

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: September 22, 2010

Board Item: 2-B-5

SELECTION OF RECORD KEEPER FOR 457 AND 401(k) PLANS

Action by Consent

Action

Information

As Plan Sponsor of the 457 and 401(k) Plans, the Board entered into an Agreement with American General Retirement Services Co., now VALIC Retirement Services (VALIC), to provide recordkeeping services to the Plans effective January 1, 2001. In furtherance of the Board's directives that agreements for the provision of services be regularly re-bid, in January 2010 the Retirement Program Committee (RPC) initiated a search process for a record-keeper. This process was aided by Cook Street Consulting, Inc. (Cook Street).

The RPC and Cook Street developed a detailed Request for Proposal covering a number of topics including: Client Service/Quality Assurance, Recordkeeping/Administration, Regulatory Services, Reporting, Voice Response System and Call Center, Participant and Plan Sponsor Websites, Communication and Education, Implementation Process, Systems Capabilities and Hardware, Investments, Trustee Services, References and Expenses. The Request for Proposal was posted to the BidNet system, and fifteen potential providers submitted a response.

Beginning in April 2010, the RPC and Cook Street screened the initial list of candidates based upon fees, investment flexibility, financial stability, experience with 401(k) and 457 plans, and ability to provide the necessary level of education. Following this process, the initial fifteen candidates were narrowed to four finalists.

In May 2010, finalist presentations were held with the four selected providers: VALIC (incumbent), Great West Retirement Services, ICMA-RC, and TIAA-CREF. Following the presentations, the RPC and Cook Street narrowed the potential providers to two candidates, VALIC and Great-West Retirement Services (Great-West).

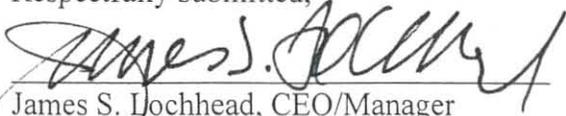
Since June 2010 follow-up meetings have been held and reference checks were conducted. Additionally, "best and final" fee proposals were requested from the two finalists. The RPC and Cook Street met with Mr. Lochhead and after reviewing the process, the initial finalists and the final two candidates, determined that Great-West should be recommended to serve as the record-keeper for the Denver Water defined contribution plans. Great West was selected because of their very reasonable fee proposal (which is critical as the fees are paid by the participants), experience with public sector retirement plans, resources dedicated to participant education, and local presence. The contract will be for a five-year period with provisions to extend for up to an additional five years.

The agreements necessary to engage Great-West are currently in negotiation. The Agreements include an Administrative Services Agreement, Custodial Agreement for the 457 Plan and a Trust Agreement for the 401(k) Plan. In order for the transition to take effect on January 1, 2011, Great-West, VALIC and Denver Water will also need to enter into a Plan Transfer Agreement. Great-West has indicated that a 90-day period would be adequate to effectuate the transition.

Recommendation:

It is requested that the Board authorize the selection of Great-West Retirement Services as the Record Keeper for the 457 and 401(k) Plans and authorize the CEO/Manager to enter into the Agreements necessary to transition the record-keeping responsibilities from VALIC to Great-West for a 5-year period effective January 1, 2011.

Respectfully submitted,


James S. Lochhead, CEO/Manager

Approvals:


Director of Finance


Director of Human Resources


General Counsel