

457(b) Oversight Committee Meeting  
Meeting Minutes  
LAUSD Headquarters  
March 18, 2010 3:00 PM – 5:00 PM

**Committee Members:**

1. George Tischler	Interim Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA-LA Chapter 500
7. David Goldberg	UTLA
8. Alicia Loncar	SEIU Local 99
9. Robbie Hunter	Building Trades Council
10. Adriana Salazar	Teamsters/Local 572
11. Max Gonzalez	LASPA

**Present Members or Alternates - 3/18/10**

1. George Tischler	Interim Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA-LA Chapter 500
7. Sandy Keaton	UTLA (Alternate)
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**Participants Present**

Barbara Healy	SST Benefits
Alan Warhaftig	AALA (Alternate)
Michael Schaeffer	VALIC
Susan Cornwell	VALIC
Keith Poch	VALIC
Kathryn Butler	LAUSD
Indira Richards	LAUSD
Karen Woods	LAUSD

----- The Meeting convened at 3:08 PM -----

Meeting called to order by George Tischler.

(1) **Roll Call**

Quorum reached.

(2) **Meeting Minute**

Sandy Keaton motioned and Jack Moscovitz seconded the motion to approve the minutes.

(3) **Fund Changes Motion Update**

Barbara Healy explained the process for changing funds. George Tischler met with CFO Megan Reilly, who approved and signed the Committee's motion to replace the three funds agreed upon. George Tischler stated that the forms were delivered to VALIC. Keith Poch stated that it will take approximately six weeks to prepare the notices to the participants.

**(4) Quarterly Investment Report**

- Barbara Healy distributed the 4<sup>th</sup> Quarter Fund Review for 2009. She provided everyone with an electronic version prior to the meeting.
- Barbara stated that the 4<sup>th</sup> quarter actual performance of LAUSD outperformed the Russell 2000, BarCap Aggregate Bond and MSCI World. The performance did not exceed the Customized Benchmark and this is a direct result of the performance of Vanguard Growth & Income Fund with almost 11% of the entire portfolio assets. The District's portfolio is very solid with the one year average of 30.93%.
- Steve Schullo requested a presentation of the Schwab Account. Barbara Healy gave an example of Ameritrade wherein the employees hold District, CFO, and VALIC harmless and they choose their own funds. These are self-directed accounts and the Oversight Committee does not oversee these funds. Keith Poch stated that there is a core set of funds. Ed Burke added that the funds must be custodial accounts, and Barbara Healy added that the tax treatment is also different.
- Barbara Healy said the Committee can make recommendations to the CFO to change individual stocks that can be purchased.
- Barbara Healy mentioned that the Committee may want to eliminate the 2010 Fund. Keith Poch stated that the fund should remain open but that it will no longer accept funds and that the account will be a very conservative one.
- Steve Schullo suggested that maybe there should be a greater discussion regarding target rate funds. Barbara stated T. Rowe Price and VanGuard are rated very highly. Barbara Healy stated that as of today the plans total assets equal \$18.545 million and that most of the funds have a good level of participation.
- Steve Schullo questioned Mike Schaeffer about the number of employees that have their money in stable value accounts. Mike stated that typically they start in stable value and then allocate to other funds. Keith Poch added that currently 17% of participants are in fixed funds.
- Barbara Healy reiterated that a communication letter will be going out to those employees whose funds are being replaced. The letter will state their funds will be mapped automatically to the replacement funds or they may move the funds to a new fund within the Plan's fund options.
- Barbara Healy mentioned that 15-18 funds are the optimal number of funds to offer.
- Ed Burke asked if any funds need to go on a watch-list. Barbara said the Dreyfus Bond Index is on watch-list.

**(6) 403(b) Update**

- Keith Poch distributed the 403(b) report showing the contributions by vendor.
- It was pointed out that LSW and Midland are dominant with the highest imbedded fees, commissions, etc.
- Alan Warhaftig questioned the reason for non-approved vendors showing on the report. Karen Woods stated that it was partially due to a timing issue between the Retirement Manager and the BTS system.

**(7) 457(b) Plan Update**

- Mike Schaeffer stated that of the 593 leads received from the 457(b) mailing sent out with the Benefits confirmations, VALIC has enrolled 62 people in the plan to date.
- The 457(b) report was distributed and will be provided quarterly.
- Mike Schaeffer explained that the value of the “current assets” is for all of the assets in the funds as of March 17, 2010.

**(5) Vendor Criteria**

- Barbara Healy indicated that the District still maintains fiduciary responsibility despite the fact that the 403(b) plan is not subject to ERISA. Insurance Code 770.3 states that you can limit the number of 403(b) vendors for administrative reasons.
- Keith Poch pointed out that the 9th criterion on the handout regarding TPA compliance fees are to be paid by employees and LAUSD, not by the TPA. George Tischler stated we need to decide how to pay these fees. There will be an RFP for common remitter services and for the 457(b) provider.
- Ed Burke asked if the 5<sup>th</sup> criterion “Commission structure must be submitted” meant that vendors have to make new policies. Barbara Healy answered, “Yes.”
- There was a prior motion to send termination letters to any vendors who are not in compliance with District’s requirements.

**(8) Public Comments**

- Barbara Healy distributed information for an upcoming free webinar sponsored by Fidelity for all plan sponsors.
- Sandy Keaton will not be attending the next Committee meeting.

**(9) Set next agenda and next meeting**

Agenda items for next meeting:

- Self-Directed Funds
- Vendor Criteria

The next meeting will be April 15, 2010.

