



CITY OF HOUSTON

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August 15, 2008

SUBJECT: Letter of Clarification 1

REFERENCE: Request for Proposal No.: **S37-T22987 for 457 Deferred Compensation Plans**

TO: All Prospective Proposers:

• **This Letter of Clarification is issued for the following reasons:**

• **To clarify the above referenced solicitation as follows:**

1.0 Page 17, Section 1.0, GENERAL INSTRUCTIONS, Sub-Section 23.0 SCHEDULE,

Proposals Due From Proposers

~~Friday, August 22, 2008~~

Corrected Date:

Proposals Due From Proposers

Friday, August 29, 2008

2.0 Page 19, Section 2.0, SCOPE OF WORK, Sub-Section 3.3 PROACTIVE APPROACH, Sub-Section 3.3.4 is DELETED IN ITS ENTIRETY:

3.3.4 Develops strong working relationships with human resources staff of COH agencies and participating local governments in order to maximize opportunities for employee education and communication

~~*3.3.4 Develops strong working relationships with human resources staff of COH agencies and participating local governments in order to maximize opportunities for employee education and communication*~~

• **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Proposal:**

GENERAL QUESTIONS

1.0 On page 23, Section 6 of the Scope of Work, item #6.1.3, the RFP discusses a post enrollment process to select a new or successor service provider. Please describe the process that the City envisions. Is it anticipated that each participant will be re-enrolling with the new vendor?

ANSWER: Yes.

2.0 On page 25 – Section 10 of the Scope of Work, item #10.1, the RFP discusses a \$20 per year participant recordkeeping fee. Is this the only fee/revenue received by the current vendor? Does the current vendor also receive revenue from other vehicles such as managed accounts and/or from the management fees of the stable value investment vehicle?

ANSWER: The current vendor receives revenue from the \$20 per participant recordkeeping fee, managed accounts and management fees from the Stable Value investment vehicle.

3.0 Does the current vendor offer managed accounts? If yes, what is the fee assessed for the managed accounts? How many participants take advantage of the managed accounts? What are the total assets held within the managed account program? Does the City or Great West receive the revenue from this service?

ANSWER: Yes, the current vendor offers managed accounts.

The following plan statistics are as of July 21, 2008:

Advice clients	150
Managed clients	4,122
Managed Assets	\$52,181,691

Great West receives the revenue from this service.

4.0 What are the management fees for the current stable value account? Is this a custom stable value account dedicated exclusively to the City of Houston Plan?

ANSWER: The current management fees for the Stable Value Fund are 0.50%. Yes, the Stable Value Account is dedicated exclusively to the City of Houston Plan.

5.0 On page 28 – Appendix A – Plan Information, under Field Representatives; are the four representatives and two administrative support representatives 100% dedicated to the City of Houston’s plan or do they service other plans?

ANSWER: Yes, they are dedicated to the City.

6.0 If the City of Houston provides office space in a City building for the entire staff of the selected vendor, will the City of Houston charge for providing office space?

ANSWER: A possible fee for office space in a City building will be subject to discussion and negotiation with the selected vendor.

7.0 Will the City of Houston allow the marketing representatives of the selected vendor to offer City of Houston employees other outside securities such as 529 plans, disability insurance, mutual funds and IRA’s?

ANSWER: The City is looking for field service representatives to serve the best interests of the City, the Plan and its participants. Field service representatives currently assist participants with initial enrollment including contribution rates and investment allocations as well as ongoing reviews of accounts. The City is not looking for field service representatives to cross-sell additional investment products or plan types.

8.0 Is the current RFP for an exclusive contract for all City of Houston employees except sworn Police for the entire term of the agreement?

ANSWER: All City employees are eligible to participate in the 457 Plan

9.0 Please clarify the proposal due date as two different dates are listed in the RFP.

ANSWER: The proposal due date is August 29, 2008 at 2:00 p.m.

10.0 Who manages the current stable value fund?

ANSWER: Great West.

11.0 What is the fee charged for this fund?

ANSWER: Please see the response to question number 4 above.

12.0 What is the current crediting rate on the stable value fund?

ANSWER: Current rate is 4.65%.

