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DEFERRED COMPENSATION PLAN BOARD REPORT 09-05



Date: January 8, 2009
To: Board of Deferred Compensation Administration
From: Staff
Subject: Staff Report: Pending Projects & Information Items

Recommendation:

That the Board of Deferred Compensation Administration receive and file the following information.

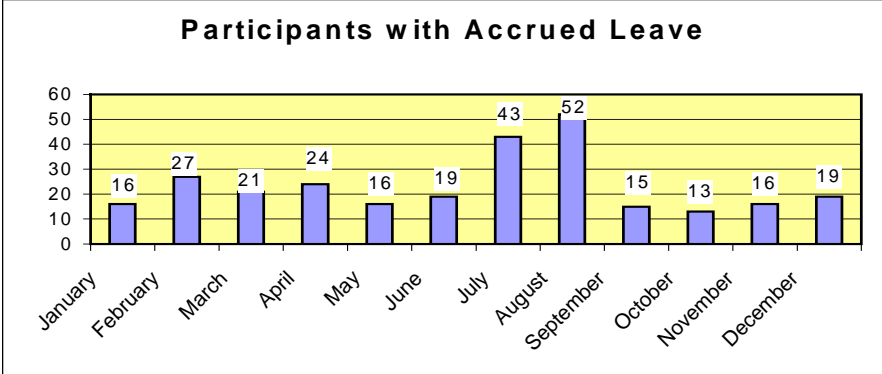
Pending Projects & Information Items:

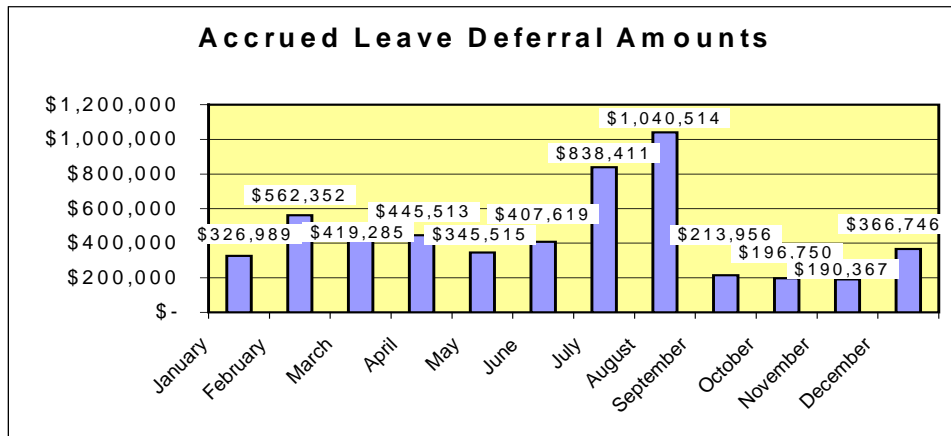
- **Council Report Follow-Up: Plan Investments** – On October 1, 2008, the City Council considered a report from the Board of Deferred Compensation regarding Plan investments, focusing particularly on the Plan's FDIC-insured savings options. This was in response to a motion from Councilmember Dennis Zine. As part of Council's consideration of the original report, Councilmember Zine asked for a follow-up report (attached) which has been provided to Personnel Committee.
- **2009 Contribution Limit/Deferral Changes** – When contribution limits for deferred compensation plans increase, as they will in 2009, the number of deferral changes processed by staff increases markedly. The average number of bi-weekly contribution limit changes (excluding the first payday of the year) in 2008 was 483; by contrast, the total number of changes processed for the first payday of 2009 was 2,318. All of these were manually entered by staff; however note that staff has been working closely with the City Controller on a project to implement an automated feed from Great-West of deferral changes to the City's payroll systems, which will eliminate the need for manual entry from staff for most transactions. This change is expected to be implemented the first quarter of 2009.
- **RFP: Stable Value Fund Provider** – Six responses were received to the Board's RFP for a Stable Value Fund provider; four of these responses were found to be fully compliant with the City's threshold general contracting requirements, one non-compliant, and a determination on the final vendor is still pending. A recommendation may come to the Board as early as its February meeting, but no later than its March meeting.