Meeting adjourned at 5:03 p.m.

457(b) Oversight Committee Meeting  
Meeting Minutes  
LAUSD Headquarters  
April 15, 2010 3:00 PM – 5:00 PM

**Committee Members:**

1. George Tischler	Interim Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA-LA Chapter 500
7. David Goldberg	UTLA
8. Alicia Loncar	SEIU Local 99
9. Robbie Hunter	Building Trades Council
10. Adriana Salazar	Teamsters/Local 572
11. Max Gonzalez	LASPA

**Present Members or Alternates - 4/15/10**

1. George Tischler	Interim Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
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7. David Goldberg	UTLA
8. Frank Torres	SEIU Local 99 (Alternate)
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**Participants Present**

Barbara Healy	SST Benefits
Alan Warhaftig	AALA (Alternate)
Michael Schaeffer	VALIC
Rich Ray	VALIC
Mariam Hironimus	LAUSD
Indira Richards	LAUSD
Karen Woods	LAUSD

----- The Meeting convened at 3:10 PM -----

Meeting called to order by George Tischler.

(1) **Roll Call**

Quorum reached.

(2) **Approval of Minutes**

- Two minor changes were requested and both were on page 2 – one was to condense VanGuard into one word and the other to change the figure to \$18.545 million.
- It was decided effective April 2010 that Meeting Minutes, Agendas and the Quarterly Reports will be posted on the Benefits website.
- Jack Moscovitz motioned and Steve Schullo seconded the motion to approve the March 2010 minutes with the above stated corrections.

(3) **NAGDCA Membership**

- Barbara Healy explained the importance of the National Association of Government Defined Contribution Administrators (NACDCA). The Association membership provides unbiased educational and valuable resources, discounts on webinars, and



offers greatly reduced fees for their Annual Conference which is Plan Sponsor oriented. The first year's membership fee is \$300.00 (and is \$600.00 thereafter) and it includes 5 memberships - one primary member and 4 secondary members. Bernie Knobbe (former Benefits Manager) did pay for a membership, however, since then it has lapsed. Steve mentioned that the Committee's By-Laws state that Committee Members can go to these seminars, etc.

- A motion was made that the Committee become a member of NAGDCA. Steve Schullo motioned and David Goldberg seconded the motion. Vote: 6-yes, 0-no (Ed Burke was not present at time of the vote).
- Alan asked if the money to pay the NAGDCA membership fee could come from VALIC and George responded, "Yes."

**(4) 403(b) Plan Update**

- George Tischler sent a letter to the 3 vendors who are non-compliant with their SPARKS file. George will send a follow-up letter at the end of April and give them a defined date by which they need to be fully compliant.
- Mike Schaeffer made mention of the Northern California VALIC Representative that sent out an article about CalSTRS being underfunded. Jack asked if there was any noticeable public response and Mike said, "No." Steve added that he was disappointed that CalSTRS had not issued a statement.
- Mike stated that all zero accounts had been removed from the First Quarter 2010 Report. Jack suggested that the report be either sorted alphabetically and that a double asterisk be placed next to umbrella companies.
- Mike presented the 2009 Participant Contribution Report. Alan pointed out that there are many 403(b) people getting ripped off due to the costs/fees associated with the plans and that the 457(b) has better choices. Barbara added that the 457(b) has far more offerings, too.
- Jack asked if the vendor criteria goes into effect then will people move to the 457(b) plan. Barbara thinks that there would be more movement towards the 457(b) – or at least movement between 403(b) accounts.
- Alan asked of those participants who would be losing their vendor if they would need education on 1) what should they do with their money and how they can be kept from getting taken and 2) where should they put their money now? Barbara remarked that if they went to Plan Member Services they would be charged a 2% advisory fee and Alan pointed out the advisory fee can be based on the account balance. Barbara also mentioned that there is a retail environment vs. a group environment. LAUSD is a retail environment.

**(5) 457(b) Plan Update**

- Mike Schaeffer reviewed the First Quarter 2009 Report. He mentioned that VALIC and LAUSD are working on another 457(b) marketing campaign.
- Rick Ray mentioned that the fund change letter will address the funds that will be deleted, mapping to the new funds and that this will take effect on May 18, 2010. The draft letter will be sent to George Tischler, Tim Rosnick, Megan Riley, John Walsh and Barbara Healy.



- Alan asked if the letter only goes to those within the fund and Rick explained that it will go to all employees who have an account balance in the 457(b) plan to explain that there are new funds available.

**(6) Self-Directed Funds**

- Mike gave a presentation on a Schwab Personal Choice Retirement Account (PCRA) which is an account where the employee chooses their own mutual funds. This type of account is not in the realm of responsibility for the Oversight Committee. Assets are not record kept within Retirement Manager. There is a \$50.00 annual fee plus transaction charges and it is a mutual fund platform.

**(7) Vendor Criteria**

- A motion was made to resend the DOL forms and if they are not received in good order within 30 days then the vendor would be terminated as an approved vendor. In addition, George Tischler is to write a letter stating that if there is no response or if inaccurate responses are received then based on the Oversight Committee's approval all contributions/deductions will be stopped by a later date which is to be determined. Jack motioned, Ed seconded and the vote was 6-yes, 0-no (Frank Torres had left prior to the time of the vote).
- Barbara stated that due of administrative purposes, fiduciary reasons, and that we are non-ERISA, LAUSD needs to know vendor fees. Steve asked how we will monitor new and current vendors. Ed stated that the monitoring will come about when a vendor is caught. Barbara mentioned that once she receives a vendor response she may request a sample contract to review. Barbara gave the example of LSW being a fixed annuity with surrender charges but LSW is not disclosing them.
- George Tischler stated he prefers to bring the companies into compliance slowly. Barbara agreed and suggested that sending a final notice to the vendors who are non SPARKS compliant, then resend the DOL forms and then addressing the administrative issues was a good idea. Then, if the vendors do not comply at any stage they will be terminated.
- George Tischler had suggested we send out a letter to all Principals to not allow Representatives of Employer Sponsored Plans on school sites. However, Janice Sawyer said that we cannot say that the 403(b) Representatives cannot be on campus. David Goldberg has a document stating that they cannot be on campuses and he will share a copy of this document with George Tischler. There is a policy against sales people on campus except union members.
- It was mentioned that 457(b) Representatives may be allowed on campuses because 1) the 457(b) Representatives represent a District Plan/Program and 2) the 457(b) Plan is administered/provided by VALIC. VALIC is selling the only District plan.

**(8) Public Comments**

- Steve Schullo will not be attending the next 2 Committee meetings and Jon Horta will be his alternate.

(9) **Set next agenda and next meeting**

Agenda item(s) for next meeting:

- Vendor Criteria

The next meeting will be May 27, 2010.

Steve motioned, Jack seconded to adjourn the meeting.

Meeting adjourned at 4:48 p.m.

457(b) Oversight Committee Meeting  
Meeting Minutes  
LAUSD Headquarters  
July 22, 2010 3:00 PM – 5:00 PM

**Committee Members:**

1. George Tischler	Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA-LA Chapter 500
7. David Goldberg	UTLA
8. Alicia Loncar	SEIU Local 99
9. Robbie Hunter	Building Trades Council
10. Adriana Salazar	Teamsters/Local 572
11. Max Gonzalez	LASPA

**Present Members or Alternates – 7/22/10**

1. George Tischler	Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
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7. Sandy Keaton	UTLA (Alternate)
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**Participants Present**

Barbara Healy	SST Benefits
Bill Tugaw	SST Benefits
Alan Warhaftig	AALA (Alternate)
Michael Schaeffer	VALIC
Rich Ray	VALIC
Susan Cornwell	VALIC
Mariam Hironimus	LAUSD
John Sterritt	LAUSD
Karen Woods	LAUSD

----- The Meeting convened at 3:15 PM -----

Meeting called to order by George Tischler.

(1) **Roll Call**

Quorum reached.

(2) **Approval of Minutes**

- One minor change was requested on page 2, section 4 the second bullet point – to change the word surprised to disappointed.
- Jack Moscovitz motioned and Sandy Keaton seconded the motion to approve the April 2010 minutes with the above stated correction.

(5) **457(b) Plan Update**

- Mike Schaeffer presented a 457(b) Year-To-Date handout which showed the number of participants and assets within each investment vehicle of the 457(b) Plan. The handout also included the recent fund changes. As of 6/30/10, there were 1,459 participants in



the 457(b) Plan. Alan requested that the report include quarterly total contribution changes; VALIC stated that they would do this on the next report. Ed requested a status of the 3 new funds which replaced the other funds in May. Mike stated that he anticipates a higher growth rate in number of participants in the next 6 months.

- VALIC is developing the marketing plan to increase 457(b) participation. The marketing material will be a mailer and will include an enrollment form. The Committee discussed the various ways the mailer could be distributed including being sent via school mail, in the upcoming benefit mailings, or being sent directly from VALIC. In addition, it was discussed if VALIC should use their indicia or not.
- Sandy suggested that something should be done for the National Save for Retirement Week which is October 17<sup>th</sup> – 23<sup>rd</sup>. It was pointed out that the District will need to get the Board of Education's approval. Mike stated that he would provide the District with some sample promotional materials that may be modified for the District purposes.

#### (4) 403(b) Update

- Rick Ray presented a 403(b) Year-To-Date handout which showed the monthly number of participants contributing and the total monthly contribution amounts associated with each vendor.
- Ed mentioned that employees are having trouble with the vendor information provided. Mike Schaeffer mentioned that the employees can use the Retirement Manager website by clicking on the vendors' websites. It was mentioned that employees have the ability to establish a payroll deduction via the Retirement Manager website and have it sent to the chosen vendor without actually ever establishing a vendor account. The vendor will then return the contribution to LAUSD and then LAUSD refunds the contribution back to the employee. There was a suggestion to create an Enrollment wizard and place it on the LAUSD website.
- Mariam provided an update on PFS & USAA who were both non-SPARKS compliant. A letter was sent to the vendors stating that they had until May, 31, 2010 to comply. Letters were sent to both vendors stating that the vendors were going to become non-approved vendors. USAA worked diligently and did comply on July 11, 2010. So, a follow up letter was sent to all the USAA participants stating that USAA was now in good status. PFS never responded and therefore will be terminated August 14, 2010.
- Due to not receiving a response and/or an inadequate response to the DOL Fee Disclosure form from a majority of the vendors, it was decided that one of two letters are to be sent to the non-compliant vendors based on: (1) Vendors who did not respond at all to the DOL requirement, they will be given until September 1, 2010 to respond or they will receive a 60 day termination letter, and (2) Vendors who have responded inadequately will be given until September 30, 2010 to respond adequately. If a vendor responds inadequately, they will be given an additional 30 days to respond adequately. Jack motioned and Sandy seconded the motion for the letters to be sent based on the aforementioned terms. Vote: 6 yes, 0 no.
- Other DOL concerns included: It was asked if there was a drop dead date for the return of the DOL Fee Disclosure Forms. No deadline was stated in the prior letters. It was asked if the Committee should look at the vendors that have not responded to DOL requirement. Barbara reiterated that the second letter that went out stated that the DOL information was going to be used as a "benchmark". Barbara Healy further explained



that there are a group of vendors that require another type of form for expense ratios, spreads, etc. that can be used to fulfill the DOL requirement – this form will be sent to some of the vendors who answered the DOL form inadequately.

