



Board Report 22-09

Date: February 15, 2022
To: Board of Deferred Compensation Administration (Board)
From: Staff
Subject: Recruitment/Selection Process for DC Plan Manager

Recommendation:

That the Board receive and file update regarding the DC Plan Manager selection process.

Discussion:

A. Background

The Board, working together with its Ad Hoc DC Plan Manager Selection Committee (Committee) and staff, has taken a number of actions with respect to developing and filling the new Defined Contribution Plan Manager (DC Plan Manager) position. This position will provide executive staff leadership to the Deferred Compensation Plan (DCP). A summary of Board and Committee actions to date regarding the DC Plan Manager position is provided in **Attachment A**.

B. DC Plan Manager Examination Selection Process Update

(1) Meetings for Materials Review and Interviews

The DC Plan Manager examination bulletin was issued on November 18, 2021. Candidates had until December 16, 2021, to apply. The eligible list was finalized on January 26, 2022, and expires January 25, 2024, and contains six individuals. Given the small number of candidates, each was assigned an identical score.

At its January 18, 2022 meeting, the Board (a) requested that staff work with the Committee to develop a work experience questionnaire, advisory essay, position and process outline, and interview questions, for use as applicable in the DC Plan Manager selection process; and (b) approved moving forward with advancing the selection process. On January 26, 2022, the

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Committee met to consider draft materials prepared by staff. Following requested modifications, the materials were finalized and issued to candidates on February 4, 2022 (**Attachment B**).

The certification and invitation to participate in the process is scheduled for February 14, 2022. The due date to respond to the certification and submit the requested materials is February 18, 2022. Staff is in the process of scheduling a meeting of those Board members participating in the DC Plan Manager selection process to review candidate materials for the purpose of determining which candidates will proceed to interviews.

Once the number of candidates to be interviewed is identified, interview meeting times will be scheduled. If those Board members participating in either the materials review meeting or interview meeting(s) comprise a quorum of the Board, the meetings will be publicly agendized but all considerations will take place in closed session.

(2) Timeline

An updated timeline for the selection process is provided as follows:

Date	Action	Status
January 24-28, 2022	Development/finalization of materials for experience and skills review, advisory essay, and position and process details	Completed
February 4, 2022	Issuance of materials to candidates	Completed
February 18, 2022	Response due date from candidates	
February 22-March 18, 2022	Meetings to review candidate materials, conduct interviews, and reach final determination	

(3) Request to Exempt Position

At its December 21, 2021 meeting, the Board requested that the Board Chairperson work with staff to develop a communication to the Office of the Mayor renewing the Board’s request that the DC Plan Manager position be exempted from civil service. That communication was prepared and signed by the Chairperson and Vice-Chairperson, and issued on February 4, 2022 (**Attachment C**). A response was requested by February 25, 2022.



Submitted by:

