Fulton County, GA

Department of Purchasing & Contract Compliance

March 12, 2012

Re: RFP 12RFP052420C-CL 457 Deferred Compensation Plan Administrator

Dear Proposers:

Attached is one (1) copy of Addendum 1, hereby made a part of the above referenced **12RFP052420C-CL 457 Deferred Compensation Plan Administrator.**

Except as provided herein, all terms and conditions in the **12RFP052420C-CL 457 Deferred Compensation Plan Administrator** referenced above remain unchanged and in full force and effect.

Sincerely,

Charles Leonard

Charles Leonard, CPPB, CAPA

This Addendum forms a part of the contract documents and **modifies** the original RFP documents as noted below:

Questions submitted: 12RFP052420C-CL 457 Deferred Compensation Plan Administrator

457 RFP ADDENDUM
QUESTIONS SUBMITTED WITH COUNTY'S ANSWERS
Exhibit B and Exhibit G are included also

1. Can you please provide who the current stable value provider(s) are for the County's plans and the assets in each? If there is an MVA or 12-month put on any of the current stable value funds, do you know if it is up, and if so, when was the 12 month put lifted or when do you expect it to be lifted?

Below is the information that we were able to obtain from our current providers:

Nationwide
The 457 Deferred Compensation Plan administered by Nationwide Retirement Solutions, Inc. (NRS) does not currently include a stable value investment option. However, the Plan does offer the following fixed rate accounts (Nationwide Fixed Account & Fixed Assets) totaling $16,709,465.58.

The Fixed Account has a market value adjustment ("MVA") at a plan level contract termination if a lump-sum payment is selected as the payout option. The MVA does not have an expiration date. It is a function of the termination process.

ICMA
12 month put option for Vantage Trust Plus Fund - $1,324,953.83

VALIC
Fixed Account Plus - $9,419,204.12
Short Term Fixed Account - $414,429.42
The VALIC contract has a participant 20% per year withdrawal limitation from the fixed accounts per Certificate Year to other funding entities. Although our attorney's interpretation is that this limitation only applies to the individual participants in the Plan, and that the contract is silent on Plan liquidation, VALIC is taking the stand that this limitation also applies to the withdrawal of assets at the Plan level.

Metlife
We have not received any responses to our questions from our client service representative at Metlife. There is currently not a stable value option under this Plan, but there is a fixed rate option and below are the most recent balances we have available. We are not familiar with any withdrawal limitations or

notification requirements for transfers from these investment products, but would assume that they may carry a market value adjustment.

GTS Fixed Account (Trad Transfer) *$ 4,220.11*
GTS Fixed Account (Traditional) *$ 276,342.16*

2. Please provide the total amount of contributions for 2011 for each plan provider. Please provide the total amount of distributions for 2011 for each plan provider.

	2011 Contributions	2011 Distributions
Nationwide	$5,729,345.70	$5,645,299.44
ICMA	$476,664.00	$335,315.00
VALIC	$2,488,710.00	$2,944,591.00
Metlife	No Information Available	

3. How many participants have assets in more than one plan? *We have completed a comparison of the participant information that we have for the three larger plans (excluding Metlife) and have found very few participants with the same name in more than one Plan. Given our limited resources and the manual nature of this comparison process (no SS# or identifying number) our ability to provide this information is limited, but the overlap is quite minimal.*

