



Board Report 21-18

Date: March 16, 2021
To: Board of Deferred Compensation Administration
From: Staff
Subject: Deferred Compensation Plan Projects and Activities
Report: February 2021

Board of Deferred Compensation Administration
Thomas Moutes <i>Chairperson</i>
Raymond Ciranna <i>Vice-Chairperson</i>
Robert Schoonover <i>First Provisional Chair</i>
Wendy G. Macy <i>Second Provisional Chair</i>
WPERP Representative <i>Vacant</i>
Joshua Geller
Neil Guglielmo
Linda Le
Baldemar J. Sandoval

Discussion:

Following are DCP project and activity updates for February 2021:

A. Board Member Updates

Board member Mr. Hovhannes Gendjian, retired from the Department of Water and Power effective March 1, 2021. Accordingly, Mr. Gendjian also leaves his position on the Board as the Water and Power Employees' Retirement Plan (WPERP) Active Member Representative. An election for the WPERP Active Member Representative is currently underway with a new term beginning July 1, 2021 through June 30, 2024. Per the Board's Election Policies and Procedures, "no special election shall be held where there is less than twelve months remaining before the expiration of the term."

In addition, former Board member Ms. Linda Le has returned to the position of Retirement Plan Manager of the WPERP and accordingly will resume her position on the Board, replacing Linda Ikegami effective March 1, 2021.

As both of these changes occurred somewhat unexpectedly, there was not an opportunity to prepare acknowledgments for the current Board meeting. As a result, staff will prepare acknowledgments for both departing Board members at the April 20, 2021 meeting, and it is hoped they can both attend the meeting.

B. Annual Procurement Reminder for Board Members and Staff

The Bylaws establish the responsibilities of Board members and staff related to the DCP's procurement and contracting processes. These responsibilities are intended to ensure that

procurement processes and contract decision-making are conducted strictly and solely in the best interests of the DCP and its participants.

At its meeting on February 18, 2020, the Board directed staff to discontinue the use of procurement pledge forms and instead, provide timely and regular education on procurement responsibilities to Board members and staff, including: (a) a review of procurement responsibilities during new staff/Board member orientations; (b) annual procurement responsibility reminders/reviews at the beginning of each calendar year; and (c) procurement responsibility reminders upon submission to the Board of draft RFPs. Accordingly per the Board's direction, staff is providing Sections 6 and 7 of the Bylaws in **Attachment B** which outlines Board and staff member responsibilities regarding DCP procurements. To summarize, these responsibilities include but are not limited to:

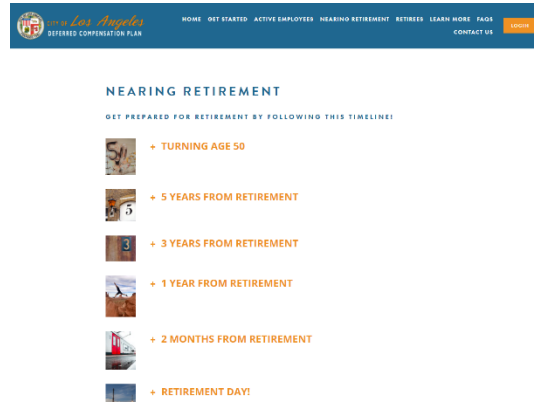
- Not meeting privately with employees, representatives or registered lobbyists of any actual or potential respondents in the twelve months prior to scheduled initiation of a procurement process, nor within any time period following the initiation of a procurement process and up until the final contract award, with the purpose or result of engaging in a conversation materially related to the vendor's securing business from the City's Plan.
- Should a Board member engage in such a meeting, he/she shall, apart from any potential sanctions under the Ethics Ordinance, be disqualified from voting on or taking any other action in regard to the selection of the contractor.
- Contact with potential candidates for award of a contract at group social events, educational seminars, conferences, or charitable events is not prohibited so long as there is no direct marketing, and there are no discussions about the contract or the process to award it.