- Alan mentioned that the [www.403bcompare.com](http://www.403bcompare.com) website has removed the fees, expenses, loads, and early redemption fees of products being offered to LAUSD employees.
- Alan asked what is the optimum number of 403(b) vendors and how could a smooth [elimination] transition be accomplished. George Tischler stated that our vision would be to have all the vendors comply with the completion of the DOL Fee Disclosure form. It was asked if the District should go to group contracts only. Jack asked if the Committee is going to establish vendor criteria and when it would be shared with the vendors. George stated as we go down this path, other options as far as criteria will need to be determined and believes that what we are doing is legitimate. Sandy is concerned over the effects of having vendors eliminated in groups of 3 or 4 at a time and then having another group of 3 to 4 vendors eliminated a couple of months later. This could cause the employees to potentially do multiple vendor transfers. Barbara mentioned that the Cal State University system went to RFP and based it on vendor performance and expenses and they ended up with 5 vendors.

#### (6) Vendor Criteria

- George stated that the vendor criteria needs to be reorganized and is a non-issue for today but will be added to the next meeting's agenda.

#### (7) Public Comments

- George mentioned that a list of Alternate Committee Members needs to be put together in case a Committee Member is unable to attend the Alternate may be easily reached. Barbara mentioned that she would look in past meeting minutes to see if an "Alternate List" already existed. Alan volunteered to be a "Utility Infielder or Bench Alternate" however the Committee's Bylaws do need to be followed.
- George asked if the meeting should be quarterly meetings or if the meetings should be held every 60 days. Jack stated that he personally wants to keep the meeting monthly until the vendor criteria is established, DOL Fee Disclosure forms are collected, and 457(b) issues are resolved.
- It was suggested that the August meeting be skipped.
- Tim Rosnick asked the Committee if they would consider overseeing the PARS retirement plan which is a retirement plan for part-time employees. The PARS retirement plan is a District mandatory plan that was in lieu of Social Security benefits, the District pays into the plan, it is an asset allocation plan and is a very conservative plan. PARS has about \$130 million in assets. The Committee asked if short time funds would be the best options, if more funds were going in than out and how many employees are represented – Tim stated that the amount of funds going in and out is about equal and that there are about 20,000 employees of which most are Union represented. The fund has been in existence since prior to 1993. Steve asked Tim if the Committee makes recommendations then who will do the follow-up. Tim explained

that his group would be doing the follow-up. It was suggested that Alicia Loncar should be here when a final determination is made.

**(8) Set next agenda and meeting date**

- The next meeting will be Thursday, September 23, 2010.
- There will be a closed session at the next meeting.
- Vendor Criteria to be addressed.

**(3) SST Update**

- Barbara went over the Quarterly Report. There are 3 companies that are on the watch list. They are 1) Davis New York Venture, 2) Dreyfus Bond Market and 3) T. Rowe Price Retirement Income Fund. The outcome of the analysis is that it is a good portfolio.
- Someone asked if there were any recommendations and Bill reiterated that the portfolio does not have any Large Cap Value funds. The Committee requested that SST recommend some Large Cap Value funds.

At 5:00 pm the Committee went into a closed session.

At 5:18 pm the Committee returned from the closed session.

Meeting adjourned at 5:20 p.m.



457(b) Oversight Committee Meeting  
Meeting Minutes  
LAUSD Headquarters  
September 23, 2010 3:00 PM – 5:40 PM

**Committee Members:**

1. George Tischler	Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA-LA Chapter 500
7. David Goldberg	UTLA
8. Alicia Loncar	SEIU Local 99
9. Robbie Hunter	Building Trades Council
10. Adriana Salazar	Teamsters/Local 572
11. Max Gonzalez	LASPA

**Present Members or Alternates – 9/23/10**

1. George Tischler	Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA- LA Chapter 500
7. Sandy Keaton	UTLA (Alternate)
8. Alicia Loncar	SEIU Local 99
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**Participants Present**

Barbara Healy	SST Benefits
Bill Tugaw	SST Benefits
Alan Warhaftig	AALA (Alternate)
Michael Schaeffer	VALIC
Rich Ray	VALIC
John Sterritt	LAUSD
Teresa Santamaria	LAUSD (3-3:35)
Mariam Hironimus	LAUSD
Martha Palacios	LAUSD
Karen Woods	LAUSD

----- The Meeting convened at 3:10 PM -----

Meeting called to order by George Tischler.

**(1) Roll Call**

Quorum reached.

**(2) Approval of Minutes**

- Steve Schullo motioned and Sandy Keaton seconded the motion to approve the July, 2010 minutes.