Steven Montagna, Chief Personnel Analyst

CHRONOLOGY OF DC PLAN MANAGER BOARD AND COMMITTEE ACTIONS

June 25, 2020	The Board of Civil Service Commissioners approved the creation of the new DC Plan Manager classification.
October 20, 2020	The Board approved staff recommendations with respect to recruitment and salary considerations for the DC Plan Manager position, including requesting exemption of the new position from civil service, requesting an unfreeze to fill the position, and setting the salary at the level of Chief Personnel Analyst.
April 14, 2021	The City Council approved an ordinance to establish the salary range of the DC Plan Manager classification at the level of Chief Personnel Analyst.
June 15, 2021	The Board established an Ad Hoc DC Plan Manager Selection Committee to develop recommendations for the Board to make to the Personnel Department regarding selection process design and content.
July 7, 2021	The Committee met to consider certain materials drafted by staff, including proposed recruitment materials.
July 20, 2021	The Board requested that the Personnel Department initiate the examination development process if indication regarding the request for exempt status was not received from the Mayor's Office by July 23, 2021 (which it was not); and requested that the Personnel Department provide a response regarding elevating the DCP's Senior Benefits Analyst I position to Senior Benefits Analyst II.
August 17, 2021	The Board approved requests for submission with regards to the Fiscal Year (FY) 2022-23 proposed budget, including adding regular position authority for the DC Plan Manager position and requesting that the City Administrative Officer Employee Relations Division make a paygrade determination to elevate the Senior Benefits Analyst I to Senior Benefits Analyst II; the Board further authorized the Board Chairperson to approve any documents required to transmit the FY 2022-23 budget requests to the CAO and Office of the Mayor on behalf of the Board and requested that the Personnel Department submit the afore-noted requests to the Office of the Mayor. Materials were subsequently drafted and reviewed/approved by the Board Chairperson.
November 16, 2021	The Board modified its instructions to the Committee to request that it develop recommendations for the Board to make to the Personnel Department regarding conduct of the DC Plan Manager selection process up to and including execution of the final selection process and onboarding of the appointee; and further recommended to the Personnel Department General Manager that Steven Montagna be placed in-lieu of the DC Plan Manager position beginning on or around January 1, 2022 and ending with the appointment of a permanent DC Plan Manager but no later than April 29, 2022.
December 8, 2021	The Committee met to develop recommendations to the Board with respect to the selection process.
December 15, 2021	The Committee met to discuss consequences of the potentially small number of viable applications available to consider via the examination process.
December 21, 2021	The Board (a) authorize the Board Chairperson to, in consultation with staff, draft and submit a communication to the Office of the Mayor renewing the Board's request that the DC Plan Manager position be exempted from civil service; (b) request that staff develop a proposal for the most expedited process practical for securing the services of an executive recruiting firm; (c) recommend to the Personnel Department that the vacant Senior Benefits Analyst I position dedicated to the DCP be filled as soon as practical; (d) recommend to the Personnel Department that it, upon filling the Employee Benefits Division's successor Chief and Senior Benefits Analyst II positions, provide DCP administrative training to these staff so they can support the DCP until the permanent appointment of a DC Plan Manager; (e) solicit a Board member volunteer to serve as an examination rater and request that staff solicit participation from a comparable large plan executive administrator to serve, if available, as an additional rater for the DC Plan Manager examination; and (f) find that final selection interviews should be conducted by all Board members interested in participating.
January 18, 2022	The Board (a) requested that staff work with the Ad Hoc DC Plan Manager Selection Committee to develop a work experience questionnaire, advisory essay, position and process overview, and interview questions, for use as applicable in the DC Plan Manager selection process; and (b) approved moving forward with advancing the selection process.
January 26, 2022	The Ad Hoc DC Plan Manager Selection Committee finalized a work experience questionnaire, advisory essay, and position and process overview.



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DC PLAN MANAGER CANDIDATE SELECTION PROCESS MATERIALS

Thank you for participating in the City of Los Angeles selection process for the **Defined Contribution Plan Manager** (DC Plan Manager) position overseeing the City's **Deferred Compensation Plan** (DCP). The DC Plan Manager is an executive leadership position with unique responsibilities and requiring a diverse set of skills. The following materials are provided to (a) outline the stages of the selection process to be conducted by the **Board of Deferred Compensation Administration** (Board); (b) assist candidates in learning more about the unique characteristics and duties of the position and working within the broader organizational context of the City of Los Angeles; and (c) obtain additional information from candidates for use by the Board in its evaluation.

The selection process involves several stages:

- Civil Service Examination - The first stage is the civil service examination process, which has already been completed. Those candidates who participated in the process have been placed onto an eligible list. Due to the relatively small number of candidates on the eligible list, all candidates received an identical score.
- Certification - The second stage involves a “certification” of the eligible list. Certification means that you will be invited to participate in the process to fill the DC Plan Manager position. That formal invitation will be issued on or around February 14th.
- Candidate Screening - The third stage involves a review by the Board of candidate qualifications as included within the materials solicited in this package of materials. Candidates must return the requested materials by the due date to be considered. The Board will review those materials and only the most highly qualified candidates will proceed to interviews.
- Interviews – Board members will be conducting candidate interviews. These interviews will be held in meetings but, as they involve confidential personnel matters, these meetings will not be open to the public.
- Selection Decision – Following the interviews, and assuming that a qualified candidate is found, the Board will make its recommendation for selection to the formal appointing authority, the City's Personnel Department, and a formal job offer will be extended.

Candidates are requested to submit three documents in order to be further considered for the position:

- Organization, Program and Position Overview and Acknowledgement – We have created a position and process overview to help inform candidates of certain key aspects of both City and DCP processes. Candidates are asked to acknowledge review of this material.
- Experience and Skills Review – Candidates are requested to complete a work and experience overview focused on how your specific work experience and skills relate to the



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requirements of the position. This will take the form of short answers to a brief list of questions.

- Advisory Essay – Candidates are requested to complete an advisory essay demonstrating their writing and critical thinking skills. The essay length is no more than two pages.

All materials must be submitted no later than **February 18th, at 4:00 p.m.** Concurrently, candidates must also respond to the certification (instructions on how to do so will be provided separately in that communication). Following evaluation of all submissions, only the most highly qualified candidates will proceed to interviews with the Board.

A. ORGANIZATION, POSITION AND PROCESS OVERVIEW

This Organization, Position and Process Overview has been developed to provide candidates with a greater sense of the organizational context of working for the City of Los Angeles as well as the daily responsibilities of the DC Plan Manager. Please acknowledge your review of this material and sign at the bottom.

(1) ORGANIZATIONAL OVERVIEW

KEY ORGANIZATIONAL ELEMENT	DISCUSSION
City Governance	<p>The City's elected officials include the Mayor, a 15-member City Council, the City Attorney, and the City Controller. Primary legislative authorities for the City include a City Charter (adopted by the voters) establishing the governance, leadership, and powers of the City; the Los Angeles Administrative Code (enacted by the City Council and Mayor) establishing and defining City operational rules and processes; and the Los Angeles Municipal Code (enacted by the City Council and Mayor) establishing City regulations for LA City residents. The City also operates under executive directives issued by current and former Mayors.</p> <p>https://www.lacity.org/government/popular-information/form-government https://cao.lacity.org/misc/LAorgchart.pdf</p>
City Budget	<p>The City adopts an annual budget on a fiscal year running from July through June. The budget development process begins with the submission of budget requests from City departments to the Office of the Mayor approximately nine months prior to the start of the fiscal year. The budget includes departmental operational and program expenditures as well as salary costs and position authorities. The Mayor's proposed budget is submitted to the City Council by April 20th and the City Council must adopt the budget by June 1st for approval by the Mayor. For FY 2020-21, the City's budget was approximately \$9 billion.</p> <p>https://cao.lacity.org/</p>
City Departments and Commissions	<p>City operations are divided between an array of City departments, many of which are overseen by Commissions charged with duties specific to each department. Generally, Department heads are appointed by the Mayor and confirmed by the City Council.</p> <p>https://www.lacity.org/government/popular-information/departments-bureaus</p>
City Boards and Committees	<p>The City may also establish City boards and committees charged with overseeing special programs or functions. As an example, the Board of Deferred Compensation Administration was established by the City Council through an ordinance reflected in the Administrative Code to provide oversight of the DCP. The City Council defined who may serve on the Board and its powers and limitations.</p> <p>https://static1.squarespace.com/static/57b634399de4bb6c5c0b8cd2/t/5b91352f6d2a736d53da6d6d4/1536242991635/CityOfLosAngelesAdministrativeCode.pdf</p>
City Contracting	<p>The Administrative Code provides the rules for City contracting, including who has the power to enter into contracts for City services and functions, the terms for which contracts may be entered, and the terms and conditions service providers must meet in order to be contracted entities.</p> <p>https://codelibrary.amlegal.com/codes/los_angeles/latest/laac/0-0-0-37863#JD_D10C1</p>
City Ethics	<p>Certain designated individuals in specific roles must follow ethics rules established by the City and the State. The City established an Ethics Commission to administer City and state laws related to campaign financing, governmental ethics, lobbying and contracts. Members of the Board are required to file annual ethics statements and otherwise comply with applicable law and regulation.</p> <p>https://ethics.lacity.org/</p>

<p>City Labor Organizations</p>	<p>The vast majority of the City’s workforce is represented by labor organizations. A total of 44 separate Memorandums of Understanding (MOUs) between the City and various labor entities provide for the terms and conditions of employment for represented groups of employees. Terms and conditions for non-represented employees are reflected in City ordinance. https://cao.lacity.org/MOUs/index.htm</p>
<p>City Retirement Plans</p>	<p>As a charter municipality, the City is empowered to establish its own retirement plans (the City does not participate in CalPERS). The City’s workforce is divided into membership in one of four retirement plans, each with its own independent oversight and benefit design. The four classes of City employees include (1) Civilian employees; (2) sworn Police and Fire (i.e. public safety) employees; (3) Department of Water and Power employees; and (4) part-time, temporary and seasonal employees. The first three classes participate in defined benefits plans; the final group participates in a mandatory defined contribution Section 457, Social Security alternative 3121 plan that is not the responsibility of the Board or the DC Plan Manager. https://www.lacers.org/ https://www.lafpp.com/ https://retirement.ladwp.com/webcenter/portal/rp</p>