C. Operations and Project Updates

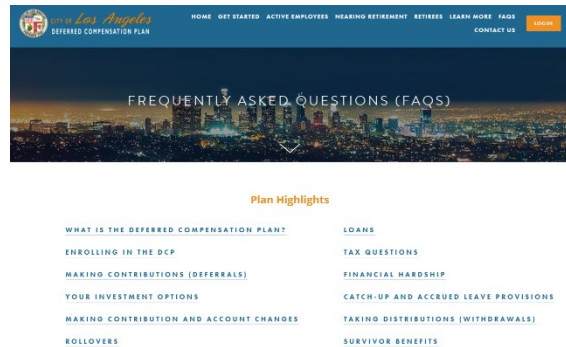
- **Statement of Economic Interests (SEI) Reminder** – The annual SEI filing for all Board members and staff identified in the Personnel Department Conflict of Interest Code is due on April 1, 2021. The City's Ethics Commission issued an email to all required filers notifying them of the upcoming due date and how to file. Additional reminders will be sent by the Ethics Commission to filers who have not filed as the due date draws nearer. Should any Board members require any assistance with completing this filing, DCP staff is available to assist.
- **DCP 2021 Board Elections Update** – Staff worked with the Office of the City Clerk to finalize the 2021 elections calendar and notification letter to be mailed to eligible participants regarding the upcoming election, their eligibility to run for the seats, and instructions on how to submit candidate petitions and nominating signatures (for the WPERP Board seat only) if choosing to run. The letter and elections calendar is anticipated to be mailed in early March. Staff will also post this information to the DCP website, including to the elections calendar on the LA457.com Elections 2021 webpage. Petitions to run will be made available on March 18, 2021 and the deadline to submit the petition is April 1, 2021.

D. Communications Updates

- **LA457.com Website Update** – Staff continues to update and refine the LA457.com website in response to participant feedback. Based on emails and questions primarily received from employees retiring through the Separation Incentive Program (SIP), staff developed a “Nearing Retirement” timeline as a resource for assisting employees nearing retirement. The timeline provides valuable information regarding the DCP and identifies key activities for employees to consider as they near their retirement date.



Staff also developed and added a new and comprehensive Frequently Asked Questions (FAQs) section on the website providing frequently asked questions and answers to various DCP topics such as enrolling in the DCP, making contributions (deferrals), investment options, loans, rollovers, tax questions, catch-up and accrued leave provisions, taking distributions (withdrawals), and survivor benefits.



Staff believes these website improvements will help participants significantly in easily locating the information they require to answer their inquiries.

- **Turning Age 50 Postcard** – Based on Board member Neil Guglielmo’s suggestion to send out a communication to participants turning age 50 informing them of their ability to contribute more to the DCP, staff worked with Voya to develop a “happy birthday” postcard to convey this message (**Attachment C**). The postcard is directed to current DCP participants but also to non-enrolled but eligible participants to encourage them to join the DCP. The postcard is anticipated to be mailed to both groups of individuals in mid-March. Staff will add this postcard to its inventory of targeted communications to be sent to specific population groups annually.
- **Money Matters Zoom Virtual Meetings** – Staff launched “Money Matters” virtual meetings for employees to interact with the local retirement counselors via Zoom in October 2020. During these sessions, the local retirement counselors provide education on various DCP topics and also discuss step-by-step instructions on how to enroll in the DCP.

Specialized Separation Incentive Program (SIP) meetings are held on the first Tuesday of every month from 12 noon to 1:00 pm and general DCP information virtual meetings are held on the third Wednesday of every month from 12 noon to 1:00 pm. Average attendance for the SIP and general DCP virtual meetings is 50 and 113, respectively. Attendance for the February virtual meetings is provided in the chart below.