**(3) SST Update**

- Barbara Healy presented the highlights of the 457(b) Second Quarter Fund Review. She stated that the Plan is meeting its expectations. The Plan lost less money than the customized benchmarks. Steve asked about the 2010 T. Rowe Price Target Date Funds and suggested it be replaced. Bill Tugaw mentioned that currently there are not any regulations on the target date funds and that he and Barbara would look at other target

date funds options. George reminded the Committee that fund changes are typically to take place once a year during the summer. Rick Ray stated that this 2010 fund only has 34 participants in it currently.

**(3) 403(b) Update (DOL Update)**

- Mariam provided an update that 23 of the 27 vendors had successfully completed their DOL forms and that the 4 remaining companies have until 9/30/10 to submit their indexed annuity form.
- Barbara Healy will be compiling a spreadsheet of the various types of vendor fees and will use a range format.

**(5) 457(b) Plan Update**

- Mike Schaeffer presented a 457(b) Year-To-Date handout which showed the percentage of assets of each fund within the 457(b) Plan. The handout also highlighted the growth in participants since the beginning of 2010. As of 9/20/10, there are 1,501 participants.
- VALIC assisted in developing a 457(b) educational and enrollment flyer that will be going out to 75,000 health benefitted employees and the FSA only employees with the open enrollment packets. New enrollees' contributions will default into the VALIC Fixed Interest Option and they have the right to diversify/reallocate their funds at any time.
- National Save for Retirement Week is October 17<sup>th</sup> – 23<sup>rd</sup>. A VALIC Representative will be in the Cafeteria at the Beaudry building on Wednesdays during lunch beginning October 6, 2010. In addition, a Representative is available in the Beaudry building, room 28-108-2 from 9am to 5pm on Mondays, Tuesdays and Thursdays.
- Sandy asked if or how the Local School Districts will receive the National Save for Retirement Week information. Jack requested that the Deputy Superintendent be involved and that he notify, support and show enthusiasm to the Local District Superintendents for this program. George stated that he will mention it to the Deputy Superintendent at his next health benefits meeting. Ed stated that he will work on getting the 457(b) Plan into the agenda for the next Board of Education meeting and both George and Ed will speak at the meeting.
- Currently, there are 8 VALIC Representatives dedicated to assisting the LAUSD employees.
- Steve quoted the contract that the \$125,000 that is used for Plan administration and educational purposes is coming from the Plan "assets". Mariam will look into the context of the contract. Alan asked how is the decision made as to how the money is going to be used decided – should the Committee be making recommendations for the usage of this fund? Mariam is to look into how much money is currently in the fund. It was stated that approximately \$22,000 will be used for the printing and distribution of the aforementioned flyer in the enrollment packets.

**(8) Public Comments**

- George introduced John Sterritt, the Director of Environmental Health & Safety, and appointed John as his alternate.

- Ed nominated Jack to be the Co-Chair in the event that George or his alternate is not there to run the Committee meetings. Ed motioned and Steve seconded the motion for Jack to become the Committee's Co-Chair. Vote: 8 yes, 0 no.

(6) **Vendor Criteria**

This item is to be discussed in the closed session of today's meeting.

(7) **Vendor Solicitations**

Sandy mentioned that while at a leadership conference AXA Equitable had a booth and so Sandy asked them what they were doing there and they said they were there to sell life insurance. The AXA Representatives proceeded to ask Sandy and Steve out to dinner and then they tried to sabotage the 457(b) plan. George asked if they bought booth time from UTLA. Sandy affirmed that they had.

(9) **Set next agenda and meeting date**

- The next meeting will be Thursday, October 21, 2010.
- There will be a closed session at the next meeting.

At 4:20 pm the Committee went into a closed session.

At 5:40 pm the Committee returned from the closed session.

Meeting adjourned at 5:40 p.m.



457(b) Oversight Committee Meeting  
Meeting Minutes  
LAUSD Headquarters  
October 21, 2010 3:00 PM – 5:46 PM

**Committee Members:**

1. George Tischler	Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA-LA Chapter 500
7. David Goldberg	UTLA
8. Alicia Loncar	SEIU Local 99
9. Robbie Hunter	Building Trades Council
10. Adriana Salazar	Teamsters/Local 572
11. Max Gonzalez	LASPA

**Present Members or Alternates – 10/21/10**

1. George Tischler	Chief Risk Officer
2. Tim Rosnick	Controller, CFO's Office
3. Ed Burke	Board Appointee
4. Steve Schullo	Member-at-Large
5. Jack Moscovitz	AALA
6. Joan Richardson	CSEA- LA Chapter 500
7. Sandy Keaton	UTLA (Alternate)
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**Participants Present**

Barbara Healy	SST Benefits
Bill Tugaw	SST Benefits
Alan Warhaftig	AALA (Alternate)
Michael Schaeffer	VALIC
Mariam Hironimus	LAUSD
Karen Woods	LAUSD
Eric O'Leary	PARS
PARS Guest	PARS

----- The Meeting convened at 3:12 PM -----  
Meeting called to order by George Tischler.

**(1) Roll Call**

Quorum reached.

**(2) Approval of Minutes**

- Jack Moscovitz motioned and Sandy Keaton seconded the motion to approve the September 23, 2010 minutes.

**(3) SST Update**

- Bill Tugaw mentioned that there are 3 new updates from the Department of Labor (DOL). The first is that the Interim Final Regulations regarding service provider fees will go into effect next summer. Secondly, the final regulations for new ERISA Guidelines are going to be effective November 1, 2010 and SST will be doing a webinar on the subject. This guideline states how providers must inform participants of the provider fees. Lastly, the definition of "fiduciary responsibility" is now to include all consultants.