4. We would like clarification on the requirement to have stable value assets fully liquid at the plan level with 120 day notice. Most diversified pooled stable value funds require a 12 month put (notice) for book value liquidation at the plan level. This is the industry standard to help insure the long term stability of the fund and to comply with contractual requirements of the outside insurance companies that provide the book value guarantee. If this requirement is not changed the County will be limited to money market funds or insurance products that are self-insured. Would the County consider changing this requirement to allow for the industry standard 12 month put provision on plan directed transfers from the stable value option? *We currently have a stable value option in the County's 401(a) Plan which only requires a 90 day notice for Plan liquidation. This is a very competitive short term option (unlike money market funds) and is currently still paying 4.55%. This allows the County the flexibility to change Plan providers in the event an RFP solicitation requires the Plan assets be moved to a new provider to be deemed more qualified. Given we typically have 25-35% of Plan assets in stable value/fixed rate accounts we need to have more flexibility for liquidation, rather than being held to a 12-month put option requirement. Therefore, providers that are able to offer more flexible short term vehicles will be deemed superior under "Quality of Investment Fund lineup", as it relates to Section 4 – Evaluation Criteria for the short term investment options under the 457 Plan. All proposals received will be reviewed and scored according to the individual proposals submitted.*

5. It appears that the plan has 1,774 inactive accounts. How many of those accounts have $1,000 and are participants separated from service? *The information that we have is active vs inactive, therefore we would not have a breakdown of inactive participants that are and are not separated from*

County service. Below is the updated information for 2011 year-end which included the # of inactive accounts with balances less than $1,000.

	Total Participants	Active Acct #	Active Acct $	Inactive Acct #	Inactive Acct $	# of Inactive Accts balance < $1,000
Nationwide	2,347	1,334	$28,522,752.02	1013	$21,016,323.51	355
ICMA	382	337	$5,677,274.72	45	$1,053,286.67	14
VALIC	1480	790	$19,700,375.70	620	$11,649,008.00	200
Metlife	No Information Available					

6. Would the County consider working with the new consolidated provider to distribute these accounts as a rollover to an IRA or direct distribution? *Yes, for inactive account separated from service.*

7. As one of your current providers, it appears that we will not meet the minimum requirements to bid because of the requirement to waive any limitations on withdrawals from our pooled stable value fund. ICMA-RC does require 12 month notice (12 month put provision) on all plan level distributions for assets held in the Vantage Trust PLUS Fund. This requirement is an industry standard for diversified pooled stable value funds that ensures the long term health of the fund. Would the County consider reevaluating this requirement? *The County has reconsidered its position as it relates to this requirement, and has made a decision to modify the requirement as follows: The County will honor all 12-month put requirements currently in place for Stable Value funds with current vendors, but will require that on transition date that the assets be transferred to the new provider in kind and that the new provider assume recordkeeping responsibilities for those assets. This will allow the participants to only receive one 457 quarterly statement which includes all of their 457 Plan asset, and minimize confusion of Plan participants. Since the assets will be transferred in kind, market value vs book value will not be an issue. The assets will then be liquidated at the end of the 12 month put period. An updated drafted letter is being provided for current providers to submit with their proposal, which incorporates this new language.*

8. Several pages of the RFP provided by the County are cut off and missing text. Please provide complete text versions of Exhibit B – Employment Report (pg. 6-5) and Exhibit – G Prime Contractor/Sub-Contractor Utilization Report (pg. 6-15). *Please see attached Exhibit B & Exhibit G.*

9. Section 1.3, page 1-1 – Do any of the Plan's current providers offer or maintain life insurance policies? *No* If so, please provide the name of the product provider and total benefit value. Is the winning bidder expected to take over administration? *N/A*

Also, please refer to Section 3.3 – Scope of Work in the RFP which states:

Representatives will be absolutely forbidden to sell ancillary products (such as life insurance) to participants. Participant data is the sole property of Fulton County and may not be used in any way to market other products or be sold to other organizations without the express written consent of Fulton County. These provisions must be included in the contract with the vendor for the plans.

10. Section 1.3, page 1-1 – Do any of the Plan's current providers offer or maintain loans? *Yes* If so, please provide the number of loans and total assets outstanding. Please confirm the loan repayment method and periods currently available. What is the maximum number of loans a participant may have outstanding at one time? Is the winning bidder expected to take over the administration? *Yes*

VALIC

Total Number of Loans is 192 with total loan assets of $1,015,011. Loan repayment method is Quarterly bill coupon. VALIC places no limit on the number of loans a participant may have. Loans conform to IRS guidelines and limitations. If a participant defaults on a loan, the participant is not able to initiate a new loan transaction until the defaulted loan has been repaid.

