



## Legislation Text

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**File #:** 11-0158, **Version:** 1

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Recommendation to authorize City Manager to: 1) amend the City's Deferred Compensation Plan to conform to recent legislative and regulatory changes; 2) amend the Administrative Service Agreement with International City Management Association-Retirement Corporation (ICMA-RC) to extend the term for five years and enable implementation of recent changes; and 3) enter into a Consulting Service Agreement with Hyas Group, LLC, to continue providing investment advisory services to the City's Deferred Compensation Plan at an annual amount not to exceed \$90,000 with an initial term of one year, with an option to extend the term for up to two separate, consecutive one-year periods. (Citywide)

In September 2007, the City's Deferred Compensation Plan transitioned from three administrative service providers to a more cost-effective single provider. As part of this transition, a Deferred Compensation Advisory Committee was formed, comprised of both representatives of all nine employee labor associations, and City Management, including the City Treasurer, City Attorney, and Human Resources Director, as well as an investment advisor hired to advise the City on the plan investment strategies and management of the plan.

The City's Deferred Compensation Plan establishes the City's participation in an eligible deferred compensation plan as defined in section 457 of the Internal Revenue Code. The City's Plan was last updated in 2002 and now requires amendments resulting from recent legislative and regulatory changes, including the Pension Protection Act of 2006.

As the City's Deferred Compensation Plan Service Administrator, ICMA-RC continues to work effectively with the Deferred Compensation Advisory Committee to ensure efficient administration of the City's current and former employee investments. Since becoming the City's single service provider, they have implemented outstanding service initiatives, including providing an on-site Retirement Plan Specialist to assist City employees with maximizing their deferred compensation contributions and understanding their investment options. In order to continue the effectiveness of ICMA-RC's administrative responsibilities, and with the support of the Deferred Compensation Advisory Committee, City Council action is requested to amend the Administrative Service Agreement with ICMA-RC to extend the term for five years and enable the implementation of recent legislative and regulatory changes.

The Hyas Group, LLC, has provided investment advisory services since 2007 and plays an important role in assisting the Department of Financial Management, the Department of Human Resources and the Deferred Compensation Advisory Committee with investment consulting, fee analyses, performance reports, account review, and fiduciary education. The Deferred Compensation Advisory Committee previously selected the Hyas Group, LLC, through a Request for Proposal process to serve as the City's Investment Advisor, and recommends that they continue to serve in this capacity; therefore, City Council action is requested to authorize a Consulting Services Agreement in the amount of \$90,000 with Hyas Group, LLC, for an initial term of one year with an option to extend the term for up to two separate, consecutive one-year periods. This agreement includes a base fee of

\$60,000 to provide investment advisory services and up to \$30,000 for the management of the City's Investment Portfolio.

This letter was reviewed by Senior Deputy City Attorney Christina Checél on February 16, 2011 and Budget Management Officer Victoria Bell on January 6, 2011.

City Council action is requested on April 5, 2011 to maintain the deferred compensation plan's cost-efficiency and investment performance, preserving the Plan's value to the City's employees and retirees.

There is no direct fiscal impact to the City. Investment advisory service fees are an expense of the Plan, not to exceed \$90,000 annually, and are paid at the City's discretion from Plan assets. There is no local job impact associated with this recommendation.

Approve recommendation.

DEBORAH R. MILLS  
DIRECTOR OF HUMAN RESOURCES

APPROVED:

PATRICK H. WEST  
CITY MANAGER