CITY AND COUNTY OF SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM

REQUEST FOR PROPOSALS FOR THIRD PARTY ADMINISTRATION FOR THE CITY AND COUNTY OF SAN FRANCISCO 457(B) DEFERRED COMPENSATION PLAN

DATE ISSUED:

DEADLINE FOR QUESTIONS:

RESPONSE TO QUESTIONS ISSUED BY SFDCP

DEADLINE FOR SUBMISSION:

OR ALL DRESENT ATIONS:

DECEMBER 5, 2012

January 23, 2013

January 30, 2013

March 8, 2013

TRD

ORAL PRESENTATIONS: TBD SELECTION OF FINALISTS TBD

DEADLINE FOR SUBMISSION: FRIDAY, MARCH 8, 2013, 5:00 P.M. (PACIFIC TIME)

Request for Proposals for Third Party Administration

For the City and County of San Francisco

457(b) Deferred Compensation Plan

Table of Contents

		Page
I.	Introduction and Schedule	1
II.	Scope of Services	2
III.	Submission Requirements	10
IV.	Evaluation and Selection Criteria	13
V.	Contract Award	14
VI.	Terms and Conditions for Receipt of Proposals	15
VII.	Contract Requirements	19
App	endices:	
Α.	Required Vendor Forms: Listing and Internet addresses of Forms related to C 12C of the S.F. Administrative Code, to Business Tax and Employer Identific	1
В.	Standard Professional Services Contract	
C.	Questionnaire	
D.	Price Proposal Form	
Е.	Investment Option Overview	
F.	SFDCP Investment Policy Statement (February 2012)	

I. Introduction

The City and County of San Francisco Employees' Retirement System (SFERS) is soliciting proposals from qualified plan administrators to provide recordkeeping and administrative services for the San Francisco 457(b) Deferred Compensation Plan (SFDCP). Services are requested based on a semi-bundled basis.

See the Price Proposal (Appendix D) for more details on the acceptable terms of this arrangement.

Plan Overview - Data as of June 30, 2012

Name of Plan City and County of San Francisco 457(b) Deferred Compensation Plan

Eligible Employees Approximately 30,000

Participants Actively deferring: 13,747

Inactive: 10,450 Total: 24,197

Average Account Balance \$85,990

Plan Assets \$2,143,471,288

Employer Contributions None

Participant Contributions Voluntary, up to IRC limits (Traditional and Roth)

Deferrals (January 2012 to June 2012) \$57 Million

Withdrawals (January2012 to June 2012) \$39 Million

Minimum Deferral \$5.00 per biweekly pay period

Catch-Up Contributions As permitted by law

Vesting 100% immediate

Loans Not permitted

Payroll Submission Bi Weekly

Purchase of Service Credit Yes

Roth Option Available effective January 2014

Automatic Enrollment Not Permitted

Rollovers In/Out As permitted by law

Investment Options 14 plus 10 Target Date Funds (see Appendix E for listing) – All "branded"

as SFDCP funds, all Open Architecture and subject to change of managers

and lineup of options

Plan Overview – Data as of June 30, 2012

Name of Plan City and County of San Francisco 457(b) Deferred Compensation Plan

Average Number of Funds Per

Participant

2.77

Self Directed Brokerage Option Yes – currently through TD Ameritrade

Investment Advice Advised Assets Group, LLC

Valuation Daily

Participant Statements Quarterly

Administrative Structure Semi-Bundled

Current Administrator Great-West Retirement Services

Current Trustee/Custodian Wells Fargo Bank, N.A.

Current Contract Expiration January 29, 2014

SFDCP Contact Information Norm Nickens, Acting Deferred Compensation Plan Manager

30 Van Ness Avenue - Suite 3900

San Francisco, CA 94102

415.487.7012

norm.nickens@sfgov.org

Plan Investment Consultant Angeles Investment Advisors

Target Date Fund Consultant Russell Investments

The successful contractor for record-keeping, communications and plan administration will be required to sign an Agreement for Professional Services Contract (Appendix B). The San Francisco Deferred Compensation Plan ("SFDCP") will negotiate with the successful contractor the terms of any applicable investment and service agreements. In response to the Contractual Issues section of the questionnaire, provide samples of your contracts. The contract may be for up to five years.

II. Scope of Services

A. Administrative Services and Requirements

1. Implementation Services

The administrator will be required to provide initial implementation services prior to the contract effective date. The administrator will not receive any fees under this contract until the contract effective date.

The administrator must provide all requested advice and counsel to the SFDCP during the period before the contract effective date. The administrator must also prepare a detailed implementation plan outlining all the steps necessary to set up member data records, create interfaces with the SFDCP and City and County payroll, establish enrollment and reconciliation procedures for data and trust/custody/investment accounts.

Up to 45 days before the implementation date, the customer service telephone line that the administrator will provide must be staffed with a sufficient number of qualified customer service representatives to answer participant questions about the change in administrators.

The administrator must provide, 30 days prior to the implementation date, a manual of tasks, rules, and procedures for operation of the Plan. The administrator must review this manual and update it if necessary, and submit such changes to the SFDCP for its review and approval.

2. Education and Enrollment

The SFDCP requires a complete level of education services to eligible participants, including individual meetings with participants when and where appropriate. SFDCP participants include current employees, prior employees, alternate payees, or beneficiaries (active, retired, terminated, and survivors.) The SFDCP expects the administrator to conduct enough group meetings annually so that all employees at the 70 different employee departments for the plan will have an opportunity to learn about the Plan. The meetings should be held at different locations and at different times of the day to ensure that all interested eligible participants are able to attend.

The administrator will provide staffing for education and enrollment services including five (5) full-time field representatives to conduct approximately 2,500 employee counseling sessions quarterly.

The administrator will be required to assist employees with the completion of enrollment forms, verify the completeness of the forms and coordinate the institution of salary deferrals with the SFDCP.

The administrator must prepare self-enrollment packages which must be distributed at group meetings and in response to an employee's request to the administrator. The enrollment packages must contain all information in a complete and concise manner so that an employee would be able to enroll in the Plan without having to contact an enrollment representative. The administrator must also be staffed to be able to provide enrollment counseling to employees who wish to discuss participation in person or over the telephone. A supply of self-enrollment packages must also be provided to the SFDCP to be made available at various work locations.

The administrator will be required to prepare, for the SFDCP approval, an annual education plan. This plan should detail the approach that the administrator will take in communicating the program to employees. This should also include the administrator's plan for contacting existing participants, by mail, or over the telephone or in person, to annually re-evaluate their deferred compensation plan participation and review whether changes should be made. The administrator will also be required to provide a quarterly education report to the Retirement Board at its regular meeting. The administrator will also report monthly on the status and activity of the SFDCP. This report shall include current data on the investment performance of designated options, SFDCP asset and participation levels, as well as the status and resolution of any participant problems and developments in the delivery of SFDCP services.

The SFDCP does not currently use a paperless process for enrollments, distributions, or other transaction types. Although the questionnaire requests vendors' capabilities regarding paperless enrollments and processing, vendors must be able to accept hard copy forms to process transactions.

3. Local Office

The administrator will be required to staff a local service team within the SFDCP office that is exclusively dedicated to the SFDCP who will provide on-site assistance to plan participants. The office must be operational by January 30, 2014 or earlier.

The current administrator's local office is located on One Front Street Suite 900, San Francisco, California, 94111 and is open on business days from 8:00 am to 5:00 pm. Employees may speak to a representative in person at the SFDCP local office, or call the SFDCP local office to arrange an appointment with a representative at the employee's worksite. The administrator will absorb all costs relating to staff, office space and equipment (e.g. kiosks, computer hardware/software, telephone lines). In 2011, the administrator provided approximately 7,000 individual consultations, and approximately 276 group informational meetings.

4. Communication Materials

The administrator will be required to design a customized communication campaign for the SFDCP that will result in effective and attractive educational materials on retirement, investments and the SFDCP. Your firm's proposal must fully describe the custom communication campaign and print materials that you are proposing in response to the Request for Proposal ("RFP") Questionnaire in the Communications Section, as well as demonstrate your firm's ability to work with SFDCP over time to create effective communications materials and outreach to various participant groups (e.g., in different agencies or different demographic groups). Your proposal should recommend the frequency with which these materials will be distributed and the method (e.g., statement stuffers, distributed at group educational meetings, left at employment locations and personnel offices, etc.).

Production of print communication materials includes the design, printing and, where necessary, the mailing of all materials, including a quarterly newsletter customized for the SFDCP.

The administrator must prepare brochures, publications and forms for participants. The administrator must print enough of the materials to ensure that there is an adequate supply of all materials at all times. The administrator must revise publications when necessary due to changes in investment options, Plan rules/procedures or other changes. There may also be new forms or communication pieces that must be prepared by the administrator as the result of federal, state, or local legislation affecting the Plan. The administrator may also be required to produce additional publications as required by the SFDCP.

Materials developed by the administrator must be submitted to the SFDCP for final review and editing and the SFDCP must be given at least two weeks to conduct and complete its review. Publications must present an unbiased approach to investment information and educate participants about all aspects of the Plan, including retirement planning, investment options offered, investment performance, risk assessment and asset allocation, and distribution selections. The administrator must provide adequate quantities of materials to keep in different work locations. The administrator must also respond to any participant's request for publications and mail them to the participant address of record.

The administrator must maintain an adequate supply and distribute mutual fund prospectuses and target date portfolio summary to participants upon request. The administrator must also maintain mutual fund prospectuses and target date portfolio summary through a custom website designed for the SFDCP.

