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COUNTY DEPARTMENT AGENDA REQUEST

Department/Division: Board of Commissioners

Department Head: Carol Chandler

Presenter, if needed: Retirement Committee

Preferred Meeting Date: Wednesday, February 4, 2009

Wording for the Agenda:

Update and discussion of request from the Retirement Study Committee that the County reject all vendors' proposals previously submitted for 401(a), 457, and Defined Benefit Retirement Plans.

Background/History/Details:

On December 11, 2008, the Retirement Study Committee asked the Board of Commissioners for more time to review proposals from vendors wishing to provide the County with new employee Retirement Plans. The Committee wished to continue to evaluate the proposals, as well as other options that may be suitable for Fayette County. The Board of Commissioners agreed to grant the Committee more time.

The Committee is now asking the BOC to officially reject the proposals previously submitted to allow the Committee to continue its investigation of multi-employer plan options.

What action are you seeking from the Board of Commissioners?

Take action to reject the proposals submitted late last year from vendors who wish to provide new Retirement Programs to the County.

If this item requires funding, please describe:

Not Applicable.

Has this issue come before the Commissioners in the past? Yes

If so, when? Thursday, December 11, 2008

Do you need audio-visual for the presentation? No

Back-up Material Submitted? No

STAFF USE ONLY

Approved by Finance? Yes

Reviewed by Legal? Yes

Approved by Purchasing? Yes

Approved by Administrative Staff? Yes

Staff Notes

Administrator's Approval Yes

Confirmed Meeting Date Wednesday, February 4, 2009

- ○ Recognition/ Presentation
- ○ Public Hearing
- ◉ Old Business
- ○ New Business
- ○ Consent
- ○ Report
- ○ Other

Fayette County
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To: Board of Commissioners
Jack Krakeel, County Administrator
From: Retirement Study Committee: Allen McCullough, Connie Boehnke, Linda Jones, Mary Holland, Pete Frisina, and Tony Parrott
Date: January 26, 2009
Subject: Retirement Vendor Proposals

It is the unanimous recommendation to the Board of Commissioners from the Fayette County Retirement Study Committee to reject all proposals as submitted by the various vendors. This recommendation includes the 401(a) and 457 Plans and the Defined Benefit Plans which we have evaluated. The Committee will continue to further investigate other multi-employer plan options.

The Committee has taken very seriously the charge from the Board of Commissioners to critically evaluate the various proposals and to recommend a provider which is best suited to serve both our dedicated county employees, as well as, one which is responsible to our governing body and to the citizens they represent. It is for this reason we need additional time for further research and investigation to assure that we recommend a safe, cost efficient and responsible plan for Fayette County Government.

C. CONSIDERATION OF THE RETIREMENT COMMITTEE FINDINGS AND RECOMMENDATIONS REGARDING THE SELECTION OF A VENDOR(S) FOR THE EXISTING 401(A) AND 457 PLANS AND A NEW DEFINED BENEFITS PLAN:

Public Safety Director Allen McCullough presented the Retirement Study Committee's recommendation to the Board. A copy of the memorandum, identified as "Attachment No. 11", follows these minutes and is made an official part hereof. He remarked that after reviewing the various proposals from the vendors, it was the unanimous recommendation to the Board of Commissioners from the Retirement Study Committee not to take action at this time on any of the proposals as submitted by the various vendors. He said the recommendation included the 401(A) and 457 Plans and the Defined Benefits Plan. He said during this intensive process of evaluation, the Committee has expressed concern regarding the (1) lack of clarity regarding true administrative cost; (2) lack of clarity and uncertainty regarding any future legal and actuarial cost; (3) lack of clarity and uncertainty regarding plan oversight, including staff time from Human Resources in plan implementation as well as ambiguity in the area of roles and responsibility in plan administration and maintenance.; and (4) the presentations provided by the various vendors did not give the committee the type of information to render an accurate analysis and as a result in our inability, at this time, to recommend a plan provider. He said the committee had taken the charge from the Board of Commissioners very seriously to critically evaluate the various proposals and to recommend a provider which was best suited to serve both the dedicated County employees as well as one that was responsible to the governing body and to the citizens they represent. He asked for the Board's consideration to further investigate other multi-employer plan options somewhere in the range of six to eight weeks to review additional data.

Chairman Smith remarked that the committee had obviously put a lot of work into this issue. He asked if this was the conclusion by the entire retirement committee and Mr. McCullough replied yes. Chairman Smith said he had no problem with further study by the committee.

Commissioner Pfeifer commended the committee members for the work they had done and the conclusions they had come to. He said he concurred with the committee's observations. He said after this meeting, he would have no further input into this process but would like to make a comment. He remarked that all of the defined benefits plans were based on assumptions and no one could know the future. He questioned if possibly some of the hesitation on the part of the providers was that they did not want to get too far out in front of the facts by saying something that they were not going to be able to back up.

Commissioner Horgan remarked that he had no problem with giving the committee more time to study this issue.

Commissioner Frady reiterated his position on this issue. He said he had not supported it and he would continue to not support it.

Commissioner Maxwell said this Board had always been amenable to further study and that would be his position as well.