

# Deferred Compensation Plan BOARD REPORT 13-24

Date: July 5, 2013

To: Board of Deferred Compensation Administration

From: Staff

Subject: Committee Referrals:  
- Plan Governance & Administrative Issues  
- Investments Committee

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## Recommendation:

That the Board of Deferred Compensation Administration:

- (a) Refer to the Investments Committee a review of Plan investment menu objectives relative to the City's procurement/contracting requirements, the Plan's investment policy, and the Board's administrative responsibilities, and instruct the Committee to return with findings and recommendations; and
- (b) Refer to the Plan Governance & Administrative Issues Committee a review and update of the 2012-2016 Strategic Plan, and instruct the Committee to return with findings and recommendations.

## Discussion:

**Investments Committee** - At the Board's February 19, 2013 meeting, the Board adopted a change to future Requests for Proposal (RFPs) to improve the efficiency of its procurement processes. Specifically, the Board took action to allow proposing firms the ability to defer submission of certain required contracting forms and documents to the contract execution date, and to be able to pre-submit where possible other general contracting requirement documents for the purpose of identifying oversights in those documents such that vendors could correct them in advance of an RFP due date.

This Board action most immediately impacted two pending investment-related procurements: one for custodial services, and the other for a range of asset class categories that form sub-components of the Board's investment menu. Because this was a new process, staff indicated at the time that its plan was to issue the Custodial Services RFP first so that any necessary refinements to the process could be incorporated into the much larger and more complex Investment Services RFP.

The Custodial Services RFP has not been released yet because that review process requires the assistance of the Board's consultant, Mercer Investment Consulting. Mercer has indicated that the specialized Mercer entity that assists with these custodian searches, The Sentinel Group, cannot provide services to the City's Plan until a contract has been

executed. The contract with Mercer has not been executed because its approval has been pending with the City Administrative Officer (CAO) since late April.

Even if the Mercer contract is approved shortly, the length of time which will be required for issuing the Custodial Services RFP, evaluating and refining the Plan's procurement process, issuing the Investments RFP, evaluating the results, and then developing and executing contracts with investment providers, will be considerable – a realistic estimate is minimally 18-24 months. The application of certain of the City's general contracting requirements as part of the RFP process, and the negotiation of actual contracts once providers are selected, involves certain unknown factors which could extend this period of time.

Given this, staff believes it may be prudent for the Board to re-examine its investment menu objectives relative to the City's procurement/contracting requirements, investment policy, and administrative responsibilities. Staff believes that these issues are best explored within a Committee format before recommendations are developed for Board consideration. Staff therefore recommends that the Board instruct staff to schedule a meeting of the Investments Committee no later than August 15, 2013, and instruct the Committee to develop findings and recommendations and return to the full Board.

**Plan Governance & Administrative Issues Committee** – Last year the Board adopted a 5-year Strategic Plan for the Deferred Compensation Plan which encompassed the period 2012-2016. Staff recommended that the Board, through its Plan Governance and Administrative Issues Committee, review the Strategic Plan on an annual basis for potential adjustments and modifications. Staff therefore recommends that the Board instruct staff to schedule a meeting of the Investments Committee no later than September 15, 2013, and instruct the Committee to develop findings and recommendations and return to the full Board.

Submitted by: \_\_\_\_\_  
Steven Montagna

Approved by: \_\_\_\_\_  
Alejandrina Basquez