The administrator will also be called upon to use other means of communication such as email or other electronic means to communicate with participants.

5. Website

The administrator must design and maintain a custom website for the SFDCP, including password protected participant access to account information and the ability to process transactions on-line. Your firm's proposal must fully describe this website, including all retirement planning and investment-related tools and software in response to the Participant Internet section of the questionnaire. The existing SFDCP website can be viewed at www.sfdcp.org. In 2011, the administrator received 215,467 visits by participants to view plan and account information, and to initiate transactions.

6. Customer Service Activities

The administrator must staff a toll-free customer service line. Also through a toll-free number, a 24 hour voice response service must be available to participants to receive information regarding their account and make transactions. In 2011, the administrator received approximately 29,192 telephone calls. Of those calls 15,210 were administered by customer service direct lines and 13,982 calls through an automated voice response system.

The administrator's customer service staff must be dedicated solely to the SFDCP and must be able to answer all participant questions about SFDCP features and operations received in writing or over the telephone, including information on the investments offered and their performance. The administrator's customer service staff must be able to assist employees in all areas of SFDCP participation including changing the amount of salary deferrals, making investment election changes or transfers, obtaining account balance information and benefit payments.

The administrator must maintain an adequate number of staff and an adequate number of toll-free telephone lines with voice response capabilities and internet access to provide the required services. Both Voice Response System (VRS) and internet access must be available 24 hours a day with the exception of the time necessary for the normal maintenance of the system and updating of information. This telephone number must be TDD/TTY capable.

SFDCP service representatives must be available to answer participant questions between the hours of 7:00 a.m. Pacific Time and 5:00 p.m. Pacific Time each business day. Participants initiating transactions via the VRS or client service representatives must receive a written confirmation, which shall be mailed directly to the address on file for the participant within two (2) business days.

The administrator must ensure that the personnel answering the customer service line are qualified to provide information on the investment offerings under the Plan and to discuss investment concepts and retirement planning considerations. The administrator must ensure that such information be provided in a manner consistent with the requisite insurance and securities laws and that all personnel who provide such information shall be properly licensed with all required regulatory agencies, if applicable. At the request of a participant, the administrator shall review and explain investment alternatives and past investment returns.

Emergency withdrawals and domestic relations orders are reviewed and approved/qualified by the SFDCP. The administrator must answer general questions on these actions from participants and send application forms if requested.

The administrator must provide telephone assistance to participants who are taking a distribution under the SFDCP, and advise participants of payment options available. This must include counseling participants regarding rolling money out of the SFDCP versus leaving assets in the SFDCP. In addition:

- Inquiry services available through the VRS and internet must use the net asset value or unit value and account balance as of the previous business day.
- Changes to investment allocations must be made to the participant's record the date they are requested if made by 4:00 p.m. Eastern Time during market business days.
- Investment transfers received by 4:00 p.m. Eastern Time must be processed on the next business day using the previous day's unit value.
- The administrator must respond to participant questions and complaints. All complaints not resolved within 30 days will be brought to the attention of the SFDCP by the administrator.
- Annually, the administrator must provide a plan (for SFDCP review and approval prior to implementation) to conduct a review of the administrator's performance, including a formal assessment of participant satisfaction with the administrator's services. The plan must measure how participant and/or employer satisfaction issues will be identified, reported, and corrected.
- An error committed by the administrator must be corrected and processed as of the effective date of the original transaction. Any errors made by the administrator must be corrected at its expense so that the value of the participant's account is not less than it would have been had the error not occurred.
- Written confirmation of the correction shall be mailed to the address on file for the participant within five (5) business days after the correction of error.

7. Recordkeeping

The administrator must maintain records providing daily information associated with an individual's account, including, but not limited to investment balances, salary deferral amount, contributions (regular and catch-up), distributions, rollovers, earnings, administrative fees, investment fees, work location, address, and any other information necessary for the proper administration of a participant's account. For retired/terminated participants, additional data regarding distribution method amount must be maintained by the administrator. In addition:

- The administrator must make changes to participant investment elections and effect transfers of existing account balances on a daily basis during open business days.
- The Administrator must maintain separate participant accounts for assets that are rolled over into the Plan from a qualified retirement plan.
- The administrator must be able to monitor the annual participant dollar contribution for deferral amounts close to or exceeding maximum deferral amounts.
- The administrator must maintain catch-up indicators to track participants who are using catch-up.

- The administrator must maintain emergency withdrawal indicators to track participant accounts that have been restricted.
- The administrator must perform any and all administrative functions necessary to ensure the thorough and accurate financial accounting essential for SFDCP's and the administrator's financial records.

8. Contribution Processing

The administrator must invest contributions within one business day of receipt. The SFDCP requires that the administrator be able to receive data via electronic data transmission, and process the participant contribution detail provided, including negative contributions for adjustments, using each participant's current investment allocation election.

9. Investment Transfers and Allocation Changes

The administrator must transact all settlements among the investment providers due to participant transfers. The administrator must compute the amount of transfers between investment options for all instructions received in good order from the participant by 4:00 p.m. Eastern Time using that day's closing net asset value (NAV) or unit price/value and wire transfer appropriate amounts to/from the investment providers within the time limits permitted by the agreement with each investment provider.

10. Error Correction

When an employee enrollment, contribution, or transaction is requested and, due to lack of sufficient information or other causes, it is unclear how it should be processed, the administrator must suspend that item. The administrator must maintain a subsidiary record of all suspended items and prepare a daily edit report of all items. The administrator must research and resolve each item on the edit report within three (3) business days or less. The SFDCP will provide assistance as necessary to resolve suspense items.

The administrator must develop and maintain a system for corrections due to erroneous deductions, participant check cancellations, administrative errors, and so on. The administrator must correct errors at its expense so that the value of the participant's account is not less than it would have been had the error not occurred. The system must provide for prompt repayment or credit of any refunds within three (3) business days following the date on which the reason for such a refund or credit is brought to the administrator's attention.

11. SFDCP Reporting

The administrator must submit separate monthly and quarterly reports on all activities in the SFDCP. Reports must be provided via on-line access. In addition, the administrator must conduct quarterly client service meetings with SFDCP Staff to present information regarding service center statistics, local office statistics, investment performance, and SFDCP financial updates.

The administrator must inform the SFDCP within 60 days of recently enacted federal tax laws and regulations, and all present or future federal tax legislation or other changes in the tax laws which may have an impact upon the administration requirements of the SFDCP. The administrator must describe the nature of any amendments to the SFDCP which may be required by changing conditions, federal tax laws or regulations, or which may make available to employees the most advantageous investment options and investment returns. The administrator will work with the SFDCP legal counsel to evaluate and implement any amendments to the SFDCP.

12. Participant Statements of Account

The SFDCP requires that the administrator provide a quarterly participant statement. Information displayed on the statement must include, but is not limited to, beginning and ending balances, activity during the period, net gain (loss) total, year-to-date deferrals, asset allocation graphs, and projected benefit payments.

The administrator will be required to mail to each participant, at the address on file, a quarterly statement of account activity providing the information as detailed above. The cost of mailing and postage will be the responsibility of the administrator. The administrator must be able to customize the statement for the SFDCP and to provide a field for short messages. All information must be provided in both dollars and NAV/unit value.

The administrator must research and resolve, with the assistance of the SFDCP, any participant statement of account activity not received by the participant but returned to the administrator. The administrator must provide a summary report of returned statements to the SFDCP within 30 days of mailing of statements.

13. Distributions

The administrator will provide telephone assistance to employees who are taking a distribution under the SFDCP. The administrator must be able to advise participants of the payment options available under the SFDCP, both traditional and Roth distributions and, the implications of choosing one payment option over another. This should include the tax implications of lump sum distributions and rollovers to qualified plans. Current payment options include but are not limited to:

- Distribution over participant lifetime.
- Distribution over participant lifetime and the lifetime of designated beneficiary.
- Distribution over a set period not extending beyond participant life expectancy.
- Distribution over a set period of time not extending beyond the joint and last survivor life expectancy of both participant and designated beneficiary.
- Systematic withdrawal of account over a specified period or of a specified amount.
- Lump sum or partial lump sum distribution in combination with other options.
- Distribution for buyback to the San Francisco Defined Benefit Pension Plan.
- Distribution to a named beneficiary or the estate of a deceased participant.
- Distribution of emergency withdrawal.
- Distribution of Qualified Domestic Relations Order ("QDRO").

The administrator is the primary record holder and maintains on its record keeping system a field in which distribution information is recorded and updated.

The administrator must make available disbursement of funds by electronic fund transfer for all distributions including lump sum payments, plan to plan transfers, rollovers or other large distributions. Payment distributions are a combined amount from all investment providers. The administrator must provide written confirmation to the participant for payments made by electronic fund transfer.

The administrator must duplicate the existing payment options permitted from the SFERS funds. The administrator must also provide an annuity shopping service (proprietary and non-proprietary annuity) for participants who wish to receive their distribution as an annuity. For participants who are considering annuity distributions, the administrator must provide annuity distribution illustrations, assist participants with annuity purchases, and confirm beginning of payments from insurers.

The administrator must provide participant federal and state income tax withholding and reporting for each benefit payment from the SFDCP. The administrator will be solely responsible for any tax penalties and/or interest that may arise due to errors it made in tax reporting or forwarding of funds to the appropriate government authorities.

The administrator must ensure that each participant's account complies with the applicable regulations including, but not limited to, IRC 401(a)(9) minimum distribution requirements and annual maximum deferrals and, must distribute required minimum distribution in the absence of a distribution election by the participant.

14. Trustee/Custodial Services

The administrator must arrange for trustee/custodial services with an outside party. Any additional costs for trustee/custodial services are to be disclosed in the Price Proposal form.

15. Transition Responsibilities upon Termination

Upon termination of its contract with SFDCP, the administrator must fully cooperate with the SFDCP in an orderly transfer of administrative responsibilities and records to the new administrator. In the event that the SFDCP elects not to renew its contract at the end of its term, or otherwise terminates the contract for cause or convenience, the administrator agrees to fully cooperate in the transition of the new administrator.

The administrator must provide all necessary documents and computer files and generally assist the new administrator and the SFDCP in learning the content of such documents and files, or otherwise as will be mutually agreed upon. Once the administrator has been notified of its termination, all general participant communications must be approved by the SFDCP. No unauthorized communications with participants will be permitted.

16. Administrative Funding

The administrator must provide funding for the administrative costs that the SFDCP incurs in overseeing and maintaining the plan. The approximate administrative budget for fiscal year 2011/2012 is \$775,000 and is expected to increase by \$225,000 for the fiscal year 2013/2014. Your bid response must include your proposed annual administrative reimbursement for the term of the contract.

17. Local Business

The SFDCP wishes to promote and encourage local business within the City/County. Proposers are asked to outline in their proposal what use of local business enterprise(s) they would be including in their proposal (e.g., messenger services, printing services, etc.).

B. <u>Investment Services and Requirements</u>

1. Investment Management Services

The SFDCP is interested in selecting a service provider that will enable the SFDCP to offer participants an attractive and flexible array of investment options. The SFDCP would also like to minimize disruption to participants by retaining high quality investment options already in the lineup. Recognizing that investment costs are paid by participants, the SFDCP wants to select from the broadest array of high quality investment options at the lowest net cost. The SFDCP wants to maintain full flexibility in both making its initial fund selection and in making future changes to the fund lineup. The SFDCP is also interested in maintaining the customization of fund labeling or "generic branding" of core investment options, such is currently done with all of the core investment options in the Plan (e.g., SFDCP Large Cap Value Equity Portfolio, SFDCP Stable Income Portfolio, etc.).

SFDCP utilizes the services of an investment consultant (currently Angeles Investment Advisors) to determine its fund managers, and requires flexibility from the administrator in supporting a full range of open architecture funds. At this time only registered mutual funds are used by the plan, but the SFDCP would like to be able to consider commingled funds or separate accounts with ability to strike a daily NAV.

For purposes of submitting your firm's proposal you should assume that a core fund lineup of up to 25 core investment funds, including ten (10) Target Date Funds (TDFs) and a stable value and/or income fund will be available for investment by participants. The stable value and/or stable income fund should be fully diversified, limit credit risk/exposure, provide competitive returns with no transfer restrictions or payment limitations and provide attractive contract termination conditions such as transfer of book value liquidation or in-kind transfer. Investment options with any front-end or rear-end loads or other similar fees, charges or penalties will not be considered. A separate Request for Proposal will be issued on December 5, 2012 for stable value, stable income and fixed income alternatives.

Your proposal should assume maintaining the current target date funds and any other fund of fund and to strike the daily NAV for each fund (including working with each underlying investment manager to guarantee same day pricing) and periodic rebalancing of these portfolios in accordance to the investment policy guidelines and target allocations developed by the SFDCP.

The Plan currently offers a self-directed brokerage option with 274 participants and \$12 million in assets as of June 30, 2012. The current self-directed brokerage option allows participants to select from available open end mutual funds through TD Ameritrade. The SFDCP may utilize a self-directed brokerage option going forward and, if feasible, would like to minimize the disruption to participants who currently participate in this option.

The proposal should factor in not only the current plan structure but also the ability to evolve with the changing needs of the SFDCP, which may include the addition of commingled funds and separate accounts, a comprehensive review of the investment line-up, as well as other improvements which are yet to be determined. The Strategic Plan Update for the SFDCP (dated July 11, 2012) includes a global review of the SFDCP Plan Investment Menu and notes "with the implementation of TDFs, the SFDCP warrants simplification of the investment menu, review of managed account services and review of the self-direct brokerage option."

III. Submission Requirements

For the duration of the RFP process, the SFDCP, SFERS and the Retirement Board will enter into a "blackout" period during which communications and meetings between interested parties and SFDCP and SFERS staff, Retirement Board members and Deferred Compensation Committee members will be prohibited. This blackout will continue until the review and selection of a plan administrator is completed.

This blackout is effective immediately upon release of this Request for Proposal.

This blackout will enable the SFDCP to treat all respondents fairly during the RFP process and permit the Retirement System to review the responses without bias.

Blackout conditions are outlined below:

Interested parties are to refrain from meeting or communications with the SFDCP and SFERS staff, Retirement Board members and Deferred Compensation Committee members.

The only exceptions are communications with Jay Huish, Executive Director, Norm Nickens, Acting Deferred Compensation Plan Manager, presentations for finalists scheduled by the SFDCP, and publicly noticed meetings of the Retirement Board and Deferred Compensation Committee.

This blackout remains in effect until the successful bidder(s) enters into a contractual agreement with the City and County of San Francisco SFDCP.

Communications include telephone conversations, letters, and email.

Interested parties may meet with the SFDCP and SFERS staff at the SFDCP board offices or a Board member only if the meeting consists of an exchange of information that is not relevant to the RFP. The Executive Director of the Retirement System will be notified of these meetings in advance and any meeting will be documented.

If you have any questions regarding the blackout please contact Jay Huish at (415)487-7015 or by email at jay.huish@sfgov.org.

A. <u>Time and Place for Submission of Proposals</u>

Proposals must be submitted and received by 5:00 p.m. (Pacific Time), on Friday, March 8, 2013. Proposals may be submitted in person to Norm Nickens, Acting Deferred Compensation Plan Manager, City and County of San Francisco Employees' Retirement System, Attn: Deferred Compensation – TPA RFP, 30 Van Ness Avenue, Suite 3900, San Francisco, California, 94102 or mailed to:

City and County of San Francisco Employees' Retirement System Attn: Deferred Compensation – TPA RFP 30 Van Ness Avenue, Suite 3900 San Francisco, CA 94102 Proposers shall submit ten (10) copies in a sealed envelope or box and four (4) electronic copies (on compact discs or flash drives) in Microsoft Word (version 2003 or higher) format, **clearly marked**: Deferred Compensation - TPA RFP. Please include two copies, separately bound, of required HRC Forms in a sealed envelope clearly marked "HRC Forms - City and County of San Francisco Request for Proposals for Plan Administrator of the 457(b) Deferred Compensation Plan" to the above location.. Proposals which are submitted by fax will **not** be accepted. Late submissions will **not** be considered.

B. Format and Content of Proposals

Format

The department will circulate proposals in three-ring binders for the review panel. Please use three-hole recycled paper, print double-sided to the maximum extent practical, and bind the proposal with a binder clip, rubber band, or single staple, or submit it in a three-ring binder. Do not bind your proposal with a spiral binding, glued binding, or anything similar. You may use tabs or other separators within the document.

Content

Firms interested in responding to this RFP must submit the following information, in the order specified below:

To be considered, each bidder must submit a complete response to this RFP. The respondent must include a statement as to the period during which the proposal remains valid. This period must be at least 180 days from the due date for responses to this RFP. However, the rates quoted in the Price Proposal remain firm for the duration of the prospective contract.

1. Introduction and Executive Summary

Submit a letter of introduction and executive summary of the proposal. A person authorized by your firm to obligate your firm to perform the commitments contained in the proposal must sign the letter. Submission of the letter will constitute a representation by your firm that your firm is willing and able to perform the commitments contained in the proposal. Any minor exceptions should be fully described in this letter of introduction. You should describe how the exception will not jeopardize the integrity of the Plan and its operation or impair its goals and objectives. Include in the letter of introduction a summary of your qualifications and experience (including specifically confirming that your firm meets each of the minimum qualifications identified in section IV.A. of this RFP), why you should be selected, and your proposed number of dedicated representatives and local staffing to reside within the SFDCP office.

2. Response to Questionnaire

In providing your company's responses to the questionnaire included in Appendix C, restate each question in bold face type with your response directly below. Responses should be brief and provide requested information only. Your company's proposal and consequently your responses to this questionnaire may be incorporated into the contract between your company and the SFDCP.

Your company's submitted proposal, including this questionnaire, must be submitted both in printed form <u>and</u> on a compact disc or flash drive. The questionnaire must be provided in a Microsoft Word file (version 2003 or higher). Four (4) copies of your compact disc or flash drive must be provided with each clearly labeled with your company's name and contact information.

3. Price Proposal

The Price Proposal form is included in Appendix D

COMPLETENESS, CLARITY, AND BREVITY ARE IMPORTANT. CANDIDATES SHOULD SUBMIT ALL INFORMATION REQUESTED IN THIS RFP IN THE SPECIFIED FORMAT. RESPONSES NOT MEETING FORMAT REQUIREMENTS OR THAT ARE INCOMPLETE IN ANY WAY MAY BE REJECTED. CANDIDATES ARE URGED TO READ THIS RFP CAREFULLY, TO TAKE CARE IN THE PREPARATION OF RESPONSES, AND TO CAREFULLY PROOFREAD THE FINAL VERSIONS FOR ACCURACY AND COMPLETENESS.

