



# Agenda Report

June 5, 2017

**TO:** Honorable Mayor and City Council

**FROM:** Department of Finance

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH HYAS GROUP FOR FINANCIAL ADVISOR SERVICES RELATED TO THE CITY'S DEFERRED COMPENSATION PROGRAM**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed contract is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b) (3);
2. Authorize the issuance of a contract with Hyas Group for financial advisor services related to the City's deferred compensation program in an amount not-to-exceed \$175,000 for five years. Competitive bidding is not required pursuant to City Charter Section 1002(F) contracts for professional or unique services.

## **BACKGROUND:**

The City of Pasadena's 457(b) deferred compensation plan is overseen by the Deferred Compensation Committee (Committee). The Committee consists of five members; three members elected by City employees, and two members appointed by the City Council.

The financial advisor provides assistance to the Committee by reviewing the investment portfolio on a quarterly basis to ensure performance within the parameters of the plan's investment policy. The financial advisor also holds accountable the plan's record keeper, Empower Retirement.

The Hyas Group has been the financial advisor for the City's deferred compensation plan for a number of years, and it was decided by the Committee that it would be prudent to issue a Request for Proposal (RFP) to ensure the Committee and its participants were receiving the best service available.

On January 23, 2017, an RFP was published, and seven responses were received on February 23, 2017. Of the seven responses, three were Pasadena-based businesses.

Capital Research & Consulting\*

Retirement Benefit Group

Hyas Group

Schuster Financial Group\*

Morgan Stanley\*

UBS Financial

NFP Retirement

\*Pasadena-based businesses

After a review of the seven submitted proposals, five respondents were invited for interviews. Retirement Benefits Group was not invited due to their minimal experience and Capital Research & Consulting was not invited due to their high annual cost and limited experience. The evaluation summary of all proposals is included as Attachment A.

The initial round of interviews was conducted by board members Paula Hanson, Elaine Wong, and Matthew Hawkesworth (City staff). Based these interviews, the panel recommended NFP Retirement and Hyas Group be invited back for a second interview with the entire Deferred Compensation Committee. These interviews were conducted on April 4, 2017, and following the interviews, the Committee members in attendance unanimously provided direction to formally award the contract to the Hyas Group. The term of the agreement is for five years with an annual fixed fee of \$35,000. This represents a slight increase from the previous agreement of \$31,500 annually.

**COUNCIL POLICY CONSIDERATION:**

The contract with Hyas Group supports the City Council's strategic planning goal to maintain fiscal responsibility and stability.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt from CEQA pursuant to CEQA Guidelines Section 105061(b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment.

**FISCAL IMPACT:**

The cost of this action is included in the proposed fiscal year 2018 budget. Funding for this contract comes from the deferred compensation account.

Respectfully submitted,



MATTHEW E. HAWKESWORTH  
Director of Finance

Approved by:



STEVE MERMELL  
City Manager

Attachment A – Evaluation Summary