Nationwide

There are currently 244 loans with a total of $1,243,530.59 loan assets outstanding. 243 of those loans are General Purpose and 1 is a Primary Residence Loan. The loan repayment method is ACH from either the participant's checking or savings account. General Purpose loans range from 6 months to 60 months, Primary Residence loans range 1 to 15 years. Participants may only have one outstanding loan at a time.

ICMA – Loan info as of December 31, 2011

16 New Loans in the past 12 months and 33 outstanding Loans with loan balance of $160,954 Total of 2 loans outstanding and a total of up to 2 loans may be taken each year. The payback method is direct from employee checking account (ACH.)

Metlife – No info available

11. Section 1.3, page 1-1 – Do any of the Plan's current providers offer a self-directed brokerage option ("SDBO")? *No* If so, please provide the number of participant accounts utilizing this service and the total assets held in this option. Please provide the name of all current SDBO providers offered. What is the County's expectation of the winning bidder's ability/administration of the SDBO assets? *We do not plan to offer a self-directed brokerage account under the 457 Plan.*

12. Section 1.3, page 1-1 – Do any of the Plan's current providers offer a managed account program? Yes If so, please provide the number of participant accounts utilizing this service and the total assets held in this option. Please provide name of all current managed account service providers offered.

VALIC - VALIC currently has 381 Participants that utilize the managed account program with $6,939,612 in assets under management.

ICMA – No, not offered

Nationwide
Fulton County's 457 Plan currently administered by NRS offers a managed account service called Nationwide ProAccount. There are currently $ 9,847,761.81 in assets across 447 participants in this service.

Metlife – No information available

What is the expectation of the winning bidder's ability/administration of the managed account assets? *We do not anticipate offering a managed account option under the single provider 457 Plan.*

13. Section 2.8, page 2-5 – Can subcontractors be included in multiple proposals from different vendors? In other words, can subcontractors be included in more than one primary contractor bid response? *Yes*

14. Section 2.22, pages 2-10 as well as Section 5, Form E, Georgia Security and Immigration Contractor Affidavit – What are the County's expectations around this? Would bidders be compliant if they are prepared to meet this requirement beginning with the contract effective date and specific to associates hired to work in the State of Georgia after the contract effective date? May bidders make changes to the Affidavit to reflect their proposed way of satisfying this requirement? *As indicated in section 2.22, page 2-10, the County cannot consider any bid/proposal which does not include a completed affidavit. Additionally, please contact the E-Verify offices at the address in the RFP, for further direction/advice relative to your specific method for satisfying this requirement.*

15. Section 2.25, page 2-11 – Is this term applicable to this RFP? No County funds will be used to pay for the services provided within this RFP. All costs will be covered by participant-level fees. *It is "anticipated" that "all" costs will be covered by participant-level fees, however, section 2.25, specifically states "funding in whole or in part with County funds".*

16. Section 3.4, Subsection 7 Local Preference, page 3-9 & Section 5 Form H – Does an affiliate's office qualify respondents for local preference as described in the aforementioned sections? *Not clear as to reference to "affiliate's office". However, if the "affiliate" is a subcontractor, partnership, or sole proprietor, no Local Preference Points are awarded. Conversely, if the "affiliate" is part of a Joint Venture Agreement, and meets the Local Preference criteria, points are awarded.*

17. Section 3.3, page 3-3, as well as Section 8 Exhibit 2 – This section requests that current providers submit a signed and notarized letter agreeing that if the firm is not retained it will waive any and all fees, restrictions, limitations, market value adjustments and back end fees. NRS' interpretation of Georgia State Insurance law, is that such an agreement would be prohibited by Title 33, Section 33-6-4 (b) (B) and may be categorized as an unlawful rebate. NRS is concerned that by agreeing, in our response to this RFP, to waive the market value adjustment provision associated with the Fixed Contract offered in your plan currently, NRS would be violating Georgia State Insurance Law. Given this legal prohibition, is Fulton County, Georgia willing to strike this requirement from the aforementioned RFP?