13.0 What is the current market value position of the stable value fund?

ANSWER: As of June 30, 2008:

Market value of the Houston Fixed account	\$184.0 million
Participant book value	\$184.6 million

14.0 Can we get a breakdown of the existing stable value fund's characteristics (quality, duration, sectors, etc)?

ANSWER: The City is looking for each proposer to propose a Stable Value fund with fees and holdings that it feels will make its bid competitive and serve the best interests of the City, the Plan and the participants.

15.0 Can we get a listing of the securities held in the stable value portfolio?

ANSWER: The City is looking for each proposer to propose a Stable Value fund with fees and holdings that it feels will make its bid competitive and serve the best interests of the City, the Plan and the participants.

16.0 Page 23 - 6.1.3 - Please clarify what will be required for the post enrollment process (page 23 - item 6.1.3) which describes that the participants will have a choice to select a new service provider. Is the intent to select multiple plan providers or a sole provider?

ANSWER: Please see the response to question number 1 above.

17.0 Page 85 - question 5 - Does the current provider offer dedicated customer service representatives that only service the City of Houston and no other deferred compensation plans outside of New Hampshire. If the associates in the Call Center are trained thoroughly on the City's plan, is it permitted that they can respond to other client telephone calls, as long as call hold times do not exceed the standards that the City expects.

ANSWER: Yes, associates in the selected proposer's call center may address other client telephone calls as long as call hold times do not exceed the standards outlined in the signed agreement between the City and the selected proposer.

18.0 May we have a copy of the 457 plan document for the City?

ANSWER: A copy of the Plan document will be posted on the City's procurement website.

19.0 Page 21 - question 79 - Does the City of Houston intend to offer auto enrollment of all new hires for the 457 deferred compensation plan since it is a supplemental plan?

ANSWER: The City will utilize its current enrollment process, but is considering an auto-enrollment feature for the future.

20.0 Can you provide a copy of the loan guidelines?

ANSWER: Please see the Plan document available on the City's procurement website (page 17).

21.0 Please provide a copy of COH's current Investment Policy Statement.

ANSWER: The City's Investment Policy Statement will be posted on the City's procurement website.

22.0 Can you provide a copy of a current participant statement?

ANSWER: The City is looking for proposers to propose Plan and participant services, including participant statements, which it feels makes its bid competitive and serves the best interest of the City, the Plan and the participants.

23.0 Will one contribution file be sent?

ANSWER: Yes.

24.0 In reference to page 15 and pages 68 – 70, can you describe in more detail the "Pay or Play Program"?

ANSWER: For any questions that you may have with respect to this program, please contact Mr. Aboul "Bobby" Qasim in the Affirmative Action Department. He can be reached at 713-837-9028.

25.0 Can you provide a copy of Executive Order 1-7?

ANSWER: Please go to our website below. It will be posted along with the RFP and this Letter of Clarification 1.

<https://purchasing.houstontx.gov/>

26.0 Page 80, question # 6: - Please define "annual benefits file".

- Is this a report or a soft copy data file?
- What specifically should this file contain?
- What is the purpose of this file and how will it be used?

ANSWER: All references to an “annual benefits file” in this RFP are to be disregarded.

27.0 Are the existing funds held in omnibus accounts or in accounts in the name of the plan?

ANSWER: Omnibus accounts.

28.0 Is the City willing to consider fully outsourcing/delegating the unforeseen emergency process, including approvals/denials?

ANSWER: No. The selected vendor will only provide recommendations for unforeseen emergency requests. The City will maintain its role in making the final determination.

29.0 In addition to the \$20 per participant annual fee collected from participants, does the City also pay a flat fee to Great-West? If so, approximately how much?

ANSWER: No.

30.0 Does Great West keep the entire 0.50% fee from the Houston Fixed Fund? If so, what is the breakdown of the 0.50% expense between investment management and recordkeeping offset?

ANSWER: Yes.

31.0 What plan services are currently outsourced by Great-West in order to meet the City’s W/MBE participation goal of 11% contract participation?

ANSWER: Each proposer should propose services that it feels will make their bid competitive and meet the City’s W/MBE participant goal.

32.0 Please provide the number of unique participants that have loans, specifically for the 6,585 outstanding loans, how many participant accounts have outstanding loans?

ANSWER: 4,442.

33.0 The RFP indicates that the incumbent currently collects \$20 per year from participant accounts. In addition to that amount, please indicate the schedule of revenue sharing for the funds currently offered by the incumbent. Please provide the annual amounts of this revenue sharing and what amount(s) of this revenue is paid to the incumbent and/or allocated to the City for use to offset its internal costs for plan administration and oversight.

ANSWER: The City is looking for each proposer to propose an investment lineup with fees (expense ratios and revenue sharing) that it feels will make its bid competitive and serve the best interests of the City, the Plan and the participants.

34.0 The RFP indicated that ticker symbols for the proposed funds need to be provided and if not available to provide all information requested in Exhibits II through VI. Please confirm that if the ticker is provided that Exhibits II through VI do not need to be completed

ANSWER: Please complete all exhibits for all proposed funds.

35.0 For the current stable value separate account provided by the incumbent please:

- Provide a detailed schedule of the current holdings held in the separate account and the investment policy that describes how the separate account is managed; Confirm the investment management fee collected as well as any revenue sharing used to offset plan expenses of the incumbent or the City; Indicate whether 100% of assets will be transferred at book value or if there it is expected to be at market value or paid over a period.

ANSWER: The City is looking for each proposer to propose a Stable Value fund with fees and holdings that it feels will make its bid competitive and serve the best interests of the City, the Plan and the participants.

- Provide a history of cash flow over the past 5 years

ANSWER: Below are the year-end balances for the Stable Value Fund over the last 5 years.

12/31/03	\$139,838,668
12/31/04	\$159,332,920
12/31/05	\$169,416,611
12/31/06	\$171,536,956
12/31/07	\$173,285,071

- Confirm the current and minimum guaranteed interest rate for the account

ANSWER: Current rate is 4.65%. Rate is updated quarterly.

Minimum guaranteed interest rate is 0%

36.0 For current payments, please breakdown what percentage is paid through electronic funds transfer and what percentage are paper checks.

ANSWER: For 2007, 83.49% were paper checks, 16.51% were ACH or wire.
For current payments 259 ACH, 113 check.

37.0 For the police plan currently offered by AIG VALIC, please provide information on the plan including the number of participants and assets; annual plan cash flow; the funds and services offered; and the associated fees.

ANSWER: This information is not relevant to your proposal.

38.0 Please confirm that loan repayments are done via payroll deductions.

ANSWER: Confirmed. Terminated participants with loans send check or money order directly to the current vendor.

39.0 Please confirm that there is one centralized incoming payroll file coming from the City. Please indicate that the City can accept a payroll feedback file from the service provider with contribution information. Please indicate what demographic information the City of Houston can provide to support on-line enrollment (all eligible City employees) and managed account services, i.e., gender, annual salary).

ANSWER: Confirmed. The City sends one centralized incoming payroll file. The City can not accept a payroll feedback file. In order to change their current contributions, participants must complete the proper paperwork and return it to Human Resources/Payroll.

The City provides general demographic data to the current provider such as name, social security number, address, date of hire, date of birth, status and termination date. Once the vendor is selected, a formal discussion of system requirements and necessary data can be discussed

40.0 Section 4.10.1 of the RFP indicated that the Proposer shall be capable of "... an in-kind brokerage transfer of existing assets to accommodate participants who establish a self-directed brokerage account under the current contract" During the Bidders Conference it was indicated that the City did not currently have a brokerage option. Please confirm that there is no Brokerage Option and that the in-kind transfer requirement does not apply.

ANSWER: A brokerage window is not currently available to participants in the Plan. The City would like to understand each proposer's capabilities with respect to this service.

41.0 During the Bidders Conferences it was indicated that the City currently has a direct contract with Fidelity for the Fidelity funds offered in the current fund lineup. Since we are to make a proposal for the existing fund lineup please provide the revenue sharing amounts paid under the current contract or indicate if the City would want proposers to directly contract with Fidelity.

ANSWER: A separate agreement exists between the City and Fidelity Investments. The revenue sharing amounts paid under the current contract are not relevant to your proposal.

42.0 The RFP indicated that the number of terminated participants with balance was 20 in 2007. Is that the total for the plan or only the number of terminated participants who left their account in the plan during 2007? Please provide the number of inactive accounts in the plan (no current contributions are being made but the participant is still employed by the City).

ANSWER: Please page 31 of the Request for Proposal.

43.0 For the eligible employees, could you provide a breakdown of the number of work sites, the worksite locations and the number of employees at each site?

ANSWER: Eligible employees are located throughout the City and the surrounding area. The City is looking for the successful proposer to locate their field service representatives in a central, downtown office location that will allow the field service representatives to visit with eligible employees areas as the need arises.

44.0 Can employees enroll on-line? If yes, please describe current procedures. If not, does the City contemplate offering on-line enrollment?

ANSWER: Yes. Participants may utilize the Great West website to select their contribution rates and investment mix allocations on their own or meet with a field service representative.

45.0 Please provide the number of Domestic Relations Orders qualified annually.

ANSWER: 29

46.0 Please provide the number of hardship applications processed annually.

ANSWER: Approximately 25

47.0 Please indicate the number of annual in-service distributions made during 2006 and 2007.

ANSWER: 2006 79
 2007 57

48.0 Please provide the statistics on the number of participant calls to the VRU annually as well as the number that drop to a PSR. Please provide the average duration of the calls. Also, please provide the number of telephone calls and walk-in visitors to the local service office. Please describe the duties and activities of the 2 administrative personnel in the local service office.

ANSWER: The VRU and PSR statistics are unavailable. Please see the answer to question number 42 above for details on the administrative personnel.

49.0 What are the minimum qualifications in the RFP?

ANSWER: Proposers must comply with all RFP Scope of Work specifications as well as the Proposer Qualifications outlined in sub-sections 8.1, 8.2 and 8.3 in Part 8.0 under Section III, Proposal Outline and Content. Unless otherwise noted by you, in your cover letter, it is assumed that, by submitting a response to this RFP, your response conforms to the minimum qualifications in every way.

52.0 Can you confirm the city's desired implementation date? January 5, 2009 or January 1, 2009?

ANSWER: The desired implementation date is January 1, 2009.

53.0 Can you clarify your interpretation of a Stable Value separate account? Are you referring to a custom Stable Value offering?

ANSWER: Please see the answer to question number 4 above.

54.0 Please clarify your request that proposed funds must include separate accounts and/or commingled funds. What do you mean specifically?

ANSWER: The City is looking for each proposer to propose a fund line up with investment options (mutual funds, separate accounts or commingled trust funds that it feels will make its bid competitive and serve the best interests of the City, the Plan and its participants.

55.0 Current lineup - name of funds, their % of assets and total assets?

ANSWER: Please see page 31 in the RFP.

56.0 Please provide BFGS manager selection criteria.

ANSWER: Each fund in each proposer's fund lineup will be evaluated based on manager tenure and experience, expense ratio, 3-year risk-adjusted return, 5-year risk-adjusted return, 3-year absolute return and 5-year absolute return.

57.0 Is there a maximum for proprietary funds we can propose?

ANSWER: No. The City is looking for each proposer to propose a fund line up with investment options (mutual funds, separate accounts or commingled trust funds that it feels will make its bid competitive and serve the best interests of the City, the Plan and its participants.

58.0 Can we propose more than one option under each asset class – could be value, growth or core?

ANSWER: Please propose investment options in accordance with the proposed investment structure listed on page 115 of the RFP.

59.0 Is revenue sharing applicable to all menu items – proprietary and non-proprietary?

ANSWER: Yes.

60.0 Is revenue sharing applicable to the stable value account?

ANSWER: Yes.

61.0 How would the city like to see the revenue sharing paid to the city structured?

ANSWER: The City anticipates receiving revenue sharing on a quarterly basis.

62.0 Is revenue sharing paid to the city or to the plan? How is revenue sharing defined?

ANSWER: Revenue sharing is paid to the City. Revenue sharing is defined as a portion of the investment management fees received by the City as credits to offset Plan expenses for the benefit of the participants.

63.0 The RFP indicates that COH will be responsible for establishing qualification procedures and other distribution and savings options in accordance with applicable federal statutes and regulations. Have these policies been established and if so, may we have a copy of the qualification procedures for unforeseeable emergency distributions?

ANSWER: The City follows the unforeseeable emergency distribution regulations outlined by the Internal Revenue Service.

