

PERSONNEL AND ANIMAL WELFARE COMMITTEE REPORT relative to proposed extension of contracts with Galliard Capital Management and State Street Global Advisors for investment management services.

Recommendation for Council Action:

AUTHORIZE the Board of Deferred Compensation Administration to execute the following amendments for the City of Los Angeles Deferred Compensation Plan, with total compensation based on the value of assets in the fund and the fee schedule established in each contract for the complete and satisfactory performance of the terms of the contract, subject to the review and approval of the City Attorney, as follows:

- a. Amendment No. 2 to Contract No. C-116169 with State Street Global Advisors, to extend the term by 18 months for a new term effective January 1, 2009 through June 30, 2015 to provide investment management services for the Russell 2000 Index Fund.
- b. Amendment No. 1 to Contract No. C-115721 with Galliard Capital Management to extend the term by 12 months for a new term effective July 1, 2009 through June 30, 2015 to provide investment management services for the Stable Value Fund.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no fiscal impact to the General Fund associated with the above recommendation. All costs of administering the Los Angeles Deferred Compensation Plan, including investment management costs are funded solely by participant fees.

Community Impact Statement: None submitted.

TIME LIMIT ITEM - JANUARY 25, 2014

(LAST DAY FOR COUNCIL ACTION - JANUARY 24, 2014)

Summary:

On January 7, 2014 your Committee considered November 21, 2013 Personnel Department and January 3, 2014 CAO reports relative to the extension of contracts with Galliard Capital Management and State Street Global Advisors for investment management services for the Stable Value Fund and Russell 2000 Index Fund, respectively. According to the CAO, the Personnel Department requests authority on behalf of the Board of Deferred Compensation Administration (BOCA) to execute Amendment No. 2 to Contract No. C-116169 with State Street Global Advisors (Contractor) and Amendment No. 1 to Contract No. C-115721 with Galliard Capital Management (Contractor) to provide investment management services for the Russell 2000 Index Fund and the Stable Value Fund, respectively, for the City of Los Angeles Deferred Compensation Plan (DCP). The proposed Amendments would extend the term of the contract with State Street Global Advisors by 18 months from January 1, 2014 to June 30, 2015 and with Galliard Capital Management by 12 months from July 1, 2014 through June 30, 2015. The total compensation is based on the value of assets in the fund and the fee schedule established in each contract. In order to provide OCP participants with a broadly diversified investment menu, it is recommended that each contract be extended to June 30, 2015 to maintain service continuity for Plan participants. The BOCA reviewed

and approved the contract extensions on November 19, 2013, subject to approval of the City Council.

The City of Los Angeles DCP (the Plan) is a voluntary, supplementary retirement savings program available to full-time civilian, sworn, and Los Angeles Department of Water and Power employees who are contributing members to their retirement system. The DCP provides eligible employees the opportunity to voluntarily set aside a portion of their salary into the Plan to invest pre-tax or after-tax dollars into investment vehicles offered through the OCP to build future wealth and retirement security. DCP participants pay all costs of the Plan including administrative, consulting, and investment costs through fees collected from Plan participants. Accordingly, the City does not contribute any funds to administer the Plan. The Plan currently has approximately \$4.1 billion in assets and over 40,000 participants.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend renewing the contracts with Galliard Capital Management and State Street Global Advisors. This matter is now referred to Council for its consideration.

Respectfully Submitted,

PERSONNEL AND ANIMAL WELFARE COMMITTEE

MEMBER VOTE

KORETZ: YES

O'FARRELL: YES

FUENTES: YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-