

Retirement Investment Advisory Committee Meeting
Meeting Notes
LAUSD Headquarters

February 21, 2019 3:00 PM – 5:00 PM

Committee Members:

- | | |
|---------------------|-------------------------|
| 1. Janice Sawyer | Chief Risk Officer |
| 2. Dr. Scott Price | Chief Financial Officer |
| 3. | Board Appointee |
| 4. Steve Schullo | Member-at-Large |
| 5. Bradley Rumble | AALA |
| 6. Letetsia A. Fox | CSEA-LA Chapter 500 |
| 7. Rafael Rubalcava | UTLA |
| 8. | SEIU Local 99 |
| 9. Chris Hannan | Building Trades Council |
| 10. Thomas Beatty | Teamsters/Local 572 |
| 11. Max Gonzalez | LASPA |

Present Members or Alternates

- | | |
|---------------------|---------------------------------|
| 1. Janice Sawyer | Chief Risk Officer |
| 2. | |
| 3. | |
| 4. Steve Schullo | Member-at-Large (Via Telephone) |
| 5. | |
| 6. Letetsia A. Fox | CSEA-LA Chapter 500 |
| 7. Rafael Rubalcava | UTLA |
| 8. | |
| 9. | |
| 10. | |
| 11. | |

Participants Present

- | | | | |
|-------------------|----------------------|------------------|-----------------------|
| Barbara Healy | SST Consulting | Mariam Hironimus | LAUSD (Alt) |
| Greg Gower | Voya | Brian Wong | LAUSD |
| Dan Garcia | Voya | Karen Woods | LAUSD |
| Jason Polonsky | Voya (Via telephone) | Eric O'leary | PARS |
| Joe Marini | Voya | April Young | TSA Consulting |
| Michelle Williams | Voya | Sandy Keaton | Member-at-Large (Alt) |

----- The meeting convened at 3:00 PM -----
Meeting called to order by Janice Sawyer.

(1) Roll Call

- Quorum was not reached

(2) Approval of November 15, 2018 Meeting Minutes

To be discussed at a future meeting.

(3) 457(b) Quarterly Report

- Barbara announced that there are no funds on the watch list.
- The plan performance was -11.39% in the fourth quarter, -6.24% in one year, 6.95% in three years, and 5.92% in five years.
- The U.S. unemployment rate rose to 3.9% and the Gross Domestic Product (GDP) remained robust at 3.5%.
- Value outperformed growth this quarter with the Russell 1000 Value outperforming the Russell 1000 Growth by 4.2%.
- The Federal Reserve raised interest rates a quarter point in December for the fourth time in 2018.
- The Voya fixed interest rate for 2019 will be 1.75%.
- American Funds Washington Mutual had a style change from a Large Cap Value fund to Large Cap Blend.

(4) 457(b) Report

- Jason announced that 45% of the plan participants engaged via telephone calls, mobile application, or web access over that last twelve months.
- 38% of these engagements was digitally.
- 32% was via E-delivery. This was an increase from just 10% the previous quarter.
- 39% of participants took action after using myOrangeMoney.
- 27% of participants took action after using the Personal Financial Dashboard Engagement.
- Jason discussed predictive messaging and financial wellness with the Committee.
- Mariam Hironimus asked if there was some way to target participants who only have a fixed fund account.
- Michelle identified 994 participants and will discuss a plan with Jason to target this population.
- Michelle will arrange an Ad Hoc Sub-Committee discussion in the future.
- Greg Gower reported the steady increase of their presentations and enrollments thanks to the assistance of Janice Sawyer.
- Michelle reported the Performance Standards / Guarantees Annual Review with the Committee.

(5) 403(b) Report

- April Young announced that there was no significant change to the 403(b) report.
- TSA Consulting Group now has a Financial Wellness Resource Center on its website to help employees take control of nine financial issues and more.
- There are videos, calculators, and articles for employees to watch, plan, and read.
- Major topics include: Paycheck & Benefits, Budgeting, Debt Elimination, Retirement, Insurance, Home & Mortgage, Investing Saving, College, and Estate Planning.
- Steve Schullo asked April to generate an exchange report for the Committee to review. April will generate that report to Mariam Hironimus.

(6) Investment Sub Committee Update

- To be discussed at a future meeting.

(7) Vanguard added on the 403(b)

- To be discussed at a future meeting.

(8) Committee Member Retiree Volunteer Liability Coverage

- Steve Schullo submitted a motion to have an indemnification letter for retired volunteer members on the Retirement Investment Advisory Committee.
- Janice Sawyer will have the General Counsels' Office review the request.

(9) Education Administration and Plan Expenses

- No new discussion.

(10) Standing items:

- a. 457(b) – No new item.
- b. 403(b) – No new item.

- c. PARS – No new item.
- d. District Property Access Updates – No new item.

(11) Set Agenda for next meeting

- Investment Sub Committee Update
- Vanguard added on the 403(b)
- Committee Member Retiree Volunteer Liability Coverage
- 457(b) University (Barbara Healy)
- NAGDCA Partial Reimbursement

(12) Public Comments

- No comment.

(13) Adjournment

The Meeting adjourned at 4:45 p.m.

Retirement Investment Advisory Committee Meeting
Meeting Minutes
LAUSD Headquarters

May 16, 2019 3:00 PM – 5:00 PM

Committee Members:

- | | |
|---------------------------|-------------------------|
| 1. Janice Sawyer | Chief Risk Officer |
| 2. Dr. Scott Price | Chief Financial Officer |
| 3. | Board Appointee |
| 4. Steve Schullo | Member-at-Large |
| 5. Bradley Rumble | AALA |
| 6. Letetsia A. Fox | CSEA-LA Chapter 500 |
| 7. Rafael Rubalcava | UTLA |
| 8. | SEIU Local 99 |
| 9. Chris Hannan | Building Trades Council |
| 10. Adriana Salazar-Avila | Teamsters/Local 572 |
| 11. Max Gonzalez | LASPA |

Present Members or Alternates

- | | |
|--------------------|---------------------------------|
| 1. Janice Sawyer | Chief Risk Officer |
| 2. | |
| 3. | |
| 4. Steve Schullo | Member-at-Large (Via Telephone) |
| 5. Bradley Rumble | AALA |
| 6. Letetsia A. Fox | CSEA-LA Chapter 500 |
| 7. | |
| 8. | |
| 9. Chris Hannan | Building Trades Council |
| 10. | |
| 11. | |

Participants Present

- | | | | |
|-------------------|----------------------|------------------|--------------------------------|
| Barbara Healy | SST Consulting | Mariam Hironimus | LAUSD (Alt) |
| Greg Gower | Voya | Brian Wong | LAUSD |
| Dan Garcia | Voya | Karen Woods | LAUSD |
| Jason Polonsky | Voya (Via telephone) | Rachael Sanders | PARS |
| Michelle Williams | Voya (Via telephone) | April Young | TSA Consulting (Via telephone) |
| Jeff Hockenbrock | Newport Group | Sandy Keaton | Member-at-Large (Alt) |

----- The meeting convened at 3:00 PM -----
Meeting called to order by Janice Sawyer.

(1) Roll Call

- Quorum was reached 3:20 p.m.

(2) Approval of November 15, 2018 Meeting Minutes and February 21, 2019 Notes

Letetsia Fox motioned and Steve Schullo seconded to approve the Meeting Minutes. The Committee voted 5 yes, 0 no, 0 abstain, and the motion was passed.

(3) 457(b) Quarterly Report

- Barbara announced that there are no funds on the watch list.
- The plan performance was 11.94% in the first quarter, 5.59% in one year, 10.72% in three years, and 7.97% in five years.
- The U.S. equity market was up 14%, international equities were at 10.3%, and fixed income was at 2.9%.
- U.S. GDP growth remained solid at 2.2%, unemployment was at 3.8%, and growth stocks were outperforming value stocks by 4.2%.
- Technology was the best performing sector at 19.9% while Health Care was the worst performing sector at 6.9%.
- Developed markets outperformed emerging markets by 0.2%.
- The U.S. yield curve briefly inverted this quarter with 3-month Treasury bills yielding more than 10-year Treasuries.
- Total assets increased from \$161.4million to \$180.8 million at the end of the quarter.

(4) 457(b) Report

- Michelle Williams updated the Committee about the Voya Fixed Account interest rate.
- Michelle reported that there were 990 participants who have the Voya Fixed Account as a single investment.
- Jason announced that 44% of the plan participants engaged via telephone calls, mobile application, or web access over that last twelve months.
- 35% of these engagements was digitally.
- 45% of participants took action after using myOrangeMoney.
- 50% of participants took action after using the Personal Financial Dashboard Engagement.
- Jason discussed predictive messaging, financial wellness, and various participant journey results with the Committee.
- Mariam Hironimus passed out a draft Participant Satisfaction Survey for the Committee to review.
- Greg Gower and Dan Garcia reported the Field Activity Highlights to the Committee.
- Michelle discussed the contribution summary with the Committee.

(5) 403(b) Report

- April Young reported on the total contribution and assets of the 403(b) participants.
- April provided a follow up on the Exchange and Analysis report as requested by Steve Schullo.
- The presentation can take place in the next meeting once it receives approval from Janice Sawyer or Mariam Hironimus.

(6) Investment Sub Committee Update

- Barbara Healy gave a brief summary of Voya's pricing rationale of the fixed account to the Committee.

(7) Vanguard added on the 403(b)

- Steve Schullo motioned, and Letetsia Fox seconded the following:
 - Vanguard Group to be made available in LAUSD's 403(b) list
- The Committee decided to conduct some research before deciding on the motion.

(8) NAGDCA Full Reimbursement

- Steve Schullo motioned, and Chris Hannan seconded the following:
 - Requesting full reimbursement to send up to two Committee members to the annual meeting of (National Association of Government Defined Contribution Administrators) NAGDCA Conference annually.
- Janice Sawyer told the Committee that the District does not have funds for such reimbursement.
- The Committee voted 4 yes, 1 no, 0 abstain and the motion was passed.
- Barbara mentioned that the Plan Reimbursement Account (PERA) can be changed to reimburse up to two Committee members to attend the annual conference.

(9) Committee Member Retiree Volunteer Liability Coverage

- No new discussion.

(10) 457(b) University

- Janice Sawyer and Barbara Healy will get together to discuss potential dates for the event.

(11) Standing items:

- a. 457(b) – No new item.
- b. 403(b) – No new item.
- c. PARS – No new item.
- d. District Property Access Updates – No new item.

(12) Set Agenda for next meeting

- PARS Investment Update
- Vanguard and Fidelity added on the 403(b)
- Committee Member Retiree Volunteer Liability Coverage
- 457(b) University

(13) Public Comments

- Michelle Montano asked the Committee to add Vanguard Total Stock Market Index Fund Institutional Plus Shares (VSMPX) to the 457(b) plan.

(14) Adjournment

The Meeting adjourned at 5:27 p.m.

Retirement Investment Advisory Committee Meeting
Meeting Minutes
LAUSD Headquarters

August 15, 2019 3:00 PM – 5:00 PM

Committee Members:

- | | |
|---------------------|-------------------------|
| 1. Janice Sawyer | Chief Risk Officer |
| 2. Dr. Scott Price | Chief Financial Officer |
| 3. | Board Appointee |
| 4. Steve Schullo | Member-at-Large |
| 5. Bradley Rumble | AALA |
| 6. Letetsia A. Fox | CSEA-LA Chapter 500 |
| 7. Leonard Goldberg | UTLA |
| 8. | SEIU Local 99 |
| 9. Chris Hannan | Building Trades Council |
| 10. Adriana Salazar | Teamsters/Local 572 |
| 11. Max Gonzalez | LASPA |

