Council Meeting of
November 10, 2015

Honorable Mayor and Members
Of City Council
City Hall
Torrance, California

Members of Council:

SUBJECT: Accept and file the Deferred Compensation Plan Annual Report 2014

RECOMMENDATION

Recommendation of the City Treasurer and the Deferred Compensation Committee that City Council accept and file the 2014 annual report of the City of Torrance Deferred Compensation Plan.

FUNDING

Not applicable

BACKGROUND AND ANALYSIS

On May 25, 2010, Your Honorable Body, adopted Resolution 2010-50, establishing a City of Torrance Deferred Compensation Plan Committee and the Committee to serve as Plan Administrator for the City's Deferred Compensation Plan. The purpose of the committee is to monitor the performance of the investment managers and other fiduciaries to the plan, appoint, remove, and replace any investment manager and perform all non-fiduciary functions for the plan on behalf of the City(to the extent that such actions do not increase the City's cost). The Committee serves in both a "settlor's" and a "fiduciary" capacity (Attachment A).

The Deferred Compensation Plan Committee first presented an annual report mid-2014. The 2014 annual report was presented to the committee at the March 5, 2015 meeting. The committee approved the final draft form of the Annual Report 2014 at the meeting of June 11, 2015.The complete final published version was made available at the October 8, 2015 meeting to bring forward to Council. The Treasurer has set tighter guideline with the with the consultant so that moving forward there are specific deadlines in order to get this report approved and finalized timely for Council approval. Both the committee and City Treasurer recommend that the City Council accept and file this report.

Respectfully submitted,

Dana Cortez
City Treasurer

Noted:

LeRoy J. Jackson
City Manager

ATTACHMENTS:
(A) Bylaws – City of Torrance Deferred Compensation Plan Committee
(B) City of Torrance Deferred Compensation Plan Annual Report 2014 Plan Year

8A

BYLAWS
CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE

The City of Torrance Deferred Compensation Plan Committee (the "Committee") is appointed by the City of Torrance City Council to oversee the City of Torrance 457 and 401(a) Plans (collectively, the "Plans") in a fiduciary and **settlor** capacity. The Committee is authorized to manage and administer business relationships with the Plans' Custodians and Trustees, including satisfaction of legal requirements and operational responsibilities. The Committee is comprised of persons holding the following offices in the City:

1. City Treasurer
2. Human Resources Director
3. Finance Director
4. Assistant City Manager
5. City Attorney

The Committee will be responsible for exercising the general powers and duties of Plan Administrator, as set forth in the Plans' documents. The duties of the Committee include, without limitation, the following duties:

- In its settlor capacity, to:
  - oversee the administration and operation of the Plans other than investment-related issues;
  - select and/or recommend and monitor the Plans' administrative and compliance providers and advisors; and
  - perform such other duties as may be necessary or appropriate for the administration of the Plans.

- In its fiduciary capacity, to:
  - act as the Plans' Administrator and Named Fiduciary;
  - develop the investment structure and policies for the Plans;
  - select and/or recommend and monitor the investments offered to the Plans' participants;

- determine the Plans' providers and advisors, as they relate to investment issues and services;
- make such other decisions as are necessary and appropriate to manage the Plans' selection of investments and investment-related services in a prudent manner; and
- develop participant eligibility and Plan rules.

The City Council delegates to the Committee the responsibility and authority to perform the functions listed in these Bylaws. The City Council retains the oversight responsibility to monitor the performance of the Committee to determine that the members of the Committee continue to be qualified to fulfill their responsibilities and that the Committee is operating in furtherance of these purposes.

Attachment B

CITY OF TORRANCE DEFERRED COMPENSATION PLAN
ANNUAL REPORT – 2014 PLAN YEAR

BFS Benefit Funding Services Group

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SECTION 1: EXECUTIVE SUMMARY

City of Torrance Deferred Compensation Plan

The City of Torrance (the "City") maintains a governmental 457(b) Deferred Compensation Plan A, 401(a) Defined Contribution Plans, and a 3121 Part-Time Plan (collectively, the "Plans") for the benefit of eligible City employees.

The Plans are administered by Great-West Financial, one of the nation's largest defined contribution service providers. Their services include recordkeeping and administration, participant account maintenance, participant and plan sponsor access via website and a toll free number.

In addition to Great-West Financial, the City utilizes the services of Benefit Funding Services Group ("BFSG"). BFSG is a third party consulting firm that provides retirement plan consulting services to the retirement plans. Their consulting services include: investment analysis, performance reporting, review and recommendation of investment options, fiduciary compliance assistance, and Plan cost/revenue analysis.

While Plan participants are ultimately responsible for their own investment decisions, the City's Deferred Compensation Plan Committee (the "Committee") endeavors to provide an appropriate range of investment options, allowing participants to invest in accordance with their own time horizons, risk tolerance, and retirement goals.

The Committee was established by formal council action and meets quarterly pursuant to an agenda published in compliance with the California open meeting law, the Ralph M. Brown Act. The quarterly Committee meetings are open to the public. The Committee provides an annual report of its activities to the City Council.

The regular Committee meetings are held to provide a review of the Plan's design, investment options, asset allocation/demographics, and to make changes as necessary.

SECTION 2: COMMITTEE MEETING SUMMARY & PLAN UPDATES/EVENTS

Investment Updates

Meeting Date	Item	Update
August 6, 2014	City of Torrance Stable Value Fund Investment Policy Statement	The Committee approved an update to the City of Torrance's Custom Stable Value Fund's Investment Policy Statement "IPS." The update permits an allocation to investment grade corporate debt and non-agency commercial mortgage-back securities. The updated IPS allows the fund to increase diversification across debt instruments, have better control on the portfolio's cash flow, and provide more stability in yield and duration.
October 10, 2014	Fund Change	PIMCO Total Return was replaced within the Conservative, Moderate, and Aggressive asset allocation models in the Plan by Metropolitan West Total Return Bond. PIMCO Total Return will remain an investment option within the core menu, and Metropolitan West will be added as an additional intermediate bond fund in the core menu.
	Watch List	PIMCO Total Return was placed on Watch due to corporate structural uncertainty and short-term underperformance.
December 11, 2014	Fund Changes	The Great-West Profile Funds in the 3121 Part-Time Plan will be removed and mapped into the age appropriate Great-West Lifetime fund.
		The Committee approved adding Metropolitan West Total Return Bond fund in the 3121 Part-Time Plan in an effort to be consistent with the 457(b) Plan intermediate term bond investment options.
	Watch List	In the 3121 Part-Time Plan, Lord Abbett Value Opportunities was placed on Watch due to underperformance.

Plan Updates

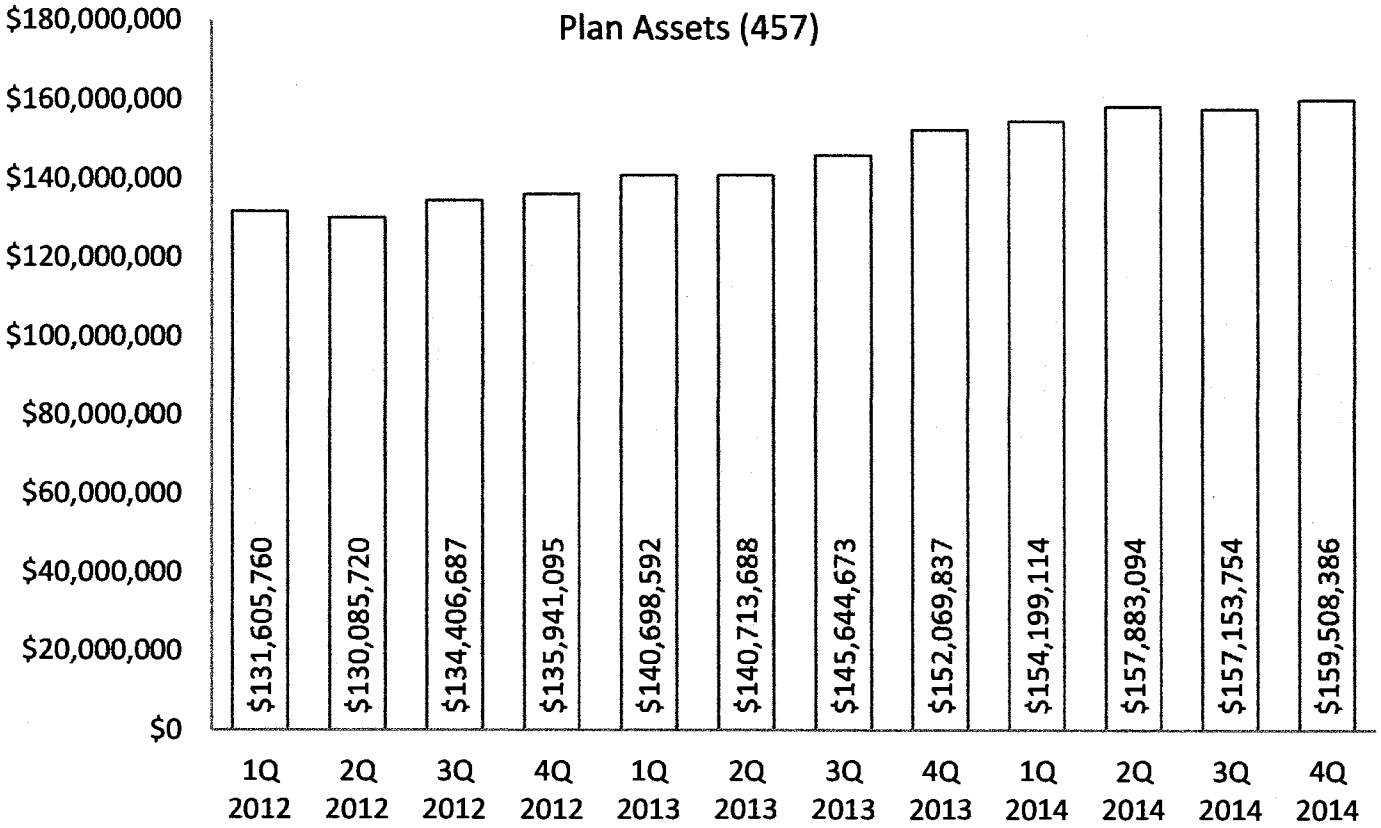
Meeting Date	Item	Update
March 4, 2014	Great-West Retirement Resource Center	In an effort to provide Plan participants better service and more information on their options once terminated, the Committee approved authorizing the Great-West Retirement Resource Center the ability to reach out to terminated participants directly.
December 11, 2014	Internal Rollover Requests	The Committee approved a Plan change allowing for Great-West to qualify internal rollover requests.
	Continued Payment of Loans for Severed Employees	The Committee approved a Plan change allowing for participants who have terminated employment with the City, but who did not indicate retirement as the reason for termination, to continue their loan repayments.

SECTION 3: PLAN ASSETS / DEMOGRAPHICS
(AS OF 12/31/2014)

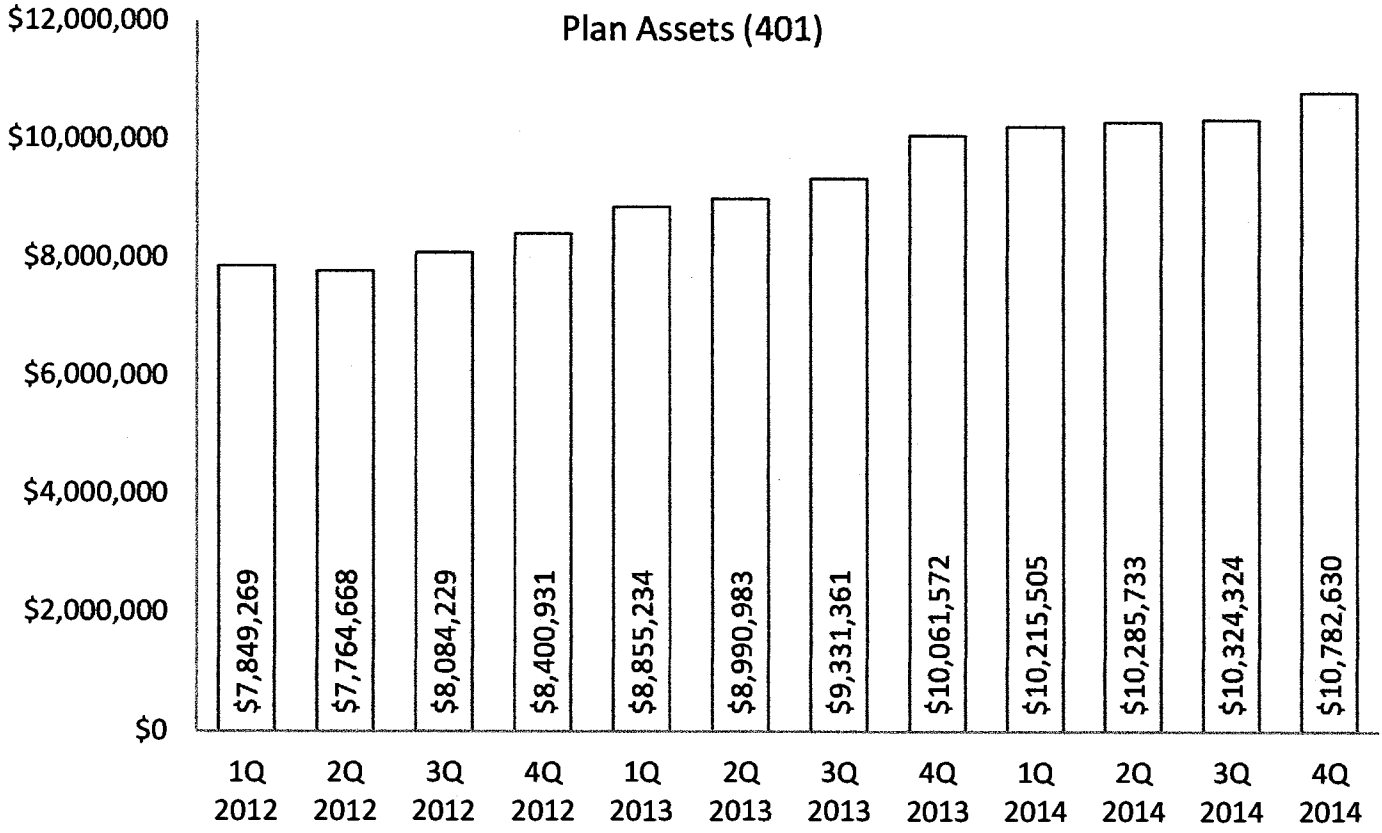
Plan Assets 457 & 401

Investment Option	% of Assets	457	401	Total Assets
Torrance Stable Value Fund	46.82%	$69,899,419	$4,081,321	$73,980,740
Aggressive Lifestyle	7.12%	$10,756,033	$1,299,035	$12,055,068
American Funds Growth Fund R5	6.86%	$10,619,150	$270,218	$10,889,368
Moderate Lifestyle	6.34%	$9,324,892	$919,681	$10,244,572
Dodge & Cox Stock Fund	5.28%	$8,930,629	$739,953	$9,670,581
T. Rowe Price Mid-Cap Growth Fund	3.85%	$6,336,322	$565,795	$6,902,118
Artisan International	3.31%	$4,848,666	$230,162	$5,078,828
BlackRock Russell 2000 Index Coll F	2.89%	$4,694,428	$265,727	$4,960,154
PIMCO Total Return Fund Instl	2.46%	$3,614,403	$85,469	$3,699,872
BlackRock Equity Index - Collective F	2.41%	$4,127,571	$210,631	$4,338,202
BlackRock Mid Cap Index - Collective F	2.33%	$3,645,258	$364,815	$4,010,074
JPMorgan Mid Cap Value Fund Instl	1.77%	$2,897,483	$176,230	$3,073,713
American Funds Fundamental Inv R5	1.57%	$2,389,644	$267,609	$2,657,253
Fidelity Advisor Leveraged Co Stock I	1.50%	$2,085,484	$259,199	$2,344,683
Prudential Jennison Small Company Z	1.46%	$1,957,863	$437,593	$2,395,456
Vanguard International Growth Adm	0.94%	$1,585,733	$127,290	$1,713,023
Conservative Lifestyle	0.75%	$1,812,939	$48,223	$1,861,162
Columbia Small Cap Value Fund II - Z	0.62%	$956,720	$59,616	$1,016,337
BlackRock EAFE Equity Index Coll F	0.60%	$781,080	$52,773	$833,853
Dodge & Cox Income Fund	0.41%	$1,299,083	$84,240	$1,383,323
T. Rowe Price Blue Chip Growth Fund	0.21%	$553,680	$18,443	$572,123
Oppenheimer Developing Markets Y	0.19%	$350,134	$30,085	$380,219
T. Rowe Price Equity Income Fund	0.18%	$323,100	$24,714	$347,814
Templeton Global Bond Adv	0.08%	$228,455	$16,381	$244,835
DFA Emerging Markets I	0.03%	$213,782	$14,271	$228,053
Total	**100.00%**	**154,231,950**	**$10,649,475**	**$164,881,424**
Self-Directed Brokerage Account		$5,276,436	$133,155	$5,409,591
Total		**$159,508,386**	**$10,782,630**	**$170,291,016**

