



# ***City of Lawrence, Kansas***

## ***457 Deferred Compensation Plan***

### **NOTICE OF RECOMMENDED CHANGE IN PLAN PROVIDER**

December 8, 2006

To All Plan Participants and Employees:

During the 2006 Open Enrollment we provided employees with information about the ongoing Request for Proposal (RFP) process for 457 plan provider services. Having completed the RFP process, we will be recommending to the City Manager that the City terminate its plan provider arrangement with ICMA-RC and establish a new arrangement with Diversified Investment Advisors.

This notice is to give you advance notice of our recommendation. We also want to get your feedback before the matter goes before the City Commission in January 2007. We are hosting four informational meetings over the coming weeks. We will also be making our draft Benefits Committee Report and other materials available to you for review on the City's intranet.

Our recommendation is based on evaluation of 11 proposals, advice of our consultants CBIZ Financial Solutions, Inc., reference checks and follow-up discussions with representatives of the top proposals. If approved, we anticipate the Plan provider arrangement will change on or about May 1, 2007.

**Background:** The Plan is an optional, supplemental retirement savings program sponsored by the City for full-time regular employees, part-time regular employees and extraboard employees. Participants contribute through payroll reduction. The City is the Plan sponsor but does not make employer contributions. ICMA-RC currently provides all administrative, recordkeeping and investment services.

**The RFP Process:** A market analysis was conducted to evaluate the current arrangement relative to other possible arrangements. Eleven 457 plan providers (including ICMA-RC) responded to our July 20, 2006, RFP. Working closely with CBIZ consultants, Diversified's proposal was highly ranked due to 1) operational and legislative compliance, including high-quality recordkeeping systems, 2) employee communications and plan reporting capabilities, 3) website quality, 4) state-of-the-art quality control systems, 5) competitive fees with expanded participant services, 6) solid investment management, and 7) an improved due diligence process. Our recommendation is based on these factors, on-site presentations by representatives of the top proposals and further evaluation of Diversified's services.

**ICMA-RC's Proposal:** The ICMA-RC proposal was not competitive due to the 1) leased recordkeeping system, 2) proprietary investment funds, 3) limited fiduciary due diligence relative to other providers, 4) quality of enrollment materials and participant statements, 5) rates of investment return and 6) conditions placed on a proposed elimination of the current 0.29% asset-based plan administration fee (*i.e.*, remaining the exclusive Plan provider for five years and achievement of an investment revenue realization of 0.42% based on the existing fund portfolio.)

**Next Steps:** If the recommendation is approved, you will have many opportunities over the coming months to attend meetings and learn more about this change. At some point you will be asked to make decisions about your investments allocations under the new Diversified portfolio. All participant assets will remain in trust throughout the transition process. We will keep you informed on an ongoing basis and also post updated information on the City's intranet. Questions? Please contact Administrative Services Department staff members Frank Reeb (832-3201), Lori Carnahan (832-3202), Beth Frailey Krishtalka (832-3210) or any of the Benefits Committee members.

#### **Benefits Committee Administrative Services Department**

Benefits Committee: Lori Carnahan, Marlo Cohen, Tony De La Torre, Beth Frailey Krishtalka, Mike Hayes, Casey Liebst, Ed Mullins, Heidi Nelson, Ed Noonan, Ron Olin, Dave Pentlin, Stan Ray, Frank Reeb, Justin Rhoads, Craig Shanks, Troy Squire, Roger Steinbrock, Michael Tubbs, Debbie Van Saun, Scott Wagner



# City of Lawrence, Kansas

## 457 Deferred Compensation Plan

### NOTICE OF MEETINGS TO LEARN MORE ABOUT THE RECOMMENDED CHANGE IN PLAN PROVIDER

December 8, 2006

Do you have questions or just want to learn more about the proposed recommendation to change the Plan provider arrangement from ICMA-RC to Diversified Investment Advisors? If so, please attend one of these meetings, where we'll be talking about why we're recommending a change, the process we've gone through over the past months and what the change will involve.

### INFORMATION MEETINGS

December 14	1:30-2:30 PM	City Commission Room, City Hall
December 19	8:00-9:00 AM	East Lawrence Rec Center 1245 East 15th Street
December 27	4:30-5:30 PM	City Commission Room, City Hall
January 5	12:00-1:00 PM	Lawrence Train Depot 402 North 2 <sup>nd</sup> Street

*We look forward to seeing you.*

Questions? Comments? Please complete the form below or contact us directly.

Frank Reeb, Administrative Services Director  
Lori Carnahan, Personnel Manager  
Jennifer Pereira, Benefits Specialist  
Beth Frailey Krishtalka, Management Assistant

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(785) 832-3210, [bkrishtalka@ci.lawrence.ks.us](mailto:bkrishtalka@ci.lawrence.ks.us)

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### PARTICIPANT/EMPLOYEE FEEDBACK FORM CITY OF LAWRENCE 457 DEFERRED COMPENSATION PLAN

1. The information I have received so far about the proposed change in Plan provider is:  
☐ Excellent ☐ Very Good ☐ Good ☐ Fair ☐ Poor

2. I need more information about: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. I have a question about: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please provide your contact information if you want a personal response. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Thank you for your feedback.*  
Please return to [bkrishtalka@ci.lawrence.ks.us](mailto:bkrishtalka@ci.lawrence.ks.us) or Personnel Office, 6 East 6<sup>th</sup>, Lawrence KS 66044.