IV. Evaluation and Selection Criteria

A. Minimum Qualifications

Proposers must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

- As of December 31, 2012, the proposer must have a minimum of \$10 billion in total defined contribution plan assets under administration.
- As of December 31, 2012, the proposer must have at least five (5) defined contribution plan accounts with more than 5,000 participants each.
- The proposer must have a Statement of Standards for Attestation Engagements (SSAE 16) audit that is conducted at least annually.
- The proposer must provide, through a sub-contracted arrangement, trustee/custodial services. Trustee/custodian must have at least \$10 billion under trust/custody <u>as of December 31, 2012</u>.
- Trust/custodial services must have been provided to defined contribution plans for at least five (5) years.
- The proposer must have submitted a response to the SFDCP RFP for Third Party Administration by Friday, March 8, 2013.
- The proposer must carry \$10 million dollars in Errors and Omissions Insurance coverage or must have applied for it by the submission date of the RFP. E&O insurance will be required throughout the duration of the assignment (see Appendix B)

If your company does not satisfy these Minimum Qualifications, do not submit a proposal. If a proposal is submitted by a company that does not satisfy the Minimum Qualifications, it will not be reviewed or considered.

B. <u>Selection Criteria</u>

The proposals will be evaluated by a selection panel composed of SFDCP Staff, Angeles Investment Advisors Staff, and other parties as determined necessary by SFDCP. The SFDCP intends to evaluate the proposals using a multi-step process, outlined below. The SFDCP reserves the right to revise the process or the evaluation criteria as necessary.

Step 1: All proposals received will be reviewed for compliance with the RFP and proposal submission requirements.

Step 2: All proposals satisfying Step 1 will be evaluated for compliance with the Minimum Qualifications to Bid.

Step 3: Using the following categories and weights, all proposals satisfying Step 2 will be evaluated.

Firm Qualifications	10%
Administrative Capabilities	15%
Participant Services	20%
Ancillary Services and Overall Responsiveness	15%
Total Per Participant Service Fee or Asset Based Fee (including cap on revenue sharing)	20%
Investments: Depth, Breadth and Quality of Fund Options on Platform	20%

Step 4: Based on the results of Step 3, the SFDCP will select semi-finalists whose services will be evaluated. This information will be combined with the results from the evaluation under Step 3 to determine up to three finalists to be recommended for interviews.

Step 5: Administrator finalists will be interviewed by the SFDCP Staff, Consultant and Deferred Compensation Committee. On-site visits to candidates may also be conducted at the discretion of SFDCP.

Step 6: The information gathered in Steps 1-5 will be considered in selecting a plan administrator with which the SFDCP will enter into contract negotiations.

V. Contract Award

A. Contract Award

The San Francisco City and County Employees' Retirement System ("SFERS") will select a proposer with whom the SFDCP staff and consultant shall commence contract negotiations. The selection of any proposal shall not imply acceptance by the City of all terms of the proposal, which may be subject to further negotiations and approvals before the City may be legally bound thereby. If a satisfactory contract cannot be negotiated in a reasonable time the SFERS, in its sole discretion, may terminate

negotiations with the highest ranked proposer and begin contract negotiations with the next highest ranked proposer.

- 1. Termination This RFP in no manner obligates the SFERS or any of its agencies to the eventual procurement of services described, implied or which may be proposed, until confirmed by a written contract. Progress toward this end is solely at the discretion of SFERS and may terminate at any time prior to the signing of a contract.
 - SFERS reserves the right to cancel this RFP at any time and to reject any and all proposals submitted in response to this RFP, if SFERS determines such action or actions are in its best interest.
- 2. Proposal Applicability To allow sufficient time for contract negotiation, all fees and conditions stated in the proposal must be firm for a period of 180 days from the deadline for submission of proposals.
- 3. Negotiation Requirements SFERS reserves the right to negotiate a change in terms if, in its sole opinion, the representatives assigned by the administrator are not adequately meeting SFDCP needs for this contract.
- 4. Legal Review SFERS expects that all candidates will agree to be bound by the terms and conditions articulated in this RFP. For this reason, it is strongly recommended that Proposers have the terms and conditions contained herein reviewed with corporate counsel and that concerns be brought to the attention of the SFDCP staff in a timely manner.
- 5. Governing Law This procurement and any agreement with Proposers that may result shall be governed by the laws of the State of California and the City and County of San Francisco. Submission of a proposal constitutes acceptance of this condition.
- 6. Basis for Proposal Only information supplied by the SFDCP staff in writing or in this RFP should be used in the preparation of proposals.
- 7. Proposal Preparation Cost Any cost incurred by the Proposer in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Proposer.
- 8. Proposer Qualification SFDCP may take such investigations as necessary to determine the ability of the Proposer to adhere to the items as identified within the questionnaire portion of this RFP. SFDCP reserves the right to reject the proposal of any Proposer who, in SFDCP opinion, is not a responsible candidate as defined below:
 - "Responsible candidate" means a candidate who submits a complete proposal and who has furnished, when required, information and data to prove that its financial resources, production and service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in the proposal.
- 9. Non-Discrimination in Contracts All contracts are subject to the non-discrimination ordinance of the City and County of San Francisco. Contractors should note the provision prohibiting discrimination by contractors in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees.

VI. Terms and Conditions for Receipt of Proposals

A. Errors and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are to promptly notify the SFDCP staff in writing, if the Proposer discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to the SFDCP staff promptly after discovery, but in no event later than five working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

B. <u>Inquiries Regarding RFP</u>

Inquiries regarding the RFP (e.g., clarification questions) must be directed in writing to:

Norm Nickens Acting Deferred Compensation Plan Manager San Francisco City and County Employees' Retirement System 30 Van Ness Avenue, Suite 3000 San Francisco, CA 94102 Team.SFDCP@sfgov.org

All questions must be submitted no later than January 23, 2013. With the assistance of its investment consultant, Angeles Investment Advisors, the SFDCP staff will prepare replies to each question and provide a consolidated Q&A document to all participants in the search by January 30, 2013.

C. Addenda to RFP

SFERS may modify the RFP, prior to the proposal due date, by issuing written addenda which will be posted on its website at: www.sfers.org under the Request for Proposal tab. Respondents should check the web site on a regular basis and before they submit a response to ensure they have received all notices or modifications. The SFDCP staff will make reasonable efforts to notify Proposers in a timely manner of modifications to the RFP. Notwithstanding this provision, the Proposer shall be responsible for ensuring that its proposal reflects any and all addenda issued by the SFDCP prior to the proposal due date regardless of when the proposal is submitted. Therefore, the SFDCP recommends that the Proposer review the SFERS website before submitting its proposal to determine if the Proposer has received all addenda.

D. <u>Term of Proposal</u>

Submission of a proposal signifies that the proposed services and prices are valid for 180 calendar days from the proposal due date and that the quoted prices are genuine and not the result of collusion or any other anti-competitive activity.

E. Revision of Proposal

A Proposer may revise a proposal on the Proposer's own initiative at any time before the deadline for submission of proposals. The Proposer must submit the revised proposal in the same manner as the original. A revised proposal must be received on or before the proposal due date.

In no case will a statement of intent to submit a revised proposal, or commencement of a revision process, extend the proposal due date for any Proposer.

At any time during the proposal evaluation process, the SFDCP may require a Proposer to provide oral or written clarification of its proposal. SFERS reserves the right to make an award without further clarifications of proposals received.

F. Errors and Omissions in Proposal

Failure by SFERS to object to an error, omission, or deviation in the proposal will in no way modify the RFP or excuse the vendor from full compliance with the specifications of the RFP or any contract awarded pursuant to the RFP.

G. Financial Responsibility

SFERS accepts no financial responsibility for any costs incurred by a firm in responding to this RFP. Submissions of the RFP and associated materials will become the property of SFERS and may be used by SFERS in any way deemed appropriate.

H. Proposer's Obligations Under the Campaign Reform Ordinance

Proposers must comply with Section 1.126 of the S.F. Campaign and Government Conduct Code, which states:

No person who contracts with the City and County of San Francisco, for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, or for selling any land or building to the City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer, or candidates for such an office, or committee controlled by such officer or candidate at any time between commencement of negotiations and the later of either (1) the termination of negotiations for such contract, or (2) three months have elapsed from the date the contract is approved by the Retirement System or the board on which a City elective officer serves.

If a Proposer is negotiating for a contract that must be approved by an elected local officer or the board on which that officer serves, during the negotiation period the Proposer is prohibited from making contributions to:

- the officer's re-election campaign
- a candidate for that officer's office
- a committee controlled by the officer or candidate

The negotiation period begins with the first point of contact, either by telephone, in person, or in writing, when a contractor approaches any city officer or employee about a particular contract, or a city officer or employee initiates communication with a potential contractor about a contract. The negotiation period ends when a contract is awarded or not awarded to the contractor. Examples of initial contacts include:

(i) a vendor contacts a city officer or employee to promote himself or herself as a candidate for a

contract; and (ii) a city officer or employee contacts a contractor to propose that the contractor apply for a contract. Inquiries for information about a particular contract, requests for documents relating to a Request for Proposal, and requests to be placed on a mailing list do not constitute negotiations.

Violation of Section 1.126 may result in the following criminal, civil or administrative penalties:

- (a) Criminal. Any person who knowingly or willfully violates section 1.126 is subject to a fine of up to \$5,000 and a jail term of not more than six months, or both.
- (b) Civil. Any person who intentionally or negligently violates section 1.126 may be held liable in a civil action brought by the civil prosecutor for an amount up to \$5,000.
- (c) Administrative. Any person who intentionally or negligently violates section 1.126 may be held liable in an administrative proceeding before the Ethics Commission held pursuant to the Charter for an amount up to \$5,000 for each violation.

