



## Legislation Text

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### CITY COUNCIL AGENDA ITEM

Memo Date: May 5, 2021  
Agenda Date: May 11, 2021  
Prepared By: Rebecca Bowman, MBA, CGFO, CGFM/Finance Director  
Through: Stockton Whitten, City Manager  
Requested Action:  
Approval of the Retirement Plans Investment Policy and Committee Charter for the City's 401(a) and 457(b) plans.

#### **BACKGROUND:**

The City of Cocoa offers a 401(a) defined contribution plan and a 457(b) deferred compensation plan as a voluntary employee election. The City has traditionally used only the investment selections that are presented by the investment custodians. In being more fiduciarily responsible and transparent to the City employees, the Staff has worked with the City's Investment Plan advisor, Sageview, to develop an investment policy that will establish the guidelines and policies for the for the 401(a) defined contribution plan and a 457(b) deferred compensation plan. The Investment Policy is intended to assist the Retirement Plan Committee (the "Committee") in effectively selecting, monitoring and evaluating investment alternatives made available to participants under the Plan. It outlines and prescribes a prudent and acceptable investment philosophy and sets out the investment management procedures Highlights of the Investment Plan are as follows:

- Establishes a Retirement Plan Committee as Plan fiduciaries that supervise the investment of the assets of the Plan, and make decisions concerning investment alternatives available under the Plan.
- The Plan intends to provide a broad range of investment alternatives. This includes having, at a minimum, three diversified investment alternatives that are sufficient in permitting the participants to materially affect the potential return and degree of risk on their accounts, and to minimize the risk of large losses.
- Evaluation of investment alternatives on an ongoing basis using several measures that quantify the expenses, returns and risk-adjusted performance of each investment alternative within its peer group.
- Review each investment alternative at least annually against its peer group and benchmark index to assess the performance and quality of each offering.
- The Committee, with the assistance of the Investment Consultant, will review the Plan's Investment Policy and monitor each investment alternative on an ongoing basis. The Committee will periodically evaluate the investment results of the investment alternatives.

In addition, Staff desires to adopt a Plan Committee Charter that defines the Plan Committee Member's responsibilities regarding the employee's investments and their administrative duties.

It should be noted that the Investment Plan Committee does not exercise any rights or authority to direct where employee's retirement money is invested. The Committee is being established to ensure proper oversight of the types of investments being offered to ensure that the employee is offered competitive investment options to grow their retirement savings and to ensure that the plan costs that are charged to the employee are the lowest cost obtainable for the investment plans.

**STRATEGIC PLAN CONNECTION:**

Employees Goal #3 - To reduce the employee's exposure to the impact of unfortunate events while maintaining a high level of service.

Fiscal Sustainability Goal #3 - Continuously increase organizational efficiency and effectiveness.

**BUDGETARY IMPACT:**

There is no budget impact to this agenda item.

**PREVIOUS ACTION:**

None

**RECOMMENDED MOTION:**

Approval of the Retirement Plans Investment Policy and Committee Charter for the City's 401(a) and 457(b) plans.