The County has reconsidered its position as it relates to this requirement, and has made a decision that it is in the participant's best interest to modify the requirement as follows: The County will honor all 12-month put requirements currently in place for Stable Value accounts with current vendors, but will require that on transition date that the assets be transferred

to the new provider in kind and that the new provider assume recordkeeping responsibilities for those assets. This will allow the participants to only receive one 457 quarterly statement which includes all of their 457 Plan asset, and minimum confusion of Plan participants. Since the assets will be transferred in kind, market value vs book value will not be an issue. A letter to this effect should be submitted by each of the current vendors based on their individual products and Plan assets (each vendor is different) and submitted with their proposal in order to meet the minimum requirements.

18. Section 5, Form G Georgia Professional License Certification – Please define which professional license(s) respondents should submit in connection with this scope of work, to be responsive to this requirement. *All licenses typically associated with selling investment products and services and providing investment advice to plan participants (e.g. Series 6, Series 7, and Series 63, CFA, etc.).*

19. Section 6, Contract Compliance Requirements – Please confirm that there are no small business, minority, female, disadvantaged spend requirements in connection with this RFP. *Not clear as to reference to "spend requirement". Fulton County's Non-Discrimination in Purchasing and Contracting program eschews discrimination against businesses by reason of the race, color, gender or national origin of the ownership of any such business. The County encourages joint ventures, teaming, partnering and mentoring relationships with minority and female businesses to achieve contracting and procurement diversity.*

20. Are the funds employer or employee directed? *The funds are employee directed. Under the new Plan, the County will elect a default of the appropriate target date fund given the participant's age, in the event no investment elections are established by the participant.*

21. Can you provide a breakdown of contributions by vendor?

	Active Acct #	Active Acct $	2011 Contributions
Nationwide	1,334	$28,522,752.02	$5,729,345.70
ICMA	337	$5,677,274.72	$476,664.00
VALIC	790	$19,700,375.70	$2,488,710.00
Metlife	No Information Available		

22. Will the winning vendor be allowed to roll out inactive accounts to reduce costs and increase average account balances? *The County is willing to work with the incoming vendor to roll out inactive accounts for separated participants below $1,000 into self-directed IRAs or to pay them out in full. The incoming vendor would have to assist in drafting any required Plan Amendment for approval by the Board of Commissioners.*

23. If a vendor does not have 5 billion in 457 plan assets, but has well in excess of 5 billion in 457/401(1)/403(b)/401(k) assets, does the fact that there is less than 1 billion in assets disqualify the vendor? *It was never the County's intent to exclude qualifying firms to only a select group of providers with this requirement. We certainly can appreciate that a middle market firm might be able to provide superior service and pricing for our participants, but wanted to ensure that the selected provider had an acceptable level of experience in the public section space. Therefore, after reviewing and taking into account that most public plans are DB plans and that this space is therefore limited, the County has decided that it would be appropriate to modify this requirement to require that a provider must manage at least $5 billion in retirement plan assets (457, 401(a), (403(b), and 401(k) plan), with at least $1 billion of those assets being managed for public retirement plans to be qualified to submit a proposal. We feel that this amendment will allow for only experienced firms being considered, while still allowing for a competitive process.*

24. Can a broker submit more than one proposal from different vendors? *The RFP is for a 457 Plan Administrator to provide the services outlined in the scope of services. Only those firms that would be deemed as Prime Bidders and providing 51% of the work or greater are qualified to submit a proposal (subcontractors performing less than 51% of the work are not permitted to submit proposals). Each prime bidder may only submit one proposal. Section 6 – Exhibit C is the form to submit to disclose your "intent" for using subcontractors for a portion of the services to be provided. If you currently have more than one subcontractor that you are considering for providing services under the contract, all of those potential subcontractors should be listed. Example, you have 10% of the work that you plan to sub-contract and you have narrowed down your sub-contractors to 2 or 3 candidates, you would list each of them and show the 10% and indicate that the final sub-contractor contract has not been awarded.*

