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DEFERRED COMPENSATION PLAN BOARD REPORT 05-23



Date: July 7, 2005

To: Board of Deferred Compensation Administration

From: Staff

Subject: Task Force Update/Great-West Contract

Recommendation:

That the Board of Deferred Compensation Administration (a) receive and file the following information regarding activities of the Administrative Issues Task Force, and (b) approve extension of the contract with Great-West Retirement Services through March 31, 2006.

Discussion:

The Administrative Issues Task Force held its first meeting on July 23, 2005. The meeting began with an overview of the events leading to the creation of the Task Forces. Staff indicated that the purpose of the Administrative Issues Task Force was to (1) provide recommendations to the Board for developing/issuing a participant survey of Deferred Compensation Plan participants; and (2) provide recommendations to the Board for developing the next Request for Proposal for Plan administrative services.

The Task Force discussed balancing the objectives of developing an effective survey with proceeding expeditiously to issue the next RFP. Task Force members expressed an interest in obtaining more information about the specific services available to the City's Plan in its administrative services contract, including both those currently offered and those available but not offered. Members reviewed some of the questions involved with developing a survey, including how it should be developed, to whom it should be sent, and how it should be communicated.

A preliminary consensus formed around several general concepts: (1) in order to proceed expeditiously, it may make sense to use the resources available under the existing consulting contract with Mercer Investment Consulting, as opposed to using a separate bid process to secure a provider (a representative from Mercer was present to describe generally the assistance the firm could provide on this effort); (2) there was an interest in issuing a broad survey of all Plan participants as opposed to a limited survey of a sample population; (3) Task Force members were interested in developing a communication campaign to precede the

actual issuance of the survey in order to encourage a higher response rate; and (4) Task Force members were interested in reviewing the potential cost and timeline in its entirety before proceeding to consider more specifics regarding the structure of the survey itself.

Next Steps - Mercer was asked to return at the next Task Force meeting with the following items:

- A summary description of services available to the City's Plan in its administrative services contract, including both those currently offered and those not offered;
- A proposal/plan/timeline for preparing and issuing a survey of all Plan participants, including a plan for a pre-survey "educational" campaign;
- Sample questions that potentially could be included in a broad participant survey; and
- An analysis of how much a broad-based survey would cost, including costs for development, promotion, printing, mailing, tabulation, analysis and reporting.

In addition, staff indicated it would also prepare for the Task Force an estimated timeline for issuing the next RFP incorporating the survey timeline developed by Mercer. Further, subsequent to the meeting, staff provided Task Force members with a copy of the previous RFP for Plan administrative services, issued January 2004, as well as the staff summary/scoring of the responses.

The Task Force agreed that the next meeting would be scheduled in approximately three weeks, most likely the third week of July, but subsequent to the delivery of the materials from Mercer and staff, to provide Task Force members with an opportunity to review before meeting again. A further verbal Task Force update may be provided by staff at the Board meeting if the next Task Force meeting is held before July 19th.

Great-West Contract – The contract with the incumbent administrative services provider, Great-West Retirement Services, is presently set to expire September 1, 2005. Regardless of what type of survey is eventually adopted by the Board, it appears certain that a significant amount of time will be necessary to conduct a survey and incorporate those results into a new RFP for Plan Administrative Services. In addition, the issuance and review of an RFP of this magnitude will also require a significant time commitment. Therefore, staff recommends that the Board approve extending the Great-West contract on a month-to-month basis through March 31, 2006.

Staff further recommends that the Board request the General Manager Personnel Department to report to the City Council regarding the work performed by the Board and Task Force thus far, and requesting authority from Council for the Board to extend the Great-West contract through 3/31/06.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn