Proposal Questionnaire and Request for Proposal – Retirement System

A. General

1. Overview

The Board of Trustees for the City of Pontiac General Employees’ Retirement System (“Retirement System”) intends to secure a contract for third-party administrative services for some or all of its administration needs. The purpose of this Request for Proposal (RFP) is to define the Trustees’ minimum requirements, solicit proposals, and to gain adequate information from which the Trustees may evaluate such services. If you do not provide some of the services described in this RFP, please still provide a response to the services you do offer as well as services that you may offer but are not listed or otherwise included in this RFP.

Fifteen (15) copies of the proposal shall be submitted to the Interim Executive Director, Deborah Munson, 2201 Auburn Road, Suite B, Auburn Hills, Michigan 48326. In addition, please forward an electronic copy to dmunson@pontiacgers.org. Proposals must be received no later than 4 p.m., Friday, April 17, 2014 to receive consideration. Any proposals received after that date will not be considered. Further, please sign and return an electronic copy of the enclosed Intent to Bid, no later than 4 p.m. Friday, March 28, 2014. The Intent to Bid should be forwarded to dmunson@pontiacgers.org.

All questions concerning this RFP should be directed to Deborah Munson, Interim Executive Director, at dmunson@pontiacgers.org. No contact with any Trustee shall be permitted during this RFP process. Contact with any Trustee may disqualify your firm from consideration.

2. Retirement System Profile

The Retirement System was established on January 1, 1946 for the purpose of paying retirement allowances and death benefits for the general employees and their beneficiaries of the City of Pontiac. The Retirement System is a governmental defined benefit pension fund. It consists of approximately 40 active members, 1,121 retirees and beneficiaries, and 277 inactive vested members. The Retirement System and has assets of approximately $490 million dollars and a funding ratio of 149.1%. Due to the exceptional funding level, the City has not been required to contribute to the System since 2003.

B. General Information about Your Firm:

1. Briefly describe your Firm's history and current ownership structure. List the owners of the Firm from largest to smallest percentage of ownership. Include individuals and corporate owners, and indicate which individual owners are employed by your Firm.
2. Describe the number of your Firm's employees, offices, and locations. Please describe your Firm's workforce diversity practices. Are any of your employees residents of the City of Pontiac or nearby communities?

3. Provide as an attachment to your Firm's proposal an organization chart of your Firm and the owners, principals, and employees.

4. Provide the names, titles, location, and years of experience, specialty, education and background of the employees/professionals who would be assigned to work with the Benefit Plans.

5. Which employees/professionals of your Firm would attend regular Trustee meetings and other meetings as they are called?

6. Describe any significant changes or developments in your Firm's organization that have occurred since 2010 (i.e. Change in ownership, change in management, change in structure or your Firm's entity, mergers, acquisitions, loss of key personnel, etc.)

7. Describe any anticipated changes or developments in your Firm's organization in the next 24 months (i.e. Change in ownership, change in management, change in structure or your Firm's entity, mergers, acquisitions, loss of key personnel, etc.)

8. Is your Firm owned by (in whole or in part), affiliated with, or does it have any other types of alliances with any investment management firm, investment consulting firm, and/or brokerage firm? Does your Firm its officers or principals, or any affiliates own or operate any investment management firm, investment consulting firm, and/or a brokerage firm? Does your Firm provide any investment-related and/or broker/dealer services? If yes to any of the above, please disclose the names of firms and/or the types of services involved.

9. Describe the Firm's compensation and incentive program for its employees. What incentives are provided to attract and retain superior individuals?

10. Which Firm office would provide the requested services?

11. Indicate the number of employees/professionals hired and the number of employees/professionals who have terminated from your Firm since 2011?

12. Please describe the financial condition of the Firm and include a copy of the Firm's financial statement for the three (3) most recent annual reporting periods.

13. Does your Firm intend to utilize any subcontractors and/or affiliates in delivering the type of services contemplated by this RFP? If yes, provide the name and qualifications of any such subcontractors and/or affiliates that the Firm intends to use for this mandate. Will your Firm agree to hold harmless and indemnify the
Trustees and the Retirement System for any acts of such subcontractor and/or affiliates?

14. Describe your Firm's policies and procedures designed to prevent conflicts of interest from occurring. If applicable, provide as an attachment to your Firm's proposal your Firm's conflict of interest policy and/or code of ethics.

15. Does your Firm have a disaster recovery plan? If so, please describe the plan.

C. **Litigation or Investigations Involving Your Firm; Liability issues:**

1. Briefly describe any currently pending or threatened litigation involving your Firm, any primary employees of your Firm, or any Firm officers or principals.

2. Since January 1, 2000, has your firm, any employees of your Firm, or any Firm officers or principals been involved in any litigation or other legal proceeding or government investigation involving fraud, negligence, criminal activity or breach of fiduciary duty relating to service provided to any clients? If so, provide an explanation and the status of each.

3. Has your Firm, any primary employees of your Firm, or any Firm officers or principals ever been the focus of any non-routine Department of Labor, Internal Revenue Service, and/or Securities & Exchange Commission inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization? If so, provide an explanation and the status of each.