For further information, Proposers should contact the San Francisco Ethics Commission at (415) 581-2300.

I. Sunshine Ordinance

In accordance with S.F. Administrative Code Section 67.24(e), contractors' bids, responses to RFPs and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

J. <u>Public Access to Meetings and Records</u>

If a Proposer is a non-profit entity that receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, the Proposer must comply with the reporting requirements of that Chapter. The Proposer must include in its proposal (1) a statement describing its efforts to comply with the Chapter 12L provisions regarding public access to Proposer's meetings and records, and (2) a summary of all complaints concerning the Proposer's compliance with Chapter 12L that were filed with the City in the last two years and deemed by the City to be substantiated. The summary shall also describe the disposition of each complaint. If no such complaints were filed, the Proposer shall include a statement to that effect. Failure to comply with the reporting requirements of Chapter 12L or material misrepresentation in Proposer's Chapter 12L submissions shall be grounds for rejection of the proposal and/or termination of any subsequent Agreement reached on the basis of the proposal.

K. Reservations of Rights by SFERS

The issuance of this RFP does not constitute an agreement by the SFDCP that any contract will actually be entered into by the SFERS. SFERS expressly reserves the right at any time to:

 Waive or correct any defect or informality in any response, proposal, or proposal procedure;

- Reject any or all proposals;
- Reissue a Request for Proposal;
- Prior to submission deadline for proposals, modify all or any portion of the election procedures, including deadlines for accepting responses, the specifications or requirements for any materials, equipment or services to be provided under this RFP, or the requirements for contents or format of the proposals;
- Procure any materials, equipment or services specified in this RFP by an other means; or
- Determine that no project will be pursued.

L. No Waiver

No waiver by SFERS of any provision of this RFP shall be implied from any failure by SFERS to recognize or take action on account of any failure by a Proposer to observe any provision of this RFP.

M. Chapter 12B and 12C: Nondiscrimination in Employment and Benefits

Chapter 12B and 12C of the San Francisco Administrative Code are incorporated by reference as though fully set forth herein. Chapters 12B and 12C prohibit discrimination by City contractors in employment, the use of property, the provision of public accommodations and in the provision of benefits to employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees.

Please refer to Appendix A regarding the requirements of San Francisco Administrative Code Chapters 12B and 12C.

N. Conflicts of Interest

The successful proposer will be required to agree to comply fully with and be bound by the applicable provisions of state and local laws related to conflicts of interest, including Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California. The successful proposer will be required to acknowledge that it is familiar with these laws; certify that it does not know of any facts that constitute a violation of said provisions; and agree to immediately notify the City if it becomes aware of any such fact during the term of the Agreement.

Individuals who will perform work for the City on behalf of the successful proposer might be deemed consultants under state and local conflict of interest laws. If so, such individuals will be required to submit a Statement of Economic Interests, California Fair Political Practices Commission Form 700, to the City within ten calendar days of the City notifying the successful proposer that the City has selected the proposer.

VII. Contract Requirements

A. Standard Contract Provisions

The successful Proposer will be required to enter into a contract substantially in the form of the Agreement for Professional Services, attached hereto as Appendix B. Failure to timely execute the contract, or to furnish any and all certificates, bonds or other materials required in the contract, shall be deemed an abandonment of a contract offer. The City, in its sole discretion, may select another firm and may proceed against the original selectee for damages. Full text of all referenced San Francisco municipal codes can be viewed on-line at http://www6.sfgov.org/index.aspx?page=4 at the Municipal Codes link under the Government section on this page.

B. Required Standard City Forms

Before the City can award any contract to Proposer, the Proposer must file three standard City forms with the Retirement System. The required forms are:

- 1. Form P-25 Business Tax Declaration;
- 2. HRC Form 12B-101 Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits; and
- 3. Form W-9 Request for Taxpayer Identification Number and Certification.

A complete description of these required forms and where to find them on the Internet is provided in Appendix A of this RFP.

The three required forms are to be submitted <u>under separate cover</u> at the time you submit the proposal. If these forms are not filed at the time you submit your proposal, the proposal may be determined to be non-responsive and rejected.

Please submit two (2) copies of the above forms at the time you submit your proposal. The forms should be submitted under separate cover in a separate, sealed envelope addressed to:

Norm Nickens San Francisco Employee's Retirement System Attention: SFDCP – TPA RFP 30 Van Ness Avenue, Suite 3900 San Francisco, CA 94102

If a Proposer has previously completed and submitted the required forms to the Retirement System, the Proposer should not do so again unless the Proposer's answers have changed.

Required Vendor Forms

Office of Contract Administration

All vendors must complete and return the following three forms before the City can do business with them:

1. P-25 - Business Tax Declaration

2. IRS Form W-9 - Request for Taxpaver Identification Number

3. HRC 12B-101 SF Admin Code Chapters 12B and 12C Declaration

The three required Office of Contract Administration forms listed can be found at: http://sfgsa.org/index.aspx?page=4762

If you are not a current vendor, your vendor number may be obtained after submission of your bid.

Form P-25 - Business Tax Declaration

The City uses this form to determine if vendors must register with the Tax Collector, and if so, whether they have. All vendors must sign this form, even if they are not located in San Francisco. Please download this form, sign it, and mail it either to Purchasing or to another City department you are dealing with. Purchasing's address is: City Hall, Room 430, San Francisco 94102-4685

Form W-9 – Request for Taxpayer Identification Number

The City needs each vendor's taxpayer ID number, and if we don't already have it, we need you to submit this form to us. If you've already done business with the City before, don't fill out this form because we already have your taxpayer ID number.

We will do our best to make sure the edition we post is current, but we cannot guarantee it. You may want to check the IRS's website at: www.irs.gov/pub/irs-pdf/fw9.pdf. Attached is the IRS form with instructions for filling out the form.

HRC 12B Forms - HRC Website

The link below goes to the HRC website. Please use your back button to return to Purchasing. You must complete form HRC-12B-101, and you might have to complete other forms depending on your company's particular situation.

SAMPLE

Agreement between

THE SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM and

	Agreement is made this day of, 2014 in the City and County of San sco, State of California, by and between:
	(hereinafter "Contractor") and the San sco Employees' Retirement System (hereinafter the "Retirement System") by and through the ment Board.
	WITNESSETH
	REAS, the Retirement System seeks to retain services for the San sco Employees' Retirement System; and
	REAS, Contractor represents and warrants that it is qualified to perform thes required by the Retirement System under this Agreement;
	IHEREFORE, in consideration of the promises and mutual covenants herein contained, the ctor and the Retirement System do hereby agree as follows:
1.	Term of the Agreement. The term of this Agreement shall be from
2.	Engagement. The Retirement System hereby engages Contractor, and Contractor hereby accepts such engagement, to provide services to the Retirement System in accordance with the terms and conditions of this Agreement.
3.	Services. The Contractor shall provide the Retirement System the services described in Statement of Services attached hereto as Exhibit A (the "Services"). Additional services will be provided only upon and in accordance with a written request by the Executive Director or designee acting on behalf of the Retirement System.
4.	Compensation. For the full performance and the completion of the Services described in Exhibit A, Contractor shall be compensated as set forth in the Fee Schedule attached hereto as Exhibit B (the "Fee Schedule"). The fee includes the compensation for professional fees as well as travel, printing, delivery, secretarial and clerical support services as may be necessary to perform these services in a professional manner. The Contractor shall furnish an itemized statement of services at the end of each quarter. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports,

services, or both, required under this Agreement are received from Contractor and approved by the Retirement System as being in accordance with this Agreement. The Retirement System may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall the annual compensation amount of this Agreement exceed \$ _____

5. Contractor's Responsibility. The Contractor represents and warrants that it is duly registered as an investment adviser under the Investment Advisers Act of 1940. The Contractor acknowledges that this Agreement places it in a fiduciary relationship with the Retirement System. As a fiduciary, Contractor shall discharge each of its duties and exercise each of its powers (as those duties and powers are defined herein) with the competence, care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the course of any enterprise of like character and with like aims, in conformance with the California Constitution, Article XVI, Section 17 and with the customary standard of care of a professional Contractor providing services to a U.S. employee pension trust.

The Contractor acknowledges that, to comply with the above-described fiduciary duties, it must maintain independence from all interest other than the interests of the Retirement System members and beneficiaries, as those interests are expressed by the Retirement Board. The Contractor further acknowledges that the Retirement System staff acts as the agent for the Retirement Board in its relationship with the Contractor, but is subordinate to the Retirement Board and cannot direct the Contractor to consider interests contrary to those expressed by the Retirement Board.

The Contractor warrants that it will not delegate its fiduciary responsibilities pursuant to this Agreement.

Within the context of providing the services described in Exhibit A, Contractor's analysis may address tax, legal or other considerations related to various investment strategies or investments. However, the Contractor shall not provide or otherwise be responsible for the provision of tax advice or legal counsel. Contractor shall act in an advisory capacity only.

- **Key Personnel.** The Retirement System may designate in writing, from time to time, that certain personnel of the Contractor are "key personnel". Contractor shall immediately notify the Retirement System in writing of any changes in key personnel within their organization.
- **7. Budget Authorization.** This Agreement is subject to the budget and fiscal provisions of the City and County of San Francisco Charter. Charges will accrue only after prior written authorization certified by the City Controller, and any amount of the Retirement System's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to the Retirement System at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

The Retirement System has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

This section controls against any and all other provisions of this Agreement.