64.0 The total dollar figures were provided for unforeseeable emergency distributions from the plan for 2006 and 2007 – can you provide us with the actual number of claims/requests that were submitted, the number approved, the number denied, and the number re-submitted for a second-level appeal?

ANSWER: This information is unavailable.

65.0 Please confirm the number of payroll feeds?

ANSWER: One.

66.0 What are the roles of the four field representatives?

ANSWER: Field service representatives currently assist participants with initial enrollment including contribution rates and investment allocations as well as ongoing reviews of accounts.

67.0 What are the roles of the two administrative support representatives?

ANSWER: The administrative support representatives provide back-office support for the 4 field service representatives.

68.0 Please confirm that the October 1 date mentioned in Section O, Question #4 is accurate.

ANSWER: The Plan implementation date remains January 1, 2009. The announcement of the new Plan will occur approximately 90 days in advance of this date, tentatively October 1, 2008.

69.0 Are there any of the services you are requesting not currently being offered by the existing provider?

ANSWER: The City is looking for proposers to review the current Plan and suggest any Plan design or services that it feels would add value for the City, the Plan and its participants.

70.0 Are you currently dissatisfied with the product and/or service you are receiving?

ANSWER: The City is very satisfied with the product and service it is currently receiving.

71.0 What is the plan's Tax ID Number(s)?

ANSWER: This information will be disclosed to the selected provider.

72.0 What restrictions, if any, exist with respect to transfers among competing fixed income funds or any brokerage window options (e.g., equity washes)?

ANSWER: There is currently no equity wash provision in the Plan

73.0 What percentage of a plan participant's total assets can be allocated to a self-directed brokerage account?

ANSWER: See the answer to question number 13 above.

74.0 What is the current crediting rate for the existing stable value option?

ANSWER: 4.65% credited quarterly

75.0 Please describe the current stable value investment mandate (e.g., current asset allocation, benchmark, sector limits, duration band or limit).

ANSWER: Please utilize the Stable Value Fund requirements listed in the RFP to propose a Stable Value Fund for the Plan with fees and holdings that your firm feels will make its bid competitive and serve the best interests of the City, the Plan and the participants.

76.0 Please provide quarterly stable value cash flow history for the last 3 years. If cash flow history is not available, please provide stable value fund assets for the last 5 years.

ANSWER: Please see the answer to question number 38 above.

77.0 Will the stable value assets be coming over to the new service provider in a lump sum or installments?

ANSWER: The potential timing and form of transfer will be negotiated once the contract is awarded.

78.0 Will there be a surrender charge or market value adjustment when the assets move to a new provider? If yes, what is the amount or percentage?

ANSWER: As of June 30, 2008:

Market value of the Houston Fixed account	\$184.0 million
Participant book value	\$184.6 million

79.0 If the assets are to be transferred in installments, please describe the expected stable value withdrawal protocol (e.g., LIFO, Pro-Rata, Other) between the new and incumbent provider?

ANSWER: See response to question number 78 above.

QUESTIONS ASKED AT THE PRE-PROPOSAL CONFERENCE

1.0 Is the City looking to add to the number of participating local governments?

3.3.4 Develops strong working relationships with human resources staff of COH agencies and participating local governments in order to maximize opportunities for employee education and communication

ANSWER: No, this provision has been deleted from the RFP. Please see Clarification Number 2.0 on page one of this Letter of Clarification.

2.0 Is the City looking for the new service provider to perform the final review and decision-making regarding unforeseeable withdrawals made from the Plan?

4.8 Proposer shall provide complete review, approval, and administrative services related to unforeseeable emergency distributions and Qualified Domestic Relations Orders (QDRO).

ANSWER: The City will allow the new service provider to review the unforeseeable withdrawal request from the participant and make a recommendation to the City. The City will make the final determination on whether the request will be transacted and will notify the service provider to take action.

3.0 Is a brokerage window currently available in the Plan?

4.10 Proposer shall be capable of providing self-directed brokerage services.

ANSWER: A brokerage window is not currently available to participants in the Plan. The City desires a description of each proposer's capabilities with respect to this service.

