

## DEFINED CONTRIBUTION PLANS TRUSTEE MEETING MINUTES

Special Meeting, Thursday, March 21, 2019

The Defined Contribution Plans Trustee Board of the City of San Diego held a special meeting which took place in the City of San Diego Council Committee Chambers. Location: 202 C Street, 12<sup>th</sup> Floor, San Diego, California. The meeting was called to order at 1:39 p.m. by Julio Canizal.

Trustees Present: Julio Canizal, Robert Davis, Abraham Hunt, Gregg Rademacher

Staff present: Quennelle Allen, Tom Brady, Melanie Doyle

Presenters: Denise Jensen (Wells Fargo IRT) via phone  
William Cottle (Milliman)

### 1. ACTION ITEMS

A. Roll Call (4-0) Julio Canizal

B. Action to approve the extension of the consulting services agreement with Milliman

i. Presentation by Milliman including fee proposals for William Cottle  
agreement options

William Cottle reviewed City of San Diego and Milliman Relationship Report, which included a historical summary of Milliman's contracts with the City of San Diego since the third quarter of 1997. This includes:

- a. Three-year contract with two one-year extensions from November 6, 1997 - June 30, 2002
- b. Multiple extensions through May 30, 2009
- c. New contract and one-year extensions from April 1, 2009 - March 31, 2012
- d. Five-year contract through March 31, 2019

The current fee is \$53,496 per year. In terms of the fee as the percent of the assets and funds, it started at approximately 1 basis point, decreased to .5 of a basis point, then increased to 4.5 basis points.

Initially, all plan assets were allocated to the Managed Income Fund. Over the next ten years (1998-1997), diversification became a focus of the Board, with 10 investment options added in this time period. Subsequent developments from 2008 through 2018 included Target Date Funds replacing the Life Strategy Funds, more passive domestic equity options provided, and a TIPS investment option added. Currently there are 23 investment options: eleven Target Date Funds, six Domestic Equity, two International Equity, one Balanced Fund, one TIPS, one Stable Value, and

one REIT. The plan assets have increased from approximately \$305 million, when Milliman was initially hired, to \$1.147 billion.

The process for contracting with Milliman, subsequent to the initial hire process, did not encompass a bidding or Request for Proposal process. Milliman is interested in continuing their relationship and proposes a temporary extension of up to nine months for \$15,000 per quarter or a five-year contract at \$58,000 per year with 3% increase per year for inflation.

ii. Discussion of Competitive Selection Process

Quennelle Allen  
Thomas Brady

The Board discussed whether to move forward with a five-year contract with Milliman or extend the current contract and draft a Request for Proposal to explore other options. Comments included the Trustee Board and staff's satisfaction with Milliman's services, however; there is a need to ensure the fees for these services remain competitive.

Staff were directed to initiate an Invitation for Bids to compare investment consultant fees and services and submit results for review by the Trustee Board. It was clarified that the Trustee Board is not subject to the City's procurement rules.

MOTION TO EXTEND MILLIMAN'S CONSULTATION SERVICES AGREEMENT  
AND REVISIT IN SIX TO NINE MONTHS AND FOR STAFF TO COME BACK WITH  
RECOMMENDATIONS:

Julio Canizal

SECOND:

Gregg Rademacher

Approved (4-0)

**2. STAFF REPORTS AND INFORMATIONAL ITEMS**

None.

**3. COMMENTS FROM TRUSTEES, STAFF, ADMINISTRATOR, ATTORNEY**

None.

**4. PUBLIC COMMENT**

None.

**The next meeting is scheduled for May 30, 2019 at the City Administration Building at 1:30 p.m.**

Meeting adjourned at 1:59 p.m.

Backup documentation is available from the Risk Management Department.