(2) DCP PROGRAM OVERVIEW

KEY ORGANIZATIONAL ELEMENT	DISCUSSION
Program Authority	The City's DCP is an Internal Revenue Code Section 457 plan established under Administrative Code Division 4, Chapter 14. Chapter 14 also places DCP assets into trust, establishes the Board to provide oversight of the program, provides that the program be staffed by the Personnel Department, and gives the Board the power to create and amend the Plan Document.
Board Oversight of the DCP	The Board is composed of nine members, including one elected representative from each of the City's three pension plans; three positions overseeing the three pension plans; the Personnel Department General Manager; a retired participant representative; and a labor organizations representative. The Board, per the Administrative Code, is "the sole authority for the operation of the Plan in accordance with its terms and shall rule on all questions arising out of the administration, interpretation and application of the Plan, which determination shall be conclusive and binding on all Participants." The Administrative Code also provides that, "One or more organization(s) shall be selected and contracted with by the Board to assist the Board in the administration of the Plan and to provide Plan investment options, Plan consulting services, Plan auditing services, and other services related to the administration of the Plan." Actions of the Board are subject to veto by the City Council, in which case an action may be vacated and referred back to the Board for reconsideration.
Personnel Department Staffing, the Board, and the Special MOU	The DCP is staffed primarily by the Personnel Department (smaller support roles are performed as needed by the City Attorney and various City departments involved in budgeting, payroll, accounting, technology, training, and other basic City support functions). In order to support greater independence for the DCP and the Board (and also promote stability in staffing resources) the Board and the Personnel Department entered into a Special MOU establishing that Personnel Department staff report directly to the Board for virtually all practical purposes (excluding certain basic human resource functions such as payroll, leave, and timekeeping). The Special MOU also carves out an independent role for the Board to communicate its budgetary requests as part of the City's annual budget process. The Special MOU does not establish the DCP as a separate City department, which can only be accomplished by a change to the City Charter as approved by the voters.
DC Plan Manager	The DC Plan Manager is a new position established to provide dedicated, full-time executive oversight of the DCP. Prior to the creation of this position the DCP was overseen by a combination of two positions – the Chief of the Personnel Department's Employee Benefits Division and a Senior Benefits Analyst II, both of whom were dedicated only partially to the DCP. The DC Plan Manager reports directly to the Board for all matters involving the DCP, but will be supervised by a Personnel Department Assistant General Manager for day-to-day needs such as payroll, leave, and timekeeping, as well as to perform any required reporting or manage supervisory functions applicable to other Chiefs within the Personnel Department. The DC Plan Manager is presently a civil service position but the Board is pursuing exempting it from civil service, in which case it would be considered "at will."
Program Funding	The DCP is required under the Administrative Code to be funded exclusively by participant fees, including both direct and indirect salary costs. Fees are maintained in "Reserve Fund" accounts maintained with the contracted DCP Third-Party Administrator and internally.
City Payroll Systems	The City has two payroll systems: one for employees of the Department of Water and Power, and one for all other employees. Both payroll systems operate on a bi-weekly (26 paychecks annually) schedule. The City presently has custom payroll systems that are in the process of being transitioned to platform-based solutions with platform provider Workday.
DCP Service Providers	The Board generally enters into five-year contracts that operate on an ongoing procurement schedule with the following entities for key DCP services: <ul style="list-style-type: none"> - Voya Institutional Plan Services (VIPS) and Voya Trust Company to provide administrative, recordkeeping, communications, self-directed brokerage, and trustee services.

	<ul style="list-style-type: none"> - Bank of the West and East West Bank to provide FDIC-insured savings accounts. - Galliard Capital Management to provide stable value fund management services. - Mercer Investment Consulting to provide investment consulting. - Segal Consulting to provide administrative and regulatory consulting. - Crowe LLC to provide auditing services <p>Separately, the Board has an indirect relationship through the City Attorney's Office with outside tax counsel firm Ice Miller for regulatory and interpretive matters. Finally, the Board has relationships with a variety of mutual fund providers (thereby not requiring contracts) for asset management services; however most of these mutual funds are in the process of transitioning to collective investment trust arrangements, which will require the execution of new contracts, as a result of an extensive, recently completed DCP core menu investment manager procurement process.</p>
DCP Investment Design	<p>The DCP has a streamlined investment menu of 12 options including:</p> <ul style="list-style-type: none"> - FDIC Insured Fund - Stable Value Fund - Five Risk-Based Asset Allocation Funds - Large-Cap Fund - Mid-Cap Fund - Small-Cap Fund - International Fund - Self-Directed Brokerage Window (full menu)
DCP Key Plan Design Features	<p>Key plan design features include Roth 457, pre-tax 457, Catch-Up, accrued leave contributions active and retired loans, hardships, purchase of service credit, and rollovers. The DCP does not presently offer investment advice or managed account services. The DCP is in the process of implementing a Deemed IRA as an adjunct to the 457 plan.</p>
DCP Office Location	<p>Presently the DCP is housed in the Personnel Department's Employee Benefits Division, which is located in City Hall, Room 867. However, consideration has begun for moving the staff to an alternate location, possibly housed with one of the City's retirement/pension plans.</p>
Program Eligibility	<p>Program eligibility is a function of membership in one of the City's three defined benefits plans: contributing members of the Los Angeles City Employees' Retirement System (LACERS), the Los Angeles Fire and Police Pensions (LAFPP), or the Water and Power Employees' Retirement Plan (WPERP) are eligible to participate in the DCP.</p>
DCP Assets and Participants	<p>As of 12/31/21 the DCP had \$9.3 billion in assets and over 53,000 participants.</p>
Peer Networks	<p>The DCP participates in the National Association of Government Defined Contribution Administrators (NAGDCA) and California Defined Contribution Peer Network (CA-DCPN), an informal collaboration of large California defined contribution plans.</p>

(3) DC PLAN MANAGER KEY RESPONSIBILITIES OVERVIEW

KEY ORGANIZATIONAL ELEMENT	DISCUSSION
DC Plan Manager Deliverables	As a program with a small staffing contingent and complex and growing array of responsibilities, the DC Plan Manager is both the reviewer of as well as producer of key deliverables. The DC Plan Manager is not in the role of only managing and reviewing the deliverables of staff and contractors, but on an ongoing basis is required to generate key deliverables(including written reports, spreadsheets, presentations, marketing materials, etc.). The ability to successfully and professionally both produce as well as review this broad array of deliverables is necessary for the successful operation of the DCP and support of DCP staff.
Coordination of Board Meetings and Reports	The Board meets on a monthly basis (third Tuesday of each month). The DC Plan Manager coordinates the meetings and both produces and reviews reports to the Board at its monthly meetings. Topics include a variety of complex, technical, administrative, and other issues. Board meeting agendas over the course of a full year are mapped out for the Board annually, and the production of reports and scheduling of events is managed through an internal project management tool. The DC Plan Manager works closely with the Board Chairperson to manage agendas and topics, finalize reports, address sensitive or impactful issues, and otherwise prepare for the meeting. All reports must be finalized within approximately three weeks of the prior Board meeting in order to assure publication of materials on the Thursday prior to each Tuesday Board meeting.
Stakeholder Support	In addition to the Board, the DC Plan Manager also interacts with key City stakeholders by producing and presenting reports to the City Council on new issues or contractual matters; collaborating with the City Administrative Officer (CAO) on budget matters; engaging City labor organizations on participant outcome goals; and collaborating with colleagues both within and outside the Personnel Department on operational, administrative and policy initiatives.
TPA Oversight	The DC Plan Manager interacts with the TPA (Voya) on an almost daily basis for a wide range of participant, administrative, communications, and reporting matters. TPA oversight includes the five Local Retirement Counselors providing direct support to DCP participants.
Plan Design	The DC Plan Manager is responsible for management of and ongoing, critical review of potential plan design improvements with respect to existing service delivery and consideration of new program features and options.
Governance	The DC Plan Manager is responsible for management of and ongoing, critical review of governance matters, including Board and Committee construction and processes, elections for Board positions, review and updating of governance documents, and development of policies.
Investment Design and Monitoring	The DC Plan Manager is responsible for ongoing, critical review of the investment menu design, working with the investment consultant to monitor investment managers, and overseeing engagement between the Board and their investment service providers.
Participant Goals and Engagement	The DC Plan Manager leads the design of participant outcome goals and marketing and engagement strategies designed to produce improved participant outcomes. Improving outcomes is an ongoing, iterative process and is a core function of the DCP, as it represents the fundamental measurement of program efficacy and success.
Marketing and Engagement	The DC Plan Manager is both the producer as well as reviewer of engagement campaigns and materials. Because engagement is so closely tied to participant outcomes, the DC Plan Manager takes an active role in ensuring that engagement initiatives are creatively designed, iterative, rigorously related to goals, and reported to the Board.
Consultant Management	The DC Plan Manager works closely with both of the DCP’s contracted consulting firms on various plan design and investment management oversight projects.
Supervision	The DC Plan Manager supervises a staff of four individuals – a Senior Benefits Analyst I; two Benefit Analysts; and one Benefit Specialist. Separate from TPA duties, these staff are involved in the full breadth of administrative, payroll, communications, distribution, contribution wiring, research, reporting, problem resolution, participant support, and other tasks involved in