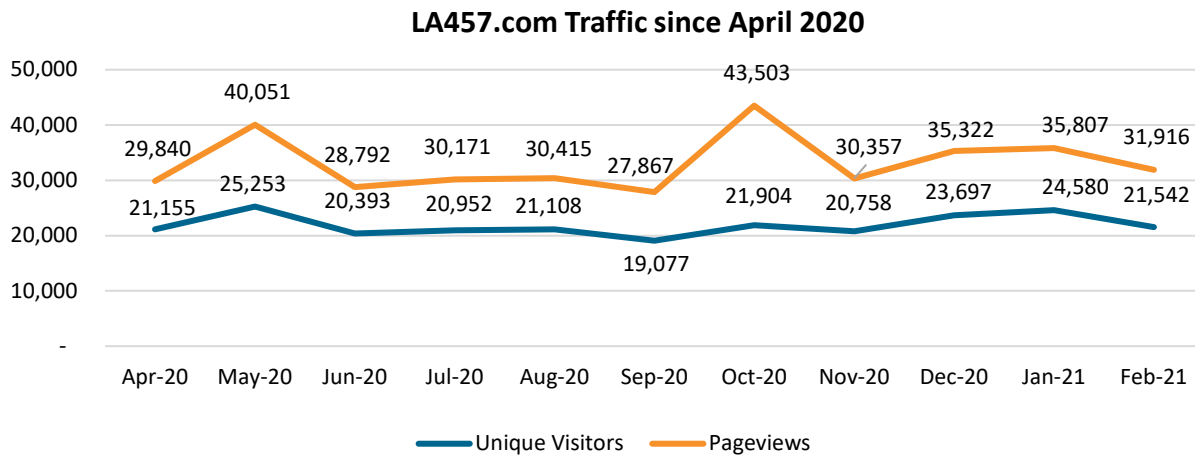
Topic	Date	Attendance
SIP Q&A	February 2, 2021	28
DCP Loans	February 17, 2021	68

- LA457.com Engagement Statistics: February 2021**

LA457.com saw **21,542** unique visitors and **31,916** pageviews. The table on the right provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in February 2021		Views
1.	Home	23,171
2.	Contact Us	864
3.	Retirement Counselor Calendar	755
4.	FAQs	739
5.	Board Meeting Materials	552
6.	Considering the City of Los Angeles Separation Incentive Program?	506
7.	Join the Plan	488
8.	Investments Committee Materials	340
9.	Your Distribution Options	333
10.	Contribution Limits	330

The following chart tracks LA457.com unique visitors and pages viewed since April 2020.



E. 2021 DCP Strategic Initiatives Update

Attachment A provides a status review of 2021 DCP Strategic Initiatives as adopted by the Board at its January 19, 2021 meeting.

F. Staffing

The following table provides a summary of staff positions supporting the DCP.

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
Personnel				
Chief Personnel Analyst	Chief Personnel Analyst	Executive Director	20%	Steven Montagna
Senior Personnel Analyst II	Senior Management Analyst II	Plan Governance	40%	Jenny Yau
Senior Personnel Analyst I	Senior Personnel Analyst I	Plan Administration	100%	Vacant
Management Analyst	Management Assistant	Communications	100%	Eric Lan
Management Analyst	Personnel Analyst	Operations	100%	Mindy Lam
Benefits Specialist	Benefits Specialist	Participant Services	100%	Claudia Guevara
Administrative Intern I	Vacant	Participant Research	100%	Vacant
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curtis Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

G. Committee Assignments

Committee openings, particularly for the Plan Governance and Administrative Issues Committee, have been created by the departures of Mr. Gendjian and Ms. Ikegami from the Board. Current or new Board members interested in serving on a Committee should contact staff or the Board Chairperson. Following is the current Committee roster as designated by the Board Chairperson:


Plan Governance & Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc Committee on DCP Autonomy
Joshua Geller, Chair	Raymond Ciranna, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Joshua Geller	Raymond Ciranna
	Neil Guglielmo	Baldemar J. Sandoval	Joshua Geller
			Neil Guglielmo

H. Upcoming Board Meetings

Following is a review of upcoming Board meeting agenda items:

Meeting Date	Proposed Agenda Items
April 20, 2021	<ul style="list-style-type: none"> Board Report: Deferred Compensation Plan 2020 Annual Report

	<ul style="list-style-type: none"> • Board Report: Financial Education and Investment Advisory Services Request or Information Update • Board Report: Fiduciary Liability Insurance Options • Board Report: Proposed Board Meeting Trainings • Board Report: DCP Plan Projects & Activities Report: March 2021
May 18, 2021	<ul style="list-style-type: none"> • Quarterly Investment & Economic Review – Quarter 1 2021 • Board Report: Quarterly Reimbursements – Quarter 1 2021 • Board Report: Participant Survey Plan • Board Report: Domestic Partners • Board Report: DCP Plan Projects & Activities Report: April 2021

Submitted by: 

 Jenny M. Yau, Senior Management Analyst II

Approved by: 

 Steven Montagna, Chief Personnel Analyst

2021 DCP Strategic Initiatives

1. Conduct Defined Contribution (DC) Plan Manager Position Selection Process (New)

Background: At its October 20, 2020 meeting, the Board approved several recommendations with respect to the salary and recruitment considerations for the new DC Plan Manager position, including setting the salary of the classification at the level of Chief Personnel Analyst and requesting exemption of the new position from civil service and an unfreeze to fill the position.

Status: In process. Obtaining permission to fill the position has been slow given the City's fiscal challenges. The Executive Employee Relations Committee met on November 19, 2020 to establish the salary of the new DC Plan Manager classification. The Office of the City Administrative Officer is currently working with the City Attorney on preparing the necessary ordinance to establish the salary range of the new classification at the level of Chief Personnel Analyst. Staff's review and proposed options for next steps to fill the DC Plan Manager position is addressed in Board Report 21-15.

2. Develop Board Findings Regarding Filing of Statements of Economic Interests and Related Requirements (New)

Background: In connection with DCP autonomy provisions in the recently adopted Memorandum of Understanding between the Board and Personnel Department, the Board adopted a strategic initiative to establish its findings with respect to identifying positions required to file Statements of Economic Interests and coordinating related requirements.

Status: Completed. Staff's analysis and recommendation are addressed in Board Report 21-09. Staff will monitor the status of approval of the proposed changes to the Personnel Department Conflict of Interest Code and report back to the Board with any updates.

3. Complete Plan Document Review (Continued)

Background: Initial revisions to the Plan Document have been reviewed by Segal Consulting, the DCP's consultant for administrative concerns, and Ice Miller, outside tax counsel for the DCP. Additional revisions are required to incorporate provisions of the (1) Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) and (2) Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which was signed into law on March 27, 2020 to provide economic support due to the impact of COVID-19.

Status: In process. The Plan Governance & Administrative Issues Committee (Committee) met on January 14, 2021 to review the proposed updates to the Plan Document. An additional Committee meeting was held on March 11, 2021 to review the Committee's feedback. Staff anticipates bringing the revised Plan Document back to the Board for its consideration and adoption at the April or May meeting.

4. Complete Investment Manager Searches (Continued)

Background: The Board is currently undergoing a search process for the DCP's Stable Value Fund and all of its investment mandates.

Status: In process. On February 16, 2021, the Board selected Galliard Capital Management (Galliard) as the DCP Stable Value Fund provider. Staff will work with Galliard staff to negotiate and draft a contract in consultation with Board counsel.

An Investments Committee meeting to begin evaluation of the Investment Management Services Request for Proposals starting with the Plan's passively managed funds is scheduled on March 19, 2021. Additional Investments Committee meetings will be scheduled to complete the evaluation of the RFP responses before bringing a report to the Board for its consideration.

5. Complete Investment Advisory and Financial Education Services Review (Continued)

Background: A Request for Information (RFI) for investment advisory and/or financial education services was issued on the City's Los Angeles Business Assistance Virtual Network on March 4, 2020 with responses due on April 7, 2020, resulting in four responses. Staff's evaluation of the responses to the RFI is addressed in Board Reports 20-34 and 20-38.

Status: In process. Staff anticipates bringing an update on this project to the Board at its April or May meeting.

6. Complete Request for Proposal for DCP Investment Consulting Services (New)

Background: The term of the contract with the DCP's investment consultant, Mercer will end on December 31, 2021 (total 6.5 year term). Mercer currently provides three primary categories of services under its contract: (1) ongoing investment performance monitoring and reporting; (2) investment manager searches; and (3) ad hoc miscellaneous research and other assignments.

Status: In process. The draft RFP for DCP investment consulting services is provided in Board Report 21-14 for the Board's approval. Upon the Board's approval, staff will release the RFP on the City's labavn.org website.

7. Initiate DCP Financial Audit (Continued)

Background: The contract with Crowe LLP to provide financial audit services for the DCP was executed on December 18, 2020.

Status: In process. On January, 6, 2021, staff met with Crowe LLP staff to discuss a proposed plan for the commencement of a financial audit. Staff reviewed the information provided by Crowe and staff's analysis and recommendations are addressed in Board Report 21-15.