4. Does your Firm carry errors & omissions insurance, fiduciary liability insurance, fidelity bond insurance, and/or any other insurance that would cover matters associated with engagement by the Retirement System? If so, please describe the insurer, the type of insurance coverage, the beneficiary of such coverage, the limits of such coverage and the deductible amount under such coverage. Does such insurance require that a Notice of Pending Cancellation be provided to your clients?

5. Has your Firm ever submitted a claim to any of its errors & omissions insurance policies, fiduciary liability insurance policies, fidelity bond insurance policies, and/or any other insurance policies? If so, provide an explanation and the status of each.

D. **Scope of Services Contemplated by this RFP:**

1. Describe your Firm's recordkeeping system(s). Is it a proprietary system or was it purchased or leased from an outside vendor? How long has the system been in place? How many clients are on the system?
2. Describe your Firm's recordkeeping back-up system and procedures? Recordkeeping security system and procedures; and/or business continuity/disaster recovery systems, including:

   a. Type of back-up system and/or facility for all primary systems used in providing the subject services to the Retirement Service;

   b. If back-up systems and/or facilities are provided by a third party, state the contractual guarantees for their services,

   c. In the event of a disaster that disables all primary and back-up systems, state whether your Firm has a recovery capability.

3. Does your Firm's recordkeeping system accommodate federal and state tax calculations? Can it prepare a report detailing all necessary information regarding direct rollovers?

4. Is your Firm's recordkeeping system able to prepare Form 1099's? If not, how does your Firm propose to complete this process?

5. Describe the reports and/or plan participant benefit statements that your Firm prepares for clients and plan participants. To what extent can these statements and reports be customized? Please provide sample reports including participant statements, as an attachment to your proposal.

6. Can your Firm's systems log in, calculate and reconcile, and keep track of employer contributions (including the existence and status of delinquent employer contributions)? Does your firm prepare regular employer contribution status reports for clients? If so please provide a sample report as an attachment to your proposal.

7. Do your Firm's systems require employer contribution data and plan participant data to be in a standard format? What disruptions/delays result from special requests/formats?

8. Describe your Firm's system for the maintenance of plan participant accounts, contact, and work history information.

9. Describe your Firm's system for the calculation, tracking, and determination of eligibility regarding defined benefit plan pension credit accrual and vesting information.

10. Describe your Firm's system for the maintenance of retirement system income and expenditure figures, assets and liabilities figures, and cash receipts and disbursements information.
11. Describe your Firm's process with regard to the formulation and maintenance of Trustee meeting agendas, Trustee meeting minutes, and Trustee meeting documentation. Does your Firm prepare and provide such materials in a printed format for clients? If so please provide a sample as an attachment to your proposal.

12. Describe the process by which your Firm interacts and works with your clients' retirement system office personnel in performing Third-Party Administration services to public sector retirement systems.

13. Does your Firm provide or offer any services related to interaction with benefit plan investment managers or investment consultants? Does your Firm provide or offer any services regarding reconciliation projects with benefit plan custodians or accountants?

14. Describe your Firm's check disbursement/distribution process, including turnaround time, check preparation, cut-off dates, etc.

15. Please provide, as attachments to your proposal, samples of plan participant communications you have prepared for clients.

16. Does your Firm prepare and/or provide any other types of reports, statements, or documentation to your clients and/or plan participants related to the scope of services described herein? If so, please describe the documents and provide samples as attachments to your proposal.

E. Fees:

1. Set forth a description of your fee schedule(s) for the services requested in this RFP for defined benefit pension administration.

2. If your Firm is unable to offer all of the services described above, please provide a description of your fee schedule(s) for the services your Firm does offer.

3. List any other services that are not included in this RFP which your Firm may offer.

4. Are there any special fees, charges or expenses of any kind not included in fees?

5. Please provide a list of services not included in fees, along with associated fees.

6. Describe the basis on which your proposed fees are calculated.

7. Will your Firm agree that a hard dollar fee arrangement shall be the firm's only permitted source of income, revenue, or compensation earned or received in connection with any engagement by the Retirement System?
F. **Other Clients of Your Firm:**

1. How long has your Firm been providing Third-Party Administration services to public sector employee benefit plans?

2. How many clients does your Firm currently provide Third-Party Administration services to public sector employee benefit plans? As of December 31, 2013 provide the following summary information:

<table>
<thead>
<tr>
<th>Plan Size</th>
<th>Defined Benefit Plans</th>
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<tbody>
<tr>
<td>Under 100 Participants</td>
<td></td>
</tr>
<tr>
<td>100-500 Participants</td>
<td></td>
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<tr>
<td>500-999 Participants</td>
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<td>1000 to 4,999 Participants</td>
<td></td>
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<tr>
<td>Above 5,000 Participants</td>
<td></td>
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<tr>
<td>Total:</td>
<td></td>
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3. Provide the names of all public sector employee benefit plan clients for which your Firm has provided the types of Third-Party Administration services contemplated by this RFP, which retirement system assets possessed market values of assets of at least $10 million, and to which your Firm has provided such services continuously for the five year period ended December 31, 2013. Please summarize the circumstances of such engagements and include the following information:

   a. Name of client
   b. Contact name and title
   c. Telephone number
   d. Number of participants
   e. Length of relationship

4. Provide the names of at least three (3) (if that many exist) former public sector retirement system clients that terminated your Firm's services in the last ten (10) years. Include the name of the client and a contact person and telephone number.