Present Members or Alternates

- | | |
|---------------------|---------------------------|
| 1. Janice Sawyer | Chief Risk Officer |
| 2. | |
| 3. | |
| 4. Steve Schullo | Member-at-Large |
| 5. Bradley Rumble | AALA |
| 6. Letetsia A. Fox | CSEA-LA Chapter 500 |
| 7. Leonard Goldberg | UTLA |
| 8. | |
| 9. | |
| 10. Mike Ford | Teamsters/Local 572 (Alt) |
| 11. | |

Participants Present

- | | | | |
|-------------------|----------------|------------------|-------------------------------------|
| Barbara Healy | SST Consulting | Mariam Hironimus | LAUSD (Alt) |
| Greg Gower | Voya | Brian Wong | LAUSD |
| Dan Garcia | Voya | Karen Woods | LAUSD |
| Joe Marini | Voya | Rachael Sanders | PARS |
| Michelle Williams | Voya | April Young | TSA Consulting |
| Carolyn Cox | US Bank | Sandy Keaton | UTLA (Alt) |
| Eric O’Leary | PARS | Rick Rosenthal | US Bank |
| Kevin Hensley | TSA Consulting | Holly Drake | Fidelity Investment (Via Telephone) |

----- The meeting convened at 3:00 PM -----
Meeting called to order by Janice Sawyer.

(1) Roll Call

- Quorum was reached 3:05 p.m.

(2) Approval of May 16, 2019 Meeting Minutes

The Committee requested the following changes:

- (8) NAGDCA Partial Reimbursement shall be updated to (8) NAGDCA Full Reimbursement.
- Barbara mentioned that the Plan Reimbursement Account (PERA) can be changed to reimburse up to two Committee members to attend the annual conference.

Bradley Rumble motioned and Letetsia Fox seconded to approve the Meeting Minutes as amended. The Committee voted 6 yes, 0 no, 0 abstain, and the motion was passed.

(3) PARS Report

- Rick Rosenthal reported that the PARS portfolio value was \$129,890,633 as of June 28, 2019.
- There were 17 securities with 70% in fixed income, 25% in equity, and 5% cash. The current yield is 2.85%.
- The fixed income value was \$91,311,324. There are 10 securities with 81% investment grade, 8% high yield, 6% foreign developed debt, 3% hedged debt, and 3% inflation protected securities. The current yield was 3.24%.

- The equity value was \$32,633,173. There were 6 securities with 56% in large cap U.S., 20% in developed markets, 16% in mdi cap U.S., and 8% in small cap U.S. The current yield was 1.88%.
- The year to date performance was 7.71%, the one year was 6.83%, and the three year was 4.56%.
- Rick discussed the inverted yield curve and how it is a predictor for a potential recession.

(4) 403(b) Report

- Kevin Hensley reported that USAA Asset Management Company was purchased by Victor Capital.
- USAA's brand name will continue to remain the same; it will just have a new record-keeper/custodian.

(5) Exchange Analysis Report

- April Young reported that there were 693 exchanges and the top five transfer vendors were National Life Group, Midland National Life, PanMember Services, Voya Financial for CalSTRS Pension 2, and Americo Financial Life and Annuity.
- Bradley Rumble asked April for the report in the February 20, 2020 meeting.

(6) 457(b) Report

- Michelle Williams gave an update on the Voya Fixed account. The crediting rate will be adjusted to 2.10% and retro back to January 2019.
- Michelle discussed the 2020 and 2021 crediting rates and asked the Committee to choose one of two alternative crediting rates.
- The first choice was to keep 2.10% through December 2021. The second choice was to follow the prevailing crediting rate plus 60 basis points.
- The Committee discussed it but did not come to a firm conclusion.
- Mariam Hironimus suggested getting the 2.10% adjustment processed as soon as possible.
- The Committee reviewed the Voya communications materials for the upcoming year.
- Michelle reported on the marketing update.
- 41% of plan participants have engaged via calls, mobile, and web interaction over the last 12 months.
- 33% have digitally engaged and 23% are receiving E-Delivery.
- 1,883 participants logged into the website.
 - 51% used MyOrangeMoney
 - 42% took action
 - 26% increased contribution
- Greg Gower reported the second quarter highlights
 - 86 LAUSD site visits
 - 27 group meetings held
 - 41 total enrollments

(7) 457(b) Quarterly Report

- Barbara Healy reported that there were no funds on the watch list.
- The plan performance for the second quarter was 3.71%, one year was 7.08%, three year was 11.20%, and five year was 7.81%.
- The asset value was at \$192.7 million dollars for the second quarter. \$20 million of the fixed income assets remain at the TIAA Traditional account.
- The administrative fee was reduced from 24 basis points to 23 basis points which will take effect in the third quarter.

