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# DEFERRED COMPENSATION PLAN BOARD REPORT 06-15



Date: April 6, 2006

To: Board of Deferred Compensation Administration

From: Staff

Subject: Request for Proposal for Plan Administration – Review Committee

Recommendation:

That the Board of Deferred Compensation Administration (a) approve the selection of Jon Springer as a third rater on the Review Committee for the Request for Proposal (RFP) for Plan Administration, and authorize staff to negotiate a fee for services consistent with the recommendations provided in the previous staff report on this topic; (b) approve the replacement of Wendy Young with Andrew Ness, Consultant with Mercer Investment Consulting, Inc.; and (c) approve a proposed disclosure form to be completed by each member of the RFP Review Committee, and condition participation of any Review Committee member on receipt by the Employee Benefits Division Chief of a disclosure form signed by that individual.

Discussion:

**Outside Rater Representative on Review Committee** - At the Board's February 21, 2006 meeting, the Board directed staff to develop a recommendation for a third rater on the Review Committee for the Request for Proposal for Plan Administration. Staff considered the qualifications of several recently retired managers of Section 457 plans, and as a result of that review is recommending that Jon Springer, retired manager of the State of Oregon Deferred Compensation Plan, be selected as the outside rater on the Committee.

Staff believes Mr. Springer would be an excellent candidate for the outside rater position on the Committee. Mr. Springer served with the State of Oregon's Deferred Compensation Plan for seven years and managed the plan for four of those years. In that capacity he was responsible for oversight of all primary contracts for administration of the program. His responsibilities included acting as advisor to the Oregon Investment Council and its staff, directing and overseeing the growth of the Local Government portion of the plan, acting as principle liaison to the administrative services vendor, and providing contract oversight of the plan's administrative services contract. In 2003 he participated in a Request for Proposal for administrative, custodial, record keeping, and communication services for the Oregon plan (the selected firm was Citistreet, the current provider of the State of Oregon

plan). Mr. Springer was a member of the National Association of Government Defined Contribution Administrators (NAGDCA) for five years and attended their national conferences. He retired from the State of Oregon in July 2003 after 32 years of public service.

Staff indicated to Mr. Springer that a primary objective of the Board's process was to strictly follow the City's procurement rules. Mr. Springer indicated he thoroughly understood and would be pleased to sign any disclosure statements the Board would require of Review Committee members. He has indicated to staff that he has no current or prior business relationship with any of the firms likely to bid. Mr. Springer further indicated that the work involved and scheduling did not present a problem for him, and that he would be able to come to Los Angeles if necessary to meet with either the Review Committee or the Board when Review Committee ratings are presented.

With respect to compensation, Mr. Springer indicated that although he appreciated the Board's interest in utilizing a volunteer outside rater, for a project of this scope, requiring this amount of time, he would not be willing to volunteer his services. Given this information, staff is recommending that the Board authorize staff to negotiate a fee for services consistent with the recommendations provided in the previous staff report on this topic.

**Mercer Representative on Review Committee** – On April 3<sup>rd</sup>, 2006, staff was informed by Wendy Young-Carter, Principal Consultant with Mercer Investment Consulting, that she would be leaving Mercer at the end of April. Ms. Young-Carter will be leaving to work as a Midwest regional sales director with Citistreet.

Staff is recommending that Mercer's Andrew Ness replace Ms. Young-Carter in the consultant position on the Review Committee. Staff is confident of Mr. Ness and his ability to serve on the Committee, having worked with him on multiple occasions previously, most recently in analyzing responses to the 2004 RFP for Plan Administration. Andrew is a Consultant in the Public Sector and Non-Profit Defined Contribution Practice of Mercer. In his present position, Andrew provides consulting, technical reviews, vendor selection, management reports and implementation services to employers, as well as technical assistance to other consultants within the Mercer organization. Mr. Ness began his employment with Mercer in 2002, having previously worked for Nationwide Retirement Solutions, and has a total of eight years experience working with non-profit and public sector defined contribution plans.

**Disclosures** – Staff has developed a proposed disclosure form for participants on the RFP Review Committee (see attached). Staff recommends that the Board approve this form for Review Committee members. This document has been reviewed and approved by the Office of the City Attorney. Staff further recommends that participation of any Review Committee member be conditioned upon receipt by the Employee Benefits Division Chief of a disclosure form signed by that individual.

**Pre-Bid Conference** – A mandatory pre-bid conference for the RFP was held on April 5, 2006. At this meeting, Personnel Department Administrative Services Division staff reviewed the City's Standard Provisions requirements, and Employee Benefits staff reviewed the balance of the RFP document with potential vendors. The following potential bidders were in attendance: Citistreet, Fidelity Investments, Great West Retirement Services and ICMA. Final responses are due on May 3, 2006.

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

Approved by: \_\_\_\_\_  
Maryanne Keehn

**Deferred Compensation Plan**  
**2006 Request for Proposal for Plan Administration**  
**CONFLICT OF INTEREST & EVALUATION CONFIDENTIALITY CERTIFICATION**

As a participant on the Review Committee in the proposal evaluation process for the above-referenced Request for Proposal (RFP), I hereby assert the following:

1. I recognize it is my responsibility to safeguard the trust of Plan participants, assure the integrity of this Request for Proposal, provide a fair and equitable process for interested vendors, and make decisions based strictly on what is in the best interests of the Plan and its participants and the information contained in vendor proposals, without regard to any other factor.
2. I do not have a financial or other interest<sup>1</sup>, nor does any member of my immediately family<sup>2</sup> have a financial or other interest, in the outcome of the evaluation of the proposal.
3. Prior to participating in the proposal evaluation process, I will bring to the attention of the Board of Deferred Compensation Administration and its staff any potential conflict of interest matter, including but not limited to conflict of current or previous employment or business relationships with a proposer or known subcontractor.
4. I agree that I have not met nor will meet or otherwise communicate(d) privately with employees, representatives or registered lobbyists of any actual or potential bidder regarding this RFP through the rendering of a final contract award, with the purpose or result of engaging in a conversation materially related to the vendor's securing business from the City's Plan. I understand that this provision does not limit my ability to acquire information from or otherwise communicate with any actual/potential bidder pursuant to procedures provided for in the RFP.
5. I agree to maintain strict confidentiality of the proposal evaluation and selection proceedings and the security of all documents pertaining thereto.
6. I agree not to hold discussions nor divulge/accept information on any aspect of the evaluation of proposals outside the authorized participants in the proposal evaluation process.
7. I agree to keep confidential the scores and evaluation developed by the Review Committee Members until such time as that information has been released to the Board of Deferred Compensation Administration.

**Review Committee Member Signature:**

Signed: \_\_\_\_\_ Date \_\_\_\_\_

Name: \_\_\_\_\_  
(Print)

<sup>1</sup> The term "financial or other interest" includes but is not limited to: (1) Any direct or indirect financial interest in the specific contract or proposal, including a commission or fee, a share of the proceeds, prospect of a promotion or of future employment, a profit, or any other form of financial reward; (2) Any of the following interests in the Proposer's ownership: partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.

<sup>2</sup> The term "immediate family" includes but is not limited to those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, and daughter-in-law.