



Date of Council Meeting: December 11, 2012

**TOWN OF LEESBURG
TOWN COUNCIL MEETING**

Subject: Awarding the Employee Deferred Compensation Contract

Staff Contact: Norm Butts, Director, Department of Finance
Kathy Elgin, Procurement Officer, Department of Finance

Recommendation: Town Council award the Employee Deferred Compensation contract to the International City/County Management Association Retirement Corporation ("ICMA-RC).

Fiscal Analysis: There is no fiscal impact to the Town that would result by awarding this contract. However, signification reduction in administrative fees will be recognized by individual employees who elect to participate in the deferred compensation program.

Background: For many years, the Town has sponsored two deferred compensation plan options for employees, Nationwide Retirement Solutions and ICMA Retirement Corporation.

A department review of current procurement regulations concluded that the deferred compensation contract needed to go through the competitive request for proposal process. The Town's existing contract with Wells Fargo Insurance consultants was expanded at no charge to include assistance with this process. The RFP that was issued on August 29, 2012 sought proposals that would offer employees a single plan that provided a high level of customer service, effective communications, and a broad selection of investment funds at a reasonable cost. Timely responses were received from seven firms: ICMA-RC, ING, John Hancock, Lincoln Financial, Nationwide Financial, VALIC and Wells Fargo Institution Retirement.

The consultant along with an evaluation team of Town employees short-listed and interviewed two firms; ICMA-RC and Lincoln Financial. Services offered by both firms were comparable. Both provided 24 hour online services and support, at least monthly opportunity for face to face meetings with employees, loans and optional financial planning and investment advisory services. Primary differences in the firms are the proposed fees and administrative structure. ICMA-RC fees are estimated to save Town employees a considerable amount of money each year. For years one through four, the amount to be paid for plan administration services with ICMA-RC are 0.29% per annum compared to 0.45% with Lincoln Financial. Fees for years five through seven are 0% with ICMA-RC as compared to 0.45% with Lincoln Financial. This compares favorably to current administrative fees of between 0.70 and 0.95%. ICMA-RC provides in-house administration, where an administrator would have to be identified and selected by the Town with the Lincoln Financial structure.

For the reasons stated above, the unanimous decision of the committee was to recommend to Council that the employee deferred compensation plan be awarded to ICMA-RC.

PRESENTED December 11, 2012

RESOLUTION NO. _____

ADOPTED _____

A RESOLUTION: AWARDING THE EMPLOYEE DEFERRED COMPENSATION CONTRACT

WHEREAS, the Town sponsors two deferred compensation plans for its employees, and

WHEREAS, an RFP was issued to seek competitive options for this program, and

WHEREAS, seven proposals were received from ICMA-RC, ING, John Hancock, Lincoln Financial, Nationwide Financial, VALIC and Wells Fargo Institution Retirement, and

WHEREAS, proposals were evaluated against criteria to offer a single plan that provides a high level of customer service, effective communications and a broad selection of investment funds at a reasonable cost, and

WHEREAS, ICMA-RC's proposal meets or exceeds all the criteria and offers significant cost savings for participating employees, and

WHEREAS, this contract is a seven year contract with the option to renew for up to three additional one year periods, and

WHEREAS, the employee evaluation team unanimously recommends that the Town Council award this contract to the ICMA-RC.

THEREFORE, RESOLVED, by the Council of the Town of Leesburg in Virginia that contract for Employee Deferred Compensation be awarded to the International City/County Managers Association Retirement Corporation.

PASSED this _____ day of _____, 2012.

Kristen C. Umstattd, Mayor
Town of Leesburg

ATTEST:

Clerk of Council