- The dollar weighted mutual fund expense for the portfolio was 0.12%.
- The total weighted expense ratio including the Voya administrative fee was 0.31%. This was significantly lower than peer group plans of 0.49%.
- The standard deviation increased from 9.10 to 9.99 indicating an increase in portfolio volatility.

(8) 457(b) University

- Mariam Hironimus asked the Committee for a time and date for upcoming fiduciary educational program presented by Barbara Healy.
- The session is estimated to last six hours.
- The Committee decided on October 17, 2019.

(9) Fidelity added on the 403(b)

- Holly Drake from Fidelity introduced herself to the Committee and discussed her role in the company.
- Steve Schullo motioned and Letetsia Fox seconded to add Fidelity into the 403(b) approved vendor list.
- Steven Schullo amended his original motion to include Bradley Rumble’s amendment, asking to table the motion until a response from the General Counsel has been reached. The Committee will ask the General Counsel whether one fund family could be added to the 403(b) offerings of LAUSD at the exclusion of other vendors who might also want to join. The Committee voted 6 yes, 0 no, 0 abstain, and the motion was passed.
- Steve Schullo motioned and Bradley Rumble seconded to have the Board of Education publicly recognize Chris Hannan (Building and Trades) for his outstanding leadership, knowledge, and skill for implementing the first ever auto-enroll feature for his union in a public K12 School District in the country. The Committee voted 6 yes, 0 no, 0 abstain, and the motion was passed.

(10) Committee Member Retiree Volutneer Liability Coverage

- Steve Schullo discussed with Janice Sawyer and concluded that retirees have no liability.
- Janice Sawyer will ask the General Counsel to put something in writing in regards to retiree liability.

(11) Standing items:

- a. 457(b) – No new item.
- b. 403(b) – No new item.
- c. PARS – No new item.
- d. District Property Access Updates – No new item.

(12) Set Agenda for next meeting

- Fidelity added on the 403(b)

(13) Public Comments

- No Comment.

(14) Adjournment

The Meeting adjourned at 5:27 p.m.

Retirement Investment Advisory Committee Meeting
Meeting Minutes
LAUSD Headquarters

November 21, 2019 3:00 PM – 5:00 PM

Committee Members:

1. Janice Sawyer	Chief Risk Officer
2. Luis Buendia	Chief Financial Officer
3.	Board Appointee
4. Steve Schullo	Member-at-Large
5. Bradley Rumble	AALA
6. Letetsia A. Fox	CSEA-LA Chapter 500
7. Leonard Goldberg	UTLA
8.	SEIU Local 99
9. Chris Hannan	Building Trades Council
10. Adriana Salazar	Teamsters/Local 572
11. Max Gonzalez	LASPA

Present Members or Alternates

1. Mariam Hironimus	Chief Risk Officer (Alt)
2. Timothy Rosnick	Chief Financial Officer (Alt)
3.	
4. Steve Schullo	Member-at-Large (Via Phone)
5. Bradley Rumble	AALA
6.	
7. Leonard Goldberg	UTLA
8.	
9.	
10. Adriana Salazar	Teamsters/Local 572 (Via Phone)
11.	

Participants Present

Barbara Healy	SST Consulting	Rachael Sanders	PARS (Via Phone)
Greg Gower	Voya	Brian Wong	LAUSD
Dan Garcia	Voya	April Young	TSA Consulting (Via Phone)
Joe Marini	Voya (Via Phone)	Sandy Keaton	UTLA (Alt)

----- The meeting convened at 3:00 PM -----
Meeting called to order by Mariam Hironimus.

