

Agenda Report

October 3, 2022

TO: Honorable Mayor and City Council/Deferred Compensation Plan Trustees
FROM: Department of Finance
SUBJECT: **AUTHORIZE THE CONTRACT EXTENSION WITH GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY TO PROVIDE DEFERRED COMPENSATION PLAN (457(B) AND 401(A)) INVESTMENT OPTIONS, RECORD KEEPING, AND EDUCATION SERVICES**

RECOMMENDATION:

It is recommended that the City Council/Deferred Compensation Plan Trustees:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project;
2. Authorize the Deferred Compensation Plan Administrator (Director of Finance) to extend the contract with Great-West Life & Annuity Insurance Company for three additional years, to provide Deferred Compensation Plan investment options, record keeping, and education services to plan participants; and
3. Exempt this contract from competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services.

BACKGROUND:

On April 16, 2012, the City Council/Deferred Compensation Plan Trustees authorized a five-year contract with a five-year optional extension to Great-West Life & Annuity Insurance Company (Great-West). In 2017, the five-year extension was executed with an expiration date of June 30, 2022. Since 2012, Great-West has provided third-party administration services including investment options, record keeping, and education services for the City's 457(B) and 401(A) deferred compensation plans. The ten-year contract reached its Council authorized termination date on June 30, 2022; however, due to the need for continuous plan administration, the plan automatically converted to a month-to-month agreement.

The Deferred Compensation Oversight Committee (Committee), which is comprised of two members appointed by the City Council and three members elected by active plan participants, has been discussing Great-West's contract expiration and various options for moving forward. The Committee unanimously agreed at their August 2, 2022 meeting, to recommend a three-year extension to provide time for new Committee member education, selection of a firm to provide request for proposal (RFP) assistance, and conduct a formal competitive selection process. The industry's best practice is to conduct the RFP process at least twelve-months prior to the expiration date to ensure sufficient time to execute the necessary plan documents and ensure a smooth transition of plan administration in the event a new plan administrator is selected. Prior to issuing the RFP, the Committee will fill two vacant Committee positions and complete a RFP process to select a financial advisor that can also assist with the plan administration RFP.

The proposed contract extension will maintain the existing pricing and service levels. The plan's current pricing is very competitive with an annual fee to Great-West of \$39 per plan participant, which is covered by the 6 basis point or 0.06% fee assessed to all accounts.

Great-West has provided stable and reliable service to the City and its plan participants over the last ten-years. In the last few years, the plan has experienced a number of successes and achievements including:

- Increased the average contribution amount by 7%
- 4 out of 5 participants are satisfied or very satisfied with the plan based on the 2021 plan participant survey
- Added In-Plan Roth conversation feature in 2021
- Added Fiduciary Point in Time advice service in 2021
- Won a MarCom Gold award for the Participation Campaign in 2019
- Won a MarCom Platinum award for the Stay in Plan Campaign in 2021
- Won a Communicator Award for the Beneficiary Campaign in 2021

ENVIRONMENTAL ANALYSIS:

The proposed contract extension with Great-West to provide Deferred Compensation Plan services is an administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

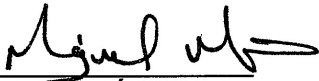
The annual fees related to this contract are covered by plan participants; therefore, there is no financial impact to the City related to the recommendation.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance/Plan Administrator
Department of Finance

Approved by:



MIGUEL MÁRQUEZ
City Manager