



# Agenda Report

**DATE:** SEPTEMBER 17, 2001  
**TO:** DEFERRED COMPENSATION PLAN TRUSTEES  
**FROM:** DEFERRED COMPENSATION OVERSIGHT COMMITTEE  
**SUBJECT:** APPROVAL OF DEFERRED COMPENSATION INVESTMENT POLICY

Recommendation:

It is recommended that the Deferred Compensation Plan Trustees:

- 1) Approve the proposed Investment Policy and Procedures Statement;
- 2) Direct the City Attorney to modify Section 16.02 of Article XVI of the Deferred Compensation Plan to provide authority to the Deferred Compensation Oversight Committee to approve the addition, deletion or amendment of investment options consistent with the procedures outlined in the Investment Policy.

Background:

On December 11, 2000 a representative of Best, Best and Krieger LLP, outside legal counsel who has been retained to review the City's Deferred Compensation Plan, presented a report to the Plan Trustees (i.e., City Council) regarding the Plan. The report proposed several modifications to the Plan document, which were approved, as well as an outline of the fiduciary responsibilities of the Trustees, Oversight Committee and Plan Administrators.

As part of the discussion of fiduciary responsibilities was a recommendation to establish an investment policy that would guide the management of the Plan as well as govern selection of investment providers and investment options. Subsequently, staff engaged the firm of SST Benefits Consulting & Insurance Services Inc., to assist in the development of an investment policy for the City's Deferred Compensation Plan. The resulting policy was developed in close consultation with the Deferred Compensation Oversight Committee and the Plan Administrator.

Some of the major elements of the policy include the establishment of an investment philosophy to guide the Plan; clear definition of investment categories and establishment of the number of investment options within each category and a process for evaluating investment fund performance.

With the approval of the Investment Policy the Oversight Committee is requesting a delegation of authority from the Trustees to add, delete or amend investment options. As proposed, the Trustees would retain sole authority to add or delete investment providers. Moreover, the Trustees will approve the initial investment options offered by the investment provider(s) selected through the current selection process. Subsequently, the delegation of authority to the Oversight Committee will reduce the time required to add, delete or amend investment options, the necessity of which is expected to occur from time to time. The Oversight Committee will inform the Trustees of any changes made to investment options on a quarterly basis.

Fiscal Impact:

The adoption of the proposed investment policy is in keeping with the fiduciary responsibility of the Deferred Compensation Plan Trustees.

Respectfully submitted



Steve Mermell

Chair, Deferred Compensation Oversight Committee

Concurrence:



Jay M. Goldstone  
Plan Administrator