**(4) 403(b) Update (DOL Update)**

- Karen Woods provided an update that all of the 27 vendors had successfully completed their DOL forms by the September 30, 2010 deadline.

**(5) 457(b) Plan Update**

- Mike Schaeffer presented a handout which shows the July through September 2010 monthly amounts contributed and number of active participants with each 403(b) vendor.
- George Tischler presented the resolution for the National Save for Retirement Week which is October 17<sup>th</sup> – 23<sup>rd</sup> to the Board of Education on Tuesday, September 19, 2010. He spoke about saving money and mentioned that a 457(b) flyer and application will be sent to every employee that receives a paycheck via the benefits open enrollment packets. This includes approximately 71,000 health benefitted employees and the 18,000 FSA only employees. The minimum contribution is \$25.00 per paycheck. The new enrollees will elect that their contributions go into a VALIC Fixed Interest Option Fund until they choose to reallocate their funds.
- Sandy Keaton asked if an employee could rollover their 403(b) into a 457(b). Mike Schaeffer suggested that they contact a VALIC representative directly for the answer.
- A VALIC Representative will be in the Cafeteria at the Beaudry building on Wednesdays during lunch beginning October 6, 2010. In addition, a Representative is available in the Beaudry building, room 28-108-2 from 9am to 5pm on Mondays, Tuesdays and Thursdays.

**(6) PARS Plan**

- Tim Rosnick asked if the Committee would agree to do an amendment to the Charter of the Committee. It was asked if the PARS portion will be included in the upcoming RFP – this is to be deferred to the closed session of today’s meeting.
- Eric O’Leary from PARS provided an overview of the PARS 401A plan. The District has had the PARS plan since about 1992 and there are approximately 80,000 accounts and \$134,000,000 in assets. The assets are with the Los Angeles County Treasury. The current interest rate is 1.25% and varies between 1 to 4%. At the time the plan was instituted with the District, it was the “plan of choice” due to its rollover flexibility. However, the funds carry an excise tax if they are distributed to a participant who is under age 59 ½ years old.
- It was asked if the PARS 401A plan should remain a 401A plan and/or can it be changed to a 457(b) plan. The 401A funds can be rolled into a 457(b) plan however the funds will always be treated as 401A funds (i.e. – funds will always have an excise tax attached).
- There was additional discussion/questions as to the inception of the PARS program – including whether or not the Bargaining Units were involved with the initial choosing of the plan type. Eric stated that the Unions were involved and that the CFO made the decision as the employees represented were unclassified. Mariam added that these employees didn’t make enough money to contribute to Social Security therefore the 401A plan was implemented. Eric mentioned that pre-1992 most part time employees did not have any retirement plan.

- It was asked what happens to an employee's money if they have left the District. Eric stated if the employee has gone or they have moved to PERS or STRS then PARS attempts to contact them to make them aware of their money. If the employee doesn't respond and they are eligible for a distribution then 3 years later these funds are escheated to the state. PARS sends a list 6 months in advance to the state and the state will try to find the employees before the money goes to the state. Alan asked what the cost is before the escheatment and Eric explained that it is 2-3 mailing plus paperwork, etc.
- Other inquiries and statements included:
  1. Alan asked if a substitute teacher is working now is Medicare or PARS being taken for the first 6 months. Tim stated that he would look into getting the answer.
  2. Ed asked if the money can be put anywhere and Eric stated that currently Union Bank is the trustee and the District can direct the money. PARS has been recommending Union Bank come present investment options.
  3. Where do the fees come from? Union Bank's fee is a percentage - 10 basis points; PARS fee is a 3 part design fee based on 1) number of participants, 2) contributions and 3) distributions. There are no cost of living allowances or inflation factors. Eric stated that PARS is more than willing to attend the Committee Meetings and provide information.
  4. Ed asked about the general contract and Eric explained that it is an open-ended, no term contract for PARS to administer the program. However, there is an "x-day" termination clause (unknown number of days - at time of meeting).
  5. Eric stated that the average account has about \$2,000.00 in it.
  6. Steve suggested that Eric read the Investment Policy statement.
  7. Ed asked for some stats, such as, the aging of accounts. Eric pointed out that standard reports are shared with Tim and Megan and that he can show us rates of return.
  8. Jack stated that the county is making money on the float.
- Tim pointed out that the 401A is an investment policy but that it doesn't have to be the same as the 457b policy. Eric stated the District can diversify or do self direct or opt-out. If self directed accounts are used the downside is lack of investment knowledge.

**(7) Public**

- Alan requested a follow up answer from the last meeting as to where the \$125,000 that is used for Plan administration and educational purposes is comes from. George Tischler and Mike Schaeffer conferred and determined that the money does not come out of the Plan assets and that the contract is in error

**(8) Set next agenda and meeting date**

- PARS to give a formal presentation
- Alan again asked how administration fees are to be utilized.
- The next meeting will be Thursday, November 18, 2010.



- There will be a closed session at the next meeting.

At 4:30 pm the Committee went into a closed session.

At 5:44 pm the Committee returned from the closed session.

No decisions were made in the closed session.

Jack motioned and Sandy seconded the motion to remove the PARS 401A plan from the RFP. Vote: 7-yes, 1-abstain.

