



## **NOTICE OF REQUEST FOR PROPOSALS**

**DEFERRED COMPENSATION SECTION 457(b) & 401(a) Plans**

**FOR THE**

**City of Danbury Employees**

**155 Deer Hill Avenue  
Danbury, CT 06810**

**RFP # 09-16-17-05**

**Proposals Due: November 23, 2016 at 2:00 p.m.**

Purchasing Agent  
City of Danbury  
155 Deer Hill Avenue  
Danbury, CT 06810  
Phone: 203-797-4571

## **NOTICE OF REQUEST FOR PROPOSALS**

### **“Service Contractor for Deferred Compensation 457(b) & 401(a) Plans”**

**Bid # 09-16-17-05**

The City of Danbury is inviting the submission of proposals from qualified service providers to administer an existing Section 457(b) and 401(a) Deferred Compensation Plans for Danbury’s employees.

Request for Proposal packages can be obtained by contacting the City of Danbury Purchasing Department at 203-797-4571 or Arthur Meizner, CFA, CAIA, CFP®, AIF®, Hooker & Holcombe, at 860-521-8400 or [ameizner@hhconsultants.com](mailto:ameizner@hhconsultants.com)

Interested firms are requested to submit three (3) hard copies and one electronic version (USB Flash Drive) of their proposals to the Office of the Purchasing Agent, City Hall, 155 Deer Hill Avenue, Danbury, CT 06810, during normal business hours no later than 2:00 P.M. on Wednesday, November 23, 2016.

Additionally, an electronic (WORD and PDF) must be emailed to the attention of Arthur Meizner, [ameizner@hhconsultants.com](mailto:ameizner@hhconsultants.com) at Hooker & Holcombe.

Envelopes should be marked Bid #09-16-17-05 – “Service Contractor for Deferred Compensation 457(b) and 401(a) Plan.”

Charles J. Volpe, Jr.  
Purchasing Agent  
City of Danbury

Dated: October 6, 2016

**Table of Contents**

**Page Number**

<b>1. Introduction</b>	<b>4</b>
<b>2. Instruction to Vendors</b>	<b>12</b>
<b>3. Instructions for Response to RFP</b>	<b>15</b>
<b>4. RFP Questions</b>	<b>17</b>
<b>5. Evaluation of Responses and Award</b>	<b>27</b>
<b>6. Terms and Warranties</b>	<b>28</b>

## **1.0 Introduction**

### **1.1 Purpose**

The City of Danbury, Connecticut is seeking written proposals for a single provider to serve as a Plan Administrator for its Deferred Compensation Section 457(b) & 401(a) Plans.

The City invites proposals for these services from firms that have had experience in providing such services to municipalities of similar size and scope and that have the staff capacity and expertise to do so for the City of Danbury.

### **1.2 Content of RFP**

It is necessary for vendors to read the information contained in this Request for Proposal in order to understand:

- The submission process for this RFP;
- Documents that must accompany the proposal; and
- Legal obligations of the vendors responding to the RFP.

Vendors are advised to thoroughly read and follow all instructions contained in this RFP. Failure of a vendor to carefully read and understand the information contained herein may result in the vendor's response to the RFP not being considered or accepted by the City of Danbury.

Information obtained informally from any officer, agent, or employee of the City of Danbury or any other person shall not affect the risks or obligations assumed by the vendor or relieve the vendor from fulfilling any of the conditions of this RFP or any subsequent contract.

### **1.3 Scope of Goods and Services**

The services sought to be procured by the City of Danbury through this RFP are as follows:

The Deferred Compensation Plans must include all of the following components:

**Investment Management Services: Investment Options** - While the Plans are interested in selecting a service provider that offers an attractive and flexible array of investment options, the investment line-up is not being considered with the RFP with the exception of stable value. The Plans are looking for an open architecture platform and no proprietary investment requirements.

**Stable Value** - The proposed stable value fund should be fully diversified, limit credit risk/exposure, provide competitive returns with no benefit payment limitations and provide attractive contract termination conditions such as transfer of book value with no market value adjustments or liquidation penalties. Investment options with any front- end or rear-end loads or other similar fees, charges or penalties will not be considered. The City would fully evaluate the features and rates of either a general account product or separate account product as the investment vehicle for its stable value fund category. The City may or may not elect to ultimately move forward with the recommended fund.

