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March 5, 2013

RE: Request for Proposals for Administration of Deferred Compensation Plans
(457 & 401a)
RFP No: BC-02-19-13-25
Opening Date: Tuesday, March 19, 2013 at 2:30 p.m. Eastern Time

ADDENDUM #2

Dear Vendor:

This letter serves as Addendum #2 for the above referenced project.

1. Section II., C., Schedule of Events, Table 1, has been revised to change the opening date and time to Tuesday, March 19, 2013, no later than 2:30 p.m. Eastern Time.
2. Section II., S. Performance Bond, is hereby deleted in its entirety.
3. Section III., A., Cancellation, is hereby revised to read:
 - A. Cancellation: The contract may be terminated by the County without cause by giving a minimum of ninety (90) days written notice of intent to terminate. The Contractor may request termination of the contract without cause by giving a minimum of one hundred-fifty (150) days written notice of intent to terminate. Contract prices must be maintained until the end of the termination period. The County may terminate this agreement at any time as a result of the contractor's failure to perform in accordance with these specifications and applicable contract. The County may retain/withhold payment for nonperformance if deemed appropriate to do so by the County.
4. All references to minimum requirement #10 for Scenario 4 are hereby deleted in their entirety.
5. Exhibit C – Leon County Transparency Grid for Scenarios 1, 2, & 3 is hereby deleted in its entirety and replaced with Revised Exhibit C – Revised Leon County Transparency Grid for Scenarios 1, 2, & 3. All references in the solicitation document to Exhibit C will now refer to Revised Exhibit C. Please use this updated Exhibit C for your proposal responses. Revised Exhibit C has been uploaded to the County's website at www.leoncountyfl.gov/purchasing/plans&specs.

6. Questions submitted by vendors are answered in the attachment to this addendum for your consideration.

Acknowledgment of this addendum is required as part of your bid submittal. Failure to acknowledge this addendum may result in rejection of your bid. Should you have any questions, feel free to call me at (850) 606-1600.

Sincerely,

Shelly Kelley, PMP
Purchasing Director

Enc.

Answers to Vendor Submitted Questions
RFP BC-02-19-13-25

Question #1: Please provide Exhibit C as an accessible file. We are unable to open the file on the County's website.

Answer: Exhibit C has been revised to include a Stable Value/ Money Market row. The Revised Exhibit C has been uploaded to the County's website, www.leoncountyfl.gov/purchasing/plans&specs as an accessible file named, " Revised Exhibit C- Leon County Transparency Grid -Scenarios 1, 2, 3.xlsx (3/5/13)."

Question #2: Please provide the Plan's current 457 and 401(a) Plan Documents and Adoption Agreements.

Answer: The information requested is not readily available and has not been deemed necessary for providing a proposal. To avoid further delays and maintain consistency, we are requesting that all vendors use the information provided in the RFP and Q&A responses as uniform data points for your proposals. If still desired, contact Shelly Kelley at kelleys@leoncountyfl.gov and the information will be provided when it becomes available and as the process continues.

Question #3: Please confirm that both a Performance Bond and Payment and Materials Bond are required as a part of this contract.

Answer: Please see the revision in this addendum. The requirement for both bonds has been removed from this solicitation.

Question #4: Please confirm if the at will termination/contract provision term will give a 30 day notice (page 9, section II A) or 90 day notice (page 29, #3)?

Answer: Please see the revision in this addendum.

Question #5: One of the minimum requirements of this RFP is to use a Stable Value fund or Money Market fund. Current vendors are also required to respond to all 4 scenarios. In scenario 4, "current vendors are required to rebid their services utilizing their current mutual funds options provided (Exhibit D), EXCEPT that in order for an current vendor to be considered, they must provide and price either a stable value fund or money market option meeting the "minimum Requirements, Item 10 (refer to table 2 below)." These requirements create a catch 22 for us in that our variable annuity contracts are registered products with the State of Florida and include the current fixed accounts. As a result, the minimum requirements necessarily disqualify us from consideration in this RFP. Will the county consider waiving the minimum requirements under option 4?

