



Board Action Required X

No Action Required

To: Coppell ISD Board of Trustees
From: Kelly Penny
Date: October 25, 2010
cc: Dr. Jeff Turner, Denise Sullivan, Sid Grant

Re: 457(b) Deferred Compensation RFP #1006 Recommendation

The district currently has two 457(b) Plan providers, ING and Lincoln. The district recently accepted proposals for Third Party Administrators (TPA) to ensure employees are receiving the best value at the lowest cost when investing for their retirement.

A 457(b) plan provides a voluntary savings program designed to allow employees to defer salary from taxation through a district-sponsored program that provides an alternative or a supplement to traditional 403(b) deferrals. A Retirement Savings Plan is set up under Section 457(b) of the Internal Revenue Code to make this possible. As a result of changes in tax laws effective January 1, 2002, 457(b) plans now have many of the same features and advantages of 403(b) plans.

The 457(b) Deferred Compensation Request for Proposal #1006 was advertised on September 22, 2010 and September 29, 2010, and emailed to interested vendors as well as being posted on the Coppell ISD website. The Request for Proposal #1006 opened on Thursday, October 14, 2010. Four responses were received: AXA, MetLife, First Financial Advisors, and JEM Resource Partners/TCG Advisors through Region 10.

In order to receive input from campuses, a committee was formed that consisted of Angie Hux, Betsy Wilcox, and Jon-Eric Ziaer. Additionally, Kelly Penny, Shirley Cooksey, and Denise Sullivan served on this committee. The Committee met on Thursday, October 21, 2010, to discuss and rate/score the proposals. Areas reviewed were service compatibility, cost of the services to Coppell ISD and employees, quality of investments, and stability of company.

MetLife was immediately disqualified due to incomplete required information. AXA's proposal was not considered because they are a 403(b) provider and lacked TPA experience. According to TASB Legal Services, it is a potential conflict of interest if a 403(b) vendor provides TPA services. Because this is such a complicated issue, TASB suggests consulting an attorney before entering into an agreement with a TPA vendor that is also a 403(b) provider. AXA is a 403(b) provider and PlanConnect (an affiliate of AXA Equitable) only began providing TPA services in 2010. The committee discussed at length the two remaining proposals and the terms and conditions of each one.

It was decided that the proposal submitted by JEM Resource Partners (Recordkeeping/Trust Administration)/TCG Investment Advisory Services LP (Investment Advisory Services) on behalf of Region 10 Education Service Center would be the best value in meeting the needs of the district's employees based upon the following:

- Investment pool is designed with educators in mind.
- Educational meetings will be offered to employees by salaried representatives. No commissions are paid to any individual or company.
- There are no surrender charges or withdrawal penalties in this 457(b) Coop plan.
- They proposed the lowest fees amongst proposers.
- The plan provides quality investments that employees can individually select, or a professionally managed portfolio based upon employee's risk tolerance.

- Has an Investment Advisory Committee that meets quarterly and searches for high quality/low cost mutual funds.
- Complete on-line access so employees can manage their portfolio.
- Offers CISD fiduciary protection through a Registered Investment Advisor (RIA) and an Investment Advisory Committee (IAC).
- 10+ years experience in deferred compensation administration.
- TPA services to 92 school districts in Texas.
- Extremely positive references from: McKinney ISD, Lewisville ISD, Frisco ISD, and Richardson ISD.

This plan is offered through the Region 10 ESC 457 Cooperative by means of an Interlocal Agreement with Coppell ISD.

Region 10 requires the attached Board Resolution be adopted by the Board of Trustees. It authorizes the district's membership in the program. Note that as a part of the resolution, the Board must designate an administrator to manage the program for the district. That person would then be authorized to sign the interlocal agreement and eventually the adoption agreement. The administrator will work through the adoption agreement with a representative of JEM Resource Partners (Region10's plan administrator). Administration is recommending that the CFO be the designated individual authorized to manage the district's program.

Additionally, CISD currently has ING and FFA as its 457(b) approved vendors. In order to limit the district's future liability and management of multiple 457(b) plans, administration is recommending all future contributions be limited to a single 457(b) plan vendor. Thus, all 457(b) contributions beginning on February1, 2011 will need to be with JEM Resource Partners (Recordkeeping/Trust Administration)/TCG Investment Advisory Services LP (Investment Advisory Services) on behalf of Region 10 Education Service Center. However, other 457 (b) Plans will remain intact so employees will not be subject to surrender penalties.

Recommendation: **That the Coppell ISD Board of Trustees approve the attached resolution and award RFP #1006 to JEM Resources/TCG Consulting on behalf of Region 10 at the November 15, 2010 Board meeting. In addition, the Board will name the CFO as the designee to act as the District's Plan Administrator to sign all necessary documents on behalf of Coppell ISD.**