Plan Assets 457



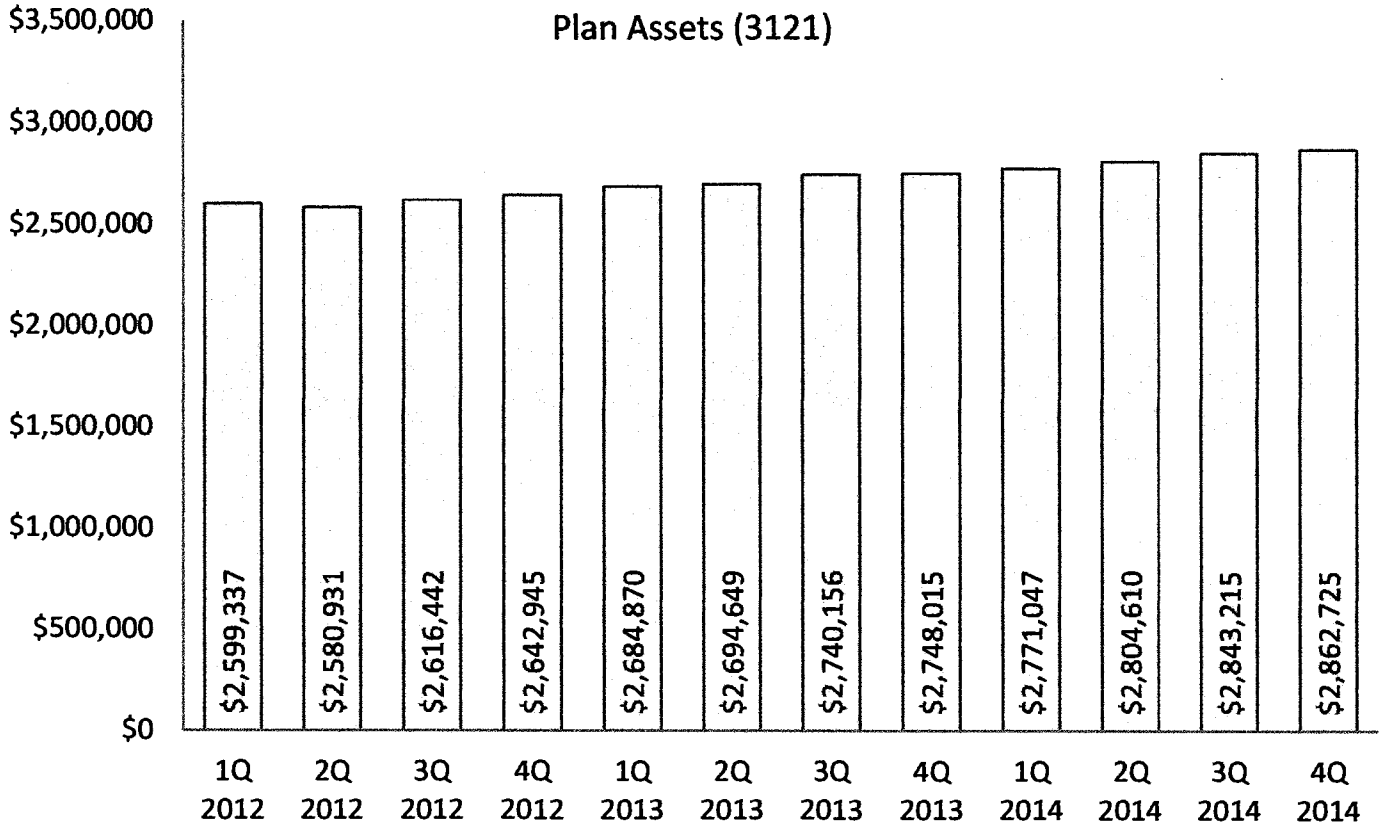
Plan Assets 401



Plan Assets (Part-Time 3121)

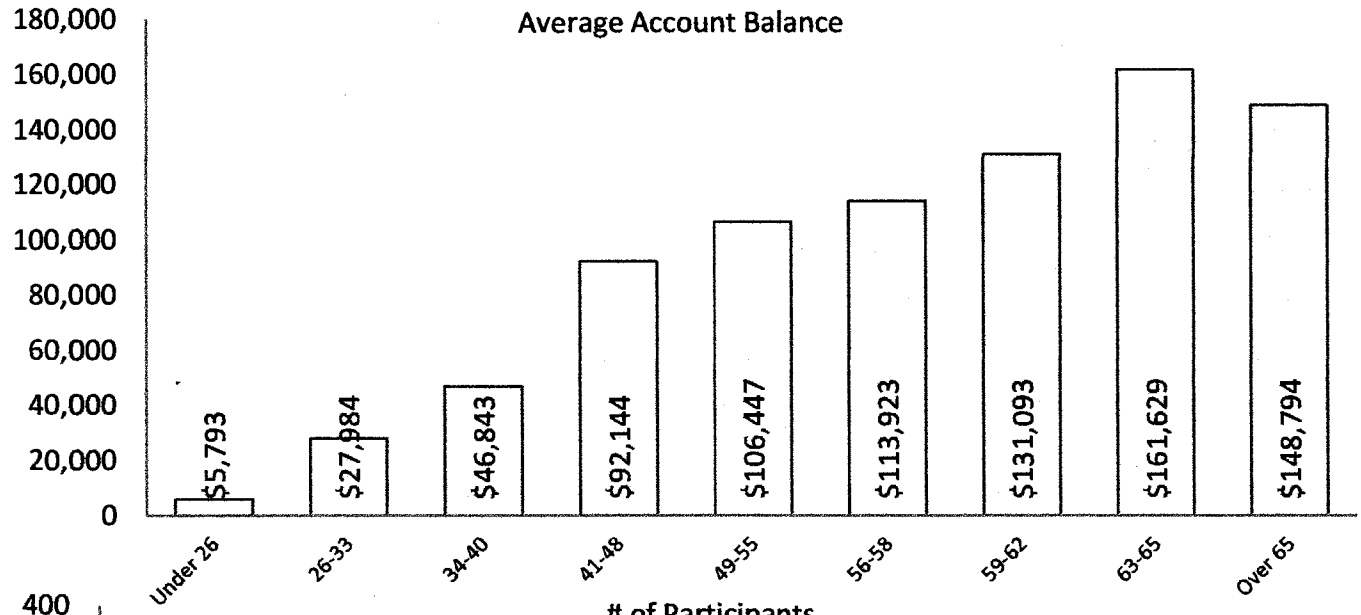
Investment Option	% of Assets	Total Assets
Torrance Stable Value Fund	83.17%	$2,618,980
Great-West Guaranteed Certificate Fund	10.72%	$63,380
Great-West T. Rowe Price Eq Inc Fund I	1.60%	$46,396
American Funds Growth Fund of Amer R4	0.77%	$23,792
Conservative Profile	0.66%	$16,182
BlackRock Russell 2000 Index Coll F	0.45%	$14,105
Great-West T Rowe Price MidCap Gr Fund I	0.41%	$13,174
Janus Balanced Fund T	0.39%	$14,152
Great-West Loomis Sayles SmCapVal Fund I	0.32%	$9,323
Prudential Jennison Small Company A	0.27%	$7,319
PIMCO Total Return Admin	0.20%	$5,913
JPMorgan Mid Cap Value A	0.19%	$5,203
Artisan International Fund	0.18%	$5,032
Oppenheimer Global Fund	0.13%	$3,090
American Funds Fundamental Investors R4	0.11%	$3,539
Great-West Federated Bond Fund I	0.08%	$2,805
Moderately Conservative Profile	0.06%	$395
Great-West Lifetime 2035 Fund II T	0.05%	$1,380
Great-West Loomis Sayles Bond Fund I	0.04%	$494
Ariel Appreciation Fund	0.04%	$1,582
Great-West Stock Index Fund I	0.04%	$1,387
Lord Abbett Value Opportunities A	0.03%	$1,010
Moderately Aggressive Profile	0.03%	$1,175
Great-West S&P 500 Index Fund I	0.02%	$951
Great-West MFS Intl Growth Fund I	0.01%	$372
Moderate Profile	0.01%	$678
Aggressive Profile	0.01%	$677
Great-West Lifetime 2055 Fund II T	0.01%	$198
Great-West Lifetime 2045 Fund II T	0.00%	$36
Putnam High Yield Advantage R	0.00%	$3
Great-West Lifetime 2025 Fund II T	0.00%	$1
Great-West Lifetime 2015 Fund II T	0.00%	$1
Total		**$2,862,725**

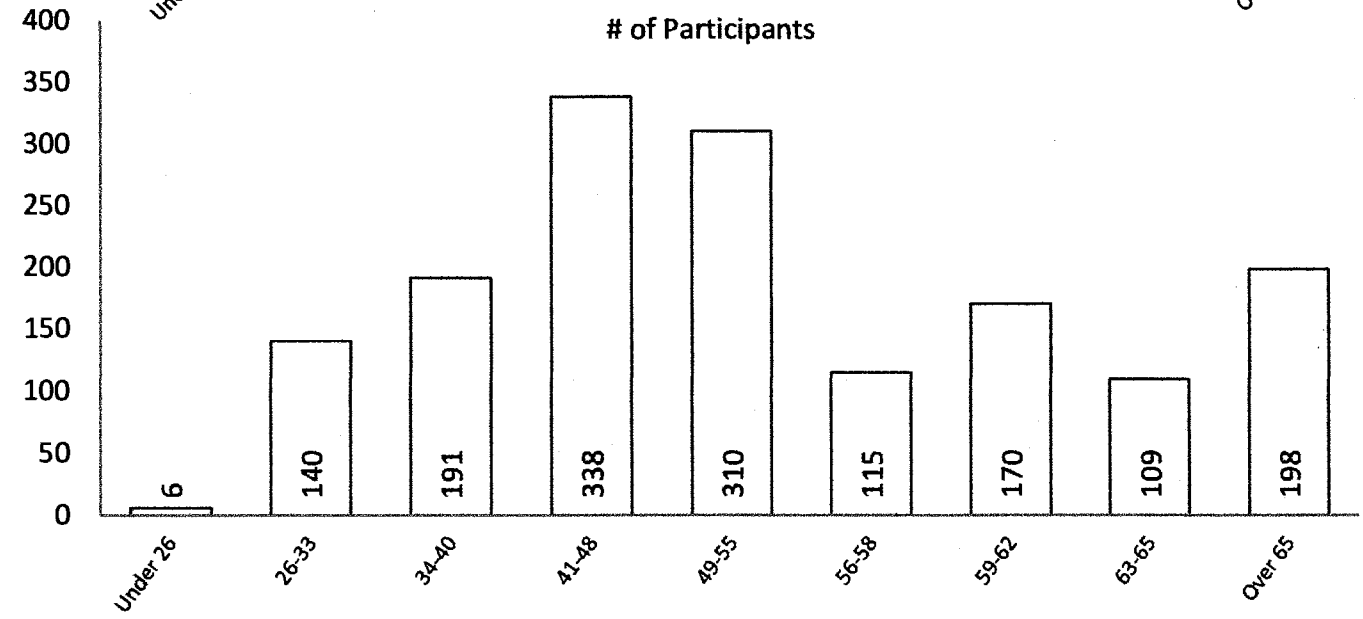
Plan Assets (Part-Time 3121)



Age Group Statistics 457

Age Group	# of Participants	Balance	Average Account Balance
Under 26	6	$34,760	$5,793
26-33	140	$3,917,762	$27,984
34-40	191	$8,946,935	$46,843
41-48	338	$31,144,532	$92,144
49-55	310	$32,998,611	$106,447
56-58	115	$13,101,196	$113,923
59-62	170	$22,285,820	$131,093
63-65	109	$17,617,532	$161,629
Over 65	198	$29,461,238	$148,794
TOTAL	**1,577**	**$159,508,386**	**$101,147**





SECTION 4: PLAN PERFORMANCE (AS OF 12/31/2014)

Weighted Portfolio Return Relative to Custom Benchmark (457 & 401)

Performance as of December 31, 2014	3 Month	1 Year	Annualized Returns 3 Year	Annualized Returns 5 Year	3 YR Std Dev	3 YR Sharpe	Expense Ratio
City of Torrance Combined Plans	**2.08%**	**4.91%**	**10.06%**	**8.24%**	**4.48**	**2.15**	**0.48**
Custom Benchmark - Index (Passive)	2.26%	5.09%	9.15%	7.53%	N/A	N/A	N/A
Custom Benchmark - Category (Active)	1.85%	3.83%	8.43%	6.99%	4.50	1.81	0.88

** Custom expense ratio represents the weighted expense (based upon current allocation) of Institutional and Retirement share classes in each asset category.*

Evaluation Methodology Summary (457 & 401)

Investment Name	Quarterly Ranking 4Q14	3Q14	2Q14	1Q14
Intermediate Bond				
Dodge & Cox Income	13	10	14	15
PIMCO Total Return Instl	14	11	15	15
World Bond				
Templeton Global Bond Adv	4	2	7	6
Large Value				
Dodge & Cox Stock	12	9	15	12
T. Rowe Price Equity Income	39	38	27	22
Large Blend				
American Funds Fundamental Invs R5	15	9	12	11
Large Growth				
American Funds Growth Fund of Amer R5	20	14	15	18
T. Rowe Price Blue Chip Growth	2	1	2	3
Mid Value				
JPMorgan Mid Cap Value Instl	3	6	5	6
Mid Blend				
Fidelity Advisor® Leveraged Co StkInstl	19	1	1	4
Mid Growth				
T. Rowe Price Mid-Cap Growth	0	0	0	1
Small Value				
Columbia Small Cap Value Fund II Z	13	13	19	17
Small Growth				
Prudential Jennison Small Company Z	18	13	16	24
Foreign Equity				
Artisan International Inv	10	10	12	13
Vanguard International Growth Adm	1	1	2	1
Emerging Markets				
DFA Emerging Markets I	9	17	13	12
Oppenheimer Developing Markets Y	1	1	1	0
Average Rank	11	8	10	11
Plan Weighted Rank (Reweighted)	12	9	11	12

0% 25% 50% 75% 100%

Outperform | Perform | Underperform

Note: Average and Plan-Weighted Average rankings shown above reflect the actual funds offered in the Plan (and their respective weightings) during the applicable quarter.

