



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Board Report 21-65

Date: December 21, 2021
To: Board of Deferred Compensation Administration (Board)
From: Staff
Subject: Investment Consulting Services Contract Award

Board of Deferred Compensation Administration

Thomas Moutes
Chairperson
Raymond Ciranna
Vice-Chairperson
Robert Schoonover
First Provisional Chair
Neil Guglielmo
Second Provisional Chair
Joshua Geller
Third Provisional Chair
Linda P. Le
Wendy G. Macy
Baldemar J. Sandoval
Jeremy Wolfson

Recommendation:

That the Board: (a) finalize its approval of, and a five-year contract term for, Mercer Investment Consulting, Inc. to provide Deferred Compensation Plan investment consulting services, for a five-year contract term beginning January 1, 2022, and ending December 31, 2026; (b) direct staff to negotiate and draft the necessary contract with Mercer in consultation with Board counsel; and (c) authorize the Board Chairperson to execute said contract on behalf of the Board, subject to agreement between the City and the provider as to all applicable terms and conditions and all necessary approvals.

Discussion:

A. Background

At its **March 16, 2021** meeting, the Board approved and authorized the release of a Request for Proposals (RFP) for investment consulting services for the Deferred Compensation Plan (DCP). Since that action, the following has occurred:

- **April 14, 2021** – The RFP was released to the vendor community on the Los Angeles Business Assistance Virtual Network (LABAVN), with a response deadline of May 20, 2021.
- **June 15, 2021** – Due to certain technical issues involving the City's LABAVN system, staff extended the RFP deadline to June 24, 2021.
- **June 24, 2021** – Proposals were received from three firms: Callan LLC (Callan); Mercer Investment Consulting, Inc. (Mercer); and R.V. Kuhns & Associates, Inc. (RVK).
- **August 23-27, 2021** – A non-rated engagement exercise with each proposer was held for the sole purpose of clarifying written responses to the RFP.

- **October 19, 2021** – Staff provided the Board with Board Report 21-52 providing its evaluation of the proposals.
- **November 16, 2021** – The Board heard oral presentations from each of the three proposers and tentatively approved Mercer to provide DCP investment consulting services, subject to final negotiation with respect to its fee proposal.

Subsequent to the November 16, 2021 meeting, Mercer proposed revised pricing for its services. The revised pricing for the quarterly performance reviews represents a reduction from the original proposal as well as costs from the prior contract with Mercer. The hourly rates essentially return to prior contract pricing levels. A summary of the revised pricing is as follows:

Service Component	Originally Proposed Pricing	Revised Pricing	Prior Contract Pricing
Quarterly Performance Reviews	\$90,000 annually	\$80,000 annually	\$82,000 annually
Hourly Rates	Principal Consultant: \$515 - \$600 Senior Consultant: \$415 - \$500 Associate: \$310 - \$415 Analyst: \$195 - \$300	Principal Consultant: \$500-\$580 Senior Consultant: \$415 - \$500 Associate: \$310 - \$415 Analyst: \$195 - \$300	Principal Consultant: \$500-\$580 Senior Consultant: \$415 - \$500 Associate: \$310 - \$415 Analyst: \$195 - \$300

Following these fee concessions, staff recommends that the Board: (a) finalize its approval of, and a five-year contract term for, Mercer to provide Deferred Compensation Plan investment consulting services, for a five-year contract term beginning January 1, 2022, and ending December 31, 2026; (b) direct staff to negotiate and draft the necessary contract with Mercer in consultation with Board counsel; and (c) authorize the Board Chairperson to execute said contract on behalf of the Board, subject to agreement between the City and the provider as to all applicable terms and conditions and all necessary approvals.

Submitted by:

Steven Montagna, Chief Personnel Analyst