



**AGENDA REPORT**

**PROPOSED ACTION: Resolution:** Approve and Authorize the Executive Director to Execute a Restated Administrative Services Agreement with Empower Annuity Insurance Company of America for Recordkeeping and Administrative Services for the Port’s Deferred Compensation Plan, for a Five-Year Term with Three Two-Year Extension Options; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Finance & Admin)**

**Submitted By:** Julie Lam, Chief Financial Officer; Danny Wan, Executive Director

Parties Involved:

Empower Annuity Insurance Company of America (formerly Great-West Life & Annuity Insurance Company)

Empower Retirement, LLC and GWFS Equities, Inc. (wholly owned subsidiaries of Empower Annuity Insurance Company of America)

Greenwood Village, CO

Amount: N/A

**EXECUTIVE SUMMARY:** The Port of Oakland (Port) maintains a deferred compensation plan (Plan) in accordance with Section 457 of the Internal Revenue Code (IRC 457) for the benefit of employees and retirees (Participants). The Plan’s recordkeeping and administration is performed by a qualified administrator (Plan Administrator) in compliance with the Plan documents and IRC 457 regulations. Recordkeeping and administration fees are paid by Participants directly, based on the Participant’s account balance and services used, and assessed per the terms of the Restated Administrative Services Agreement with the Plan Administrator. The Port does not pay fees to the Plan administrator but does absorb staff time to maintain the Plan and monitor the Plan Administrator.

**BACKGROUND & ANALYSIS**

The Plan is a deferred contribution retirement plan, providing current employees the option to voluntarily contribute, or defer, eligible compensation on either a pre-tax or post-tax basis into a Participant owned and directed retirement investment account. Annual contributions, loans, and distributions from the Plan are subject to IRC 457 limits and restrictions. The Plan is governed by the Deferred Compensation Advisory Committee (Committee). The Committee is comprised of seven voting members including two Co-Chairs, the Port’s Director of Human Resources and Chief Financial Officer, and five other members appointed by the Co-Chairs to represent each of the Port’s four unions and one retiree. The Committee meets at least quarterly to review the Plan’s performance and oversee the Plan Administrator.

As of June 30, 2024, the Plan maintained 604 Participant accounts totaling approximately \$136.4M in investments. Participants currently pay an administration fee equal to 0.08% of the average daily balance, and may pay specific fees for additional elected services, such as loans or managed investment advisory services. In 2024, it is estimated that participants will pay approximately \$115,000 in recordkeeping and administration fees.

Empower Annuity Insurance Company of America (formerly Great-West Life & Annuity Insurance Company), also known as Empower, is the Plan’s current Plan Administrator. Empower is the second-largest retirement plan administrator in the United States and has provided third-party recordkeeping and other retirement services for IRC 457 plans since the creation of IRC 457. The Port has contracted with Great-West Life & Annuity Insurance Company since the inception of the Plan in 1977. The Port’s current agreement with Empower was entered into in 2017 and expires on December 31, 2024.

In September 2022, the Committee issued a formal Request for Proposals (RFP) for 457(b) Deferred Compensation Administration and Recordkeeping Services, RFP No. 22-23/07. The RFP was purposely issued two years in advance of the expiring contract to allow for ample time to negotiate a new agreement and transition to a new Plan Administrator, should a new Plan Administrator be chosen. It was estimated Port Staff would need at least one year of lead time to properly educate Plan Participants, including Participants who are retirees, migrate payroll integrations, and fully transition the investment line-up, including the Port’s Stable Value Fund. Port Staff published the RFP on the Port’s website, in the Oakland Tribune newspaper, on the National Association of Government Defined Contribution Administrators’ website, local Chamber of Commerce, and through a notice directly emailed to known providers.

The Port received eight proposals on November 3, 2022. The evaluation committee, comprised of four members of the Committee, evaluated and scored the eight proposals based on the criteria set forth in Table 1 below.

**Table 1  
RFP Proposal Scoring Criteria**

<b>Item</b>	<b>Criteria</b>	<b>Weights</b>
1	Adherence to Port Policy and Other Requirements and Debarment Statement	Pass/Fail
2	Company Information, Litigation and Other Information, and Required Forms	15
3	Knowledge and Experience	25
4	Plan and Approach	30
5	Proposed Cost	15
6	Non-Discrimination and Small Local Business Utilization Policy	15
	<b>Total</b>	<b>100</b>

After scoring the eight proposals the evaluation committee identified two closely ranked top scoring proposals and conducted interviews with those two providers. The purpose of the interviews was to clarify items in the proposals including, basis of fee calculations, available integrations, services offered, and reporting and monitoring tools offered by the providers to Plan Participants and the Committee. Following the interviews, the final rankings were as follows:

**Table 2  
Final Ranking**

<b>Ranking</b>	<b>Provider Name</b>	<b>City</b>
1	Empower Retirement, LLC	Greenwood Village, CO
2	Voya Retirement Insurance and Annuity Company	Windsor, CT
3	PlanMember Financial Corporation	Carpinteria, CA
4	MissionSquare Retirement	Washington, DC
5	Lincoln Retirement Services Company, LLC	Fort Wayne, IN
6	VALIC Retirement Services Company (VRSCO)	Houston, TX
7	Equitable Financial Life Insurance Company	New York, NY
8	Life Insurance Company of the Southwest dba National Life Group	Addison, TX

While the top two providers are highly qualified, Empower was the top ranked provider because their customized reporting and investment monitoring tools matched the Port's requirements, their comprehensive reporting and retirement planning tools offered for Participants are user-friendly, their commitment to continuously improving customer service, and their strong focus on education and outreach to Participants.

Given that Empower is our current Plan Administrator, additional time to transition to a new provider was no longer needed; however, both parties used this time to negotiate a new restated administrative services agreement that included streamlined language and provisions to enhance implementation of the services. The new restated administrative services agreement will lower the annual asset administration fee to 0.055%, resulting in an estimated reduction in annual fees paid by Participants of approximately \$37,000.

**OTHER FINDINGS AND PROVISIONS**

**ENVIRONMENTAL REVIEW**

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:  
Choose an item.
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes:

**BUDGET**

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR  
 Operating                       Non-Operating                       Capital

Analysis: There is no budget impact.

**STAFFING**

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.  
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).  
Reason:

**MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):**

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

Additional Notes:

**LIVING WAGE** (City Charter § 728):

Applies?

No (Not Covered Entity) – proposed action involves entity not covered by Living Wage requirements because it is not a covered service provider or tenant, does not employ at least 21 employees, or receive from or pay to Port at least \$50,000.

Additional Notes:

**SUSTAINABLE OPPORTUNITIES:**

Applies? **No.**

**GENERAL PLAN** (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that present sustainability opportunities</p>	<p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><b><u>STRATEGIC PLAN.</u></b> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port’s Strategic Business Plan:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Grow Net Revenues</li> <li><input type="checkbox"/> Improve Customer Service</li> <li><input type="checkbox"/> Strengthen Safety and Security</li> <li><input type="checkbox"/> Care for Our Environment</li> <li><input type="checkbox"/> Modernize and Maintain Infrastructure</li> <li><input checked="" type="checkbox"/> Pursue Employee Excellence</li> <li><input type="checkbox"/> Serve Our Community</li> </ul>	