

# Agenda Report

March 7, 2016

**TO:** Honorable Mayor and City Council/Plan Trustees

**FROM:** Deferred Compensation Oversight Committee

**SUBJECT:** CITY OF PASADENA DEFERRED COMPENSATION PLAN  
PERFORMANCE REVIEW-PERIOD ENDING DECEMBER 31, 2015  
AND AMENDMENTS TO THE CITY'S DEFERRED COMPENSATION  
PLAN UPDATE THE CURRENT LANGUAGE TO REFLECT THE  
PROCESS USED TO APPOINT AND ELECT COMMITTEE MEMBERS

**RECOMMENDATION:**

It is recommended that the City Council/Plan Trustees:

1. Find that the proposed action is not a project subject to California Environmental Quality Act (CEQA) as defined in Section 20165 of CEQA and section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project and
2. Receive the performance review for the City's Deferred Compensation Plan for period ending June 30, 2015; and
3. Approve amendments to the Plan Document to reflect the process used to appoint and elect members of the Deferred Compensation Oversight Committee.

**BACKGROUND:**

The City of Pasadena offers its employees the opportunity to participate in a Deferred Compensation Program (Plan). The Director of Finance serves as the Plan Administrator and is responsible for day-to-day management of the program. The Deferred Compensation Oversight Committee, which consists of three members elected by current City employees participating in the plan and two members appointed by the

City Council, provide oversight and direction. The members of the City Council serve as Trustees and have ultimate responsibility for the Plan. Each of these parties has the fiduciary obligation to act prudently and solely in the interest of the Plan's participants and beneficiaries. Committee members are to carry out their duties solely in the interest of participants and beneficiaries and for the exclusive purpose of providing benefits and paying plan expenses.

To ensure that investment options in the Plan are within the parameters established by the Deferred Compensation investment policy, the City contracted with the Hyas Group to perform semi-annual evaluations (2<sup>nd</sup> and 4<sup>th</sup> calendar year quarters) of each investment option contained in the Plan. By way of this report, the evaluation for the period ending December 31, 2015 is hereby transmitted to the Plan Trustees for review.

In addition, staff recommends that the City Council amend the current language of the Plan document to reflect the actual Committee selection, appointment and election process. Currently, the language in the Plan Document states that Committee members must be employees and participants in the Plan. While this is correct as it relates to the employee representatives it fails to acknowledge that the two Council appointees have, since inception, not been employees or participants in the Plan. The current process of three elected employees and two Council appointees has worked well. Therefore, it is requested that the Council approve amendments to the Plan to reflect this structure. Staff finds that the current process and structure of the Committee serves the administration of the Plan well.

The suggested amendment to the Plan Document's language in section 2B(i)(c) and section 2B(i)(e) language reads:

2B(i)(c): Two members shall be appointed by the City Council and three members shall be elected by the Employees. Each elected member shall be a current employee and a participant of the Plan.

2B(i)(e): In the event of a vacancy upon resignation or otherwise of an employee elected member, the Deferred Compensation Oversight Committee shall fill the vacancy by appointing an individual to serve until the next general election. At the general election the successor shall be elected for the balance of the term remaining.

### **COUNCIL POLICY CONSIDERATION:**

This action addresses the City Council strategic planning goal to maintain fiscal responsibility and stability.

**ENVIRONMENTAL ANALYSIS:**

The proposed actions are governmental fiscal activities that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project to CEQA, no environmental document is required.

**FISCAL IMPACT**

There is no fiscal impact as a result of this action. As of June 30, 2015 the total amount of funds held by the City's Deferred Compensation Plan total \$238,862,314.

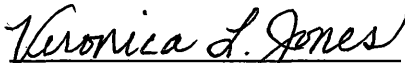
Respectfully submitted,



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STEVE MERMELL  
Chair, Deferred Compensation Oversight  
Committee

Prepared by:



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Approved by:



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MATTHEW E. HAWKESWORTH  
Plan Administrator  
Plan Administrator, Deferred Compensation  
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