



Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 3

DATE: September 8, 2020

TO: Deferred Compensation Management Council

FROM: Hollis Magill, Human Resources Manager Hollis Magill

SUBJECT: Ad Hoc Deferred Compensation Plan Consultant RFP Subcommittee
Recommendation

BACKGROUND

The Board of Supervisors approved Agreement No. 15-597 with Northwest Capital Management, Inc. dba Heintzberger-Payne Advisors on November 17, 2015. The Agreement provided for a five (5) year term, ending December 13, 2020.

Pursuant to Section 8.02 of the Deferred Compensation Plan Document, your Council has the responsibility to recommend the appointment of a Deferred Compensation Plan Consultant to the Board of Supervisors. Therefore, at the March 11, 2020 Deferred Compensation Management Council meeting, your Council appointed Kari Gilbert and Lawrence Seymour to an Ad Hoc Deferred Compensation Plan Consultant RFP Subcommittee (RFP Subcommittee). The RFP Committee was given the responsibility to review and evaluate the written proposals submitted, identify the proposals that best meet the needs of the County, interview the top finalists (if necessary) and recommend a winning bidder to your Council.

ISSUE

RFP No. 20-056 requesting proposals for vendors to provide 457(b) Deferred Compensation Plan Consultant Services, was released on May 13, 2020 and closed June 11, 2020. Seven (7) vendors responded to the RFP with qualifying bids: AndCo Consulting, Cammack LaRhette Advisors, Hyas Group, Innovest Portfolio Solutions, NFP Retirement, Northwest Capital Management, and Retirement Plan Advisors.

The RFP Subcommittee rated the proposals with regard to:

- Proposing firm's responsiveness to the RFP.
- Proposing firm's inclination and ability to accept the terms and conditions of the model County of Fresno contract.
- Qualifications and capability of proposing firm and key personnel assigned to the County Plan, as demonstrated in the Scope of Work Requirements section.

- Demonstrated ability of proposing firm to successfully provide the services outlined in the Scope of Work with emphasis on experience providing these services to 457(b) deferred compensation plans of comparable size and nature in California.
- Cost, as submitted under the Cost Proposal section.

The RFP Subcommittee met on Wednesday, August 5, 2020 to discuss the proposals, with a County Purchasing Analyst in attendance to observe the proposal evaluation process. Proposals were ranked from #1 through #7. The RFP Subcommittee ranked the bidders as follows:

1. Northwest Capital Management
2. NFP Retirement
3. AndCo Consulting
4. Hyas Group
5. Cammack LaRhette Advisors
6. Retirement Plan Advisors
7. Innovest Portfolio Solutions

After discussing each proposal in detail, the RFP Subcommittee determined that **Northwest Capital Management**, although not the lowest-cost bidder, was the strongest candidate for the County's Deferred Compensation Consultant Services, as their bid provided participants with the greatest value. Due to the overall strength of **Northwest Capital Management's** proposal, and their standing as the top-rated vendor, the RFP Subcommittee further determined that finalist interviews were not necessary to select the winning bidder. A summary of the key factors leading to the RFP Subcommittee's determination is provided below.

Summary of Key Factors:

- Northwest Capital Management demonstrated the most in-depth research and analysis of investments:
 - They use proprietary research tools, rather than using "off the shelf" research.
 - They were the only bidder to demonstrate a special process for reviewing and assessing Stable Value Funds.
 - They conduct on-site visits of major record-keepers and investment managers.
 - They have an Investment Committee that meets weekly.
- Northwest Capital Management demonstrated the strongest strategy for monitoring performance of the Deferred Compensation Plan and the Record-keeper.
- Northwest Capital Management demonstrated the strongest Plan Record-keeper RFP process.

RECOMMENDED ACTIONS

- 1. Approve the Ad Hoc RFP Subcommittee's recommendation to retain Northwest Capital Management as the Deferred Compensation Plan Consultant on a five (5) year service agreement.**

Northwest Capital Management proposed two different annual fees: \$45,000 per year under a three-year contract with two one-year renewals and \$42,500 per year under a five-year contract. The RFP Subcommittee is recommending the five-year agreement in order to save Deferred Compensation Plan participants \$2,500 per year.

- 2. Direct staff to present the Deferred Compensation Management Council's recommendation to County of Fresno Purchasing for approval and issuance of a tentative award notice to Northwest Capital Management.**
- 3. Upon County of Fresno Purchasing's issuance of a tentative award notice, direct staff to negotiate a service agreement with Northwest Capital Management for submission to the Board of Supervisors to recommend that they execute the agreement.**