Sandy motioned and Jack seconded the motion that the RFP be split into 2 RFPs. One will be for the 457(b) and 403(b) or a combination there of and the second RFP will be for a Third Party Administrator (TPA). Vote: 8-yes, 0-no.

Meeting adjourned at 5:46 p.m.

457(b) Oversight Committee Meeting  
Meeting Minutes

LAUSD Headquarters

November 18, 2010 3:00 PM – 5:00 PM

**Committee Members:**

- |                     |                          |
|---------------------|--------------------------|
| 1. George Tischler  | Chief Risk Officer       |
| 2. Tim Rosnick      | Controller, CFO's Office |
| 3. Ed Burke         | Board Appointee          |
| 4. Steve Schullo    | Member-at-Large          |
| 5. Jack Moscovitz   | AALA                     |
| 6. Joan Richardson  | CSEA-LA Chapter 500      |
| 7. David Goldberg   | UTLA                     |
| 8. Alicia Loncar    | SEIU Local 99            |
| 9. Robbie Hunter    | Building Trades Council  |
| 10. Adriana Salazar | Teamsters/Local 572      |
| 11. Max Gonzalez    | LASPA                    |

**Present Members or Alternates – 11/18/10**

- |                    |                          |
|--------------------|--------------------------|
| 1. George Tischler | Chief Risk Officer       |
| 2. Tim Rosnick     | Controller, CFO's Office |
| 3. Ed Burke        | Board Appointee          |
| 4. Steve Schullo   | Member-at-Large          |
| 5. Jack Moscovitz  | AALA                     |
| 6. Joan Richardson | CSEA- LA Chapter 500     |
| 7. Sandy Keaton    | UTLA (Alternate)         |
| 8.                 |                          |
| 9.                 |                          |
| 10.                |                          |
| 11.                |                          |

**Participants Present**

- |                   |                  |
|-------------------|------------------|
| Barbara Healy     | SST Benefits     |
| Alan Warhaftig    | AALA (Alternate) |
| Michael Schaeffer | VALIC            |
| Rick Ray          | VALIC            |
| John Walsh        | LAUSD            |
| John Sterritt     | LAUSD            |
| Mariam Hironimus  | LAUSD            |
| Karen Woods       | LAUSD            |
| Eric O'Leary      | PARS             |
| Samantha Martinez | PARS             |
| Patrick Pacheco   | PARS             |

----- The Meeting convened at 3:10 PM -----  
Meeting called to order by George Tischler.

**(1) Roll Call**

Quorum reached.

**(2) Approval of Minutes**

Sandy Keaton motioned and Steve Schullo seconded the motion to approve the October 21, 2010 minutes.

**(4) PARS Plan Presentation**

Eric O'Leary from PARS handed out a booklet and presented some of the company's highlights. PARS has over 500 client agencies with over \$875 million in assets. For the purposes of LAUSD, PARS was originally chosen to assist LAUSD in design, program installation, and provide administration and compliance services for the District's 401A plan. LAUSD uses the PARS Alternate Retirement System (ARS) program which is an

alternative program to Social Security for Part-Time, Seasonal and Temporary employees. The fees for LAUSD have not changes since the inception of the plan in 1992. There are approximately 65,000 LAUSD accounts with approximately \$131.6 million in LAUSD assets.

**(3) By-Law Changes**

- At the next meeting, John Walsh has been asked to present some recommendations to the Committee regarding making changes to the Committee's By-Laws. Then, the Committee shall vote and George Tischler will present the By-Law recommendations/changes to the CFO for review/approval.
- The first proposed change was requested by Tim who stated that the PARS plan is seeking employer and the Oversight Committee's input on the investment options of the PARS Plan. John pointed out that the CFO is the fiduciary and that she has a prudent investment role. Eric O'Leary of PARS confirmed that Megan Riley is tasked with the making of investment decisions. John asked if the Committee has someone who can consult the Committee on prudent investments. Barbara from SST can consult the Committee; however, an amendment to the By-Laws must be made. John said the prudent investment report from Barbara must have rationale and support.
- Various other By-Law questions and issues were discussed including alternates for Committee members.

**(7) 457(b) Plan Update**

- Mike Schaeffer presented a 457(b) plan handout which shows the number of active participants and amounts contributed monthly to each fund from January 2010 through September 2010.
- Alan asked if the Fixed Interest Fund was a promotional or annual rate. Rick explained that it is a monthly rate.
- Mariam stated that another 457(b) flyer will be going out the second week in December with the health benefits confirmation packets. She presented the Committee with three flyer options – 1) a coupon style (cost: \$1,350), 2) the original flyer that went out (cost: \$2,800) and/or 3) the original application (cost: \$2,150). The Committee suggested and agreed that both the flyer and application should be included in the packets because of the positive response they received.

**(8) Public Comments**

- Sandy asked if VALIC did a presentation at Chatsworth High School recently. VALIC didn't think that they had done a presentation there. The issue is how the 403(b) vendors can be stopped from accessing the school campuses. George stated that he met with staff from the 24th floor and that he will revisit the issue again. Alan added that the SSAs may need explicit instructions stating concerns with access issues.
- Jack mentioned that he would still like the Deputy Superintendents to attend an "appropriate" Committee meeting in hopes of obtaining their support and assistance in promoting the 457(b) District sponsored plan.

- Barbara mentioned her concern for the timing issue of the RFPs and stated that the vendors will need 30 to 45 days to review and create proposals. In addition, BTS will have to create new file layouts and the new vendors will need 90 days to go-live and this will all need to be in place by 8/1/11. Sandy asked what would happen if the new contracts were not in place. VALIC explained that it will be a hard stop.
- There will not be any more closed sessions during the regular committee meetings.

**(9) Set next agenda and meeting date**

- Sandy asked if UTLA could use the funds from VALIC for educating employees on voluntary retirement plans.
- Policy regarding how 403(b) Representatives are being allowed on school sites.
- The next meeting will be Thursday, December 9, 2010. You may either come to the Beaudry building or attend via a conference call. The number will be forthcoming.

Sandy motioned and Joan seconded the motion to adjourn the meeting.

Meeting adjourned at 4:53 p.m.

457(b) Oversight Committee Meeting  
Meeting Minutes  
LAUSD Headquarters  
December 9, 2010 3:00 PM – 5:00 PM

**Committee Members:**

1. George Tischler Chief Risk Officer
2. Tim Rosnick Controller, CFO's Office
3. Ed Burke Board Appointee
4. Steve Schullo Member-at-Large
5. Jack Moscovitz AALA
6. Joan Richardson CSEA-LA Chapter 500
7. David Goldberg UTLA
8. Alicia Loncar SEIU Local 99
9. Robbie Hunter Building Trades Council
10. Adriana Salazar Teamsters/Local 572
11. Max Gonzalez LASPA

**Present Members or Alternates – 12/9/10**

1. George Tischler Chief Risk Officer
2. Teresa Santamaria Cntrlr, CFO's Off. (Alt)
3. Ed Burke Board Appointee
4. Steve Schullo Member-at-Large
5. Jack Moscovitz AALA
6. Joan Richardson CSEA- LA Chapter 500
7. Sandy Keaton UTLA (Alternate)
- 8.
- 9.
- 10.
- 11.

**Participants Present**

- Barbara Healy SST Benefits (Dial in)  
Bill Tugaw SST Benefits (Dial in)  
Alan Warhaftig AALA (Alternate)  
Michael Schaeffer VALIC  
Susan Cromwell VALIC  
John Sterritt LAUSD  
Mariam Hironimus LAUSD  
Karen Woods LAUSD

----- The Meeting convened at 3:07 PM -----  
Meeting called to order by George Tischler.

(1) **Roll Call**

Quorum reached.

(2) **Approval of Minutes**

Sandy Keaton motioned and Steve Schullo seconded the motion to approve the November 18, 2010 minutes.

(3) **By-Law Changes**

- John Walsh was unable to attend today's meeting. However, he gave Mariam some purposed by-law changes which she presented to the Committee. The Committee questioned some of the language and meanings and therefore it was recommended that we get John's clarification before proceeding.



- The Committee discussed the issue of lack of attendance from a couple of the Bargaining Units and the Committee is going to explore other options for the unions that are not in attendance.

(4) **SST Update**

The 3<sup>rd</sup> quarter review will be done next month.

(5,6) **403(b) & 457(b) Plan Update**

- Mike Schaeffer will present the 2010 annual 403(b) and 457(b) reviews in January, 2011.
- Mike mentioned that there are approximately 200 new 457(b) enrollees.
- The 457(b) applications going out with the health benefits confirmation packets have been revised to include a beneficiary section.
- Sandy mentioned that she and George presented at a Pre-Retirement Conference which had an attendance of over 300 people. Many people mentioned that they did not receive the 457(b) flyer in their Open Enrollment packets. George stated that both the active and FSA only employees are informed of the tax deferred savings plans. They handed out over 100 applications at the conference.

(7) **Administration Funds**

- Previously, the Committee asked how the administrative funds have been allocated and that the Committee be kept apprised of its usage.
- There was a motion based on the fiduciary requirements that there be an accounting of the 4/5 years of the administrative budget and how it has been spent and by whose authority since its inception and the remaining amount available. Jack motioned and Joan seconded it, vote: 7 - yes, 0 - no.
- Barbara and Bill mentioned that there is a fiduciary liability associated with the funds and that all the funds must be accounted for and is for the benefit of the plan participants. Bill said he will send a description of how the funds can be used. It was asked if the IRS could ask for an audit of these funds and if there is a statute of limitations. Bill confirmed that the IRS could do an audit and Barbara said she would ask Bob Architect if there is a statute of limitations. Barbara added that due to LAUSD being the second largest district that it is likely that the IRS would do an audit. She recommends line items of where the money went, and that misappropriation/co-mingling of funds is a breach of fiduciary liability. Bill added that participants could file lawsuits if they don't like how the money has been spent.

(8) **School Site Access**

- Joan mentioned that she spoke with a Horace Mann Representative that stated she had legal permission to be on the premises. The Committee discussed that maybe the police should have been called, someone else mentioned maybe she had an appointment with an employee and George mentioned that he hasn't been able to obtain the specific policy regarding access issues. Alan found Bulletin No. 19 from 2001. George suggested that we obtain either Mr. Cortines' or Mr. Deasy's approval/signature to use the Bulletin No. 19. Alan and Jack offered to create a similar document ensuring that 457(b) representatives will be given access and then it will be presented to Wendy for presentation to Mr. Cortines or Mr. Deasy for approval.

**(9) Set next agenda and meeting date**

- The next meeting will be Thursday, January 20, 2011.
- 403(b)/457(b) Quarterly and Annual Reports
- Administration Funds
- By-Laws
- School Site Access

Sandy motioned and Ed seconded the motion to adjourn the meeting.

Meeting adjourned at 4:25 p.m.