

PERSONNEL AND ANIMAL WELFARE COMMITTEE REPORT relative to proposed First Amendment to Contract No. C-118071 and Fifth Amendment to Contract No. C-112352 with Great-West Life and Annuity Insurance Company (aka Empower Retirement Services) for third party administrator services.

Recommendations for Council action:

1. APPROVE and AUTHORIZE the General Manager, Personnel Department, to execute the First Amendment to Contract No. C-118071 with Great-West Life and Annuity Insurance Company (aka Empower Retirement Services) to ratify and extend the term of the contract by ten months for a new term effective January 1, 2012 through October 31, 2017 to provide Third Party Administrator services for managing the City of Los Angeles Pensions Savings Plan for part-time, temporary, and seasonal employees, subject to the review and approval of the City Attorney.
2. APPROVE and AUTHORIZE the Board of Deferred Compensation Administration (BDCA) to execute the Fifth Amendment to Contract No. C-112352 with Great-West Life and Annuity Insurance Company (aka Empower Retirement Services) to ratify and extend the term of the contract by nine months for a new term effective January 1, 2017 through September 30, 2017 to provide Third Party Administrator services for managing the City of Los Angeles 457(b) Plan, subject to the review and approval of the City Attorney.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no fiscal impact to the General Fund associated with the recommendation contained in the March 20, 2017 CAO report, attached to the Council file. All costs of administering the Deferred Compensation Plan are funded solely by participant fees.

Community Impact Statement: None submitted.

TIME LIMIT FILE - JUNE 10, 2017

(LAST DAY FOR COUNCIL ACTION - JUNE 9, 2017)

Summary:

On April 19, 2017, your Committee considered two March 20, 2017 CAO reports relative to:

- a. Proposed First Amendment to Contract No. C-118071 with Great-West Life and Annuity Insurance Company (aka Empower Retirement Services) to ratify and extend the term of the contract by ten months for a new term effective January 1, 2012 through October 31, 2017 to provide Third Party Administrator services for managing the City of Los Angeles Pensions Savings Plan for part-time, temporary, and seasonal employees
- b. Proposed Fifth Amendment to Contract No. C-112352 with Great-West Life and Annuity Insurance Company (aka Empower Retirement Services) to ratify and extend the term of the contract by nine months for a new term effective January 1, 2017

through September 30, 2017 to provide Third Party Administrator services for managing the City of Los Angeles 457(b) Plan.

According to the CAO, the Personnel Department is requesting authority to execute the First Amendment to First Supplemental Agreement to Contract No. C-118071 (Amendment) with Great-West Life & Annuity Insurance Company, also known as Empower Retirement Services (Empower), to provide Third Party Administrator (TPA) services for the City of Los Angeles Pensions Savings Plan (PSP) for part-time, temporary, and seasonal employees. The proposed Amendment will extend the term of the contract by ten months for a revised contract term effective January 1, 2012 to October 31, 2017.

Also, the Personnel Department is requesting authority on behalf of the BDCA to execute the Fifth Amendment to Contract No. C-112352 (Amendment) with Great-West Life & Annuity Insurance Company, also known as Empower Retirement Services (Empower), to provide TPA services for the City of Los Angeles 457 Deferred Compensation Plan (Plan).

In regard to Contract No. C-118071, approval of the proposed First Amendment will enable the continuation of administration, recordkeeping, and employee communication/enrollment services for the PSP. In January 2017, the Personnel Department released a request for proposal for TPA and investment management services for the PSP. The Department anticipates receiving proposals in late March 2017. The proposed contract extension is necessary to allow sufficient time to complete the competitive procurement process and, if necessary, for transitioning to a new service provider. PSP participants pay all costs of the PSP including administrative, consulting, and investment costs through fees. Accordingly, the City does not contribute any funds to administer the PSP. Annual participant fees and other charges will be prorated as necessary to reflect the shortened term of the proposed Amendment.

In regard to Contract No. C-112352, the proposed Fifth Amendment will extend the term of the contract by nine months for a revised contract term effective January 1, 2007 to September 30, 2017. The BDCA reviewed and approved the contract extension on October 18, 2016, subject to approval of Council. Approval of the proposed Amendment will enable the continuation of TPA services for the Plan, including administration, record keeping, employee communication/enrollment services, brokerage window, and trustee services. A new service provider for TPA services was selected through a competitive procurement process in September 2016. The Personnel Department is currently in the process of contract development and transition planning. The proposed contract extension is necessary to allow sufficient time for transitioning to the new service provider. Plan participants pay all costs of the Plan including administrative, consulting, and investment costs through fees. Accordingly, the City does not contribute any funds to administer the Plan. Annual participant fees and other charges will be prorated as necessary to reflect the shortened term of the proposed amendment.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of both amendments as detailed in the above recommendations and the two March 20, 2017 CAO reports, attached to the Council file. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

PERSONNEL AND ANIMAL WELFARE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KORETZ:	YES
RYU:	YES
HARRIS-DAWSON:	YES
ARL	

4/19/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-