8. Design Automatic Enrollment Program (AEP) Supplemental Model (Continued)

Background: In May 2018, the Los Angeles Police Protective League (LAPPL) signed a letter of agreement adopting the DCP's AEP. DCP staff subsequently engaged in meetings with labor organization leaders to gather feedback about AEP interest. At its June 18, 2019 meeting, the Board approved staff's recommendation to coordinate a meeting of interested employee labor organizations to gather feedback and gauge interest in the AEP.

Status: In process. Staff has developed a discussion document for the City's labor organizations with respect to designing a supplementary optional AEP model. Under this option, labor organizations could elect a model providing for a higher default contribution rate, higher and faster auto escalation of the contribution rate, and/or applying automatic enrollment to current non-participating employees (not just new hires). Staff anticipates opportunities to proceed with discussions with labor organizations in the second quarter of 2021.

9. Develop Options for Deemed IRA Investment Menu (Continued)

Background: At its December 15, 2020 meeting, the Board reviewed staff's analysis of the Deemed IRA option in Board Report 20-45 and adopted staff's recommendation to direct the Investments Committee to work with staff and the DCP investment consultant to develop options and considerations for a potential alternative investment menu design for the DCP Deemed IRA.

Status: In process. Staff is working with Mercer as part of its evaluation of the Investment Management Services RFP to consider potential investment options for a Deemed IRA. Actual implementation of a Deemed IRA would be determined based on future actions to be taken by the Board.

10. Adopt Fiscal Year 2021-22 Participant Goals (New)

Background. On a fiscal year basis, the Board adopts DCP participant goals related to participation, contributions, distributions, and asset retention.

Status: In process. Staff will be working with Voya to review and analyze the results of the DCP's FY 2020-21 participant goals ending on June 30, 2021. Staff will also take into consideration the current financial and economic backdrop in informing the setting of goals for the new fiscal year which starts on July 1, 2021.

11. Implement Participant Survey Plan (Continued)

Background: The DCP periodically conducts surveys to assess participant feedback on various topics which are useful for the Board's consideration of service and plan design feature improvements or additions.

Status: In process. Staff has completed a preliminary review of an approach involving shorter and repeated "micro-surveys" to encourage responsiveness and develop trend data over

time. Staff is presently developing a proposal for issuing these surveys which is anticipated to be presented to the Participant Engagement Committee in the spring of 2021.

12. Develop DCP Communications Strategic Plan (Continued)

Background: The Board adopted as a strategic initiative the development of a DCP communications strategic plan that would provide a roadmap for creating effective and coordinated DCP messaging for the purpose of increasing employee participation, engagement, awareness, and satisfaction.

Status: In process. Staff is working on a draft plan incorporating creative strategies for obtaining data and feedback from participants and integrating this information into a communications and engagement strategy that is flexible and iterative. It is anticipated that the draft plan along with the participant survey will be presented before the Participant Engagement Committee in the spring of 2021.

6. CODE OF ETHICS

- 6.1. Members of the Board and staff must at all times meet high ethical standards that exceed legal minimums as mandated in State ethics laws, the City Ethics Ordinance and Code of Ethics, and Mayoral Directives. Individual Board members and staff shall avoid favoritism, conflict and disclosure of privileged information at all times and shall act in the best interest of the Plan consistent with their fiduciary duties.
- 6.2. Board members and staff shall conduct themselves with integrity and dignity, strive to understand the Plan's objectives, and exercise care, prudence and diligence in handling confidential information.
- 6.3. Board members and staff shall not seek nor accept any compensation or political contributions that would violate California law, including without limitation the Political Reform Act of 1974 and City Ethics Ordinance.
- 6.4. Board members and staff shall comply with gift restrictions and travel advancement/reimbursement requirements set forth in State law and City regulations and policy.
- 6.5. Board members and staff shall take positive steps to prohibit breaches of duty (through negligence or intentional action), unauthorized communication with individuals seeking to influence the Board, and unauthorized communication with individuals who may receive personal gains as a result of Board actions, such as, but not limited to, the conducting of serial meetings and discussion with any respondents to any procurement process concerning issues directly related to the matter while the procurement process is underway.
- 6.6. Board members and staff shall not act or participate in any manner on matters on which they may have a conflict of interest or an appearance of a conflict of interest as set forth in California law and City regulations and policy. As soon as a Board member or staff member becomes aware of a potential conflict of interest, he/she shall immediately consult with the Board Counsel for guidance. A Board member or staff member who has a conflict of interest or an appearance of a conflict of interest on any matter shall comply with the rules regarding recusal.
- 6.7. Board and staff members shall not request, receive or agree to receive anything of value or other advantages in exchange for a decision or influence on a decision. As soon as a Board member or staff member becomes aware of a potential breach of this obligation, he/she shall immediately consult with the Board Counsel and staff.
- 6.8. Board members and staff shall not communicate with current or prospective vendors or their representatives, or any other person or organization, for the purpose or intent of having a particular vendor secure or maintain a contract or business with the City's Plan, or otherwise realize financial gain from the City's Plan. As soon as a Board member or staff member becomes aware of a potential breach of this obligation, he/she shall immediately consult with the Board Counsel and Plan staff.

