

**City of Mesa**  
**Deferred Compensation Committee**  
**MEETING MINUTES**  
**Wednesday, November 14, 2012, 11:30am**  
**Mesa City Plaza Conference Room 450 South**

**Members Present:**

Chuck Odom (Chair)  
Mike Kennington (Co-Chair)  
Derek Witting  
Jayson Vowell  
Mary Dellai  
Vicki Eden

**Members Absent:**

Don Miller  
Frank Hoglund  
Michael Claspell  
Michele Long

**Other(s) Present:**

Bill Taebel  
Nikki Rosales

Meeting called to order at 11:40am by Chuck Odom

1. Committee Discussion on RFP Process and Requirements

Bill received a copy of the Glendale RFP from Scott Taylor, Great-West Retirement Services representative. Glendale recently went through the RFP process for a deferred compensation provider and the committee would like to review their RFP for comparison.

Innovest did not provide a draft City of Mesa RFP, but they did supply a Statement of Work (SOW) and Questionnaire. Mike tried to call Wendy from Innovest to see if the lack of RFP was just an oversight, but was unable to reach her. The committee will proceed with reviewing the SOW and Questionnaire, and check with Wendy later for a RFP.

Bill indicated that we may be better off creating our own RFP for Mesa, using the Innovest documents and comparing the Glendale RFP, with assistance from Purchasing.

Derek questioned when the current contract expires. Chuck stated that it expires on May 1, 2013. Derek mentioned that the last selection process was very lengthy and took about 6 months to finalize. That was the first time going through the formal process, so this time may be easier.

The general impression is that the committee is satisfied with the level of service that is currently being received. There are 3 items that the committee would like to explore as potential additions to the plan: 1) Investment advice for self-directed accounts, 2) ROTH 401(k) and 3) Health Savings Accounts (HSA's). The deadline to get our feedback to Innovest is next week.

Chuck briefed the committee on the status of the Fire RFP. There had been discussion of doing a joint Citywide/Fire RFP. Fire had their current plan consultant (SST) provide them a quote for a RFP, which was not offered as part of their original services. SST indicated that they would do the RFP for \$5,000, plus a restatement of overall basic service. Fire also requested a quote from Innovest, but it was approximately \$5,000 more expensive annually. A voicemail was left and an e-mail sent to Bryan Jefferies, United Mesa Fire Fighters Association President, inquiring about Fire's decision. It is assumed that they will have SST draft their RFP. Fire's plan is unique in the fact that SST is their plan consultant and their self-directed investment advisor is Galloway Asset Management.

Discussion continued about self-directed accounts. Mike and Chuck spoke with the City Manager about overall risks to the city if this was an option to the main plan. The City Manager would be more comfortable if it was structured with disclosure letters for those utilizing the service. Public Safety Personnel Retirement System (PSPRS) does not provide any type of retirement advice to its members, but the Arizona State Retirement System (ASRS) does. Jayson indicated that ASRS seems to provide more options than PSPRS, so that may be the reason for the lack of investment advice. Chuck & Mike indicated that there are still items that PSPRS members may need advice on. For example, Fire's members utilize this service to determine whether or not to buy additional years of service. Galloway is paid through self-directed accounts and does not add cost to the overall plan administration. Jayson indicated that GW has a managed account service, which requires payment from the participant, not the plan administration. This is something that we may need to clarify with Scott.

RFP should be set up to ask how the provider is going to address the Lincoln Life accounts.

Glendale RFP was passed around to the committee. It was noted that SST prepared the RFP for Glendale.

## 2. Review the Statement of Work

The committee skipped ahead and covered the timeline first. As discussed previously, the committee will need to move quickly, in order to stay on task. The plan is to have the RFP go out in mid-December, with an award made by February.

Background Information: This section looks ok, but need to verify if the total asset amount is correct.

Evaluation Criteria: Need to specify Innovest's relationship with the COM, as COM advisor.

