

# COUNTY OF FRESNO

## ADDENDUM NUMBER: ONE (1)

RFP NUMBER: 964-5243

### DEFERRED COMPENSATION RECORD KEEPER

March 6, 2014

PURCHASING USE

ssj

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IMPORTANT: SUBMIT PROPOSAL IN SEALED PACKAGE WITH PROPOSAL NUMBER, CLOSING DATE AND BUYER'S NAME MARKED CLEARLY ON THE OUTSIDE TO:

COUNTY OF FRESNO, Purchasing  
4525 EAST HAMILTON AVENUE, 2<sup>nd</sup> Floor  
FRESNO, CA 93702-4599

CLOSING DATE OF PROPOSAL WILL BE AT 2:00 P.M., ON MARCH 14, 2014.

**PROPOSALS WILL BE CONSIDERED LATE WHEN THE OFFICIAL PURCHASING TIME CLOCK READS 2:00 P.M.**

All proposal information will be available for review after contract award.

Clarification of specifications is to be directed to: **Gary Cornuelle, phone (559) 600-7114,**  
e-mail [gcornuelle@co.fresno.ca.us](mailto:gcornuelle@co.fresno.ca.us).

**NOTE THE ATTACHED ADDITIONS, DELETIONS AND/OR CHANGES TO THE REQUIREMENTS OF REQUEST FOR PROPOSAL NUMBER: 964-5243 AND INCLUDE THEM IN YOUR RESPONSE. PLEASE SIGN AND RETURN THIS ADDENDUM WITH YOUR PROPOSAL.**

#### **ACKNOWLEDGMENT OF ADDENDUM NUMBER ONE (1) TO RFP 964-5243**

COMPANY NAME: \_\_\_\_\_  
(PRINT)

SIGNATURE: \_\_\_\_\_

NAME & TITLE: \_\_\_\_\_  
(PRINT)

## QUESTIONS & ANSWERS

### PLAN PROVISIONS

**Q1. Does the plan offer managed accounts? If so, how many assets and participants are in the program as of 12/31/13? If yes, who is the provider?**

A1. No

**Q2. Please provide the date, time and location of the Vendor Conference referenced in the RFP.**

A2. *Vendor Conference language was in the template used by the County. There will be no conference held for this RFP. The answers to the questions posed will be posted March 6, 2014.*

**Q3. The total distributions exceeded the total inflow to the plan in 2013 - is this typical and was there a reason?**

A3. *There have been a lot of plan participants retiring in the last few years at Fresno County, there have been some layoffs, and there have been some hiring freezes. These three items have caused distributions to exceed contributions over the last several years. The largest variation between contributions and distributions was in 2011 and this occurred when the Superior Courts assets were removed out of the County plan into their own plan. Plan growth has come from market gain and interest paid on the investment options.*

**Q4. Does the plan currently utilize a self directed brokerage option? If yes, who is the provider? How many participants utilize the option? What is the asset value within the self directed brokerage?**

A4. No

**Q5. Please provide annual contribution and distribution figures for 2012 and 2011.**

A5. *For 2011 contributions were \$10,357,262.97 and distributions were \$17,073,829.59. In 2012 contributions were \$9,279,020.46 and distributions were \$12,048,385.58.*

**Q6. Can a copy of the plan's loan agreement be provided?**

A6. *This is located at <http://www2.co.fresno.ca.us/DCMC.htm>.*

**Q7. How many participants currently have outstanding loans? What is the asset value of outstanding loans?**

A7. *As of 12/31/13: 707 participants with Loans with a total balance of \$4,170,383*

**Q8. Please describe the current methods by which participants are permitted to repay plan loans.**

A8. *All loans are paid through payroll deduction.*

**Q9. Please provide a copy of the 457 Deferred Compensation plan document so we can execute additional internal underwriting.**

A9. *This is located at <http://www2.co.fresno.ca.us/DCMC.htm> as referenced on page 3 of the RFP.*

**Q10. Please confirm if there is a limit on the number of hardship/unforeseeable emergency withdrawals that are permitted per participant under the current plan?**

*A10. No limitations*

**Q11. Are deemed IRAs a part of the plan? If so, please confirm the number of participants with deemed IRAs.**

*A11. No*

### **EDUCATION/PARTICIPANT SERVICES**

**Q1. Do you currently, or would you provide dedicated office space for the on-site rep?**

*A1. This would need to be arranged by the on-site rep with each department, but the County will provide space if available.*

**Q2. We understand that the current provider is available 200 days year. How many individual meetings have taken place and how many group/educational sessions have been held in 2012 and 2013?**

*A2. In both calendar years the number of group meetings each year was approximately 110 and there were between 1,900 and 2,100 individual counseling sessions done each year.*

**Q3. Please identify the number of locations that requires on-site education and the number of employees at each location.**

*A3. There are at least twenty (20) locations that require periodic education meetings and up to one hundred (100) locations that have participants or employees that are eligible to participate.*

**Q4. Does the current level of education on-site days with Great West meet the expectations of the County?**

*A4. Currently the County has a vendor representative on-site 4 days a week. The County is open to hearing vendors' proposed models that might drive improved participant outcomes and/or improve the efficiencies of the participant education program.*

**Q5. Is there a need for communications in languages other than English? If yes, please specify.**

*A5. All County employees must effectively communicate in English. However, the ability to communicate in Spanish or Hmong would be helpful, but not required.*

**Q6. The Scope of Services lists "DB Plan integration" as part of the expected "Participant Service". Can the County clarify what the expectation is regarding this "integration"?**

*A6. The County currently offers employees a defined benefit plan and the ability to participate in the 457(b) plan. Vendors are encouraged to demonstrate their platforms' ability to assist participants with increasing their understanding of both the 457 and the defined benefit plan, and how these programs can help clients achieve their retirement planning goals.*

**FEES/EXPENSES**

**Q1. What are the administrative expenses referenced near the bottom of page 7 of the RFP?**

*A1. Administrative expense categories include: Record-keeping fees, consulting fees, County staff costs, legal fees, and participant education costs.*

**Q2. Page 45 of the RFP, under Fee Projections; are these hypothetical or actual fees? If they are hypothetical what are the actual fees?**

*A2. The fees are hypothetical; the vendor is to substitute their fees for the ones listed and multiply by the number of transactions in each fee category (if applicable).*

**Q3. Please provide the amount of the County Administration Fee and confirm if you would prefer the admin fee included in our requirement?**

*A3. The County currently charges participants a flat 0.23% annual fee. However, vendors should price their service separately from the County's admin fee.*

**INVESTMENTS**

**Q1. Regarding the BlackRock collective investment trusts:**

**a. Since you are invested in a share class that is "gross of fees", how are management fees charged on these funds? Are they unitized into the daily price? If so, who calculates the unitized prices now? If not, is an explicit fee charged to the participants invested in these funds?**

*a. There is no revenue share collected out of any of the BlackRock Funds. Great-West calculates the unitized prices based on the daily fund valuation received from Blackrock. All funds in the plan, including the BlackRock funds are assessed an annual fee of 0.23%, collected quarterly explicitly from participants accounts.*

**b. Are these funds traded and settled via NSCC?**

*b. Not currently, but Great West is in discussions with BlackRock to change its trading agreement to put them on the NSCC platform.*

**c. Who calculates performance of these funds?**

*c. Calculated daily by BlackRock and then unitized by Great-West daily.*

**d. Who creates the fund fact sheets?**

*d. Information is provided by BlackRock and then Great-West formats it into a Fund Fact Sheet that mirrors what is provided by the Mutual Fund investment options.*

**Q2. Regarding the County of Fresno Stable Value Fund:**

**a. Would we receive a daily price or a periodic rate for this fund?**

*a. Periodic Rate set Quarterly.*

**b. Is this fund traded and settled via NSCC or manually fax and wire?**

*b. Manually fax and wire.*

- c. What is the cusip?**
  - c. There is none.*
- d. Who calculates performance for this fund?**
  - d. Great-West.*
- e. Will Great West provide quarterly fund fact sheets and operational support to offer their fund on a third party platform?**
  - e. Yes*
- f. Who is the investment adviser for this fund? Would they continue to be the investment adviser for this fund if a recordkeeping transition were to occur?**
  - f. Advised Assets Group manages the stable value fund, which is wrapped by Great West.*
- g. Is the County of Fresno Stable Value Fund able to be recordkept on third-party platforms?**
  - g. Yes*
- h. If the County of Fresno Stable Value Fund cannot be recordkept on third-party platforms, what are the book value and market value termination options available under the fund?**
  - h. There is no put provision and the contract can be terminated with 60 days' notice at market value. Fund can be liquidated to cash at market value or transferred in kind.*
- i. Please provide the current market value and book value of the County of Fresno Stable Value. What would be available if the contract were to be terminated by the County? (Example: market value if greater than the book value of participant accounts.)**
  - i. As of the most recent report (12/31/13), Great West Life reports a market value of approximately \$23.2m and a book value of approximately \$22.3m for a market-to-book ratio of 99.6% as of December 31, 2013. The termination of the contract would require 60 days' notice would occur at market value.*
- j. What is the current market-to-book value ratio of the fund?**
  - j. 99.6% as of December 31, 2013.*
- k. What is the amount of liquidation fees on the fixed/guaranteed assets, if any?**
  - k. None*
- l. What is the amount of liquidation fees if all assets map immediately (if any)?**
  - l. None*
- m. Are there any restrictions on the transfer of assets from the Stable Value Account?**
  - m. No*

- n. **What is the current credited rate for the County of Fresno Stable Value Investment as well as the annualized return net of the administrative fee?**
- n. *As of the December 31, 2013 report, GWL reports a credited rate of 1.80% for the first quarter of 2014. Over the past year, the fund has provided a return of 2.15%.*
- o. **Yearly (2011, 2012 and 2013) cashflow activity for the Stable Value Account for the County of Fresno broken down by Deposits, Withdrawals and Transfers (exchanges to/from stable value option to other investment options in the plan). Please see the attached file "SV Cashflow Sample –County of Fresno.xls".**