Answer: Yes, the County will waive minimum requirement #10 for Scenario 4. Please see the revision in this addendum.

Question #6: Will submissions be accepted from firms responding only to scenario one?

Answer: As referenced under Section V. Required Submittals, current providers must submit a response to all 4 scenarios. Other bidders must submit responses to Scenarios 1 and 2 only.

Question #7: Please provide the annual contributions per plan.

Answer: Please see the answer to Question #2.

Question #8: Will there continue to be five separate payroll systems going forward?

Answer: At this time, there are no plans to change any current payroll systems.

Question #9: Regarding minimum requirement 10, is that to say that an MVA is acceptable?

Answer: The Stable Value Fund may have a two year "lock up" withdrawal provision to provide for an orderly market value adjustment. In the event that the market value at termination request is higher than the cost, then no restriction shall apply. A proposal that includes an MVA will be accepted and evaluated versus other competitive offers, based on these terms and restrictions.

Question #10: Please clarify what types of reports you are looking for in question #15 of section #1 regarding trustee reports

Answer: Please describe and provide samples of your firm's typical plan level, sponsor reporting that you will provide to Leon County.

Question #11: Could you provide an update of the outstanding Market Value Adjustments (MVA's) and other termination/buyout charges among the existing plan providers? In the last bid (Nov. '11) we were advised that those total charges approximated \$602,000. Due to declines in interest rate since this time, those charges have probably gone down.

Answer: Please see the answer to Question #2. Furthermore, we cannot validate the figure quoted in your question or how you derived it.

Question #12: In the first scenario, it is our understanding that there will be a plan consolidation to one 401a plan and one 457 G plan? Is this correct?

Answer: In the first scenario, one provider will be selected to provide recordkeeping for the 401a and 457b plans.

Question #13: What is the amount of annual contributions for all plans combined?

Answer: Please see the answer to Question #2.

Question #14: Based on the figures provided, deferred surrender charges equal approximately \$133,500 at Valic, and an unknown number for ING-from Appendix A. Are you looking for the new provider to integrate the charges into pricing, or will the charges be paid outright before the transfer of assets? If the answer is yes to having the new provider integrate the charges, please provide an estimate on the ING deferred surrender charge.

Answer: The County is not looking for providers to integrate any charges into pricing at this time.

Question #15: Are there any other restrictions on assets, MVA, surrender charges or installment periods?

Answer: Please refer to Exhibit A – Breakdown of Various Plans

Question #16: Is there a breakdown of active and non-active participant assets to determine the expected rollover assets for the second scenario?

Answer: Please refer to Exhibit A – Breakdown of Various Plans

Question #17: Will only active participants be on the record system in scenario 2?

Answer: Initially, since the plans will only be receiving new money.

Question #18: There appears to be a disparity in the Nationwide numbers (both the fixed account and total asset figures) between Exhibit A and Exhibit D. For example, Exhibit A lists approximately \$16,082,227 as the total assets in the plan, while Exhibit D lists the asset total at \$8,221,440. It appears to be the same case with numbers in the fixed account. Please provide clarification on these figures.

Answer: Please refer to Exhibit A – Breakdown of Various Plans. Exhibit D is only to be completed by the specific current vendor as it relates to Scenario 4.

Question #19: Due to the Nationwide numbers discrepancy, please provide clarification on the percentage of assets in the fixed account/stable value fund.

Answer: \$9,240,216 total in Nationwide Fixed Account

Question #20: Are there any life insurance contracts in any of the plans? If so, please provide details.

Answer: There are a minimal number of contracts. No additional information is available.

Question #21: Please provide the total amount of assets as of 12/31/12 for each provider.

Answer: Please see the answer to Question #2. Please use the data in Exhibit A – Breakdown of Various Plans - for equal comparison across all vendors.

Question #22: Please provide the total number of participants as of 12/31/12 for each provider.

Answer: Please see the answer to question #21.

Question #23: Please provide the total amount of contributions for 2012 for each provider.

Answer: Please see the answer to Question #2.

Question #24: Please provide the total amount of distributions for 2012 for each provider.

Answer: Please see the answer to Question #21.

Question #25: How many participants have assets in more than one plan?

Answer: Please see the answer to Question #2.

Question #26: Please provide the asset allocation.

Answer: Please refer to Revised Exhibit C- Leon County Transparency Grid -Scenarios 1, 2, 3.xlsx (3/5/13). This file has been uploaded to the County's website at www.leoncountyfl.gov/purchasing/plans&specs.

Question #27: Please confirm if we will need to provide a proposed fund line-up with our proposal.

Answer: You will not need to provide a proposed fund line-up.

Question #28: Please provide the most recent employer plan-level quarterly statement of account (year-end 12/31/13) for each provider.

Answer: Please see the answer to Question #2.

Question #29: Regarding scenario 4, the RFP asks VALIC to maintain the existing contract and funds therein. The RFP then clarifies that in order for a vendor to be deemed responsive to scenario 4 they should include a money market or stable value fund and be free of any restrictions or surrender charges. In response to scenario 4, VALIC would choose its then "in force" contract that is registered with the state insurance department and subject to review by other regulatory bodies. VALIC's current offering does include a money market; however, it includes our general fixed account with a 5 year restriction. Under the terms of the RFP an incumbent must respond to scenario 4. Scenario 4 requires the use of the current contract. Our current contract has restrictions, thus VALIC is in a catch 22 to responding to the minimum requirements of scenario 4. Will the county remove the restriction requirement, thus allowing all current vendors to be deemed responsive to scenario 4 and the overall RFP?

Answer: Yes, the County will waive minimum requirement #10 for Scenario 4. Please see the revision in this addendum.

Question #30: Part II "Contract Provisions" states County can cancel without cause with 30 days notice to VALIC. That conflicts with the 90 days stated at Questionnaire 6, part3 (RFP, p.29).

Answer: Please see the revision in this addendum.

Question #31: Only current vendors will respond to Scenarios 3 and 4. How will the scoring take that into consideration? For example, VALIC must calculate the "Total Excess Cost After Offsets" for Scenarios 3 and 4. (RFP,p.15) Yet a new vendor will not offer any information on that topic. How will Bogdahn and/or the Evaluation Committee compare the two submissions (RFP,p.17). A vendor's Fee score counts up to 50% of all available points. However, only current vendors will be responding to Scenarios 3 and 4 so how will incumbents be compared to new vendors?

Answer: Rankings and scoring will be made on a Scenario basis. Each scenario will have a ranking of the vendor scores for those vendors who responded to that scenario.

Question #32: Has the County conducted an employee survey to determine the participant's goals for the 457 Program, etc. If so, are the main goals available to prospective bidders?

Answer: No, the County has not conducted such survey at this time.

Question #33: Could the County please confirm there are no loan options in the 457 plan and if there are any intentions to offer loans in the future?

Answer: Confirmed. There are currently no loan options but the intent is to offer loans going forward.

Question #34: We are having some challenges securing the performance bond requested. I understand based on last week's Pre-Proposal Meeting that the plan no longer needs a Payment and Materials Bond. However, even with removing that requirement, it is some underwriters' understanding that a typical bond market would not guarantee a risk of this type. This is due in part to the number of moving parts tied to this bond and with that comes more possibility of a claim arising from it. Another concern is the length of time the bond needs to be in place, 5 years.

Is the County willing to reconsider the requirement of obtaining a performance bond, given the scope of work?

Answer: The performance and payment bond requirement is being waived. Please see the revision in this addendum.

Question #35: The RFP Spreadsheets (Exhibits C and D) are locked files which only allow providers to add fees and expenses, however, the spreadsheets do not include a line for a stable value fund, an important asset class category. Can you please provide unlocked versions of these files so providers can include a stable value fund to the line-up? This would also assist us in mapping the 216 funds among the 5 existing plan providers to the new fund line-up. If an unlocked file is not feasible, can you provide an updated spreadsheet with a stable value fund included?

Answer: The RFP Spreadsheets (Exhibit C and D) were intentionally locked in order to prohibit vendors from changing the information. An updated Exhibit C is attached. Exhibit D is specific to each current vendor and it already has a stable value line item (in blue).