4.0 Please clarify what the City is looking for with respect to field service representatives.

*4.12 Proposer shall have permanent field staff and offices in Houston, Texas. **Please note that the City is considering for the future, having field representatives located in an office within a City facility with direct management by the provider and direct oversight by the Plan Sponsor.***

ANSWER: Space is currently very limited in government buildings. Depending on availability, the City will decide whether to have local field service representatives located in an office within a City facility or have the field service representatives at an off-site location to be determined and operated by the service provider.

Currently, the Plan is supported by 4 dedicated field service representatives and 2 administrative personnel. The City is currently very happy with the arrangement and the fact that the field service representatives are dedicated to the City is extremely important.

Employees utilize the services of field service representatives frequently.

5.0 Please clarify the timing of on-site visits. Will on-site visits occur after the vendor search and implementation are completed?

4.13 Proposer shall accommodate on-site visits of Corporate and/or Regional offices by COH representatives in order to observe operations and to meet with corporate staff and field representatives/regional directors.

ANSWER: The City is looking to perform on-site due diligence only during the vendor search process.

6.0 Please clarify the revenue sharing arrangement currently in place between the current provider, Great West, and the City.

5.3 Any revenue sharing from the investment products will be paid directly to the COH. The COH will uphold its Fiduciary responsibilities to its Plan participants by ensuring that revenue sharing is put towards the administrative expenses of the Plan.

ANSWER: The City currently has a contractor's agreement with the current service provider to receive revenue from the Plan's investments. Great West provides payments to the City quarterly and monthly depending on the investment manager.

7.0 What is the current crediting rate of the Houston Fixed account and how often is the rate credited?

ANSWER: The current crediting rate is 4.65%. Rates are credited quarterly.

8.0 Is there flexibility with the January 5, 2008 implementation date?

*6.1.1 Samples of these documents based on a **January 1, 2009** implementation date shall be included with your response to this proposal.*

ANSWER: Each firm should state their recommended implementation timeframe.

9.0 Please clarify the post-enrollment process.

6.1.3 In addition, there will be a post enrollment process so that participants are given an opportunity to select a new or successor service provider.

ANSWER: All current participants will be re-solicited and provided an opportunity to re-enroll in the Plan.

10.0 How many outstanding loans are participants permitted to have at one time?

ANSWER: Participants are currently permitted 2 outstanding loans at one time.

11.0 What is the breakdown of the participants who received distributions in 2007 electronically (wire/EFT) versus check?

ANSWER: For 2007, 83.49% were paper checks, 16.51% were ACH or wire.

12.0 Where in the current contract is the current service provider? What is the effective date of the current contract?

ANSWER: Great West is in the final year of its contract with the City. The effective date of the current contract is October 1, 2000.

13.0 What is the expected date for finalist presentations?

ANSWER: The finalist presentations are tentatively scheduled for the week of October 13, 2008.

When issued, Letter(s) of Clarification shall automatically become a part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. It is the responsibility of the proposers to ensure that they have obtained any such previous Letter(s) associated with this solicitation. By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this solicitation.

If you have any questions or if further clarification is needed regarding this Request for Proposal, please contact me.

Sincerely,



Joyce A. Hays
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Attachments: Revised pages 17, 19, 80

23.0 Schedule:

23.1 Listed below are important dates and times by which actions related to this Request for Proposal (RFP) should be completed.

23.2	<u>EVENT</u>	<u>DATE</u>
	Date of issue of the RFP	Friday, August 1, 2008
	Pre-Proposal Conference	Wednesday, August 6, 2008
	Questions from Proposers due to City	Tuesday, August 12, 2008
	Proposals due from Proposers	Friday, August 29, 2008
	Notification of intent to award (<i>Estimated</i>)	Monday, November 3, 2008
	Council Agenda Date (Tentative)	Wednesday, December 3, 2008
	Contract start date (<i>Estimated</i>)	Monday, January 5, 2009

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Date of issue of the RFP	Friday, August 1, 2008
Pre-Proposal Conference	Wednesday, August 6, 2008
Questions from Proposers due to City	Tuesday, August 12, 2008
Proposals due from Proposers	Friday, August 22, 2008
Notification of intent to award (<i>Estimated</i>)	Monday, November 3, 2008
Council Agenda Date (Tentative)	Wednesday, December 3, 2008
Contract start date (<i>Estimated</i>)	Monday, January 5, 2009

enrollment and education process. COH is looking for a service provider who can actively manage all related enrollment activity and implement a program to ensure maximum participation.

