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Correspondence Memorandum

Date: February 6, 2020

To: Deferred Compensation Board

From: Joanne Klaas, Contracts Specialist
 Tim Steiner, Director
 Bureau of Budget, Contract Administration and Procurement

Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

Subject: Procurement of FDIC Option Provider

The Department of Employee Trust Funds (ETF) recommends the Deferred Compensation Board (Board) delegate its authority to the ETF Secretary to solicit proposals for and contract with a qualified firm to provide the Wisconsin Deferred Compensation Program (WDC) Federal Deposit Insurance Corporation (FDIC) Option. Additionally, ETF seeks a Board member willing to serve on the Request for Proposal (RFP) evaluation committee.

For many years the Board has offered capital preservation investment options to WDC participants, including an FDIC Option. Successful competitive procurement processes have resulted in contracts with banks interested in partnering with the WDC to provide the FDIC Option.

- Prior to 2013 M&I Bank provided the FDIC Option. When M&I Bank was purchased by BMO Harris, the bank opted to exercise the termination provision in the contract.
- In February 2013 ETF issued an RFP, which received two proposals. Nationwide Bank was awarded the contract and was the FDIC Option provider from 2013 through December 2018, when Nationwide withdrew from the FDIC marketplace.
- Johnson Bank of Racine has been under contract to provide the FDIC Option since December 2018.

Johnson Bank has been an excellent partner thus far for the WDC and there have been no issues with the FDIC Option. Given that Johnson Bank was awarded this contract through a non-competitive procurement due to the shortened notice of termination provided by Nationwide Bank (who was awarded the contract after the competitive

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary
Pamela L Henning Electronically Signed 2/18/20

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procurement conducted in 2013), ETF believes it is appropriate for the Board to authorize a new procurement for the FDIC Option ([Ref. DC I 12.17.18 I 2](#)).

ETF recommends the Board delegate its authority to the ETF Secretary to solicit proposals for and contract with a qualified firm to provide the WDC FDIC Option. If approved by the Board, ETF anticipates issuing an RFP for an FDIC Option provider in the spring of 2020.

The RFP evaluation committee, which ideally will include a Board member, will meet in May to review responses to the RFP. A new contract could be executed by July 1, 2020. The proposed contract would commence on or about January 2021 and will remain in effect until terminated by the Board or the vendor.

If approved, ETF will proceed with the preparation and distribution of the RFP as outlined in the tentative timetable below.

March 2020	Board action on RFP for FDIC Option
March-April 2020	ETF issues RFP
May 2020	Proposals due
May 2020	Committee evaluates proposals
June 2020	Execute new contract
July 1, 2020	Provide current vendor with 180 days' notice of termination for convenience
December 2020	Transfer of funds to awarded vendor

Staff will be available at the meeting to answer any questions.