

# Deferred Compensation Plan BOARD REPORT 11-65

Date: October 6, 2011  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Consulting Services Contract Extension

*Board of Deferred  
Compensation Administration  
Eugene C. Canzano, Chairperson  
John Mumma, Vice- Chairperson  
Cliff Cannon, First Provisional Chair  
Tom Moutes, Second Provisional Chair  
Sangeeta Bhatia, Third Provisional Chair  
Michael Amerian  
Michael Perez  
Robert Schoonover  
Maggie Whelan*

## Recommendation:

That the Board of Deferred Compensation Administration approve extension of the Board's contract with Mercer Investment Consulting, Inc. for the period January 1, 2012 to June 30, 2012, and approve and authorize release of a draft report to City Council requesting said extension.

## Background:

The City has a contract with Mercer Investment Consulting to provide consulting services for the Deferred Compensation Plan. The contract term is from January 1, 2009, through December 31, 3011.

At the May 17, 2011 meeting of the Board of Deferred Compensation Administration, the Board approved a draft Consulting Services Request for Proposal (RFP). The RFP was released on August 9, 2011. The original due date was established as September 30, 2011. This due date was subsequently extended until October 17, 2011, as a result of some confusion in language associated with one of the City's General Contracting Requirements (the Business Inclusion Program).

Following the submission date, staff's review panel will score written responses to RFP questions. Those firms which remain viable candidates after that scoring will be eligible to participate in a performance testing component of the RFP, with the dates of those performance dates yet to be determined.

Although it is feasible that the results of staff's review and its recommendations for action will be provided to and acted on by the Board prior to year-end, it will not be possible to develop and execute a contract prior to the end of the incumbent provider, Mercer's, term. In addition, because Mercer is deeply involved in the Investment Management Services RFP process, staff believes it would be prudent to extend their contract for an additional six months (01-01-12 through 06-30-12) to ensure that the investment manager search process is not impacted by the consulting services RFP process.

The consulting services RFP provides the Board with the latitude to contract with multiple providers to provide consulting services. This includes the possibility for executing separate contracts not only for Plan Administration, Plan Investments, and Plan Communications consulting, but also the possibility for executing multiple contracts within any of these categories. As a result, an extension of six months will not limit the Board in any way from completing its consulting provider vendor selection process or contracting with an additional firm or firms prior to June 30, 2012.

In order to extend the Mercer contract, Council authority is required. Staff has drafted a report to come from the Board to the City Council requesting authority to extend the contract with Mercer Investment Consulting, Inc. for consulting services for an additional six months beyond the contract term. That report is attached. Staff is recommending that the Board approve and authorize release of this report.

Assuming Council authorization is granted, staff will then return to the Board with a proposed amendment to the contract with Mercer. The amendment will include not only the extended term but a recommended increase in the contract ceiling amount to cover the additional six months.

Submitted by: \_\_\_\_\_  
Natasha Gameroz

\_\_\_\_\_  
Steven Montagna

Approved by: \_\_\_\_\_  
Alejandrina Basquez