Qualifications & Experience: This section outlines the need for technology interfacing between the vendor and City, but it should specify that COM is using CGI Advantage.

Approach/Implementation: There was discussion as to whether we should provide a list of standard funds that we would like to compare apples to apples, or allow them to bring in their own funds. Derek said that he is satisfied with letting them bring in their own funds, based on group types, because even our funds can change. There was also question as to whether or not all companies have access to other fund types. Jayson indicated that, as our consultant, Innovest should be looking at the fund line-up from each provider and offering recommendations to us. It was also pointed out that we pick the portfolio, not the company. This section should also outline employee education, since there should be transition communication going out to employees.

Fees and cost of the program: No comments on this section

Statement of Plan Services:

- A. General Services: GW has offered to manage our plan document and make it compliant with IRS standards. We want to keep the plan document in house. Updates to the plan document need to be adopted by December 31. Bill received information from Scott about the provisions that need to be made. These changes do not have to go to Council, because they are just part of the administrative function. Chuck signs them as the plan administrator.
- B. Participant Customer Services: Need to add onsite staffing requirements to this section. The SOW outlines a number of days that an onsite representative should be available, but it does not specify that the rep would be the same person each day. A comment was made that one of the reasons GW was chosen was because of the rep services they were willing to offer. Hardship withdrawals should also be added to this section. Currently, hardship withdrawals only come to the city if they have been denied.
- C. Recordkeeping and Administrative Services: Jayson indicated that COM has our own loan administration policy. Will need to verify if it is a stand-alone policy or part of the plan document. Will also need to verify whether the provider's loan policy or the city's loan policy takes precedent. The COM loan policy may no longer be necessary, since we no longer have multiple providers. The committee discussed the possibility of multiple providers, but agreed that it should remain limited to one. A question was asked about how loans would be converted to a new provider, if one was selected, but an immediate answer was not available. This section also needs to clarify how the legacy Lincoln life insurance policies will be handled. As of August 23, 2012, seven people still have this policy. All are active employees, with 2 in the GW plan and the others 5 in the Hartford plan.
- D. Investments: The committee questioned whether or not providers should be required to fill in expense ratio and revenue sharing information for each fund listed. This would be useful to compare apples to apples. Each provider's relationship may be different with each fund. We may need to change the way we score this item. Chuck will ask Wendy what the best way is to compare providers. Mike suggested having the provider supply their ratio for our current fund selections, but ask what fund they would choose if they had the flexibility.
- E. Communication Services: Add the word develop to read Develop/maintain custom branded website and communication materials.

- F. Legal Requirements: Bill would like to add the following to the end of the sentence, “and consistent with Arizona laws applicable to municipal corporations.”
- G. Term: Committee is ok with the term limits.
- H. Committee would like to add section H and title it as Transition Services. Item A.1. can be moved to this section. Should also include transition education for employees.

### 3. Review the Questionnaire

All items that were added to the SOW will need to be incorporated in the questionnaire.

#### General Section

Number 16 needs to have Colorado changed to Arizona

#### Participant Communication

Numbers 15-18 are questions that target investment advice for participants

#### Investment Management Services

Number 11 outlines managed accounts

Number 12 is similar to the category that Schwab would fall into

Chuck mentioned that he didn't see anything about ROTH or HSA's in the questionnaire. The committee would like it added. Questionnaire should also inquire about an onsite rep and process of hardship renewals.

### 4. Miscellaneous Discussion

Chuck will contact Wendy to discuss the changes to the SOW and make sure they are incorporated into the questionnaire. He will also request the RFP.

The committee will need to meet again to review the RFP. The date of this meeting has not yet been determined.

Mary requested a copy of the last RFP that Mesa did. Mike has a copy of it and will forward it. Bill will also forward the Glendale RFP to the committee.

There was a final comment, regarding the topic of multiple providers. Not only is it difficult to manage, but it may have an effect on pricing options. If providers know that only one company is being selected, they may provide a more accurate quote.

### 5. Meeting Adjourned at 1:05 pm