6.9. Board members and staff recognize that all Plan business transactions are to be based on integrity, competence, financial merit and benefit to Plan participants and their beneficiaries, and not on personal relationships.

7. PROCUREMENT PROCESSES AND CONTRACTING

7.1. Pursuant to the obligations and expectations outlined in Section 6, Code of Ethics, the Board and staff recognize that it is imperative during all procurement and contracting processes to safeguard the trust of the City of Los Angeles Deferred Compensation Plan participants, assure the integrity of the process, meet their fiduciary obligations as members of the Board and staff, provide a fair and equitable process for interested vendors, efficiently consider the broadest pool of potential providers, and make decisions which are based strictly on what is in the best interests of the Plan and its participants. Towards that end, all members of the Board and staff agree to conduct themselves in the highest ethical manner before, during and following a procurement process, to include the following:

- A. Board members and staff agree not to meet privately with employees, representatives or registered lobbyists of any actual or potential respondents in the twelve months prior to scheduled initiation of a procurement process, nor within any time period following the initiation of a procurement process and up until the final contract award, with the purpose or result of engaging in a conversation materially related to the vendor's securing business from the City's Plan. Should a Board member engage in such a meeting, he/she shall, apart from any potential sanctions under the Ethics Ordinance, be disqualified from voting on or taking any other action in regard to the selection of the contractor. Should a staff member engage in such a meeting, he/she shall, apart from any potential sanctions under the Ethics Ordinance or disciplinary action, be disqualified from participating directly or indirectly in the evaluation of RFP responses. The date, location, and substance of the matters discussed in such meetings as described above shall be disclosed in writing and submitted to staff for distribution to the Board and made available for public review. Nothing in this section shall prohibit staff members from communicating with actual or potential respondents to an RFP as provided for in the rules for communication as set forth in a given RFP, nor shall it restrict communications with incumbent vendors for the purpose of ongoing administration of the City's Plan.
- B. No member of the Board shall participate directly in the development, review, evaluation, negotiation, or recommendation process of responses to RFPs or any other requests award of a contract, contract amendment, or change order involving the Board except as provided in Los Angeles Municipal Code Section 49.5.17 "Commissioner Participation in Contracting Process". All such reviews shall be conducted by the Board's staff, consultant, and/or other members of a review committee established by the Board for each RFP.
- C. This section is not intended to prohibit contact with potential candidates for award of a contract at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing, and there are no discussions about the contract or the process to award it.

7.2. In order to maintain a high standard of neutral and unbiased administrative services and investment counseling, the Board will not simultaneously enter into service provider relationships for Third-Party Administrator (TPA) services and for Plan investment provider services when investment-related services are either (a) bundled together with TPA services as part of a combined administrative/investment offering, (b) offered as a separate standalone investment option, or (c) provide a substantial risk of an actual or perceived incentive for the TPA to favor particular investments over others within the Plan's investment menu. The Board's decision-making regarding service provider relationships will always be guided by its determination of what is in the best interest of Plan participants.



Turning 50 has its perks!



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN

In the year you turn 50, you can contribute more to your Deferred Compensation Plan (DCP) account, up to \$26,000 in 2021. Give yourself the gift of a growing nest egg!

Increase your contributions today!

Login at LA457.com and select **Account>Contributions>Future Payday Contribution** or call 844-523-2457, Mon-Fri, 6:00 a.m. to 5:00 p.m.

Not a DCP participant?

It's never too late to join! Get started today by visiting LA457.com/enroll.

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