(1) Roll Call

- Quorum was reached 3:01 p.m.

(2) Approval of August 15, 2019 Meeting Minutes

Bradley Rumble motioned, and Sandy Keaton seconded, to approve the meeting minutes. The Committee voted 6 yes, 0 no, 0 abstentions. The motion was approved.

(3) 457(b) Quarterly Report

- Barbara Healy presented the performance of the 457(b) plan to the Committee.
- U.S. Equity markets rose 1.2% while international equities fell 1.8%.
- U.S. fixed income market rose 2.27% and the U.S. labor market was at a 50 year low of 3.5% unemployment.
- GDP continued to rise at 2.0%.
- The Federal Reserve cut rates by 0.25% twice during the quarter.
- Growth stocks outperformed Value stocks by 0.1%.
- Developed international stocks outperformed Emerging market stocks by 3.2%.
- Barbara mentioned that the inverted yield curve returned to normal as of November 4, 2019.
- Barbara recommended Vanguard Total Bond Market Index Admiral (VBTLX) to be mapped over to the lower share class, Vanguard Total Bond Market Index Institutional (VBTIX), due to meeting the \$5 million dollar minimum qualification.
- Barbara mentioned that the expense ratio for PIMCO increased from 0.46% to 0.71% due to new reporting requirements from Morning Star. Barbara recommended no action for PIMCO yet, but wanted to have a Sub-Committee review for possible alternatives in January 2020.

- The new 2020 contribution limit for 457(b)/403(b) will be \$19,500, and the new catch-up contribution will be \$6,500.
- The Setting Every Community Up for Retirement Enhancement Act (SECURE) was passed by the House and was referred to the Senate. Some highlights included exempting Roth accounts from Required Minimum Distributions (RMDs), exempting smaller accounts (\$100,00 or less) from RMD, changing the RMD age to 72, and eliminating the first of the month rule for new or increased contributions.
- Voya forwarded the SOC 1 and SOC 2 reports for Barbara to review. These were independent audits of financial controls and data recordkeeping. The reports were non remarkable, meaning the auditor agreed with the security controls.
- Barbara will forward to Michelle Williams the performance guarantee checklist for the upcoming performance review.

(4) 457(b) Report

- Greg Gower reported on the field activity highlights.
- There were 176 site visits, 118 one-on-one meetings, 18 group meetings, 50 total enrollments, and \$1,294,115 in estimated rollovers.
- Dan Garcia mentioned that they updated all of their lunch and learn presentations, reviewing them with Karen Woods and Brian Wong from Benefits Administration for better clarity and understanding.

(5) 403(b) Report

- April Young reported that the total contribution over the last three months was \$7.8 million dollars. There were 18,477 participants contributing. The top three companies were Midland National Life, National Life Group, and Axa Equitable Life Insurance Company.
- Total assets trailing three months was \$2.8 billion dollars. There were 56,454 participants.
- Total authorized assets trailing three months was \$2.6 billion dollars. There were 49,390 participants. Most of the assets were in Midland National Life, National Life Group, Great American-Annuity Investors Life, and Reliastar Life Insurance Company.

(6) Fidelity Added on the 403(b)

- Removed due to motion already being discussed in prior meeting.

(7) Standing items:

- a. 457(b) – Mariam Hironimus announced that the District Represented group will be the next group to be auto enrolled. Roth 457(b) went into production and the first group who will have their first contribution deducted will be semi-monthly employees.
- b. 403(b) – No new item.
- c. PARS – No new item.
- d. District Property Access Updates – Sandy Keaton sent April Young and Bradley Rumble information regarding two principals who were allowing agents to come on school campuses. April has followed up on the incident.

(8) Set Agenda for next meeting

- PERA Account

(9) Public Comments

- Michelle Montano requested a simulated workshop activity to help employees make changes to their deferred contributions. She asked the Committee to consider adding the Vanguard Total Stock Market (VTSMX) to the 457(b) plan.

(10) Adjournment

The Meeting adjourned at 4:15 p.m.