



## Legislation Text

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**File #:** 18-031, **Version:** 1

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### **ACTION REQUESTED:**

Communication from the City Manager and Human Resources Director with a Request to APPROVE a Three-Year CONTRACT with MESIROW FINANCIAL for Consulting Services Related to the City's DEFERRED COMPENSATION (457) PLANS at a Fee of 0.10% (Ten Basis Points), Not to Exceed \$50,000.00, to be Paid from the 457 Plan Assets as a Portion of the Negotiated Savings.

**BACKGROUND:** The City of Peoria administers a defined contribution plan for its employees. Employees can currently choose from three different providers to manage their deferred compensation account. Plan assets are spread over these various companies and each of them charge their own administrative and investment fees as well as provide varying levels of service. Industry best practice is to leverage total plan assets to drive down administrative and investment costs and to gain access to the best investment options available. Defined contribution plans have come under increased scrutiny by the US Department of Labor (DOL) and have been the target of several lawsuits initiated by participants. Some have started arguing that best practices for 457 plan sponsors should comply with fiduciary standard of care and act in the best interest of participants. The IRS and DOL have also increased the number of plans they audit each year.

Mesirow Financial will provide the following services during the three-year term of this agreement:

- Assist with the development and review of the Investment Policy Statement.
- Recommend and monitor investment options.
- Monitor and benchmark Plan fees and expenses at least annually.
- Participate in quarterly review meetings with the 457 Committee.
- Review and evaluate the seven (7) proposals to the RFP for Deferred Compensation plans.
- Provide comprehensive comparison of proposal fees.
- Meet with the City to determine finalists.
- Attend and oversee finalist interviews to maximize value.
- Negotiate fees.
- Act as a co-fiduciary under Section 3(21) of ERISA.
- Provide Committee members with Fiduciary training and industry best practices.
- Complete RFP for recordkeeping services.
- Formalize the 457 Committee by writing bylaws.

**FINANCIAL IMPACT:** Fees will be paid from the 457 plan assets as a portion of the savings from the RFP.

**NEIGHBORHOOD CONCERNS:** N/A

**IMPACT IF APPROVED:** The City will meet its fiduciary responsibility and insure that the plan is in full compliance with applicable law.

**IMPACT IF DENIED:** N/A

**ALTERNATIVES:** N/A

**EEO CERTIFICATION NUMBER:** # 03467-190331

**WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2017 - 2032 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?**

1. Financially Sound City

**WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?**

1. Have an efficient government.

**DEPARTMENT:** Human Resources