**Streamlined Administration**- Proposal must delineate efforts made to minimize administrative requirements of the City of Danbury.

- **Full Enrollment & Communications for Plan Enrollment**- Enrollment materials and group meetings will be anticipated, in connection with the initial enrollment.
- **Plan Documentation and Filing**- Prototype documents must be provided, in draft, to be reviewed and executed by the City.
- **Group Record Keeping**- All required Record keeping for plan sponsor will be required within your proposal.
- **Loan Provision**- Proposals should include a loan provision, within the allowance of Section 457(b). The proposal should delineate any costs associated with a loan provision.
- **Hardship Provision**- The City currently follows the recommendation of its provider as to whether a hardship withdrawal should be approved. The proposal should delineate any costs associated with hardship provisions.
- **Individual Record keeping**- Participant accounts must involve daily valuation with website access to individual account balances. Services for investment counseling, fund management, investment changes should be described, in terms of written material, personal services and on-line resources included in the proposal.
- **Customer Service**- Call center and web based access. Proposal should include a list of direct contacts for the internal administration of the Plan.
- **Employer Education** - The proposer will be required to provide ongoing employer education as it relates to the day-to-day operation of the Plan

Proposing firms must meet the following requirements:

1. The firm must have at least ten years experience administering Section 457(b) and 401(a) retirement plans and must administer a minimum of ten (10) governmental section 457(b) plans with assets of \$25 million or more.
2. Any contract entered into by the City must stipulate that there will be no front-end charges, and no back-end charges/penalties of any kind. In addition, there will be no restrictions or penalties on participant transfers or withdrawals, with the possible exception of stable value equity wash (mark-to-market) provisions.
3. With the possible exception of a Stable Value Fund or General Account, all investment options should be mutual funds with readily available expense ratios, daily NAV pricing and fund performance and operating information.
4. In selecting a Plan Administrator Provider, and performing the tasks discussed herein, it is the City's objective for there to be no budgetary impact on the City and to cause, at most, minimal internal administration.
5. Upon award of the contract, the winning firm must have been or must become duly qualified to do business in the State of Connecticut.
6. The terms outlined in this RFP must be good up to and through the negotiation of the final contract.
7. The firm must have knowledge of and comply with all applicable Connecticut State and federal regulations regarding governmental retirement plans and investment options.
8. The City commences this process with no preconceived expectation that our current vendors are to be replaced. However, we are not averse to listening to any proposal that would improve the services and opportunities that are currently available to our employees.
9. There is a high expectation that the awarded vendor will actively communicate all regulatory compliance concerns and/or issues which may have or is impacting the City's Plan and assist in the remediation of such issues.

10. Comply with the City's auditors on all Plan related reports, issues, and requests.

The proposal shall provide a breakdown of all fees and costs, as follows:

Start Up/Transition Fees

- Administration Set Up
- Plan Documentation

Ongoing Plan Administration

- ALL Annual Charges, including TPA, Record Keeping, Reporting, Education, etc.
  - First Year
  - Subsequent Years
- Transactional & Loan Provisions
  - Description
  - Fees

Account Fees

- Possible mark-to-market charges for Stable Value Funds.
- Annual Fees charged directly to the participant's account.
- Annual Fees deducted from the investment yield of each account.

Vendors are to submit a cost proposal in response to this RFP for providing all of the goods and services set forth above. Please refer to Section 4.10 for fee questions. This RFP requires full disclosure and transparency. This includes: 12b-1, revenue share, soft dollars, custodial and trust fees, investment management and advisory fees, finder fees, etc.

#### **1.4 Background Information**

The City of Danbury currently offers 457(b) and 401(a) Plans. MassMutual serves as custodial platform and administrator.

The City is looking to hire one Recordkeeper/Custodian or coordinated bundle to run and administer the Plans.

Currently, the Finance Department processes the necessary paperwork for contributions, distributions and any changes ordered by participants. The Finance Department is also involved with such matters as hardship withdrawals, review and approval of investment vehicles, compliance issues and problem resolution of a general nature.