25. Can a vendor submit more than one proposal with different brokers? *As noted above, each Prime Bidder (vendor) is only allowed to submit one proposal.*

26. Is it a goal of Fulton County for the 457 Plan to closely mirror your 401(a) plan in terms of investment lineup, or would you prefer to have unique fund offerings? *No, there is no goal to closely mirror our 401(a) investment fund lineup. The investment lineup proposed by each firm will be evaluated based on their own merits and scored accordingly.*

27. Will the winning vendor be expected to absorb market value adjustments/surrender charges? *No*

28. Will providers receive higher evaluation scoring for providing service guarantees such as timely participant statements, call response times, timely benefit payments, etc? *Service guarantees were not incorporated into the scoring process on the RFP. However, service levels as it related to the various questions in the questionnaire and the responses to those questions will be utilized to score the proposals as outlined in Section 4 for the project plan/undertaking of task, qualifications/availability of key personal, and relevant project experience.*

29. Will providers be required to disclose all revenue on proprietary funds and stable value funds? *Yes*

30. How will total fees be evaluated – is the gross cost or the revenue requirement of the vendor the overriding concern? *The total fees will be calculated based on the current net expense ratio for each mutual fund vehicle multiplied by the total assets in that asset class (we will use a generic asset allocation comparable to our current Plan assets). The short term vehicles will be evaluated based on taking the highest weighted average proposed interest rate for new money for short listed firms vs the lowest weighted average proposed interest rate for new money for short listed firms and assuming the net difference between providers to be cost to Plan participants. Therefore, only the provider which proposes the highest yielding weighted average interest rate on short term investment vehicles to Plan participants will be allocated no estimated cost for the short term investments. The County will then take the total estimated cost for each provider and allocate points for cost accordingly.*

31. One of the vendors currently has CDs in their portfolio – will mapping this into a stable value fund be an acceptable approach? *It will depend on the proposed terms of the stable value fund as to whether this will be an acceptable approach. If the vendor only provides a stable value fund requiring a 12-month put option then we would not consider this an acceptable approach and would probably look to a different short term offering to map the CDs to.*

32. Under the Administrative Services section of Minimum Requirements to Be Deemed Qualified on pages 3-4 and 3-5, the RFP lists proactive rollover advisor services and proactive minimum distribution services. Please clarify the intent of the word "proactive" for these two items. *The County would expect the provider to be proactive in communicating/assisting participants entering retirement to inform them of all of their options, including rollover options. This proactive assistance can be performed through targeted mailings or statement inserts in participants statement when they reach a certain age or onsite educational sessions specific to participants that are drawing near to their retirement date. For proactive minimum distribution services, we would expect the provider to do direct mailings to participants informing them of the IRS minimum distribution requirements as they near those thresholds.*

33. Page 3-16 of the RFP requests fund data as of 9/30/2011. Please confirm that the County would like fund data as of 9/30/2011 and not as of 12/31/12. On page 3-17 the RFP requests fund returns as of last quarter, so it would seem that County would actually prefer 12/31/12 data throughout bidder responses. Please clarify. *Please provide fund performance data as of December 31, 2011.*

34. Please clarify that the following submittal format is correct:

- Technical Proposal & Exhibit B (not submitted in separate sealed envelope).
- Cost Proposal (submitted in a separate envelope).
- Financial Information (submitted in a separate envelope).
- Office of Contract Compliance Requirements (submitted in a separate envelope).

EXHIBIT – G PRIME CONTRACTOR/SUB-CONTRACTOR UTILIZATION REPORT

This report **must** be submitted by the **tenth day** of each month, along with a copy of your monthly invoice (schedule of values/payment application) to Contract Compliance. Failure to comply **shall** result in the County commencing proceedings to impose sanctions to the prime contractor, in addition to pursuing any other available legal remedy. Sanctions may include the suspending of any payment or part thereof, termination or cancellation of the contract, and the denial of participation in any future contracts awarded by Fulton County.

