



Legislation Text

File #: 08-0853, **Version:** 1

Recommendation to authorize City Manager to execute an extension to the agreement with Arnerich Massena & Associates, Inc. to December 31, 2008, for the financial consulting services relating to the City's 457 Deferred Compensation Plan in an estimated amount not to exceed \$50,000. (Citywide)

The City of Long Beach sponsors a 457 Deferred Compensation Plan (Plan) for the benefit of City employee participants. To assist the City in this effort, Arnerich Massena & Associates was selected by a joint labor management group through a Request for Proposals process from a national field of seven respondents. On December 20, 2005, the City Council authorized a contract with Arnerich Massena & Associates, Inc., to conduct a comprehensive review and redesign of the City-sponsored 457 Deferred Compensation Plan (Plan) to fulfill the City's fiduciary obligation to prudently administer the Plan on behalf of its employees and retirees. The Plan was redesigned to reduce costs for participants, while providing a better range of investment alternatives. In September 2007, the City of Long Beach successfully implemented a full enhancement of the Plan.

Arnerich Massena & Associates was engaged to critically evaluate the City's Plan, ensure the Plan was aligned with current regulations, and develop service and investment enhancements to create a "best practices" benefit for participants. As a registered investment consultant, Arnerich Massena & Associates was instrumental in designing a more cost-effective Plan for employees. The Plan transitioned from three providers to a more cost-effective single provider effective September 2007. A total of 4,752 participants were transitioned. As of April 30, 2008 participation has expanded to 4,827 participants.

To maintain the highest quality plan for participants into the future, an RFP for on-going investment and plan advisory services will soon be undertaken. The scope of investment advisory services will include but not be limited to investment consulting services, fee analyses, monitoring of regulatory and industry trends, and committee fiduciary education. To prevent service interruptions in the Plan during the RFP process, an extension of the agreement with Arnerich Massena & Associates through December 31, 2008 is requested. Staff will return to the City Council with a request for authorization to award an agreement for investment and Plan advisory services.

This item was reviewed by Deputy City Attorney Amy R. Burton and Budget Management Officer Victoria Bell on August 4, 2008.

City Council action on this item is requested on September 2, 2008 to preserve the Plan's value to the City's employees and retirees, by maintaining the Plan's cost efficiency and investment performance.

There is no direct fiscal impact to the City. Investment advisory services are an expense of the Plan, not to exceed \$50,000 annually, and are paid from the Plan's assets.

Approve recommendation.

LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER