

CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Office of Management & Budget/Insurance & Benefits

AGENDA DATE: August 25, 2009

CONTACT PERSON/PHONE: David Almonte, 541-4350 ; Terrence Freiburg, Purchasing Manager, 541-4313

DISTRICT(S) AFFECTED: All

SUBJECT:

Award Request for Proposal 2009-097R titled 475(b) Deferred Compensation Plan Administrator and 401(a) Profit Sharing Plan Administrator to Prudential for an initial five (5) year period beginning January 1, 2010 through December 31, 2015 with the option to renew for two additional three (3) year periods.

BACKGROUND / DISCUSSION:

The City of El Paso sought proposals from qualified firms for a Plan Administrator to provide services in the marketing and administration of the City's 457(b) Deferred Compensation Plan and the 401(a) Profit Sharing Plan. The deferred compensation program provides a vehicle for additional retirement income through the deferral of "before" tax dollars and the reduction of current tax liability. The program is provided at no cost to the City other than incidental expenses related to payroll deductions. The assets of the deferred compensation program are approximately \$57M. A listing of the vendors that submitted proposals is attached.

The evaluation committee consisted of Robert Holguin, El Paso Municipal Police Officers Association, Juan Sandoval, Tax Assessor Collector & President of the El Paso City Employees Pension Fund, Paul Thompson, Firefighter & Board Member of Local 51, International Association of Firefighters, Inc., David Almonte, Director, Office of Management & Budget and Sandra Aguilera, Associate Accountant, El Paso Water Utilities. The consultants used for this proposal were Kimberly Fox, Consultant, from the benefit consulting company The Hay Group in Philadelphia, Pa. and Kevin Karpuk, Senior Investment Analyst, from the investment consulting firm Cornerstone Companies in Bethlehem, Pa.

The initial rating of the proposals was conducted in accordance with Purchasing Policies and Procedures. The initial RFP Score Summary sheet is attached. This initial rating was used to determine who would be invited to the interview stage. The three proposers invited to the interviews were Nationwide Retirement Solutions, Prudential and ING. The Finalist Interviews Score Summary sheet includes the final scoring after the interviews were conducted. The Best and Final stage did not change any of the finalist's scores.

The committee is recommending Prudential to administer the deferred compensation program for the City of El Paso. Prudential had the highest points in both the initial scoring and after the finalists' interviews. Prudential is an experienced firm. More specifically,

- They proved to the committee through their proposal and during the finalist interviews that they could deliver the services required by the City and provide improvements and further innovations to employee services and communications going forward. The committee liked Prudential's ability to personalize the employee communications, their ability to provide a higher level of retirement protection through their Income Flex program and the ability to build individual blended portfolio with their Goal Maker program.
- Their investment platform and charges for administration were competitive. Prudential's return on the deferred compensation fixed account was the highest offered; 3.7% compared to ING's return of 3.55% and Nationwide's return of 3.33%. Prudential's pricing was more transparent than Nationwide and ING. The overall administrative cost to the employees was less than Nationwide or ING.
- The committee believed their dedicated local representative team, Presi Ortega and Associates, appeared able and ready to service the City's employees. The local team consisting of five representatives presented

themselves as more knowledgeable and better staffed than any of the other finalists. This is a local team dedicated only to the City of El Paso deferred compensation account.

Overall the committee was impressed and satisfied with Prudential's responses to the questions in the RFP, their presentation at the finalist meeting and their response to committee member questions. Their entire package proved better than all other proposers.

PRIOR COUNCIL ACTION:

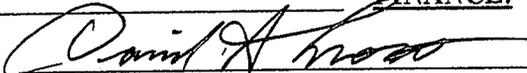
Council previously acted to extend the current ING contract in 2007.

AMOUNT AND SOURCE OF FUNDING: NA

BOARD / COMMISSION ACTION: NA

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD:  _____
David Almonte, Director, Office of Management & Budget

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

PROJECT FORM
REQUEST FOR PROPOSALS

DATE: August 04, 2009

PROJECT: 457 (b) DEFERRED COMPENSATION PLAN ADMINISTRATOR AND 401(a) PROFIT SHARING ADMINISTRATOR

DEPARTMENT: OMB – INSURANCE AND BENEFITS
SOLICITATION NO: 2009-097R
BUDGET NOs: N/A
FUNDING SOURCE: Employee Voluntary Contributions Only
REPRESENTATIVE DISTRICT(S): All

RECOMMENDATION: Vendor: Prudential Retirement
Hartford, CT
Item(s): All
Total Cost (Years 1-5): N/A

The Office of Management and Budget and the Financial Services Departments, based on evaluation factors established for this RFP, recommend award to Prudential Retirement.

This is a five (5) year contract for 457 (b) DEFERRED COMPENSATION PLAN ADMINISTRATOR AND 401(a) PROFIT SHARING ADMINISTRATOR. Contract period begins January 1, 2010 through December 31, 2015. Prudential Retirement offers the City the option to extend the term of the contract for two (2) additional three-year periods, if the option is exercised prior to the expiration of the original term of the contract. The cost of this contract is paid for entirely from voluntary employee contributions.

RFPS SOLICITED- 38 (11 local)
RFPS RECEIVED- 7
"NO OFFER" RECEIVED 1

TOTAL RECOMMENDED AWARD: N/A

COUNCIL APPROVED REJECTED MUNICIPAL CLERK _____

APPROVED:

COUNCIL MEETING DATE: August 25, 2009


Terrence Freiburg
Purchasing Manager
Financial Services, Purchasing Division

cc: Rfp File

RFP Score Summary

| Category (Per Section F of RFP) | Weighting | Best Score Possible | Nationwide | Metlife | Prudential | Ameritas | Great American | Hartford | ING |
|---|-------------|---------------------|-------------|-------------|-------------|-------------|----------------|-------------|-------------|
| 1: Experience of Proposal Firm (Questionnaire Section A "Experience of Proposing Firm") | 10% | 10 | 7.4 | 7.9 | 7.9 | 7.2 | 5.5 | 3.7 | 7.2 |
| 2: Proposal Firm References (Questionnaire Section B: "Participant Reference" We have scored here the thoroughness of the response. After finalists are chosen actual references will be checked) | 10% | 10 | 6.9 | 7.6 | 7.7 | 7.2 | 4.4 | 6.4 | 7.9 |
| 3: Cost Recovery and Performance Guarantees (Questionnaire Section D: "Cost Recovery & Financial Guarantees") | 5% | 5 | 3.4 | 2.2 | 4.1 | 3.9 | 0.9 | 4.0 | 4.7 |
| 4: Services Offered to Employees (Questionnaire Sections C: "Client Service & Quality Assurance" and E: "Services Offered to Employees") | 30% | 30 | 24.9 | 24.2 | 25.4 | 19.9 | 16.0 | 21.3 | 23.3 |
| 5: Investments Offered to Plan Participants (Questionnaire Sections G: "Investment Related Questions" and I: "Fees and Expenses" and scores from "Costs" spreadsheet) | 30% | 30 | 23.2 | 22.7 | 23.5 | 21.5 | 17.4 | 17.6 | 23.8 |
| 6: Administration Services (Questionnaire Section H: "Administration Capabilities") | 10% | 10 | 7.6 | 6.3 | 7.7 | 6.2 | 5.1 | 6.3 | 7.4 |
| 7: Post Employment Health Plan (Questionnaire Section J: "Post Employment Health Plan Issue") | 5% | 5 | 4.3 | 0.8 | 2.9 | 0.8 | 0.6 | 3.7 | 3.8 |
| Total | 100% | 100 | 77.7 | 71.7 | 79.2 | 66.7 | 49.9 | 63.0 | 78.1 |
| | | Rank | 3 | 4 | 1 | 5 | 7 | 6 | 2 |