- 3.2 Additionally, COH wants to develop a relationship with a service provider who will offer strong and competitive fund choices, accurate and timely recordkeeping services and administer the Plan within pre-described service standards. It places a high value on finding a service provider that meets the following qualifications.

- 3.2.1 Adheres to successful quality assurance procedures;
- 3.2.2 Follows a successful problem resolution methodology;
- 3.2.3 Has a history of performing services on a timely basis;
- 3.2.4 Performs services correctly and accurately every time; and
- 3.2.5 Provides accurate and consistent responses to inquiries.

3.3 **Proactive Approach**

- 3.3.1 Educates participants through participant friendly communications,
- 3.3.2 Educates participants by providing informed customer service representatives;
- 3.3.3 Provides monthly on-site visits to individual COH agencies for participant enrollment and group meetings; and
- 3.3.4 Develops strong working relationships with human resources staff of COH agencies and participating local governments in order to maximize opportunities for employee education and communication.
- 3.3.5 Provides comprehensive retirement planning and investment education services.

3.4 **Commitment to Technology Development**

- 3.4.1 Keeps up to date on technological developments such as Internet access;
- 3.4.2 Continuously invests in enhanced technology; and
- 3.4.3 Demonstrates improvement (accuracy, timeliness, etc.) in client service through technological enhancements

3.5 **Top Quality Investment Vehicles**

- 3.5.1 Provides strong and competitive fund choices;
- 3.5.2 Provides a diversified array of investment offerings, institutional pricing and/or low cost investment management fees.

- 3.6 The City places a high value on finding a service provider who provides:

- 3.6.1 The ability to deal directly with at least 22,000 eligible employees located throughout the City of Houston.

enrollment and education process. COH is looking for a service provider who can actively manage all related enrollment activity and implement a program to ensure maximum participation.

- 3.2 Additionally, COH wants to develop a relationship with a service provider who will offer strong and competitive fund choices, accurate and timely recordkeeping services and administer the Plan within pre-described service standards. It places a high value on finding a service provider that meets the following qualifications.

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3.5 **Top Quality Investment Vehicles**

- 3.5.1 Provides strong and competitive fund choices;
- 3.5.2 Provides a diversified array of investment offerings, institutional pricing and/or low cost investment management fees.

- 3.6 The City places a high value on finding a service provider who provides:

- 3.6.1 The ability to deal directly with at least 22,000 eligible employees located throughout the City of Houston.

5. What capability do you have to provide participant information to interested third parties, agents of the City, such as actuaries, auditors, and attorneys? What kind of turnaround time can be anticipated?
6. As part of your service, do you provide an annual benefits file, containing financial and non-financial data by participant?
7. SAS70 Audit Sample: Please provide a current SAS70 audit of your recordkeeping system, or any other audit you have performed. Who conducts the SAS70 audit?
8. What resources do you have to obtain legal opinions, interpretations of laws, regulations, and other matters on issues pertaining to deferred compensation plans?
9. Please acknowledge and describe in detail your fiduciary responsibility with respect to the Plan.
10. How will you ensure that the Plan remains in compliance with all applicable federal and state statutes and regulations?
11. How do you ensure that your recordkeeping system is in compliance with all applicable federal and state statutes, rules and regulations, the City plan document, and the contract?
12. How quickly are changes in the law reflected in the system?

G. Reporting

1. Please provide samples of statistical usage information regarding VRS, Internet, and Customer Service Center. Please describe your capabilities to provide these reports to the City.
2. Describe the standard reporting package that you would provide the City (provide samples of each of the standard reports).
3. What is the standard timeframe for providing a hard copy of reports to the City of Houston after each reporting period?
4. Will the City be able to generate these reports on-line?
5. What types of demographic participant data will you be able to provide to the City?
6. Describe your flexibility to produce ad-hoc plan level reports.
7. Describe your turn-around time for providing quarterly investment asset reports to be used to conduct investment performance analyses.
8. Describe your standard participant Statements and documents. Please provide samples of each type of participant statement. Can quarterly statements also be provided on a CD ROM for the City?

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