- **RFP: FDIC-Insured Savings Option** – This RFP will be released January 8, 2009.
- **Consulting Contract** – This contract has been drafted by staff, approved by the vendor and its attorneys, approved by the Personnel Department’s Administrative Services Division, and is now under review in the City Attorney’s Office.
- **Russell 2000 Contract** – This contract has been drafted by staff and subsequently redrafted by the vendor and its attorneys. Further discussions and redrafting are expected to occur over the next 5-10 working days.
- **Investments Committee** – Due to scheduling issues the next Investments Committee meeting is being targeted for approximately the second week of February. Topics at this meeting will include additional information regarding a passively managed mid-cap fund and the investment menu redesign, as well as the related topic of implementation of a Plan-sponsored IRA.
- **Fiduciary Responsibility** – The City Attorney’s Office has appointed Deputy City Attorney Steven Hong to the Deferred Compensation Plan. Staff will be working with Mr. Hong to finalize this presentation regarding fiduciary responsibilities and obligations as they relate to the Plan.
- **Board By-Laws** – Staff member Ashley Stracke will be working with newly appointed Deputy City Attorney Steven Hong on the creation of this document.
- **Pre-Audit Testing** – Staff has been engaged in a process of pre-testing the City’s Plan for a potential Internal Revenue Service (IRS) audit. Contribution testing has already been performed, but staff is looking more broadly at other areas which could be the potential focus of an audit. Staff recently received documentation from Mercer regarding a sample audit for another plan performed in 2004, which addresses the areas that could be examined during a potential audit. Staff is currently reviewing this document and will report on this matter at a future Board meeting.

Accrued Leave Activity – Staff has compiled the following results of Accrued Leave enrollment for the month of December 2008. During the month of December, nineteen participants elected to enroll in Accrued Leave and \$366,746 was contributed into the Plan from their Accrued Leave payouts.

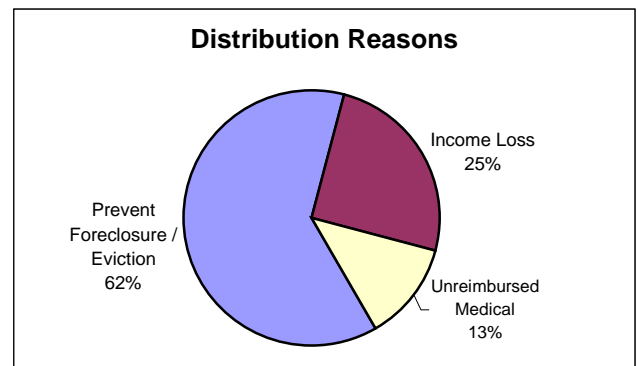
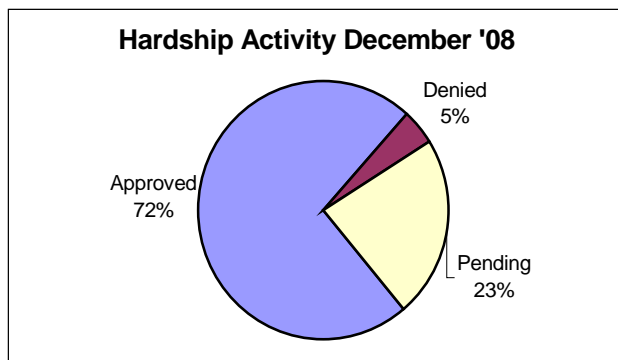
Following are accrued leave activity results from January to December 2008:



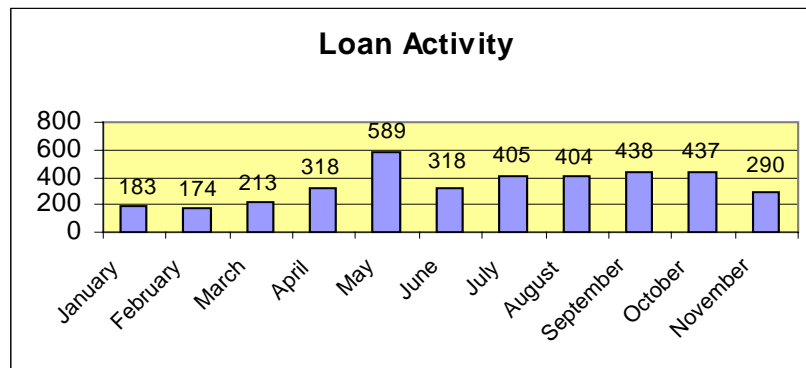


Hardship Activity – Staff has compiled the following results of hardship processing with Great-West for the month of December 2008. During the month of December, twenty-two hardship cases were submitted to Great-West. Sixteen cases were approved, one denied, and five were pending further documentation.

Following are hardship activity results for the month of December:



Loan Activity – Staff has compiled the following results of new loans acquired for the months of January – November 2008. Loan activity has steadily stayed constant during the 3rd and 4th quarters of 2008.



Submitted by:

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Approved by:

Maryanne Keehn