PEBSCO
6130 MONTANA #212
EL PASO, TEXAS 79925

FIDELITY INVESTMENTS
P.O. BOX 5421
CINCINNATI, OH 45250

ING AETNA FINANCIAL SERVICES
151 FARMINGTON AVE
HARTFORD, CT 06156

THE COPELAND COMPANY
TWO TOWER CENTER
EAST BRUNSWICK, NJ 08816

LIMITED PRINCIPAL ING
15455 DALLAS PARKWAY
SUITE 1250
ADDISON, TEXAS 75001

PRESI. ORTEGA, JR
7619 LOCKHEED
EL PASO, TEXAS 79925

ATTN: FRED G. MORRIS
MORMAC BORKERAGE
AGENCY, INC.
1420 GERONIMO BLDG C-130
EL PASO, TX 79925

FIDELITY INVESTMENTS
ATTN: SUZANNE HOWARD
397 WILLIAMS STREET MC2E
MARLBORO, MA 01752

INTERNATIONAL BANK
1801 S. 2ND ST.
6TH FLOOR
McALLEN, TEXAS 78503

ATTN: RANDY MCGRAW
CREST BENEFITS CONSULTING
9440 VISCOUNT SUITE 101
EL PASO, TX 79925

PRESI ORTEGA & ASSOCIATES
INSURANCE, INC
1445 BESSEMER DRIVE, BLDG D
EL PASO, TEXAS 79936

BENEFITSCORP
18101 VON KARMAN AVE STE
1460
IRVINE, CA 92612

GREAT-WEST LIFE & ANNUITY
INSURANCE CO.
18111 VON KARMAN AVE SUITE 560
IRVINE, CA 92612

CRAWFORD & COMPANY
6044 GATEWAY EAST SUITE 600
EL PASO, TEXAS 79905

SECURITY BENEFIT
ATTN: JAY JASNOSKI
ONE SECURITY BENEFIT PLACE
TOPEKA, KS 66636

HARTFORD LIFE
P.O. BOX 82823
BATON ROUGE, LA 70884
ATTN: ANN LEWIS

RONALD D. MILLER, RHU
P.O. BOX 13325
EL PASO, TEXAS 79913

PRIMERICA
ATTN: CYNTHIA ESCALANTE
6501 BOEING DR. STE J3
EL PASO, TEXAS 79925

ICMA RETIREMENT
CORPORATION
ATTN: TROY KEARSE
777 NORTH CAPITAL STREET NE
WASHINGTON, DC 20002

VALIC
6301 INDIAN SCHOOL ROAD
SUITE 670
ALBUQUERQUE, NM 87110
ATTN: NILA MCNALLY

MERRILL LYNCH
310 N. MESA STREET
EL PASO, TEXAS 79902

ICMA RETIREMENT
CORPORATION
12238 E. ARABIAN PARK DR
SCOTTSDALE, AZ 85259

AERNA INVESTMENT SERVICES
LLC
1755 N COLLINS BLVD SUITE 350
RICHARDSON, TEXAS 75080

RETIREMENT PLAN ADVISORS
PHILIP BOYD
2150 TRAWOOD STE B200
EL PASO, TEXAS 79935

MUDY HEBERT
7600 CHEVY CHASE DR. SUITE 400
AUSTIN, TEXAS 78752

ING
ATTN: DAX RIZO
15455 DALLAS PARKWAY STE.
1250
DALLAS, TEXAS 75001

ATTN: SUZANNE HOWARD
FIDELITY INVESTMENTS
397 WILLIAMS STREET-MC2E
MARLBOROUGH, MA 01752

HARTFORD LIFE INSURANCE
P.O. BOX 82823
BOTON ROUGE, LOUISIANA
70884
ATTN: PATT BEAMAN

ATTN: JACOBO AKLE
METLIFE FINANACIAL SERVICE
SOUTHWEST FINANCIAL GROUP
106 MESA PARK, SUITE 100
EL PASO, TEXAS 79912

ICMA-RC
Attn: JERRY Huggins No Bid
7711 South Greenwood Ct.
Littleton, CO
80120

JP MORGAN RETIREMENT PLAN
SERVICES
9300 WARD PARKWAY
KANSAS CITY, MO 64114-3317

WELLS FARGO
100 HERITAGE RESERVE
MENOMONEE FALLS, WI 53051

PRINCIPAL FINANCIAL GROUP
2603 AUGUSTA STE 1350
HOUSTON TX 77057

CHARLES SWAB
4150 KINROSS LAKES PARKWAY
RICHFIELD, OH 44286

MASS MUTUAL *WTF*
502 WEWST GERMANTOWN PIKE
STE 408
PLYMOUTH MEETING, PA 19462

PRUDENTIAL RETIREMENT
9837 ARCHER LANE
COLUMBUS, OH 43017

T. ROWE PRICE GROUP
PO BOX 89000
BALTIMORE, MD 21289

*Prudential Investment
Management Services
Attn: Austin Lyons
3 Gateway Center, 14th Floor
Newark, NJ 07102-4077*