	program administration. Indirectly the DC Plan Manager also oversees the duties and initiatives of the Local Retirement Counselors.
Procurements	The DC Plan Manager develops procurements for DCP services and takes them to the Board for approval, and as part of that task will design and refine procurement parameters/processes; and work closely with the City Attorney to conduct procurements in accordance with established City procedures.
Contracts	The DCP has the ability to enter into contract terms of up to five years in length; beyond that term length requires City Council approval. The DC Plan Manager both develops and supports staff in developing contracts with service providers, including helping to mediate contract development issues, particularly those relating to the City's general contracting requirements.
Peer Networking	The DC Plan Manager is expected to network with colleagues in governmental plans to support identification of best practices and new means of measuring program success, to share the City's successes, and to contribute to the collective leadership of and advocacy for governmental defined contribution plan interests.
Human Resources Payroll (HRP) Replacement Project	The DC Plan Manager is expected to be actively involved in the City's HRP replacement project to a new provider, Workday, as the City renews its efforts to complete payroll conversion by the end of 2022. Payroll conversion was originally planned to go live in January 2022 but was pushed back due to the complexities and risks of the conversion. The Department of Water and Power is scheduled to similarly launch a conversion to Workday in 2022.
Cybersecurity	The DC Plan Manager is expected to oversee the development and execution of policy with respect to cybersecurity protocols, including review of policies and practices of contracted service providers, ongoing risk assessments, and support for the development and implementation of best practices for internally held records as well as records maintained with service providers.
Other Administrative, Management, and Support Tasks	The DC Plan Manager performs the various administrative and operational duties that fall to any manager or employee, including participating as necessary in executive meetings; participating in civil service or certification interviews; fulfilling operational mandates for reporting; trainings; approving purchases of office equipment and supplies; and the full complement of supervisory tasks.

Acknowledgment of Review

Date

B. EXPERIENCE AND SKILLS REVIEW

Please review each work experience and skill set and submit, in table format, succinct responses (no more than 100 words per item) under the “Applicable Work Experience” column.

DIVISION MANAGEMENT EXPERIENCE OR SKILL	DESCRIPTION	APPLICABLE WORK EXPERIENCE AND SKILLS
Work Experience		
Program Management	Experience with managing, in part or in full, defined contribution plans having multi-faceted responsibilities and requirements.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing where and for how long and you have prior work experience in this area and how that experience relates to the requirements for this position.</i>
Service Provider Management	Experience working with defined contribution plan contractors or equivalent ancillary/support relationships.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing where and for how long and you have prior work experience in this area and how that experience relates to the requirements for this position.</i>
Stakeholder Relations and Support	Experience providing advisory and administrative support to an oversight body, elected officials, or other form of executive leadership.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing where and for how long and you have prior work experience in this area and how that experience relates to the requirements for this position.</i>
Supervision and Support Staff Management	Experience overseeing a team or teams of employees or equivalent support staff for the purpose of delivering a service or managing a program.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing where and for how long and you have prior work experience in this area and how that experience relates to the requirements for this position.</i>
Systems and Processes	Experience working with payroll, budget, cybersecurity, procurement, contract, and/or equivalent large systems or processes.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing where and for how long and you have prior work experience in this area and how that experience relates to the requirements for this position.</i>
Skills		
Persuasion	Ability to persuade and guide stakeholders, managers, employees, and contractors to positive outcomes.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing what makes you uniquely practiced and effective in applying this skill.</i>
Political Acumen	Effectively navigating often challenging sets of competing interests by finding balance between practicality and process.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing what makes you uniquely practiced and effective in applying this skill.</i>
Efficiency in Process and Administration	Ability to support and lead greater efficiencies in administrative and organizational systems and processes.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing</i>

		<i>what makes you uniquely practiced and effective in applying this skill.</i>
Written Presentation & Persuasion	Ability to demonstrate clarity, leadership, and credibility in written reports and other forms of written communication with stakeholders, staff, service providers, colleagues, and management; and both produce as well as edit a significant number of time-sensitive reports.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing what makes you uniquely practiced and effective in applying this skill.</i>
Visionary Mindset	Ability to be forward thinking and incrementally move organizations and programs towards a more evolved future state.	<i>Replace this text with a paragraph or two, but no more than 100 words, describing what makes you uniquely practiced and effective in applying this skill.</i>

C. ADVISORY ESSAY

The City's DCP requires an ability to apply a range of key skills, including but not limited to being effective with the following:

- Program and process management
- Collaboration with staff, stakeholders, colleagues, and service providers
- Reporting and recommendations to stakeholders
- Engagement/marketing to participants
- Innovation and forward-thinking iteration of services and plan design

In reference to information provided to you in the "Organization, Program, and Position Overview," discuss how you would apply these skills in exercising leadership for the DCP.

Response limited to no more than two pages, 8.5 x 11, single-spaced, standard one-inch margins.



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February 4, 2022

The Honorable Eric Garcetti
200 N. Spring Street
Los Angeles, CA 90012

Attention: Jeanne Holm, Deputy Mayor of Budget & Innovation

Subject: Civil Service Exemption for the City of Los Angeles Deferred Compensation Plan -
Defined Contribution Plan Manager Position

The Board of Deferred Compensation Administration (Board) respectfully requests that the Office of the Mayor support a request to exempt the Defined Contribution (DC) Plan Manager executive leadership position from civil service. We further request that the Office of the Mayor indicate its position in response to this request by February 25th, 2022, so that the relevant conditions of employment may be communicated to candidates for this position in advance of an appointment.

Background

The City of Los Angeles Deferred Compensation Plan (DCP) is the City's supplemental retirement savings program available to all employees who are contributing members of one of the City's three defined benefit pensions plans. As of December 31, 2021, the DCP had \$9.3 billion in assets and over 53,000 participants. The Board is responsible for administration of the DCP.

The Board is supported by City staff who are employees of the Personnel Department's Employee Benefits Division. In June 2020 a new job classification of DC Plan Manager was established to provide for the specialized skill set and experience needed to provide full-time program oversight, continuity in executive leadership, and protect the City's fiduciary interests as a municipal plan sponsor.

Exempting DC Plan Manager from Civil Service

In October 2020 the Board adopted formal actions with respect to establishing an appropriate salary level and exempting the DC Plan Manager position from civil service. In April 2021 the City Council established the salary for the position, which is at the equivalent of a Chief Administrative Analyst.

The Board subsequently sought Mayor's Office support for exempting the position. The Board communicated the urgency of this request given the pending departure of the incumbent

program leadership due to a planned retirement planned in April 2022. As no indications from the Mayor's Office were received, in July 2021 the Board opted to move forward with establishing the position as civil service. This was done so that sufficient time was available to conduct a civil service examination process, find an acceptable candidate, and fill the position concurrent with the departure of the incumbent leadership.

The civil service examination process resulted in a small number of eligible candidates. Upon formal creation of an eligible candidate list, the Board will proceed with a certification selection process with the goal of making a determination by early March 2022.

Given the small candidate pool, it is unknown whether the examination process will produce an acceptable candidate. As a result, the Board, at its meeting on December 21, 2022, acted to renew its request to exempt the position, whether or not the civil service examination process is successful. Exempt status establishes a higher level of accountability, which is crucial for this position given its primary role in:

- Playing a pivotal role in supporting the City's obligation as plan sponsor to observe its fiduciary obligations relative to DCP participants.
- Ensuring that policy and administrative actions at all times reflect the best interests of the DCP and its participants.
- Providing executive leadership for staff and contracted investment and administrative service providers overseeing billions in participant investments.
- Performing a wide array of executive management, reporting, and compliance duties.

Governing Considerations

Governmental defined contribution plans were largely established in the 1980s. Four decades later, they now hold over \$2.4 trillion in participant assets. Along with these growing assets, new plan features permitted or required by federal law, as well as a more complex regulatory/compliance framework, have raised potential risks of sanctions and investor lawsuits.

