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# DEFERRED COMPENSATION PLAN BOARD REPORT 06-18



Date: May 4, 2006

To: Board of Deferred Compensation Administration

From: Staff

Subject: Request for Proposal for Plan Administration

Recommendation:

That the Board of Deferred Compensation Administration receive and file the following information regarding development of a new Request for Proposal for Plan Administration.

Discussion:

**RFP Cancellation** - A special meeting of the Board of Deferred Compensation Administration was held on May 2, 2006, to discuss the March 16, 2006 Request for Proposal (RFP) for Plan Administration. The Board took action to cancel this RFP based on the recommendation of the Office of the City Attorney.

At the meeting, the City Attorney indicated it was making this recommendation as a result of its concern that Wendy Young-Carter, a former consultant with Mercer Investment Consulting who played a significant role in drafting the RFP document, had left the firm and begun employment with a firm, CitiStreet, which has indicated its intent to submit a response to the RFP. The City Attorney further stated that CitiStreet had indicated Ms. Young-Carter may have met with other potential bidders regarding prospective employment. The City Attorney indicated that this situation created a significant risk of conflict of interest under State law, and therefore advised that the Board cancel the current process and go out to bid following an outside review process.

The City Attorney indicated that outside review could be conducted by a non-conflicted party, and that the most expeditious approach might be to have other Mercer staff conduct that review. Staff indicated that it had identified an individual at Mercer who could serve in this capacity. This individual, Laurel Cochennet, works out of Mercer's Kansas City office and will actually be a primary consultant for the City's Plan going forward. Ms. Cochennet has extensive background working with retirement plans, including administration of state and local government Section 457 plans. Staff has provided Ms. Cochennet with the canceled RFP document and will be working with her closely during the redrafting process. Staff has also obtained agreement from Mercer that the cost of this review work will not be billed to the Plan.

Staff's expectation is that the review and redrafting process can be completed in time for the Board's June 20, 2006 meeting, with a target release date for the RFP near that date. Responses would likely be due by mid-August, with a report and recommendation to the Board at its October meeting.

**City Council Action** – Based on Board action and a staff report (attached), the City Council acted on May 3, 2006 to approve extension of the Great-West contract through at minimum June 30, 2006 and up through December 31, 2006, if necessary. This report had been considered by Personnel Committee on April 19<sup>th</sup>.

At the Council meeting, the item was called special by Councilmember Bernard Parks. Councilmember Parks asked the Council to amend the Personnel Committee recommendation to require that the Board's ultimate selection of a vendor be returned to Council prior to finalization. The Council accepted this amendment.

At the Council meeting, staff indicated that the Board had contracting authority for the Plan. Staff's interpretation of the Council's action was that it is their intent to review the Board's choice of a vendor before a final contract is executed. However, due to some confusion on how the amendment was phrased, the Board should be aware that it is possible that the minutes may reflect that the action taken by Council was to have the *RFP reviewed by Council* before it is finalized. Staff is hopeful that this is not how the minutes reflect what took place, as staff does not believe this was not the intention of the amendment. Staff, working with the City Attorney, will monitor this situation closely.

Submitted by:

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Steven Montagna

Approved by:

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Maryanne Keehn