

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.