Evaluation Methodology Summary (3121)

Investment Name	Quarterly Ranking 4Q14	3Q14	2Q14	1Q14
Intermediate Bond				
PIMCO Total Return Admin	37	32	37	37
Great-West Federated Bond Init	72	66	65	67
Multisector Bond				
Great-West Loomis Sayles Bond Init	11	11	11	10
High Yield Bond				
Putnam High Yield Advantage R	56	59	57	59
Hybrid / Balanced				
Janus Balanced T	28	30	38	36
Large Value				
Great-West T. Rowe Price Equity Inc Init	46	44	36	32
Large Blend				
American Funds Fundamental Inv R4	24	17	21	20
Large Growth				
American Funds Growth Fund of Amer R4	[illegible]	[illegible]	[illegible]	30
Mid Value				
JPMorgan Mid Cap Value A	[illegible]	[illegible]	[illegible]	38
Mid Blend				
Ariel Appreciation Investor	39	46	49	51
Lord Abbett Value Opportunities A	55	59	48	40
Mid Growth				
Great-West T. Rowe Price Mid Cap Gr Init	3	8	5	6
Small Blend				
Great-West Loomis Sayles Sm Cp Val Init	29	31	25	28
Small Growth				
Prudential Jennison Small Company A	34	25	37	38
Global Equity				
Oppenheimer Global A	30	28	33	29
Foreign Equity				
Artisan International Inv	10	10	12	13
Great-West MFS International Growth Init	30	27	25	24
Average Rank	33	33	33	33
Plan Weighted Rank (Reweighted)	34	33	30	30

0% 25% 50% 75% 100%

Outperform | Perform | Underperform

Note: Average and Plan-Weighted Average rankings shown above reflect the actual funds offered in the Plan (and their respective weightings) during the applicable quarter.

APPENDIX A – MEETING MINUTES

CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE
March 4, 2014 MEETING MINUTES

Members Present: Ms. Dana Cortez – City Treasurer
Mr. John Fellows – City Attorney
Ms. Leyta Fuentes – Operations/HR Manager
Ms. Mary Giordano – Assistant City Manager
Mr. Eric Tsao – Finance Director

Guests: Mr. Javier Obando, Mr. John Borne, Mr. Chris Silvaggi, and Ms. Carol Say – Great-West Retirement Services

Committee Consultants: Mr. John Campbell (*via conference call*) and Mr. Evan Pickering - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The fourth quarter meeting of the Deferred Compensation Committee (the "Committee") was called to order at 10:30am.

ROLL CALL
All members of the Committee were present for the entirety of the meeting and answered "present" for the meeting roll call: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, Ms. Mary Giordano, and Mr. Eric Tsao.

ACCEPTANCE AND FILING OF THE DECEMBER 12, 2013 MEETING MINUTES
All Committee members were present and unanimously accepted and approved the December 12, 2013 minutes as written.

INVESTMENT MEETING

I. **Retirement Plan Quarterly Investment Review (4Q13)**

Mr. Campbell discussed the economy and capital markets for the 4th quarter of 2013. His discussion included a review of Gross Domestic Product, unemployment, inflation (core and headline), interest rates, and benchmark returns as measured by the Barclays Aggregate Bond Index, S&P 500 Index, and MSCI EAFE Index. It was noted that the domestic equity market has outperformed the international equity market on a 1-, 3-, 5-, and 10-year basis. The S&P sector returns were reviewed and it was noted that healthcare, industrials, and consumer discretionary all outperformed for the quarter. Mr. Campbell provided commentary on the following noteworthy investment options in the Plan:

Dodge & Cox Income outperformed its benchmark and peer group for the fourth quarter, and on a 1-, 3-, 5- and 10-year basis. The outperformance was largely due an overweight to corporate debt holdings and a shorter duration than its benchmark.

PIMCO Total Return underperformed its benchmark and peers on a one-year time period largely due to management's strategy. Portfolio Manager Bill Gross has kept the duration of the portfolio in-line with its benchmark and an overweight to Treasury Inflation Protected Securities (TIPS) and emerging market debt detracted from performance in the short-term. Long-term performance of the fund is in the top 5% amongst its peers. Mohammed El-Erian, the co-CIO of PIMCO, resigned from PIMCO effective March 2014. It was noted that El-Erian did not manage the fund directly, but did help set the macroeconomic viewpoint of PIMCO as a firm and that there is no cause for concern at this time.

Oppenheimer Developing Markets has demonstrated outperformance relative to its peer group and benchmark over all measured time periods. The fund demonstrates strong stock selection and risk-adjusted returns as measured by Sharpe Ratio. The portfolio is positioned to outperform during

declining markets. The fund's performance is ranked in the top percentile over a 10-year time horizon.

The evaluation methodology of each of the funds in the Plan was reviewed in accordance with the Investment Policy Statement "IPS." It was noted that only 1 fund was ranked "underperform," and all other funds in the Plan were ranked "outperform." Based on the allocation as of December 31, 2013, Plan-level returns demonstrated outperformance relative to the equivalently-weighted custom passive and active benchmarks on a 3-month, 1-, 3-, 5-, and 10-year basis, and the Plan-weighted expense ratio remains competitive at 52 basis points versus the category at 78 basis points.

The Committee reviewed the report on the 3121 Part-Time Plan. The largest holding in the Plan was noted to be the Stable Value Fund containing over 83% of the Plan assets. The quantitative evaluation of the funds in the Plan were reviewed and it was noted that 2 funds ranked as "underperform," 9 funds ranked as "perform" and 6 funds ranked as "outperform." Additionally, the average ranking of the funds in the Plan as of 12/31/2013 was 30 and the Plan-weighted rank was 28.

ADMINISTRATIVE MEETING

II. Participant Survey

Ms. Cortez and Ms. Fuentes provided an update on the participant survey being developed. The purpose of the survey is to accomplish the following: 1) provide demographic information to Great-West and 2) provide feedback on Great-West's services. The Committee discussed the most effective method for distributing the survey in order to receive the greatest response from the employee base. It was determined that distributing the survey via email in addition to hardcopy would provide the largest amount of employee participation. Great-West will host the survey on the Deferred Compensation website and provide the City with a direct link to the survey which can be distribute to employees by an internal email. The Committee determined that the majority of the interest in the online survey would be within the first two weeks, and that would be the amount of time it should be available online for participants to fill out. Additionally, Ms. Say will distribute hardcopies of the survey to participants at the monthly education meetings.

III. 4th Quarter Education Results

Ms. Say provided a recap of the 4th Quarter Education Results to the Committee. A significant amount of participants who attended the meetings were nearing retirement. A recap was provided which outlined the distributions for the quarter, and it was noted that the overall amount of distributions decreased however the number of loans increased.

IV. Annual Review

Mr. Obando presented an annual review for the Plan as of 12/31/2013. The review included year-over-year growth of Plan assets, Plan cash flow, and growth of the loan balance. Asset allocation by age was reviewed and it was noted that the usage of the Stable Value fund increased as the age demographic increased. The asset allocation funds had higher utilization by the younger population of participants. Website and KeyTalk usage for average distinct monthly users and total logins were also reviewed for the 2013 Plan year.

Fund Change Update

Mr. Obando informed the Committee that the removal of the Alliance Bernstein International Growth and the addition of Vanguard International Growth are scheduled to occur on April 7th.

V. Distribution Outreach

Mr. Silvaggi presented the services currently offered and available from the Great-West Retirement Resource Center. The purpose of the service is to provide employees with the options that they have with regard to their assets in the Deferred Compensation Plan once they terminate employment with the City. In 2013 the Retirement Resource Center's interaction with the City of Torrance's separating/retiring participants resulted in 44% of assets remaining in the Plan. Mr. Silvaggi outlined potential options for increasing the level of service that the Retirement Resource Center can provide the Plan including: calling participants as soon as a participant terminates employment and calling participants who are nearing retirement age but still employed by the City. The Committee discussed these options and

concluded that without better understanding of Participant's feedback of Great-West's services it would not be appropriate at this time to allow the Retirement Resource Center to call Participants prior to their termination of employment with the City. However, the Committee agreed it would be appropriate for the Retirement Resource Center to have the ability to call participants who have already terminated employment with the City. The call can benefit the participant by providing the three available options regarding their Deferred Compensation assets: rolling assets into a product with a different provider, rolling assets into a different Great-West product, or keeping the assets in the Deferred Compensation Plan. The Committee decided that a question should be added to the Participant Survey requesting feedback on Great-West Retirement Resource Center. Such feedback will provide a better understanding of Participant's comfort level with the service and whether it may be appropriate for Participants to be called prior to termination of employment.

