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Government of the District of Columbia



**Office of the Chief Financial Officer  
Office of Contracts**

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Testimony of  
Eric W. Payne, Esq.  
Director

*Public Hearing*

on

*PR 17-828, "Contract No. CFOPD-08-C-019, CFOPD-08-C-019  
Management of the 457 Deferred Compensation Plan Approval  
Resolution of 2008"*

Councilmember Carol Schwartz, Chair  
Committee on Workforce Development and Government Operations

Thursday, July 10, 2008

John A. Wilson Building  
Chamber  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004

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OPENING STATEMENT OF ERIC W. PAYNE  
ON  
*PR 17-828, "Contract No. CFOPD-08-C-019, CFOPD-08-C-019 Management of the  
457 Deferred Compensation Plan Approval Resolution of 2008"*  
TO

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INTRODUCTION

Chairman Schwartz and members of the Committee on Workforce Development and Government Operations, I am Eric W. Payne, Director of the Office of Contracts for the Office of the Chief Financial Officer (OCFO). My colleague, Brenda Mathis of the Office of Finance and Treasury (OFT), and I thank you for the opportunity to address this Committee today, on PR 17-828, Proposed Contract with ING Life Insurance and Annuity Company (ING).

The Office of Contracts solicited proposals in response to a Request for Proposals (RFP) for the District's 457 Deferred Compensation Plan. The District intended to award one contract with a five (5) year base period and two (2) two-year option periods for a total contract term not to exceed nine (9) years. Services include record-keeping, administration, participant communication and education, investment management and trustee services for the Plan. The solicitation was issued electronically to nineteen (19 ) firms as CFOPD-06-R-005. There were five (5) responses received as noted below:

1. CitiStreet LLP
2. Fiduciary Management Group, LLC/T. Rowe Price
3. International City Management Association Retirement Corporation (ICMA)
4. ING Life Insurance and Annuity Company
5. Nationwide Retirement Solutions

This contract is essential to providing 457 Deferred Compensation Plan services to current and former District of Columbia employees.

As the Director of the Office of Contracts for the OCFO, it is my responsibility to ensure that a full and open competitive procurement process is conducted for the acquisition of services and goods. Moreover, I am responsible for ensuring that the process is fair, transparent and consistent with the prescribed procurement laws, regulations and best practices. In acquisitions, where RFPs are utilized to solicit proposals on the open market, the contracting officer is tasked with making a best value determination in determining who the ultimate contract recipient will be. In addition, the contracting officer is responsible for ensuring that all parties are treated in a fair and impartial manner, that the evaluative process is equitable and

that the overall source selection process is conducted in a consistent and objective manner. It is my belief that this proposed contract, which represents the culmination of these efforts, is consistent with the aforementioned principles and represents the best value for the District of Columbia.

The proposed contract has a five year base period with ING, the current incumbent. The Office of Contracts, in concert with the Source Selection Evaluation Board (SSEB), determined that the contract should be awarded to ING following an extensive vetting and evaluation process of all offerors. The universe of potential offerors technically qualified to fulfill these RFP requirements is fairly limited. The Office of Contracts' goal was to have maximum competition and to view as many technical proposals as possible to determine the best value solution and highest return for District plan participants. As the chief procurement officer for the OCFO, I then appointed a technical review panel, comprised of subject matter experts, to review the technical proposals received. This panel was chaired by my colleague, Brenda Mathis, who currently serves as the Fund Manager for OFT. The panel was charged with reviewing the technical proposals received and determining, using the objective evaluative criteria contained in the REP, the ability of each to meet the technical requirements delineated in the solicitation. To further validate their scores, ensure the capacity of the vendor to meet the requirements and clarify questions naturally arising from the technical proposals, the panel developed questions which were issued to each of the proposed vendors. Each offeror was then invited to make a one-hour oral presentation to the

SSEB. Then each offeror was given an opportunity to submit a Final Proposal Revision (FPR). Lastly, each offeror was given an opportunity to submit Best and Final Offers (BAFOs). Following each round of scoring and review, the technical solution offered by ING was consistently ranked highest across all the evaluative criteria. As the contracting officer, I am charged with protecting the public fisc. Thus, the SSEB was instructed to evaluate each technical proposal, while being mindful of their role as stewards of the plan funds contributed by plan participants. The panel conducted their technical evaluation without any knowledge of the price proposal. Further, the OCFO/OFT engaged an independent consulting firm, Evaluation Associates, to assist in reviewing the technical proposals, provide input on areas needing additional clarification, and validate the technical recommendations of the panel. Across all evaluation categories: knowledge of the technical requirements, experience in delivering on those requirements, the proscribed technical approach to meeting OFT's requirements, past performance, fund performance, and the qualifications of key personnel, ING stood above the other offerors. The review of ING's proposal determined the firm has the highest overall portfolio return of 7.7 percent. In addition, ING offers a strong line-up of investment funds with nine of twelve investment options rated first. Further, ING fields a strong local team providing seven representatives to enroll and educate employees. This team has made major impact of penetrating all District agencies to reach participants throughout the District.

Following the SSEB's review, as is standard RFP procedure, the Office of Contracts evaluated the cost component of the proposals, in concert with Evaluation

Associates. In the end, the cumulative value of the evaluative criteria for both the technical and price proposals provided clear demonstrative proof that the proposed award of the contract to ING represented the best value for the District. I then reviewed all offers, FPRs, BAFOs, recommendations and consulting reports and concluded that the award of this contract to ING was in the best interest of the District.

Again, Chairman Schwartz, I thank you for the opportunity to testify today and provide this brief statement for the record. At this time, Ms. Mathis will provide brief remarks on the technical merits of the proposed contract award. Following her testimony, she and I would be happy to address any questions that you may have about the contracting process or the technical qualifications of the proposed vendor.