REPORTING PERIOD		PROJECT NAME:	
FROM:		PROJECT NUMBER:	
TO:		PROJECT LOCATION:	

PRIME CONTRACTOR		Contract Award Date	Contract Award Amount	Change Order Amount	Contract Period	% Complete to Date
Name:						
Address:						
Telephone #:						

AMOUNT OF REQUISITION THIS PERIOD: $_____

TOTAL AMOUNT REQUISITION TO DATE: $_____

TOTAL AMOUNT REQUISITION TO DATE: $_____

SUBCONTRACTOR UTILIZATION (add additional rows as necessary)

Name of Sub-Contractor	Description of Work	Contract Amount	Amount Paid To Date	Amount Requisition This Period	Contract Period Starting Date	Ending Date
TOTALS						

Executed By: _____ _____

(Signature) *(Printed Name)*

Notary: _____ Date: _____ My Commission Expires: _____

EXHIBIT B – EMPLOYMENT REPORT

The demographic employment make-up for the bidder must be identified and submitted with this bid/proposal. In addition, if subcontractors will be utilized by the bidder/proposer to complete this project, then the demographic employment make-up of the subcontractor(s) must be identified and submitted with this bid.

JOB CATEGORIES	**TOTAL EMPLOYED**		**TOTAL MINORITIES**		WHITE (Not Hispanic Origin)		BLACK or AFRICAN AMERICAN (Not of Hispanic Origin)		HISPANIC or LATINO		AMERICAN INDIAN or ALASKAN NATIVE (AIAN)		ASIAN		NATIVE HAWAIIAN or OTHER PACIFIC ISLANDER (NHOP)		TWO or MORE RACES	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
EXECUTIVE/SENIOR LEVEL OFFICIALS and MANAGERS																		
FIRST/MID LEVEL OFFICIALS and MANAGERS																		
PROFESSIONALS																		
TECHNICIANS																		
SALES WORKERS																		
ADMINISTRATIVE SUPPORT WORKERS																		
CRAFT WORKERS																		
OPERATIVES																		
LABORERS & HELPERS																		
SERVICE WORKERS																		
TOTAL																		

FIRMS'S NAME _____

ADDRESS _____

TELEPHONE _____

This completed form is for (Check only one): _____ Bidder/Proposer _____ Subcontractor

Submitted by: _____ Date Completed: _____

The reason we pose this questions is that on page 3-1 the RFP states the following, which is different than the instructions provided on page 3-2 of the RFP and in Exhibit 1 – Required Submittal Checklist:

THE TECHNICAL PROPOSAL, THE COST PROPOSAL AND CONTRACT COMPLIANCE EXHIBITS SHALL BE SUBMITTED IN SEPARATE, SEALED ENVELOPES OR PACKAGES. THE INCLUSION OF ANY COST INFORMATION IN THE TECHNICAL PROPOSAL MAY RESULT IN SUCH PROPOSAL BEING REJECTED BY THE COUNTY.

The Technical Proposal, Cost Proposal, Contract Compliance Exhibits, and Financial Forms should be submitted in separate sealed envelopes, and marked accordingly. The "original technical proposal" should contain all documents; however, cost should not be included in "copies" of the technical proposal.

ACKNOWLEDGEMENT OF ADDENDUM NO. 1

The undersigned proposer acknowledges receipt of this addendum by returning one (1) copy of this form with the proposal package to the Department of Purchasing & Contract Compliance, Fulton County Public Safety Building, 130 Peachtree Street, Suite 1168, Atlanta, Georgia 30303 by the RFP due date and time Wednesday **March 28, 2012, 11:00 A.M.**

This is to acknowledge receipt of Addendum No. 1, _____ day of _____, 2012.

_____
Legal Name of Bidder

_____
Signature of Authorized Representative

_____
Title