<i>Year</i>	<i>Deposits</i>	<i>Withdrawals</i>	<i>Transfers In</i>	<i>Transfers Out</i>
<i>2011</i>	<i>836,430.54</i>	<i>3,724,566.01</i>	<i>2,420,666.94</i>	<i>1,321,469.07</i>
<i>2012</i>	<i>2,861,341.99</i>	<i>4,758,381.54</i>	<i>6,697,678.92</i>	<i>5,938,120.36</i>
<i>2013</i>	<i>2,665,488.34</i>	<i>5,204,729.35</i>	<i>8,728,572.81</i>	<i>5,324,487.49</i>

- p. **SV Demographics: Stable Value assets for the County of Fresno plan broken down between actively employed and inactive participants by age band. Please see the attached file "SV Demographic Sample –County of Fresno.xls"**

p. *As of 12-31-2013:*

<i>Participant Age Group</i>	<i>Active</i>	<i>Inactive</i>	<i>Total Stable Value Fund</i>
<i>0-30</i>	<i>67,996.89</i>	<i>8,967.76</i>	<i>76,964.65</i>
<i>31-40</i>	<i>1,821,071.84</i>	<i>152,724.88</i>	<i>1,973,796.72</i>
<i>41-50</i>	<i>4,739,872.10</i>	<i>415,731.39</i>	<i>5,155,603.49</i>
<i>51-60</i>	<i>12,003,592.14</i>	<i>8,177,332.65</i>	<i>20,180,924.79</i>
<i>61+</i>	<i>4,809,670.36</i>	<i>30,583,866.58</i>	<i>35,393,536.94</i>
<i>Totals</i>	<i>23,442,203.33</i>	<i>39,338,623.26</i>	<i>62,780,826.59</i>

**Q3. Is the current administrative fee for the Plan also collected from the Stable Value Investment or just the mutual fund and collective trust investments?**

A3. *The 0.23% administrative fee is collected from all investment option including the SV option.*

**Q4. Please confirm that all investment options (excluding the Fixed Accounts) do not have any participant liquidity restrictions or surrender charges and all assets are considered mappable.**

A4. *Yes*

**Q5. Please clarify the statement "separate from their existing account"? On page 41 of the RFP, Can participants make an investment election for future contributions that is separate from their existing account balance?**

A5. *To clarify this question: Does your system allow participants to keep their current investment election for existing assets, while electing something different for their future contributions.*

**Q6. When will the encumbered assets be available for transfer?**

*A6. This will be dependent on the timeline that is agreed upon by the County and the Vendor that is chosen.*

**Q7. Are there any restrictions or fees on non-stable value assets transferring to a new provider (e.g. Market Value Adjustment, spread payout, Put, or Deferred Sales Charges)?**

*A7. No. Transfer in cash at market value or in kind.*

**Q8. While the menu stated (on Pages 35 and 36) it is identified as the “preferred” investment lineup. With the focus on fee leveling, would it be appropriate to provide a proposed lineup that is as close as possible and meets this need, i.e. funds with zero revenue sharing?**

*A8. Please provide a proposed lineup if you are unable to accommodate the preferred funds listed on pages 35 and 36.*

**Q9. Are there grandfathered life insurance policies in the plan? If so, please confirm the number of participants who have the policies, and if there are contributions being made to the policies. Please also advise which insurance company currently maintains life insurance policies.**

*A9. No*

**RECORDKEEPING AND ADMINISTRATION**

**Q1. Item IV in the Recordkeeping and Administration section poses an open-ended question regarding services the vendor can provide using full census data. Can the County share any information as to particular services they would value?**

*A1. An example would be eligibility determination, deferral rates relative to a peer group, etc.*

**Q2. Are there any services that the County is receiving today that is not meeting the plan's needs that you would like proposals to specifically address?**

*A2. The County is currently evaluating the effectiveness and efficiency of its participant education initiatives. Vendors are encouraged to propose their solution and programs that might drive greater participation and participant outcomes.*

**Q3. May vendors use the County's logo for mocking up demonstrations of marketing materials we would propose using for the Plan in our RFP response?**

*A3. Yes*

**Q4. If the incumbent is not selected, please confirm that the County would like to complete transition to the selected vendor on November 20, 2014.**

*A4. Yes*

**OTHER RETIREMENT PLANS**

**Q1. Please provide a brief summary description of the defined benefit plan(s) offered by the County?**

*A1. The FCERA handbook is located at <http://www2.co.fresno.ca.us/DCMC.htm>.*

**Q2. Are all County employees covered by Social Security? If not, please provide an estimate of the number of employees not covered and the general job classifications involved.**

*A2. Every employee eligible to participate in the 457 plan would participate in Social Security.*