

**OFFICE OF INDEPENDENT BUDGET ANALYST  
CITY OF SAN DIEGO  
M E M O R A N D U M**

No. 07-1

DATE: January 22, 2007

TO: Honorable Council President and Members of the City Council

FROM: Andrea Tevlin, Independent Budget Analyst

SUBJECT: Housing Commission Defined Contribution Pension Plan Document Revisions

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This memorandum is in response to the IBA's request for additional information on Housing Commission Report HAR06-019, Defined Contribution Pension Plan Document Revisions (Plan). In Report 07-9, the IBA supported the approval of the amended Plan and authorization of the CEO to implement all future matters pertaining to mandated legislated changes to the Plan (Recommendations 1 and 2A). However, the IBA requested additional information be provided on the type of optional changes that would be delegated to the Housing Commission (Recommendation 2B). The Housing Commission provided additional information for the IBA's analysis.

The Housing Commission's Pension Investment Committee (PIC), in conjunction with the Housing Commission's pension consultant and investment advisors, may recommend changes to the Plan based on IRS rulings, opportunities or experience. The types of changes that the Housing Authority would delegate to the Housing Commission Board for review and approval include:

- Recommendations to add or delete certain funds or investment opportunities available for employees to choose from.
- Conducting a Request for Qualifications (RFQ) process and awarding future contracts for the Commission's investment advisor.
- Providing additional options for employee pay outs. Historically, employees who terminate employment with the Housing Commission have opted to receive lump sum payouts of their pension funds.
- Changes in the cost to administer the Plan.

Boards of Directors are typically responsible for approving these types of changes to their defined contribution pension plans. We agree with the Housing Commission that the Commission is the analogous board in this instance. As a point of comparison, in the City of San Diego, the Risk Management Department is the Plan Administrator for the City's defined contribution pension plan and a Trustee Board has the fiduciary responsibility. The City Council does not approve these types of changes.

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Based on the additional information provided, the IBA supports the recommendation to delegate future optional changes to the Housing Commission. Approval of this recommendation will not impact the current employer contribution level, vesting or eligibility of employees to participate in the Plan.

**[SIGNED]**

Andrea Tevlin  
Independent Budget Analyst