Collectively, the Board, the Mayor, and the City Council exercise certain fiduciary responsibilities over the DCP (unlike the City's defined benefit pension plans, for which the City's elected officials do not hold a direct fiduciary relationship because those plans are accorded a greater measure of independence under State law and the City Charter). Fiduciaries hold a legal and ethical relationship of trust to their programs, participants, and beneficiaries. The Mayor and City Council play a fiduciary role by virtue of the authority they exercise when adopting and modifying legislative provisions through the Los Angeles Administrative Code (LAAC), or allocating resources through the City's budget and employment processes. Decisions made by Mayor and City Council can materially affect the interests and financial outcomes of the DCP and its participants.

Examples of LAAC-related actions include establishing the trust for DCP assets, delegating duties to the Board and others outside of elected official experience or capability, and retaining the ability to veto decisions of the Board pursuant to City Charter Section 245 (a power the City

Council exercised in a matter which took place in 2004). These LAAC-related actions come into play more rarely but can be extremely impactful to participant interests when they are made.

Examples of budget and employment process actions include the approval and classification of positions, and assignment of personnel. These actions come into play much more frequently because the program's human resource needs and the City's fiscal status are dynamic and variable.

Human Resource and Budget Management, Exempt Status, and Risk Reduction

Given their collective responsibilities for the DCP, the Board, Mayor, and City Council may also face collective exposure or litigation for allegations of a breach of these or other significant duties. The Board, in support of the DCP and in collaboration with the Mayor and City Council, wishes to reduce the potential risks that may arise when the City may, as a consequence of its diverse administrative processes, inadvertently or by omission of action, create harm to DCP participants.

One of the key risks involves staff resources. Under Los Angeles Administrative Code Division 4, Chapter 14, all of the City's internal administrative costs are required to be funded exclusively by participant fees. The City's General Fund, therefore, incurs no expense in the administration or operation of the DCP, including for direct and indirect salary costs. However, in the past DCP staff resources have on occasion been swept up in broader City budgetary and employment waves, to the detriment of participants. The DCP has frequently had vacant budgeted positions frozen; requests for new positions rejected; or lost key staff when they have been moved elsewhere within the City to meet other organizational needs.

The Board has helped to reduce some of these risks by executing a special Memorandum of Understanding (MOU) with the Personnel Department to ensure it has a much greater measure of influence over the staff resources supporting the program. However, risks by process or omission still lie within the City's budget and hiring practices. These risks must be managed carefully to avoid failures to adequately resource the program.

The Board's request to exempt the DC Plan Manager position lies within the arena of potential budgetary and human resource risks. The Board believes it is more prudent for the City as plan sponsor to exempt the DC Plan Manager position than maintain it as civil service. Exempting the position confers upon the Board and the City greater flexibility to promptly terminate the individual in that position should concerns arise that would warrant such an action.

While we respect the value of civil service protections generally, a position of such financial and fiduciary import deserves the unique accountability that is accorded exempt status. The City exempts many other positions with significant City responsibilities. Given its responsibilities and risks, we believe the DC Plan Manager belongs in the most impactful tier of exempted positions.

Conclusion

The Mayor and City Council, by virtue of their roles representing the City as DCP plan sponsor, are important partners in the prudent oversight of the DCP. The City’s role, which is significant, is to ensure that the necessary human resource and administrative structure for the required positions, including the appropriate classifications and budgetary authorities, are adopted and executed. The adoption of the DC Plan Manager position was an important action in support of the City’s role, for which we are greatly appreciative of elected official support.

As a next crucial step, designating the position as exempt will provide for the highest level of accountability possible within the City’s human resource framework. This will provide another layer of protection for both our participants as well as the City. Accordingly, the Board respectfully requests that the Office of the Mayor support a request to exempt the DC Plan Manager executive leadership position from civil service. We further request that the Office of the Mayor indicate its position in response to this request by February 25th, 2022, so that the relevant conditions of employment may be communicated to candidates for this position in advance of an appointment.

A response may be provided either directly to the Chairperson (tom.moutes@gmail.com); Vice-Chairperson (Ray.Ciranna@lafpp.com); or to the Chief of the Employee Benefits Division, Steven Montagna, in care of the Board (Steven.Montagna@lacity.org). Should you have any questions, Mr. Montagna may also be reached at (213) 978-1621.

Sincerely,



Thomas Moutes, Chairperson



Raymond Ciranna, Vice-Chairperson

Board of Deferred Compensation Administration