A motion to allow Great-West Retirement Resource Center to call terminated employees and to add a question in the Participant Survey to gather feedback on the service was made, seconded, and unanimously approved to by all members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao.

RESOLVED, Great-West Retirement Resource Center will have the ability to call participants in the Plan who have terminated employment with the City. The Participant Survey Subcommittee will work to revise the survey to include a question on the Retirement Resource Center in order to obtain feedback on the service. The revised survey will be distributed via an internal email and by hardcopy at the monthly education meetings.

CLOSING

A motion to adjourn the Deferred Compensation Committee Meeting was seconded, and unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao. The meeting adjourned at 12:05 pm.

MOTION APPROVED, Deferred Compensation Plan Committee Meeting adjourned.

CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE
June 10, 2014 MEETING MINUTES

Members Present: Ms. Dana Cortez – City Treasurer
Mr. John Fellows – City Attorney
Ms. Leyta Fuentes – Operations/HR Manager
Ms. Mary Giordano – Assistant City Manager
Mr. Eric Tsao – Finance Director

Guests: Mr. Javier Obando and Ms. Carol Say – Great-West Retirement Services
Cathe Tocher (*via conference call*) – Great-West Retirement Services

Committee Consultants: Mr. John Campbell and Mr. Evan Pickering - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The first quarter meeting of the Deferred Compensation Committee (the "Committee") was called to order at 10:30am.

ROLL CALL
All members of the Committee were present for the entirety of the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, Ms. Mary Giordano, and Mr. Eric Tsao.

ACCEPTANCE AND FILING OF THE MARCH 4, 2014 MEETING MINUTES
All Committee members were present and unanimously accepted and approved the March 4, 2014 minutes as written.

INVESTMENT MEETING

I. Stable Value Fund Review

Cathe Tocher from Great-West Retirement Services provided the Committee a review of the Torrance Stable Value Fund via conference call. Ms. Tocher discussed a summary of the fixed income market for the 1st quarter of 2014. The Committee reviewed the current portfolio construction and performance of the underlying components of the fund. Due to evolving market conditions, risks, and opportunities, Ms. Tocher proposed broadening the Investment Policy of the Torrance Stable Value to include the following asset classes and allocations:

- AAA rated MBS, CMBS, and ABS
- Investment grade credit with a minimum rating of BBB- and maximum issuer exposure of 2%
- Decrease the maximum allocation to non-government securities from 100% to 50%
- Increase the maximum allocation to BBB rated corporate bonds from 0% to 10%

After discussion, the Committee agreed it was prudent to review a BBB- bond default rate study and shock-test analysis provided by Great-West prior to making any changes to the Investment Policy of the Stable Value Fund.

Great-West will provide the requested analysis to the Committee to review. Great-West, the Committee, and BFSG will coordinate a special meeting via conference call to discuss the analysis and proposed changes to the Investment Policy of the Torrance Stable Value Fund.

II. Investment Policy Statement

As part of its ongoing due diligence, and in order to help ensure that the Plan's Investment Policy Statement ("IPS") with respect to all of the non-Stable Value options continues to remain up-to-date

and relevant, BFSG discussed a number of proposed changes to the IPS. BFSG will provide the Committee a draft IPS to review at the next regularly held meeting.

BFSG will provide the Committee a draft "IPS" with proposed changes at the next regularly scheduled meeting.

III. Retirement Plan Quarterly Investment Review (1Q14)

Mr. Campbell provided an economic and capital market review for the period ending 3/31/2014. Gross Domestic Product (GDP), unemployment, inflation, and interest rates were discussed. Benchmark returns as measured by the Barclays Aggregate Bond Index, S&P 500 Index, and MSCI ACWI ex USA Index were also reviewed. Mr. Campbell provided additional commentary on the following noteworthy investment options in the Plan:

PIMCO Total Return underperformed its benchmark and peer group on a one-year period largely due to management's tactical strategy. The fund was overweight to emerging markets debt and Treasury Inflation Protected Securities (TIPS) which detracted from performance over a one-year period. The ten-year performance of the fund ranks in the top 6th percentile of its peer group.

Dodge & Cox Stock outperformed its benchmark and peer group over a one-, 3-, 5-, and 10-year period. The fund traditionally performs better during robust markets and has performed accordingly. The fund's overweight to healthcare has contributed to its short-term outperformance.

Oppenheimer Developing Markets has demonstrated outperformance against its peer group and benchmark on a one-, 3-, 5-, and 10-year period. The fund has performed well in up and down markets. The fund's performance over a 10-year time period is ranked in the top percentile against its peer group.

The evaluation methodology of each of the funds in the Plan was reviewed in accordance with the IPS. It was noted that the average rank of the funds in the Plan was 13 and the Plan-weighted rank was 12. One fund, which is scheduled to be removed from the Plan, was ranked "underperform", and all seventeen other funds in the Plan were ranked "outperform."

The Committee reviewed the investment report for the 3121 Plan. It was noted that the largest holding (85% of the assets) in the Plan is the Stable Value Fund. Three funds in the Plan were ranked "underperform," nine funds ranked "perform," and five funds ranked "outperform."

ADMINISTRATIVE MEETING

I. 2013 Annual Report

BFSG presented the Committee with a draft copy of the 2013 Deferred Compensation Plan Annual Report. The Report is intended to provide City Council with an update of Plan and investment related activities for the year. The Committee will review the draft and provide feedback prior to it being presented to City Council.

The Committee will provide feedback to BFSG to finalize the Annual Report. The Report will be provided to City Council by the Committee.

II. Plan Expense Reimbursement Account Review

The Committee reviewed the Plan Expense Reimbursement Account ("PERA") Policy which provides guidelines on how to manage excess revenue reserves in the Plan. It was noted that as of 3/31/2014 the revenue in the PERA is approximately at the reserve requirement outlined in the Policy. BFSG discussed potential updates to the Policy. The Committee will review the Policy and discuss at the next Committee meeting if any updates should be made.

The Committee will review the Policy and the proposed updates by BFSG at the next regularly scheduled Committee meeting.

III. Participant Survey Results

Mr. Obando reviewed the results of the participant survey that was drafted by Great-West and the Committee. The survey provided feedback on the Plan and the support services offered by Great-West. It was noted that only 33% of the responders were aware of the retirement readiness support service offered by the Great-West Financial Retirement Resource Center; however the participants who were aware of the service felt strongly about its importance.

IV. Quarterly Review

Ms. Say provided a 1st quarter review of the Deferred Compensation Plans which included a review of asset allocation, contributions, distributions, enrollments and Plan growth. It was noted that on a year-to-date basis the number of distributions is down from prior quarters; however, the number of loans remains nearly the same.

CLOSING

A motion to adjourn the Deferred Compensation Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao. The meeting adjourned at 12:10 pm.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.

CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE

June 30, 2014 SPECIAL MEETING MINUTES

Members Present: Ms. Dana Cortez – City Treasurer
Mr. John Fellows – City Attorney
Ms. Leyta Fuentes – Operations/HR Manager
Ms. Mary Giordano – Assistant City Manager
Mr. Eric Tsao – Finance Director

Guests: Mr. Javier Obando, Ms. Cathe Tocher, Ms. Carol Say, and Mr. John Borne (*via conference call*) – Great-West Retirement Services

Committee Consultants: Mr. John Campbell and Mr. Evan Pickering (*via conference call*) - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The specially called meeting of the Deferred Compensation Committee (the "Committee") was called to order at 11:00am.

ROLL CALL
All members of the Committee were present for the entirety of the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, Ms. Mary Giordano, and Mr. Eric Tsao.

INVESTMENT MEETING

I. Stable Value Fund Review / Investment Policy Discussion

As a follow-up to the discussion held during the June 10, 2014 Committee meeting, the Committee discussed the original proposed changes to the Stable Value Fund Investment Policy Statement ("IPS"), as well as an updated proposal consisting of abbreviated changes to the IPS.

Ms. Tocher, who serves as CIO, Senior VP, and Global Head of Portfolio Management at Great-West Financial Segregated Funds, helped to facilitate the discussion by presenting an analysis regarding the potential impact of the proposed changes to the City's Stable Value Fund. Her presentation included a discussion on portfolio composition; interest rate shock analysis; intermediate corporate index rating exposure; and cash flow run-off patterns.

After discussion, the Committee requested additional information on items such as bond rating upgrades and downgrades, sector yields, and asset class ratings. Upon receipt of the requested information, the Committee will review and subsequently reconvene to further discuss the proposed changes.

Great-West will provide the Committee with the requested information. The Committee, Great-West, and BFSG will work to schedule a follow up meeting to discuss the updated material and continue discussion regarding the proposed updates to the Investment Policy Statement.

CLOSING

A motion to adjourn the Deferred Compensation Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao. The meeting adjourned at 11:35 pm.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.

CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE
August 6, 2014 SPECIAL MEETING MINUTES

Members Present: Ms. Dana Cortez – City Treasurer
Mr. John Fellows – City Attorney
Ms. Leyta Fuentes – Operations/HR Manager
Ms. Mary Giordano – Assistant City Manager
Mr. Eric Tsao – Finance Director

Guests: Mr. Javier Obando, Ms. Thone Gdovin, Ms. Carol Say, (*via conference call*) – Great-West Retirement Services

Committee Consultants: Mr. John Campbell and Mr. Evan Pickering (*via conference call*) - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The specially called meeting of the Deferred Compensation Committee (the "Committee") was called to order at 9:00am.

ROLL CALL
The following members of the Committee were present during roll call of the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

ACCEPTANCE AND FILING OF THE JUNE 30, 2014 SPECIALLY CALLED MEETING MINUTES
Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano were present and unanimously accepted and approved the June 30, 2014 meeting minutes as written.

INVESTMENT MEETING

I. **Stable Value Fund Investment Policy Statement**

The Committee continued the discussion from the specially called June 30, 2014 meeting regarding the proposed changes to the Torrance Stable Value Fund Investment Policy Statement. The proposed changes included two portfolio options, both of which introduced an allocation to investment grade corporate debt and non-agency commercial mortgage-back securities (CMBS). The first option included a 25% allocation to corporate debt and 25% allocation to non-agency CMBS. The second "50% of proposed policy" model included an allocation of 13% to corporate debt and 12% to non-agency CMBS.

Ms. Gdovin presented an analysis of the current portfolio, proposed portfolio changes and rationale, methodology of portfolio construction. The presentation included: cash flow run off projections, historical credit rating migrations, credit rating parameters/methodology, and an interest rate shock analysis. At the conclusion of the Great-West presentation, all representatives from Great-West (Mr. Obando, Ms. Gdovin, and Ms Say) were excused from the call.

The Committee weighed the proposals and after discussion voted to approve the second, less extreme proposed option. The Committee agreed it was prudent to allow the fund to purchase additional debt types for the sake of increased diversification, better cash flow control, and more stability in yield/duration. A motion to approve the proposed change to the Stable Value Fund's Investment Policy Statement was made, seconded, and unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao.

RESOLVED, to approve the less extreme changes to the Torrance Stable Value Fund's Investment Policy Statement as noted above. The Committee will work with Great-West to effectuate their decision and finalize the updated Investment Policy Statement as soon as administratively possible.

CLOSING

A motion to adjourn the Deferred Compensation Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao. The meeting adjourned at 10:30 am.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.

CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE
September 11, 2014 MEETING MINUTES

Members Present: Ms. Dana Cortez – City Treasurer
Ms. Leyta Fuentes – Operations/HR Manager
Mr. Eric Tsao – Finance Director

Guests: Mr. Javier Obando and Ms. Carol Say – Great-West Retirement Services

Committee Consultants: Mr. John Campbell and Mr. Evan Pickering - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The second quarter meeting of the Deferred Compensation Committee (the "Committee") was called to order at 10:30am.

ROLL CALL
The following members of the Committee were present for the entirety of the meeting: Ms. Dana Cortez, Ms. Leyta Fuentes, and Mr. Eric Tsao.

ACCEPTANCE AND FILING OF THE JUNE 10, 2014 AND AUGUST 6, 2014 MEETING MINUTES
The following Committee members were present and unanimously accepted and approved the June 10, 2014 and August 6, 2014 meeting minutes as written: Ms. Dana Cortez, Ms. Leyta Fuentes, and Mr. Eric Tsao.

INVESTMENT MEETING

I. **Investment Policy Statement "IPS"**
BFSG prepared a redlined Investment Policy Statement for the Committee to review. Due to missing Committee members the topic was tabled for the next regularly scheduled meeting.

II. **Retirement Plan Quarterly Investment Review (2Q14)**
Mr. Campbell provided an overview of the economy and the capital markets as of June 30, 2014. The overview included a discussion on Gross Domestic Product (GDP), unemployment, inflation, and interest rates. Domestic and international equity and fixed income investment performance was reviewed. Mr. Campbell reviewed the investment options within the Plan and provided additional commentary on the following funds:

Dodge & Cox Income outperformed its benchmark and peer group over all measured time periods noted in the report. The fund is overweight to corporate bonds which has contributed to its relative outperformance. The fund's performance ranks in the top 24th percentile of its peer group on a ten-year basis.

Fidelity Advisor Leveraged Company Stock has outperformed its benchmark and peer group over all measured time periods noted in the report. The fund invests primarily in high growth and leveraged companies and tends to outperform during up-markets. The fund's performance ranks in the top 5th percentile of its peer group over a ten-year time period.

The Committee reviewed the evaluation methodology ranking of each of the funds, including the return, risk, style and expense score. It was noted that one fund ranked "perform" and sixteen funds ranked "outperform." The average rank of the funds was ten and the Plan-weighted rank was eleven.

Mr. Campbell provided an overview of the 3121 part-time Plan. The Committee held a discussion on the Great-West asset allocation lifestyle funds versus the Great-West Lifetime target date funds. The

Committee asked BFSG and Great-West to prepare an analysis for the next Committee meeting to review the participant age and utilization of these funds. The Committee will review and consider consolidating the funds at the next regularly scheduled meeting.

ADMINISTRATIVE MEETING

I. Plan Expense Reimbursement Account Policy Review
BFSG presented a redlined version of the Plan Expense Reimbursement Account Policy with proposed updates. Due to absent Committee members, the discussion will be tabled to the next regularly scheduled meeting.

II. Beneficiary Information
The Committee discussed the current process of updating and maintaining participant beneficiary information and the difficulties that have occurred in the past. Great-West has undergone an initiative to include participants' beneficiary information on the participant statements in an effort to alert them to outdated or missing information. Great-West will be able to update participants' beneficiaries electronically or by hard copy which will continue to be distributed by Ms. Say at education meetings. It was noted that any spousal change is verified by Great-West.

III. Internal Rollover Requests
Mr. Obando suggested tabling the internal rollover request agenda item due to missing Committee members. The discussion at the next Committee meeting will be with regard to changing the process to allow for Great-West to vet and verify the internal rollover requests rather than the City.

IV. Continued Payment of Loans for Severed Employees
The Committee tabled this discussion for the next meeting due to absent Committee members. The discussion will be regarding a Plan change to allow for terminated, but not retired, employees to continue making payments on loans after severance of employment from the City.

V. Quarterly Review
Ms. Say provided an overview of Plan activity for the quarter. Additionally, she noted the number of education meeting attendees. The meeting topics were chosen based on the feedback from the participant survey administered earlier in the year.

CLOSING

A motion to adjourn the Deferred Compensation Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Cortez, Ms. Fuentes, and Mr. Tsao. The meeting adjourned at 11:56 am.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.

CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE

October 10, 2014 SPECIAL MEETING MINUTES

Members Present: Ms. Dana Cortez – City Treasurer
Mr. John Fellows – City Attorney
Ms. Leyta Fuentes – Operations/HR Manager
Ms. Mary Giordano – Assistant City Manager
Mr. Eric Tsao – Finance Director

Committee Consultants: Mr. John Campbell and Mr. Evan Pickering (*via conference call*) - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The meeting of the Deferred Compensation Plan Committee (the "Committee") was called to order at 11:00am. The meeting was intended to review recent developments regarding one of the Plan's intermediate-term bond fund offerings, PIMCO Total Return.

ROLL CALL
All members of the Committee were present for the entirety of the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, Ms. Mary Giordano, and Mr. Eric Tsao.

INVESTMENT MEETING

I. Fund Search – Intermediate Bond

In light of recent developments at PIMCO, the Committee held an interim meeting to discuss one of the Plan's intermediate-term bond fund offerings, PIMCO Total Return fund.

On September 26, 2014, Founder and President Bill Gross announced his resignation from PIMCO effective immediately. This followed the resignation of PIMCO's CEO, Mohamed El-Erian, earlier in the year. While Gross's long-term performance has been excellent compared to peers, the fund has underperformed in the short-term. The underperformance of the fund and organizational issues have already led to significant investor withdrawals.

Mr. Campbell presented a fund search for available alternatives to PIMCO Total Return. After review, the Committee approved the following actions: add Metropolitan West Total Return Bond fund as a core investment option to the Plan and replace PIMCO Total Return with Metropolitan West Total Return Bond fund in the asset allocation models. PIMCO Total Return will remain in the Plan as a core investment option, but be placed on the Watch list. The fund changes were unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao.

The City will instruct Great-West to implement the fund changes as soon as administratively possible.

As part of the participant communication, the Committee requested that Great-West include custom language on the fund change due to the unusual circumstance of the manager's high profile and his abrupt resignation. BFSG will assist Great-West with coordinating a custom communication for affected participants.

CLOSING

A motion to adjourn the Deferred Compensation Plan Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Cortez, Mr. Fellows, Ms. Fuentes, Ms. Giordano, and Mr. Tsao. The meeting adjourned at 11:40 pm.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.

CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE
December 11, 2014 MEETING MINUTES

Members Present:	Ms. Dana Cortez – City Treasurer Mr. John Fellows – City Attorney Ms. Leyta Fuentes – Operations/HR Manager Ms. Mary Giordano – Assistant City Manager
Members Absent:	Mr. Eric Tsao – Finance Director
Guests:	Mr. Javier Obando and Ms. Carol Say – Great-West Retirement Services
Committee Consultants:	Mr. John Campbell and Mr. Evan Pickering - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The third quarter meeting of the Deferred Compensation Committee (the "Committee") was called to order at 10:30am.

ROLL CALL
The following members of the Committee were present for the entirety of the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

ACCEPTANCE AND FILING OF THE SEPTEMBER 11, 2014 MEETING MINUTES AND OCTOBER 10, 2014 SPECIALLY CALLED MEETING MINUTES
The following Committee members were present and unanimously accepted and approved the September 11, 2014 and October 10, 2014 meeting minutes as written: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

INVESTMENT MEETING

I. **Stable Value Fund Investment Policy Statement "IPS"**
The updated Stable Value Fund IPS has been reviewed by the City and approved as written. Great-West will coordinate with the City to have the Policy signed by Ms. Dana Cortez.

Great-West will provide the City a finalized Stable Value Fund IPS for Ms. Dana Cortez to authorize.

II. **Plan IPS**
BFSG provided a redlined copy of the Plan's IPS with proposed updates for the Committee to review. The updates are part of ongoing due diligence and to help ensure the IPS remains up-to-date and relevant. The Committee will review the redlined copy and provide feedback at the next meeting.

III. **Part-Time Plan Great-West Profile to LifeTime Mapping Analysis**
BFSG presented an analysis comparing the Great-West Lifetime Target Date Fund Series to the Great-West Profile Fund Series offered in the Part-Time Plan. The presentation compared the various funds' allocations to cash, bonds, US stocks, and non-US stocks, 3-year standard deviation, expense ratios, and returns. Fund utilization was also discussed. It was noted that the Profile Fund Series are static, risk-based portfolios, that may be confused with the Great-West Lifetime Target Date Fund Series, which are dynamic and based on a participant's expected retirement date. After review, the Committee voted to remove the Great-West Profile Fund Series and map all assets and future contributions to the age-appropriate Great-West Lifetime Fund. A motion to remove the Great-West Profile Fund Series from the Plan and map all participants' assets and future contributions to the age-appropriate Great-West Lifetime Target Date Fund was unanimously approved by all Committee members present at the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

The City will authorize Great-West to implement the fund change. The change shall be effective as soon as administratively possible.

IV. Retirement Plan Quarterly Investment Review (3Q14)

Mr. Campbell provided the Committee with a brief overview of current market and economic conditions as of September 30, 2014. The Committee reviewed the relative performance during the quarter and over a one, 3-, 5- and 10-year annualized basis of all the investment options offered in the Plan in accordance with the Plan's IPS. Of the 17 funds receiving an IPS methodology score, 16 earned an "outperform" ranking, and one earned a "perform" ranking. The Committee discussed the following funds in more detail.

PIMCO Total Return is currently on Watch due to underperformance, corporate uncertainty and an abrupt change in management. The fund underperformed its benchmark and peer group for the quarter. It shall remain on Watch for continued monitoring of the new management team.

Dodge & Cox Stock has outperformed its peer group and benchmark across all measured time periods. The fund utilizes a contrarian investment strategy, and typically outperforms during periods of rising markets.

The Committee reviewed the investment options in the 3121 Part-Time Plan. The Committee discussed adding Metropolitan West Total Return Bond fund to the investment lineup, which is scheduled to be added to the 457(b) Plan. In an effort to keep the fund offerings consistent between the 3121 and 457(b) Plans, and to provide an alternative intermediate bond option to Plan participants, the Committee motioned to add the Metropolitan West Total Return Bond fund to the 3121 Plan. The motion was unanimously approved by all Committee members present at the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

The City will authorize Great-West to implement the fund change. The change shall be effective as soon as administratively possible. Great-West will coordinate the timing of all Part-Time Plan fund changes to coincide at the same time.

The following fund was discussed in more detail by Mr. Campbell.

Lord Abbett Value Opportunities has underperformed is category peers and benchmark across all measured time periods. The fund looks for undervalued companies that have demonstrated a catalyst for change. Due to the fund's underperformance the Committee motioned to place the fund on Watch. The motion was unanimously approved by all Committee members present at the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

BFSG will add the Lord Abbett Value Opportunities to the Watch list.

ADMINISTRATIVE MEETING

I. Plan Expense Reimbursement Account Policy Review

BFSG provided a redlined copy of the Plan's Expense Reimbursement Account Policy with proposed updates for the Committee to review. The Committee will review the redlined copy and provide feedback at the next meeting.

II. Internal Rollover Requests

Mr. Obando outlined the current internal rollover request process in which the City must qualify all internal rollovers into the Plan. Mr. Obando recommended that the Plan allow Great-West to qualify and directly accept internal rollovers into the Plan. The Committee motioned to approve the Plan change and the motion was unanimously approved by all Committee members present at the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

Great-West will provide the City a copy of the required Plan amendment for signature by Ms. Dana Cortez.

III. Continued Payment of Loans for Severed Employees

The Committee discussed amending the Plan to allow all terminated employees to make repayments on loans after severance of employment from the City. Currently, only retired employees are eligible to continue their loan repayments after separation from the City. The Committee motioned to approve the Plan change and the motion was unanimously approved by all Committee members present at the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano.

Great-West will provide the City a copy of the required Plan amendment for signature by Ms. Dana Cortez.

IV. Quarterly Review

Great-West provided a quarterly review of Plan activity. The Committee reviewed net cash flow, distributions, website usage, and KeyTalk utilization. It was noted that net cash flow year-to-date is positive, and higher than the last two calendar years. Mr. Obando noted that the beneficiary recordkeeping system is updated and now completely paperless.

CLOSING

A motion to adjourn the Deferred Compensation Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Dana Cortez, Mr. John Fellows, Ms. Leyta Fuentes, and Ms. Mary Giordano. The meeting adjourned at 11:50 am.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.