

Agenda Report

February 26, 2024

TO: Honorable Mayor and City Council/Deferred Compensation Plan Trustees

FROM: Finance Department

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH MORGAN STANLEY INSTITUTIONAL INVESTMENT ADVISORS LLC DBA HYAS GROUP FOR FINANCIAL ADVISOR SERVICES RELATED TO THE CITY'S DEFERRED COMPENSATION PROGRAM FOR AN AMOUNT NOT-TO-EXCEED \$185,000

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is covered by the common sense exemption set forth in the State of California Environmental Quality Act ("CEQA") Guidelines Section 15061(b)(3) that CEQA only applies to projects that may have a significant effect on the environment; and
2. Authorize the City Manager to enter into a contract, as a result of a competitive selection process, as specified in Section 4.08.047 of the Pasadena Municipal Code, with Morgan Stanley Institutional Investment Advisors LLC DBA Hyas Group (Hyas Group) for financial advisor services related to the City's Deferred Compensation Program in an amount not-to-exceed \$185,000 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 (Empower), and will coordinate the Request for

Proposal (RFP) process to solicit these services prior to the expiration of the current contract with Empower.

The Hyas Group, has been the financial advisor for the City's Deferred Compensation Plan for several years and was last selected through an RFP process in June 2017.

On August 23, 2023, an RFP was released, and two responses were received on September 22, 2023. Neither of the responses were from Pasadena-based businesses.

<u>Firm Name</u>	<u>Location</u>	<u>Score</u>
Hyas	Portland, OR	87.5
CAPTRUST Financial Advisors	Raleigh, NC	78.51

A complete summary of the ranked proposals is included in Attachment A. There were 406 vendors notified of the RFP and 21 businesses downloaded the RFP. No Pasadena-based businesses downloaded the RFP.

COUNCIL POLICY CONSIDERATION:

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

ENVIRONMENTAL ANALYSIS:

The action proposed herein has been determined to be exempt from environmental review pursuant to the guidelines of CEQA, Section 15061(b)(3), the "Common Sense" exemption that CEQA applies only to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Such is the case with the proposed contract with Hyas for financial advisor services.

FISCAL IMPACT:


The cost of the recommended action is \$37,000 per year, with a not-to-exceed amount of \$185,000. The Finance Department will utilize existing budgeted appropriations in the Benefits Fund to support the contract costs.

Respectfully submitted,




Matthew Hawkesworth
Director of Finance/Plan Administrator
Finance Department

Concurred by:



Michael Palwoda
Chair
Deferred Compensation Board

Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachment(s): (1)

1) Attachment A – Summary of Ranked Proposals