

Deferred Compensation Plan

BOARD REPORT 14-56

Date: December 5, 2014

To: Board of Deferred Compensation Administration

From: Staff

Subject: Proposed Revision to Board Governance Policies and Bylaws Restricting TPA Provider from Simultaneously Serving as an Investment Provider

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation adopt proposed revisions to the Board's Governance Policies and Bylaws prohibiting a Plan TPA from simultaneously serving as a Plan investment provider.

Discussion:

At the Board's November 18, 2014 meeting, the Board directed staff to return at the December 16, 2014 meeting with recommended language in the Board's Governance Policies and Bylaws codifying prohibition of a Plan Third-Party-Administrator (TPA) from simultaneously serving as a Plan investment provider.

The Board's Governance Policies and Bylaws, Section 7, "Procurement Processes and Contracting," includes provisions relating to Board member conduct relative to procurement processes and contracting in order to, among other items, "provide a fair and equitable process for interested vendors, efficiently consider the broadest pool of potential providers, and make decisions which are based strictly on what is in the best interests of the Plan and its participants."

Staff believes this Section is the most appropriate authoritative document vehicle and section to codify the prohibition regarding the TPA not being an investment provider. Staff recommends that a new paragraph 7.2 be adopted by the Board to state the following:

7.2 In order to maintain a high standard of neutral and unbiased administrative services and investment counseling, the Board will not simultaneously contract with the same contractor for Third-Party Administrator (TPA) services and for Plan investment advice or investment provider services.

The current version of the Governance Policies and Bylaws are attached to this report for reference.

Submitted by: _____
Steven Montagna