##### **457(b) Plan - As of June 30, 2016**

Assets	\$48,114,406
General Account Assets	\$20,211,689
Active Contributing Plan Participants	371
Inactive Plan Participants	156
1 Year Contributions	\$2,532,386
1 Year Distributions	\$1,892,004
Outstanding Loans	\$793,455 (73)

**457(b) Assets as of June 30, 2016**

<b>EQUITY</b>		<b>46.82%</b>
US Large Cap	27.34%	
US Small - Mid Cap	15.40%	
International	4.08%	
<b>SPECIALTY</b>		<b>6.03%</b>
<b>FIXED INCOME FUNDS</b>		<b>1.61%</b>
<b>GENERAL ACCOUNT</b>		<b>42.01%</b>
<b>ALLOCATION FUNDS</b>		<b>2.60%</b>
<b>TARGET DATE FUNDS</b>		<b>0.93%</b>
		<hr/> <hr/> <b>100%</b>

The MassMutual General Account has a “Balance at Discontinuance” clause.

At MassMutual’s discretion, there is a 12 month “Put” feature on the contract. There is no mark-to-market or unit price adjustment.

**401(a) Plan - As of June 30, 2016**

Assets	\$522,085
General Account Assets	\$235,078
Active Contributing Employees	42
Inactive Employees	0
1 Year Contributions	\$184,160
1 Year Distributions	0
Safe Harbor Contribution	5%
Mandatory Employee Contribution	5%
Vesting period for match	5 Years
Departments eligible/ineligible	Plan covers the Danbury Municipal Employees' Association and Teamsters' union employees hired after July 1, 2012 and July 1, 2011 respectively; non-union employees, and Police and Fire employees are excluded

**401(a) Assets as of June 30, 2016**

<b>EQUITY</b>		<b>31.71%</b>
US Large Cap	16.37%	
US Small - Mid Cap	7.80%	
International	7.55%	
<b>SPECIALTY</b>		<b>1.84%</b>
<b>FIXED INCOME FUNDS</b>		<b>9.32%</b>
<b>GENERAL ACCOUNT</b>		<b>45.03%</b>
<b>ALLOCATION FUNDS</b>		<b>3.71%</b>
<b>TARGET DATE FUNDS</b>		<b>8.38%</b>
		<b>100%</b>

The MassMutual General Account has a “Balance at Discontinuance” clause.

MassMutual will pay the Balance at Discontinuance of the 401(a) Plan in six (6) equal installments, plus any interest due, annually over a period of five (5) years. MassMutual would pay the first such installment not later than thirty (30) days after the Date of Discontinuance. The remaining five installments, plus interest, shall be payable on each successive anniversary Date of Discontinuance.

Instituting the “Balance at Discontinuance” is at the discretion of MassMutual. There is no mark-to-market or unit price adjustment.

## 2.0 Instructions to Vendors

### 2.1 Response to RFP

Vendor's responses must be in strict compliance with this RFP. Failure to comply with the requirements of this RFP may disqualify the vendor's response. Include your company's name, address, main contact, telephone number and email address.

### 2.2 Deadline for Responses

Responses to the RFP must be submitted to the Purchasing Agent, City of Danbury no later than 2:00 p.m. on November 23, 2016.

Three (3) sealed hard-copy and flash drive responses may be mailed, hand-delivered or sent via courier to following address:

Purchasing Agent  
City of Danbury  
155 Deer Hill Avenue  
Danbury, CT 06810

**Additionally, an electronic (WORD and PDF) must be emailed to the attention of Arthur Meizner, ameizner@hhconsultants.com**

The City of Danbury shall not be responsible for bids mismailed or misdirected and responses received by the Purchasing Agent after 2:00 p.m. on November 23, 2016 will not be considered. **Official start of the assignment is July 1, 2017.**

#### **Additional Schedule Details:**

RFP released:	October 6, 2016
Deadline for receiving questions:	October 20, 2016
City's response to questions:	November 1, 2016
Proposals due to City:	November 23, 2016
Finalists selected:	Week of December 19, 2016
Finals presentations:	Week of January 16, 2017
Vendor selected:	Week of January 23, 2016
Contract review:	Week of February 6, 2017
Transition to New Provider	February – June 2017

### **2.3 Questions and Requests for Information**

Vendors shall direct all questions or requests for information (RFI) in writing to Hooker & Holcombe. Questions must be emailed to the following address:

Hooker & Holcombe Investment Advisors, Inc.  
Arthur Meizner, CFA, CAIA, CFP®, AIF®  
[ameizner@hhconsultants.com](mailto:ameizner@hhconsultants.com)

All questions should reference the section or exhibit of the RFP and page number to which they pertain and should be asked in consecutive order, from beginning to end, following the organization of the RFP.

Questions or RFI's must be submitted to Hooker & Holcombe Investment Advisors no later than October 20. Answers will be made as soon as possible, but in no event later than seven (7) days prior to the due date above.

There will be no response to oral inquiries. There should be no contact with the City of Danbury whatsoever. Any contact with the City could be cause for disqualification of the RFP submission.

No oral explanation or instruction will be binding upon the City of Danbury.

### **2.4 Revisions to the RFP**

In the event it becomes necessary to clarify or revise this RFP, such clarification or revision shall be by an addendum or clarification to the RFP.

Any RFP addendum or clarification shall be delivered by email by the City's Purchasing Agent.

Any addendum or clarification to this RFP shall become part of this RFP and part of the contract arising from the RFP.

### **2.5 Ambiguity, Conflict or Errors in the RFP**

If a vendor discovers any ambiguity, conflict, discrepancy, omission or error in the RFP, the vendor shall immediately notify Hooker & Holcombe Investment Advisors of such error by email.

### **2.6 Cost Liability**

The City of Danbury assumes no responsibility and bears no liability for costs incurred by vendors in the preparation and submittal of responses to this RFP.

## **2.7 Disclaimers**

The City of Danbury reserves the right to withdraw this RFP at any time and for any reason and to issue such clarifications, modifications, and/or amendments as it may deem appropriate.

Receipt by the City of Danbury of a response to this RFP confers no rights upon the vendor, or obligations, upon the City of Danbury in any manner.

The City of Danbury reserves the right to waive minor variances in responses to this RFP provided that the City of Danbury considers such action to be in the best interest of the City of Danbury. Any such waiver shall not modify any remaining RFP requirements nor excuse any vendor from full compliance with the RFP specifications and other contract requirements if the vendor is awarded the contract.

## **2.8 Rejection of Responses**

The City of Danbury reserves the right to accept or reject in part or in whole any or all submitted responses to this RFP. The City of Danbury shall reject the response of any vendor who is determined not to be responsible or whose response is deemed to be non-responsive.

The failure of a vendor to supply information concerning its responsibility may be grounds for a determination of non-responsibility.

Responses to the RFP received after the date and time specified herein will be automatically rejected.

### **3.0 Instructions for Response to RFP**

#### **3.1 General**

Vendors are instructed to submit a proposal describing its ability to accomplish the following:

- Employee education and enrollment
- Plan documentation and Filing
- Ongoing plan administration and maintenance
- Customer Service
- Quarterly and Annual Reporting

#### **3.2 Cover Letter**

The cover letter must state the firm's ability and willingness to perform the services described in this Request for Proposal. This letter should include a statement of how said TPA is qualified to provide the services described herein and meets the Minimum Qualifications of Section 1.3 and will incorporate the Warranties of Section 6.

An individual who is authorized to bind the TPA contractually must sign the letter.

This cover letter must contain an unequivocal statement as to your firm's agreement to provide all of the services listed and implied. If you wish to provide your services in a manner different than how they are currently provided, this should be addressed in the cover letter.

#### **3.3 Fee/Expense Proposal**

The Vendor's fee/expense proposal shall include itemized list of all costs associated with, but not limited to, transition fees, ongoing plan administration, and any account fees. Please refer to Section 4.10 for fee questions. Again, full disclosure and transparency is critical.

#### **3.4 Submission of the Vendor's Response to the RFP**

Responses to the RFP must be enclosed in a sealed opaque envelope or box, marked with the RFP name, the bid number, the opening date, and the name and address of the vendor.

In order to be considered, responses must be received by the time and date specified in this RFP. Late submissions will not be considered.

Vendors are cautioned to allow adequate delivery time to ensure timely delivery of responses.

### **3.5 Number of Copies**

Each vendor must submit three (3) complete ORIGINAL Responses to the RFP clearly marked as “ORIGINAL” and an electronic version by email to Hooker & Holcombe Investment Advisors.

### **3.6 Quarterly Review Meetings**

Each vendor must attest that they will participate in on site quarterly review meetings with the Deferred Compensation committee

### **3.7 Sample Contract**

Each Vendor must submit a sample boilerplate Contract (not filled out).

## **4.0** Questions

Keep responses clear and concise. Questions that are marked with a (Yes/No) response only require a description if requested. If no description is requested, these questions will be recorded as a yes/no response only, and no additional consideration will be given.

### **4.1** Organization & Team Members

- 1.** Provide the legal name of the proposing organization and its address, telephone number, fax number and company internet web address. Please provide the mailing address if different.
- 2.** Provide the name, address, telephone number, fax number and e-mail address of the primary contact for matters relating to this RFP.
- 3.** Please provide a brief history, from inception, of your firm and any parent organization. Within the past three years, have there been any significant developments in your organization, such as changes in ownership, restructuring, or personnel reorganizations? Do you anticipate future significant changes in your organization? If yes, please describe.
- 4.** Describe the ownership structure of your organization giving specific details with regard to any parent or affiliates. Include an organizational chart.
- 5.** Provide biographies of the key individuals (Team) who would be assigned to providing Plan, employee and investment consulting services to the City, as well as other key human resources of your firm associated with servicing the Danbury 457(b) Plan. Please include descriptions of their qualifications such as education, experience, years with firm, and years working with 457(b) plans. Also, include a service organization chart, as it relates to Danbury.
- 6.** What is the average number of clients managed by the Team for plans of this size?
- 7.** Describe how the Team members are compensated. Are they salaried employees? Is their compensation affected in any way by participant investment or disbursement decisions?

8. Describe your procedures for monitoring client satisfaction, participant satisfaction. What checks and balances do you have in place to assure plan administration integrity and accuracy?
9. If the proposing firm is an insurance company please provide your claims paying ability ratings from Standard & Poors, Moody's or Duff & Phelps. If rated by some other service, provide the rating and rating criteria. Also provide rating from A.M. Best Company if available.
10. Please describe the level of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. List the insurance carrier(s) supplying the coverage.
11. Are there any circumstances specifically related to your investment consulting activities under which your firm, its parent, affiliate, joint venture, its directors, officers or employees receive direct or indirect compensation from investment managers? If so, describe in detail.
12. Describe any litigation, in the past or pending, against your organization or on-site service representatives resulting from its current or past involvement with any deferred compensation, defined contribution or public/private pension plan.
13. Has your organization or have your on-site service representatives been cited, or reprimanded by any regulatory agency within the past ten years? (Yes/No) If so, please describe.
14. Disclose any news event(s) associated with your company in the last five years.

## 4.2 Experience

1. How long has your organization been providing services to governmental 457(b) and 401(a) deferred compensation plans?
2. How many governmental 457(b) Plans in the \$25 -\$100 million range does your company administer? Please list the number of participants and assets for each plan. How many governmental 401(a) Plans in the \$1 -\$10 million range does your company administer and advise on? Please list the number of participants and assets for each plan.
3. For three of the clients listed in your response to question 4.2.2 above, provide the following:
  - a. Client Name
  - b. Contact Name and Title

**c. Telephone Number/Fax/Email Address**

4. List all 457(b) and 401(a) clients your firm has lost in the last three years and reasons for such loss.

**4.3 Participant Educational Service**

1. Briefly describe the services you will provide to participants and indicate whether each service is covered under your general administrative fee or if there is an additional participant-paid fee.
2. Will you provide on-site, group education and retirement planning sessions on an on-going basis? (Yes/No) If so, please list the titles of the subjects that are covered in your program. No description necessary.
3. Are you willing to provide individual meetings and group sessions at sites and times specified by the City? (Yes/No)
4. Do you offer video or web-based educational programs to participants and retirees? (Yes/No) If yes, please list the classes/courses currently available. No description necessary.
5. Do you offer specific investment advice to participants via an online advice provider? (Yes/No) If so please list the online advice provider you use.
6. Do you offer specific investment advice to participants on an in-person basis? (Yes/No)
7. Do you offer comprehensive financial planning services, through a Certified Financial Planner or trained personnel, to participants? (Yes/No)
8. Does your firm give investment advice, assume fiduciary responsibility for the recommendations that are given to participants? (Yes/No)
9. Please answer the following regarding Call Centers
  - a. Days and hours call center representatives are available (EST)
  - b. Number of potential call center representatives serving the City of Danbury employees
  - c. Number of call centers

- d. Location of call centers.
- e. Average number of plans per call center representative

**10.** Describe your internet services, including:

- a. The types of information a participant may see.
- b. The actions a participant may perform, such as making changes to personal information, asset allocation, or requesting a distribution.
- c. How many years of data a participant may access.
- d. The types of information a non-participating employee may see.
- e. As a Proposal Attachment, provide screen prints of the first page an employee would see when accessing your site, as well as the first page a participating employee would access after logging into your system with user id and password.

Please provide a WEB demo.

- 11.** List all ways a participant may make asset allocation changes, investment option selection and changes, deferral amounts, etc.
- 12.** Describe your distribution options for terminated participants, including the average time from when you receive a distribution request in good order to the time the check or electronic transfer is sent. State whether you require letters of acceptance from companies outside Section 457(b) and 401(a) Plans that receive rollovers or transfers and whether you would waive this requirement for the City if requested.
- 13.** Will you deposit funds directly into participant bank accounts? List any restrictions.
- 14.** Please provide samples of the following as an attachment:
  - a. Enrollment forms/kits
  - b. Quarterly participant statements
  - c. Investment education.
- 15.** Describe how disputes are resolved for participants.

**4.4 Plan Sponsor Customer Service**

- 1.** Describe your plan sponsor internet services, including:

- a. The types of information a plan sponsor may see.
  - b. How accounts are accessed (account number, name, or both).
  - c. How many years of data a plan sponsor may access.
  - d. The types of reports a plan sponsor may access.
  - e. The type of information available on participant accounts that have been closed or placed in a payment status.
2. State whether your firm could provide to the City account totals on a bi-weekly, monthly, or quarterly time frame electronically and what format they would be sent in.
  3. In what format may payroll information and contributions be delivered to you?
  4. What ad-hoc reports are available to the plan sponsor? Are there additional costs?
  5. Do you provide a phone line dedicated specifically to plan sponsors? (Yes/No)
  6. Will the City be assigned a dedicated, home office account manager or managers? (Yes/No)
  7. Will you provide legal assistance and direction to assure the plan operates in compliance? (Yes/No)
  8. What is your timeframe for posting deferrals to participant's accounts?
  9. The City will provide termination dates for participants. State whether you will require any other information from the City to process a distribution.
  10. The City requires notification of all lump sum distributions and final payments (the last in a series of payments) so that we may close the account in our records. Notification includes name, account number, amount of distribution, date of distribution, and disposition (payment to participant, roll to another provider within our plan, roll to a plan outside the City's program). State how you will provide the City with this notification.
  11. Describe how disputes are resolved for the Plan Sponsor.
  12. Propose an on-going plan to maximize employee participation in the 457(b) and 401(a) Plans.

#### **4.5 Administration/Recordkeeping**

1. Briefly describe the type of recordkeeping system and software used by your organization.

2. Do you plan on any upgrades to this system or software in the next 12-months? (Yes/No) If yes, please describe.
3. Have all your systems (including, but not limited to recordkeeping, Call Center, trust and Internet systems and interfaces) and the procedures used in the recordkeeping and deferred compensation business been independently audited? (Yes/No)
4. How frequently do you conduct system audits?
5. How many plan sponsor clients do you have on the system?
6. How many participants are on the system? What's the capacity?
7. Are public sector 457(b) and 401(a) plans handled any differently from other plan types by your recordkeeping system? (Yes/No) If so, please describe.
8. Describe your company's backup emergency and disaster recovery system. Are back-up systems off-site? (Yes/No)
9. What are your daily protocols and cutoff times for investment transfers between funds?
10. In what format may payroll contributions and information be delivered to you?
11. What is the deadline for you to receive contribution payments and complete the investment of those contributions into the appropriate fund on that same day?
12. In the event of a recordkeeping error within your control, will you be financially responsible for making participants and/or the plan whole? (Yes/No)
13. Please describe your loan processing procedures. What functions must the plan sponsor retain?
14. What is your process for submitting hardship applications; will you provide a recommendation on hardship applications?
15. Describe your cyber liability policy.
16. Describe any security breaches that resulted in improper access to one or more participant's accounts within the last three years.
17. If your system is breached how will you protect participants' information?
18. Do you require the City to accept liability for any aspect of your electronic products and services? (Yes/No)

#### 4.6 **Transition/Conversion**

1. How will your firm handle the migration from the City's current provider to your plan if the City chooses to do so? Include a timeline that describes necessary actions, responsible parties and target completion dates.
2. Will any transition fees from the current provider be reimbursed?
3. Will transition fees be charged by your organization? If so, what will the fees be?
4. Describe the participant enrollment and conversion program you would conduct between the time you are selected to serve the plan and the time assets are transferred to your firm including an estimated timeline.
  - a. Provide a one-page outline of your plan for communicating the transition to participants.
  - b. How will new investment options be communicated to participants?
  - c. Do you have a communication plan for former City employees?
5. Quantify your on-site personnel commitment for the conversion. Include the: number of group and individual meetings you will conduct.
  - a. Number of group meetings
  - b. Number of Individual meetings
  - c. Proposed total number of hours
6. How will you handle accounts already in distribution?
7. How will hardship requests be handled during the transition?
8. Briefly explain the blackout period and what participants can/can't do during this period.
9. How long do you anticipate this blackout period lasting?
10. Are you willing to schedule the blackout period to occur over a weekend? (Yes/No)

#### 4.7 **Loans – The current City of Danbury's 457(b) Plan offers Loans, and will continue to do so with the new vendor. Please comment on the following:**

1. Describe in detail your loan processing capabilities.
2. Do you have paperless loan processing capabilities? Is so, describe.
3. Describe the flexibility in your loan repayment processing?

4. How do handle delinquent and/or defaulted loans?
5. What responsibility do we retain for initial and ongoing loan servicing?
6. Describe any other features and/or limitations of the loan system not detailed above.

#### 4.8 **Investments**

1. Discuss your organization's ability to provide investment vehicles for 457(b) and 401(a) plans. Be sure to disclose if you are providing these vehicles in-house or through external managers.
2. Please describe your organization's due diligence process for selecting and monitoring proprietary investment options offered on your platform.
3. For each proprietary investment vehicle available through your platform, provide:
  - a. Inception date.
  - b. Name of the investment, share class, and portfolio manager.
  - c. The investment vehicle objective.
  - d. Current and historical rates on any stable value, or guaranteed investment accounts (go back 3 years from September 30, 2010). Indicate the frequency with which the rate will change going forward.
  - e. The expense structure (including any loads, load waivers, management fees, other expenses, 12b-1 fees, fee subsidies, etc.).
  - f. Historical annualized performance (include YTD, 1-year, 3-year, 5-year, and 10-year (or since inception)) as of September 30, 2010.
  - g. The comparative index(s) used by the manager.
  - h. Any withdrawal provisions (including restrictions on transfers).
4. Does your organization offer a self-directed brokerage window as a potential investment option? Please fully describe the service and fees associated with the administration of the brokerage accounts.
5. Does your organization offer a managed account option for plan participants? Please describe the service, management style, operational procedures and fees associated with the administration of the managed accounts. Provide detailed information about the money manager and affiliation to you.

6. If a fund isn't setup on your network, are you willing to add new funds? (Yes/No)
7. What would the minimum revenue share requirement be?
8. Please disclose all revenue share agreements you have in place with the funds available through your alliance network.
9. Do you offer proprietary Target Date Funds (TDF)? If so, can the Plan use an outside fund family for this option?
10. Detail any minimum proprietary fund requirements, including TDFs, Stable Value or General Account.
11. Do you offer pre-packaged fund-of-funds, risk based portfolio funds?
12. Can you administer a series of four to five customized, pre-mixed portfolios comprised of the plan's underlying funds, rebalanced quarterly? (Yes/No)
13. Would you unitize these portfolios? (Yes/No)
14. What are the additional costs of having this option?
15. Describe your "guaranteed fixed income" option such as a Stable Value Fund or GIC? Describe current interest rates as of September 30, 2016, frequency of rate changes, fees, expenses, surrender penalties, mark-to-market adjustments, etc. Also provide credit ratings and composition of the fund.

#### **4.9 Trustee/Custodial Services**

1. Who will be the Plan's custodian?
2. Where is the custodian located?
3. Will they also act as trustee? (Yes/No)
4. Will you allow the Plan Sponsor to self-trustee the plan?
5. Will you act as or provide availability to trustee services? Annual charge for this?
6. Will you work with an independent trustee?
7. If you provide Trustee Services, what are your fiduciary responsibilities?
8. Describe "checks and balances" employed in your trust accounting system.
9. Will you trustee outside investment funds?
10. Do you provide information to plan participants regarding options on distributions?
11. Do you have a limit on the number of checks/wires available to participants who rollover their distributions?

12. Is your trust accounting system integrated with your recordkeeping system?

#### **4.10 Fee/Expense Proposal**

Fees and Expenses (The City considers fee transparency to be extremely important. Please answer the following questions concerning fees.) Provide a detailed listing of all fees including but not limited to plan asset based fees, participant fees, fund expenses, ancillary service fees and any other fees and expenses.

1. Please describe any fees and expenses related to communications, customization and employee meetings.
2. Provide a fee schedule for the Self-Directed Brokerage Account (if any).
3. Provide a fee schedule for your internet investment advice program (if any).
4. Provide a fee schedule for any services related to financial planning or in-person investment advice.
5. Please provide a line-item list of all other non-asset based, participant-related administration expenses that will be imposed. Items such as per head recordkeeping fees, loan fees and additional withdrawal processing expenses should be included.
6. Please provide a line-item list of all non-asset based plan sponsor-related administrative expenses that will be imposed. This would include any special reporting charges, legal fees, administrative processing fees, communications fees, plan document preparation fees. Also include start up/transition costs.
7. Identify all non-asset based participant and plan sponsor service fees not included above.
8. Will any asset-based charges be assessed outside of investment expense? (Yes/No) If so, please describe.
9. With the level of services you are proposing, what is the total revenue, as a percent of assets, you require? Are you willing to contract for this amount? (Yes/No)
10. Are you willing to rebate any and all revenue above this amount back to the Plan? (Yes/No)
11. Please describe any cancellation charges (if any)?
12. Please provide a table with all fees and costs.

## 5.0 Evaluation of Responses and Award

### 5.1 General

The Award of Contract shall be made to the responsive and responsible vendor whose response to the RFP is determined to be the most advantageous to the City of Danbury, price and other factors considered, taking into consideration the evaluation factors set forth below.

Responses may be evaluated by Hooker & Holcombe Investment Advisors, the City of Danbury's Finance Director, Counsel, and/or a committee comprising all of these individuals.

### 5.2 Evaluation Criteria

The following evaluation criteria categories will be used to evaluate responses to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process.

- The Vendor's general approach and plans in meeting the requirements of this RFP.
- Below is a sample weighting of the evaluation criterion. **The City reserves the right to modify the percentages assigned to the evaluation criteria.**

Fee/Expense Proposal	15%
Participant Educational Service	15%
Plan Sponsor Customer Service	10%
Administration/Recordkeeping	10%
Experience	10%
Organization & Team Members	10%
Transition/Conversion	10%
Trustee/Custodial Services	10%
Investment Universe	5%
Loans	5%

- Other factors if demonstrated to be in the best interest of the City of Danbury.

### **5.3 Contract Award**

The contract shall be awarded with reasonable promptness by written notice to that responsible vendor whose proposal, conforming to the requirements of this RFP, will be most advantageous to the City of Danbury, price and other factors considered. Any or all proposals may be rejected if the City of Danbury determines that it is in its best interest to do so.

## **6.0 Terms and Warranties of the Contract**

### **6.1 Term of Contract**

The term of the Contract shall be:

1. Four (4) years with a one-year renewal. Or,
2. Four (4) years with two one-year renewals

### **6.2 Warranties**

All firms responding to this RFP must agree to incorporate the following provisions in a contract:

1. The firm warrants that it maintains or will obtain at its expense, and will maintain throughout the term of the contract, an errors and omission insurance policy providing a prudent amount of coverage for negligent acts or omissions and that such coverage is applicable to the firm's actions under the contract.
2. The firm warrants that it has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by all governments and governmental authorities with jurisdiction for acts contemplated by the contract.
3. The firm warrants that all of its employees and agents are registered and will maintain throughout the term of the contract all applicable registrations and licenses including without limitation, Series 6 and Series 63.
4. The firm warrants that all information and statements presented in response to this RFP are complete and true to the best of its knowledge

and that no attempt has been made to include any false or misleading material.

5. The firm warrants that it meets all of the minimum criteria set forth in this RFP.
6. The firm warrants that it is an equal opportunity employer and will comply with the applicable Connecticut statutes.