios. Mercer indicated no actions needed to be taken at the moment and the situation will continue to be monitored.

Board Member Comments/Questions & Responses:

Mr. Moutes noted a news report of high vacancy rates in office buildings and asked how it will impact banking. Mr. Muir stated that they do not observe many transactions in the market which may lead to defaults in the beginning of next year, but there is much uncertainty.

Mr. Wolfson asked how much collateral was taken by East West Bank. Mr. Muir stated that it was \$4.5 billion. Mr. Wolfson asked if any bond funds in the DCP have triggers if the Treasury were to default or if there are any splits or downgrades in ratings. Mr. Muir indicated that this is not contemplated to be a particular risk for the plan.

Mr. Guglielmo asked what the expectation regarding federal rate hikes would be moving forward. Mr. Muir stated that it is currently at a pause level, with inflation continuing to be high and job growths starting to settle. Mr. Guglielmo stated that it is important for participants to be aware of market activity, but not to panic and be diversified in market allocations.

7. BOARD REPORT 23-21: DEFERRED COMPENSATION PLAN PROJECTS AND ACTIVITIES REPORT: APRIL 2023

Presentation Highlights:

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

- Official notice of the 2023 Active Participant LACERS Representative Election was mailed along with a sample ballot and voting instructions.
- National Association of Governmental Defined Contribution Administrators (NAGDCA) will be held in Seattle, Washington on October 8-11, 2023 and Board members can contact DCP staff to indicate their interest.
- First quarter 2023 statements and the April 2023 DCP Newsletter were distributed to participants.
- Staff submitted a NAGDCA Leadership Award nomination submission under the National Retirement Security Month (NRSM) category for its 2022 NRSM campaign.
- Staff produced an enrollment campaign of 1,939 targeted emails and 4,147 postcards to encourage eligible employees in the lowest participating departments (Council, Department of General Services, Mayor’s Office, Public Works - Street Services, and Recreation and Parks).

Board Member Comments/Questions & Responses:

Mr. Moutes commended staff on the unique design of the enrollment campaign.

8. REQUESTS FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

9. NEXT MEETING DATE

A regular meeting was noted for June 20, 2023 at 9:00 a.m.

10. ADJOURNMENT

The meeting was adjourned at 9:54 a.m.

Minutes prepared by staff member Eric Lan.