

**City of Coral Gables City Commission Meeting
Agenda Item H-1
October 27, 2015
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

**Mayor Jim Cason
Commissioner Pat Keon
Commissioner Vince Lago
Vice Mayor Frank Quesada
Commissioner Jeannett Slesnick**

City Staff

**City Manager, Cathy Swanson-Rivenbark
City Attorney, Craig E. Leen
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Finance Director, Diana Gomez**

Public Speaker(s)

Steve Gordon, Director with Bogdahn Group

Agenda Item H-1 [Start: 10:53:35 a.m.]

A Resolution authorizing the issuance of a Request for Proposals (RFP) to consolidate record keeping providers of the City's deferred compensation and defined contribution plans; further authorizing the use of The Bogdahn Group to serve as plan consultant to the City and fiduciary to the above plans, and further authorizing the execution of the associated documents necessary to implement the intent of this Resolution. (At the request of IAFF leadership, the IAFF participants will not be included in this RFP and will remain with Nationwide).

Mayor Cason: We are going to move now, this was supposed to be a time certain at 10, so now it's time certain at 11 (a.m.), H-1, City Manager.

Ms. Gomez: Good morning. This is a resolution authorizing the issuance of a Request for Proposals (RFP) to consolidate record keeping providers of the City's deferred compensation and defined contribution plans; and authorizing the use of The Bogdahn Group to serve as plan consultant to the City and fiduciary for these plans. In June of this year, the City Manager formed an ad hoc to find contribution plans review committee consisting of representatives from all employee groups eligible to participate in these plans. The main purpose of the committee was to determine if consolidation was warranted. We currently have three different providers that provide the 457 options to the individual employees. So we met with the committee and the committee reviewed and spoke with the Bogdahn Group who will present shortly and it was determined unanimously to consolidate, it makes sense to consolidate into one provider, and we'll go into that in a second. Subsequent to that meeting when it was decided the IAFF, the firefighter's leadership requested that their membership not be included in consolidation and that they remain with Nationwide. City staff doesn't object to it the request, but we are requesting that we move forward with the rest of the plan membership and consolidated and RFP moving forward. I have Steve Gordon, Director with the Bogdahn Group who'll discuss the fiduciary responsibilities of the City to the actual plans as well as the importance of consolidation and the process the City will follow to get there.

Mr. Gordon: Good morning, Steve Gordon with the Bogdahn Group, I'm a director with the Bogdahn Group. We are an independent consultant for public plans across the country. We are headquartered out of Orlando, Florida. This RFP represents a great opportunity for the City and for the employees, so I'll cover both of those for the City of Coral Gables from the standpoint of the risk involved with a plan. There are two different governing bodies; the Department of Labor which doesn't directly regulate these plans, but they design the best practices which are adopted by Florida Statutes and the IRS which does regulate these plans; and both of them recognize a defined contribution plan is very different than the defined benefit plan because the risk and the cost are both borne by the participants of the plan and so because of that they consider everyone who can actually make those decisions fiduciary who is acting on behalf of the employees of that plan. So your timing is perfect, we are doing this really all across the country, but across the State of Florida, a number of other local plans and authorities are going through this exact same

RFP for a couple of reasons. First of all, prices have come way down, so you know this will benefit the employees, we know this will give them a better retirement program; and think about this, if you can save them one percent, if you save one percent over a person's career they can retire ten years earlier with the exact same balance. So it's very important, it matters to their ability to retire with dignity. Also the IRS actually came out just last week that said their employee plans division is actually going to for the first time ever, add tax exempt 457 and 403(b) plans to their priority list to look at because they are kind of in a bad shape, they are in a bad shape across the country, so our timing is perfect from the employer perspective. From the employee perspective I think it's even more impactful, if you just kind of look at where the marketplace is by consolidating, we can very conservatively estimate based on what we've seen across the state this year that your participants will be paying probably around 20 percent of what they are paying now in fees, probably less, they'll also have open architecture. So we'll be very careful about how we do this all the time. One thing I did want to mention is the fixed account, which I know is very important to a lot of folks that is the most conservative investment and that tends to have a lot of retirees and then those who are really nervous about the marketplace. We've designed questions and we encourage the incumbents to put their best foot forward and seek to retain the business and we've designed questions in order that they may keep that fixed income product as part of their proposals to protect those individuals. So it really is a win-win both for the City and for the employees.

Mayor Cason: We love win-wins. Any discussion?

Commissioner Keon: Very good – thank you.

Mayor Cason: Do we have a motion?

Commissioner Keon: I'll move it.

Mayor Cason: Commissioner Keon makes the motion, the Vice Mayor seconds. City Clerk.

Vice Mayor Quesada: Yes

Commissioner Slesnick: Yes

Commissioner Keon: Yes

Commissioner Lago: Yes

Mayor Cason: Yes

(Vote: 5-0)

Commissioner Lago: Great work.

Mayor Cason: Thank you.

[End: 10:58:26 a.m.]