- **8. Invoices.** Contractor shall submit invoices for the Services in a form acceptable to the Retirement System.
- 9. False Claims. Contractor acknowledges that Contractor is subject to Section 21.35 of the San Francisco Administrative Code, which provides that any Contractor who submits a false claim: (a) is liable for three times the amount of damages the Retirement System sustains; (b) is liable for the costs (including attorney's fees), of a civil suit to recover such damages; and (c) may be liable for a civil penalty of up to \$10,000 per claim. Under that Section, a Contractor is deemed to have submitted a false claim if Contractor: (i) knowingly presents (or causes to be presented) to an officer or employee of the Retirement System a false claim or request for payment or approval; (ii) knowingly makes or uses (or causes to be made or used) a false record or statement to get a false claim paid or approved by the Retirement System or to conceal, avoid, or decrease the obligation to pay or transmit money or property to the Retirement System; (iii) conspires to defraud the Retirement System by getting a false claim allowed or paid by the Retirement System; (iv) knowingly makes, uses or causes to made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the Retirement System; or (v) is a beneficiary of an inadvertent submission of a false claim to the Retirement System, subsequently discovers the falsity and fails to disclose it to the Retirement System within a reasonable time after discovery.
- **10. Taxes.** To the extent applicable, payment of any payroll expense taxes levied on the Services delivered pursuant to this Agreement shall be the obligation of Contractor.
- 11. Independent Contractor. Contractor shall be an independent Contractor and not an employee of the Retirement System. If any governmental authority should, nevertheless, determine that Contractor is an employee, then the Retirement System's payment obligations hereunder shall be reduced so that the aggregate amount of payments directly to the Contractor and to the applicable governmental authority does not exceed the maximum amount specified in Section 4. Contractor shall refund any amounts necessary to effect such reduction.
- **12. Insurance.** Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverage:
 - (1) Worker's Compensation, with Employers' Liability Limits not less than \$1,000,000 each accident; and
 - (2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Professional or Fiduciary Indemnity (Error and Omissions) Insurance in the aggregate minimum of \$10,000,000.

Certificates of insurance evidencing all coverage above, in the form and with Insurers reasonably satisfactory to the Retirement System, will be furnished to the Retirement System before commencing any operations under this Agreement. Upon request, complete copies of these policies will be promptly furnished to the Retirement System.

- 13. Indemnification. Contractor shall indemnify, protect, defend and hold harmless the Retirement System and its officials, employees and agents (each a "Covered Person) from and against all liabilities, obligations, losses, damages, judgments, costs or expenses (including legal fees and costs of investigation) (collectively "Losses") and claims for damages of any nature whatsoever, arising from, in connection with or caused by:
 - a) any improper or unethical practice in violation of law, bad faith, negligence, or willful misconduct by the Contractor or its agents, except to the extent such indemnity is void or otherwise unenforceable under applicable law in effect or validly retroactive to the date of this Agreement and except to the extent that any such Losses or claims are the result of the negligence, omissions or willful misconduct of the Retirement System;
 - b) any breach of any representation or warranty made by the Contractor in this Agreement;
 - c) the breach of any covenant, agreement or obligation of the Contractor contained in this Agreement, including any infringement of intellectual property rights, breach of trust, breach of confidentiality, patent, copyright, trademark, trade secret; or
 - d) the injury or death of a person, including employees of the Contractor or loss of or damage to property, resulting directly from the Contractor's negligent acts or omission or willful misconduct in the course of the Contractor's performance of this Agreement, except to the extent such indemnity is void or otherwise unenforceable under applicable law in effect or validly retroactive to the date of this Agreement and except where any such Losses or claims are the result of the negligence, omissions or willful misconduct of the Retirement System.

In addition to the Contractor's obligation to indemnify the Retirement System, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Retirement System from any claim which actually or potentially falls within this indemnification provision even if the allegations are or may be groundless, false or fraudulent; which obligation arises at the time such claim is tendered to Contractor by the Retirement System and continues at all times thereafter.

14. Limitation on Liability of the Retirement System. The Retirement System's payment obligations hereunder shall be limited to the payments under Section 4 of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall the Retirement System be liable, regardless of whether the claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including but not limited to, lost profits, arising out of or in connection with this Agreement or the services performed in connection with this Agreement.

15. Termination for Convenience. The Retirement System shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. The Retirement System shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

Upon termination of this Agreement, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by the Retirement System and to minimize the liability of Contractor and the Retirement System to third parties as a result of termination. All such actions shall be subject to the prior approval of the Retirement System. Such actions shall include, without limitation, the orderly liquidation of the portfolio, the cessation of trading, or such other actions as reasonably directed by the Retirement System.

16. Conflict of Interest. Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provision of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et. seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the Retirement System if it becomes aware of any such fact during the term of this Agreement.

Contractor further acknowledges that it is familiar with Section 3.216 of the San Francisco Campaign and Government Code which prohibits an officer or employee of the Retirement System from soliciting or accepting any gift in excess of \$100 in a calendar year from a person who the officer or employee knows or has reason to know is a restricted source. "Restricted source" is defined in this section to mean: a) a person doing business with or seeking to do business with the department of the officer or employee; or b) any person who during the prior 12 months knowingly attempted to influence the officer or employee in any legislative or administrative action.

- 17. Confidentiality. Contractor shall keep strictly confidential any of the Retirement System's proprietary or confidential information to which Contractor has access while performing the Services and shall not make any disclosure thereof without the prior written consent of the Retirement System. Contractor's obligation of confidentiality will not apply to information that: (a) is or becomes available from public sources through no breach of Contractor's obligations hereunder; (b) is already in Contractor's possession without an obligation of confidentiality; (c) is rightfully disclosed to Contractor from a third party without an obligation of confidentiality; or (d) is required to be disclosed by court or regulatory order provided Contractor gives the Retirement System prompt notice of any such order.
- **Notices.** Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To the Retirement System: Jay Huish Executive Director

San Francisco City and County Employees' Retirement System

30 Van Ness Avenue, Suite 3000 San Francisco, CA 94102 Fax No. (415) 487-7023

E-mail address: jay.huish@sfgov.org

To the Contractor:

Fax No.

- 19. Audit. Contractor shall maintain accurate books and records relating to this Agreement and the Services, including accounting records and copies of all invoices. Contractor shall make such books and records available to the Retirement System for review and audit for at least three (3) years after termination of this Agreement, in a format and at a location that is readily accessible to the Retirement System.
- 20. No Assignment or Subcontracting. The services are personal in nature and Contractor shall perform the work contemplated with resources available within its own organization. Neither this Agreement nor any duties or obligations hereunder may be assigned, subcontracted or delegated by Contractor without prior written consent of the Retirement System.
- 21. Earned Income Credit Forms. Administrative Code Section 12O requires that employers who contract with the Retirement System provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.
 - a. Contractor shall provide Earned Income Credit Forms to each Eligible Employee at each of the following times: (i) within thirty (30) days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31of each calendar year during the term of this Agreement.
 - b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If within thirty (30) days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such thirty (30) days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the Retirement System may pursue any rights or remedies available under this Agreement or under applicable law.

- c. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.
- 22. Local Business Enterprise Utilization. Contractor understands and agrees to comply fully with all the requirements of the Local Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Contractor obligations or liabilities, or materially diminish Contractor's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made part of this Agreement as though fully set forth in this section. Contractor's willful failure to comply with any applicable provision of the LBE Ordinance is a material breach of Contractor's obligations under this Agreement and shall entitle the Retirement System, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Contractor shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting.

Contractor agrees to maintain records necessary for monitoring its compliance with Chapter 14B for a period of three years following termination of this Agreement.

- 23. Nondiscrimination; Penalties. In the performance of this Agreement, Contractor agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes or in retaliation for opposition to discrimination against such classes, against any employee of, any City employee working with, or applicant for employment with Contractor, in any of Contractor's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Contractor.
 - a. Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the Retirement System elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the S.F. Administrative Code.
 - As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

- c. The provisions of Chapters 12B and 12C of the S.F. Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the S.F. Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.
- 24. MacBride Principles Northern Ireland. Pursuant to San Francisco Administrative Code Section 12.F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporation that abide by the MacBride Principles. By signing below, the person executing this Agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.
- **25. Tropical Hardwood and Virgin Redwood Ban.** Pursuant to Section 814(b) of the San Francisco Environment Code, the City and County of San Francisco urges Contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood wood product, virgin redwood or virgin redwood wood product.
- **26. Drug-Free Workplace**. Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Retirement System premises. Contractor agrees to comply with such Act. Any violation of this Section shall be deemed a material breach of this Agreement.
- **27. Resource Conservation.** Contractor shall comply in good faith with Chapter 5 of the San Francisco Environment Code (Resource Conservation), which is hereby made a part of this Agreement as though fully set forth herein.
- **Sunshine Ordinance.** Contractor understands that under Section 67.24(e) of San Francisco Administrative Code, contracts, contractors' bids, responses to requests for proposals and all other records of communications between the Retirement System and persons or firms seeking contracts, must be open to public inspection immediately after a contract has been awarded. All information provided by Contractor which is covered by that ordinance (as it may be amended) will be made available to the public upon appropriate request.
- 29. Limitations on Contributions. Through execution of this Agreement, Contractor acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contributions to the officer at any time from the commencement of negotiations of the contract until the later of either: (1) the termination of negotiations for such contract or (2)

- three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.
- 30. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years.
- 31. Compliance with Americans with Disabilities Act. Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.
- 32. Requiring Minimum Compensation for Employees. Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.ci.sf.ca.us/MCO.
- 33. Requiring Health Benefits for Covered Employees. Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the HCAO is available on the web at http://sfgsa.org/Modules/ShowDocument.aspx?documentid=993.
- **No Waiver.** Any failure to enforce any right or to require performance of any provision of this Agreement shall not be considered a waiver of such right or performance.
- **35. Documents and Reports.** The Contractor will furnish to the Retirement System and its authorized representatives, on reasonable notice (which in no event need ever be more than five (5) business days) and during ordinary business hours, full access (including useable electronic data format) to the records maintained by Contractor with regard to this Agreement. Any interest of Contractor in reports, memoranda, or other documents prepared by the Contractor in connection with services to be performed under this

- Agreement shall become the property of and will be transmitted to the Retirement System in a useable format (including electronic date format) upon demand.
- **Modifications.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed by each party hereto.
- **37. Administrative Remedy.** All disputes, controversies or claims arising under or relating to this Agreement shall be settled by the Executive Director of the Retirement System. The Executive Director's decision shall be deemed an exhaustion of all administrative remedies. However, the Executive Director's decision shall not preclude resorting to judicial remedy.
- **38.** California Law; Venue. This Agreement shall be governed by the laws of California. The venue for all litigation or other disputes relative to this Agreement shall be San Francisco, California.
- 39. Construction. Section headings are for reference only and shall not be used to interpret this Agreement. Terms such as "hereunder" or "herein" refer to this Agreement as a whole. Terms such as "include" or "including" shall be deemed followed by the words "without limitation." References to consents, approvals, determinations or other decisions of the Retirement System shall refer to the sole judgment of the Retirement System.
- **40. Entire Agreement.** This Agreement contains the entire agreement between the parties, and supersedes all other oral or written provisions. The attached Appendices A and B are a part of this Agreement.
- 41. Compliance with Laws. Contractor shall comply with the City and County of San Francisco Charter, codes, ordinances and regulations and with applicable state and federal laws and regulations (including the Americans with Disabilities Act), as they may be amended from time to time.
- **Severability.** If any provision hereof is found to be invalid or unenforceable, such finding shall not affect the validity of any other provision hereof; and such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties.
- **43. Services Provided by Attorneys.** Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.
- 44. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to

avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti.

Contractor shall remove all graffiti from any real property owned or leased by Contractor in the City and County of San Francisco within forty eight (48) hours of the earlier of Contractor's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require the Contractor to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. 🐧 101 et seq.).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first referenced above.

CITY AND COUNTY OF SAN FRANCISCO

RETIREMENT SYSTEM (Retirement System)					
By: _		Date:			
,	Jay Huish, Executive Director				
		(Contractor)			
Bv:		Date:			
, —	Authorized Party, Title				

Administrative Services

Your company's submitted proposal, including this questionnaire, must be submitted both in printed form <u>and</u> on a compact disc or flash drive. The questionnaire must be provided in a Microsoft Word file (version 2003 or higher). Four (4) copies of your compact disc or flash drive must be provided with each clearly labeled with your company's name and contact information. Information provided should be as of December 31, 2012 unless otherwise noted.

I. Firm Qualifications

A. Organizational Structure

- 1. Describe in detail your firm's ownership structure, e.g. private, public, employee owned. Provide your company's name, address and type of legal entity (corporation, limited liability company, joint venture, partnership, etc.)
- 2. Is your company a subsidiary or affiliate of another company? Provide full disclosure of all direct or indirect ownership.
- 3. Describe any *pending agreements* to merge or sell your company or any portion thereof. If you can provide this information and it is confidential, please indicate confidential in your response and on all printed material
- 4. Provide a short description of your organization, the businesses in which it engages and the services it provides.
- 5. Indicate the period of time your firm has been in the Defined Contribution ("DC") business. Specify when your firm began providing record-keeping services to defined contribution plans, trustee services, etc.
- 6. What portion of total revenues do investment management, recordkeeping, and trust services represent to your firm? Provide each separately. (As of December 31, 2012 or most recent quarter end for which data is available at the time of submission.)
- 7. Please fill in the table below:

	Total Assets	Total DC Assets	% of Firm	Total Number of
		Administered for	Revenue derived	DC plan clients
		DC Plans	from DC	with assets >
			Administration	\$500 MM
12/31/12				
12/31/11				
12/31/10				
12/31/09				
12/31/08				

- 8. Describe whether your firm has *any plans* to merge, acquire or sell any part of the business in the next 12-24 months. If you can provide this information and it is confidential, please indicate.
- 9. Describe any pending or anticipated plans to reorganize your company within itself or as part of the larger organization of which your company is a part.
- 10. What is the last date when your organization had a change in its business structure, whether through an acquisition or divestiture or through an alliance arrangement? If applicable, how did this change in business affect the recordkeeping division?
- 11. How does your firm identify and manage conflicts of interest?
- 12. Please provide a copy of your firm's conflict of interest policy. Who monitors compliance with these guidelines?
- 13. Have you or anyone in your firm provided any gifts, travel and room expenses, entertainment or meals to any SFERS Board member or SFDCP staff member during the past twelve months? If yes, please identify the board or staff member, the amount of the expense, when it was incurred, and what it was for.
- 14. List and describe all professional, business and personal relationships between any person at your firm and any SFERS Board member or SFDCP staff members during the past three years.
- 15. Identify the person or team that would be assigned to the SFDCP on an ongoing basis, including name, title, email address, location and a brief biography.
- 16. Provide the name, title, address, email address, telephone and fax numbers of the contact person or persons from your company whom we may contact with questions regarding your RFP response. These individuals must be authorized to negotiate contracts regarding the scope, terms and pricing outlined in the proposal.
- 17. Identify the senior staff turnover your company has experienced since January 1, 2008. Provide information regarding the reasoning for the turnover and the impact it has had on your company and ability to provide services to SFDCP.
- 18. Has your organization or any professional at your organization been the subject of any litigation since January 1, 2008 or involved in any SEC or other regulatory exams? Please explain.
- 19. Supply an audited Statement of Standards for Attestation Engagements SSAE 16 for the most recently closed fiscal year.

20. Describe your errors and omissions coverage. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type risks covered, carriers, levels, limits, and deductibles.

Risk Covered		
Carriers		
Levels		
Limits		
Deductibles		

21. In the table below provide the number of geographic locations that provide each service and list the locations:

Service	Number	Locations
Redundant processing		
Redundant call centers		
Client Management		
Plan Administration		
Conversion		
Trustee/Custodial services		
Communications and Marketing		

- 22. Please describe your organization's strategic business plan for the next five years, particularly how your DC business fits into your organization's strategic plan.
- 23. Provide the capital your firm has spent on the administrative services business in relation to your organization's total spending companywide. If you cannot provide actual figures please provide the ratio of recordkeeping spending to total company spending within the given time frames.

	Recordkeeping expenditures	Total company expenditure	Additional amount to meet needs *	Or: Ratio of recordkeeping expenditures to total spending
Projected for 2013				
Actual for 2012 (estimate if necessary)				
Total for 2011	\$	\$	\$	
Total for 2010	\$	\$	\$	
Total for 2009	\$	\$	\$	

^{*}Spending done over and above standard recordkeeping expenditures

24. What portion of your organization's technology-related expenses is allocated for recordkeeping in the following years?

Year: Amount (\$MM):

Projected for 2013

Actual for 2012 (estimate if necessary)

Actual 2011: Actual 2010 Actual 2009:

- 25. Do you measure profitability of the administrative business in conjunction with asset related revenues? What percentage of total firm revenue is derived from your third party administration for DC plans business for each of calendar years 2010-2012?
- 26. Do you measure the profitability of each plan individually or the business unit as a whole?

B. Experience

27. Please indicate your total DC plan recordkeeping and administration client statistics by number of participants, as of December 31, 2012:

Number of Participants in Plan	Number of DC Plans (aggregate of all DC Plans)	Number of Governmental DC Plans	Number of Governmental 457(b) Plans
Up to 999			
1,000 to 4,999			
5,000 to 9,999			
10,000 to 24,999			
25,000 and above			
Total			

28. Confirm that your organization has over \$1 billion in total defined contribution assets under administration and enter the number of recordkeeping and administration plans by asset size, as of December 31, 2012:

Amount of Assets	Number of DC Plans (aggregate of all DC Plans)	Number of Governmental DC Plans	Number of Governmental 457(b) Plans
Up to \$250 million			
250- \$500 million			
\$500 mm to \$1 billion			
More than \$1 billion			
Total			

- 29. Please provide the total number of participants you administer, as of December 31, 2012.
- 30. How many years have you offered administration for governmental defined contribution plans? Please provide the number of such plans for the dates specified in the table below.

Calendar Year	Number of Governmental Plans	Number of Governmental 457(b) Plans
2012		
2011		
2010		
2009		
2008		

31. Please provide a representative list of at least 10 public sector defined contribution clients (not references) for whom you provide defined contribution services and administration, including number of participants, asset size and inception date of relationship. Also highlight five (5) *additional* Section 457(b) Government Plans that most recently retained your company's services.

Name	Participants	Assets	Inception Date of Relationship
			Relationship

- 32. Provide three plan references. *Preferably references should be in California*, particularly plans who have been provided services similar to those being proposed for SFDCP. For each reference, provide the following:
 - a) Entity name
 - b) Contact name and title
 - c) Telephone number
 - d) Email address
 - e) Number of participants
 - f) Inception date of Relationship
- 33. How many DC plan clients and participants have you gained and lost in the last three (3) years?

	Clients Added		Clients Lost	
	Number of	Number of	Number of	Number of
Year	Plans	Participants	Plans	Participants
2012				
2011				
2010				

C. Contractual Issues

- 34. Has your company ever filed a petition or has your company ever been petitioned into bankruptcy or insolvency or has your company ever made any assignment for the benefit of your creditors? If so, provide complete details.
- 35. Describe any past, pending or threatened judicial or administrative litigation involving your firm since January 1, 2008 related to services you are proposing.
- 36. Indicate whether your company is a licensed broker/dealer and licensed to accept payment from investment companies for providing individual account recordkeeping and marketing and enrollment services.
- 37. Has your company been cited or threatened with citation since January 1, 2008 by federal or any state regulators for violations of any state or federal law and regulations? If your answer is yes, describe fully.
- 38. Has your company had a contract terminated by a client for cause since January 1, 2008? If so, by whom, when, and under what circumstances? Provide the name and telephone number of each client that has terminated your company's services for cause. What have you learned or changed based on those experiences?
- 39. Have you ever been denied a license to do business, a license as an agent or broker, or any other insurance license? If so, state the date of the denial, the license denied, the state in which the license was denied, the reason given for denial of the license, whether you have had a bona fide change of ownership or management since your license was denied and whether you have eliminated the cause for which the license was denied.

- 40. Provide samples of actual contract agreements for services offered by your firm for third party administration, managed account services, investment advice and self-directed brokerage.
- 41. Since January 1, 2008, has your company failed or refused to complete a contract? If so, please provide the reason why.

II. Administrative Capabilities

A. Conversion

- 42. Provide a draft conversion plan for the SFDCP and the timeframe for the implementation. Assume your firm is selected on August 1, 2013 and conversion must be completed by January 29, 2014.
- 43. Indicate how requiring participants to re-enroll in the plan for their deferral amounts and allocations would affect the conversion plan time-table.
- 44. Describe the roles and responsibilities of your conversion team and identify the team by name and function for the SFDCP's conversion. Is the same team responsible for on-going administration? If not, describe how the team will change and how the transition of the account relationship will be handled. Include a description of the role of each member and any minimum qualifications that apply for each role.
- 45. If the team (or any team member) will not be working exclusively on this implementation, how many additional plan conversions would they be responsible for?
- 46. How many DC plans have you converted from the SFDCP's current TPA, Great West Retirement Services, since January 1, 2010? Provide a breakdown by year. What challenges have you experienced in these conversions and how would you manage/avoid those for the SFDCP?
- 47. How many conversions are currently scheduled to be completed through the end of 2013?
- 48. How many conversions and implementations has your company conducted since January 1, 2010 involving 10,000 or more participants?
- 49. How do you monitor and measure the effectiveness and quality of your conversion process and team?
- 50. List and briefly describe the implementation documentation your firm provides to the plan sponsor and to what extent is it customized?
- 51. Will there be a blackout period during the conversion? If so for how long? Assume complete data is received from the prior TPA in good order. Fully describe all the components and restrictions of the blackout period and what types of transactions can

- be completed during the period (if any). If appropriate, indicate a minimum and maximum number of days. What are the variables that can be managed to shorten the black-out period?
- 52. Confirm how any black out period will conform to the Sarbanes-Oxley Act for participant notification.
- 53. How will you guarantee your stated implementation time frame and how will you measure the success of the plan implementation?
- 54. At what time, relative to the date those administrators are to be switched, do you normally hold participant meetings? Please describe your approach for explaining the switch of administrators to participants.
- 55. Do you require that data provided following conversion utilize:
 - a. a format you specify;
 - b. one of several formats you make available; or,
 - c. whatever electronic format the plan sponsor is able to provide.
- 56. How frequently do you anticipate meeting/conferencing with the plan sponsor during the conversion?
- 57. What will you require from the SFDCP to complete the conversion process in terms of data, participation in group meetings, etc?
- 58. What conversion audit reporting do you provide?
- 59. Does your organization require a test conversion of prior valuation and reconciliation of participant records and assets to balances, before conversion?
- 60. Have you completed 50% or more of your conversions in less than 10 business days from receipt of reconciled item? If yes, specify average business days.
- 61. Have you completed conversions over a weekend? If yes, how many and indicate if they were similar in size to the SFDCP in assets and number of participants.
- 62. Of the conversions completed in the last three (3) years (since January 1, 2010), what is the percentage that were completed on time? If a conversion was not completed on time, what was the reason for the delay?
- 63. Describe the typical reasons for delay your firm has experienced in conducting a conversion. What steps do you take to minimize these delays?
- 64. What is the largest number of participant records that you have converted over a sixmonth period since January 1, 2008?
- 65. Please provide the following statistics regarding conversion:

Transaction Description	Response	Comments
Minimum and maximum lead time from selection date until asset conversion date		
Minimum and maximum business days from receipt of reconciled data from prior record keeper until system "live date"		
Minimum number of business days from system "live date" (reconciliation data is loaded) until:		
 participant internet inquiry access 		
■ plan sponsor on-line/internet access		
transactions permitted during conversion blackout period		
 unforeseeable emergency withdrawals 		
 participant distributions 		

- 66. Please describe your experience in converting plans with a self-directed brokerage option (full discretion offerings that offer individual securities and mutual funds and mutual fund only offerings). How would you propose to convert existing individual accounts in the self-directed brokerage if the brokerage window were eliminated from the SFDCP at the time of conversion? Please provide a specified transition plan for these participants including the potential impact to your overall transition plan as stated in question 42 of this section.
- 67. How many new clients are you looking to add for 2013? How would this level of new clients in 2013 affect the SFDCP conversion in early 2014 if your organization were selected by SFDCP?

B. Staffing

68. What was the total staff turnover for the last three (3) years?

Calendar Year:	Number of FTEs:	Percent:	Reason:
2012			
2011			
2010			

69. What is the average tenure (in years) of the following positions that are dedicated to a single plan?

Position	Number of Years
Plan Manager	
Client Relationship Manager	
Benefit Service Representatives (BSR)	
Processing/Operations Staff	
Employee Meeting Specialists	
Senior Management	

- 70. What percentage of the BSRs who leave that job stay within your organization? If a low percentage (<50%), what are the reasons stated for their departures?
- 71. Provide training information on the following positions: Note what type of training is available initially and on-going.

Position	Initially Available	On-going
Plan Manager		
Client Relationship Manager		
BRS		
Processing/Operations Staff		
Employee Meeting Specialists		
Senior Management		

- 72. Describe your company's commitment to continuing education and outside learning for all types of service personnel. List any financial or similar incentives provided.
- 73. What minimum licensing, degrees, or training is required to hold the following positions? Indicate "Y" or "N" for each requirement needed.

Position	College Degree	Advanced Degree	Series 6	Series 63	Series 7	Years of Work
	Degree	Degree		0.5		Related
						Experience
Plan Manager						
Client Relationship						
Manager						
BSR						
Processing/Operations						
Staff						
Employee Meeting						
Specialist						
Senior Management						

74. Do you complete recordkeeping tasks utilizing client specific teams, functional teams or a combination of both? Which functions are handled by the team and which are handled by the functional group? Complete the table below indicating "yes" or "no" for the recordkeeping tasks.

Recordkeeping Task	Dedicated Client Team	Functional Group
Distribution processing		
Eligibility determination		
Enrollment		
Unforeseeable emergency		
withdrawal		
70 ½ payments		
Qualified Domestic Relations		
Orders (QDROs)		
De mimimus distributions		_

Recordkeeping Task	Dedicated Client Team	Functional Group
Participant requests		
Plan sponsor requests		
Contribution processing		
Other		

- 75. Provide your proposed staffing for the recordkeeping function and a description of the types of personnel to be involved. Also provide an organizational chart and the names of all individuals, highlighting the main point of contact, in your organization that would be primarily responsible for the SFDCP plan contract.
- 76. How do you assure quality control and customer satisfaction with regard to staffing?
- 77. How do you assure continuity in the event of absences of assigned staff?
- 78. Provide your proposed staffing for the education functions and a description of the types of personnel to be involved. Also provide an organizational chart and the names of all individuals in your organization who would be primarily responsible for the contract. In addition, please describe their experiences specifically working with plans larger than 10,000 participants. Please provide all important information regarding their experience and how it will benefit the SFDCP.
- 79. Identify the number of FTEs that would be dedicated only to this plan.
- 80. Describe how field representatives are compensated (specific to the SFDCP). What is their experience with plans of similar size as the SFDCP?
- 81. The plan requires a local representation for servicing participants. Describe the following proposed for your local staff:
 - a. Staffing, including functions to be performed by staff
 - b. Hours of operation
 - c. How you would handle prescheduled consultations?
 - d. How you would handle walk-ins?
 - e. Activities supported by local office staff (education, enrollments, transactions, retirement planning, field support, etc)
- 82. What is the caseload for the client relationship manager responsible for this plan, as measured by number of plans?
- 83. Are bonuses or other monetary incentives available for client relationship managers who achieve an exceptional level of customer satisfaction? If yes, describe the rate at which they are compensated for exceptional client service.
- 84. Are plan managers compensated based on performance standards?
- 85. How has your firm handled client dissatisfaction of their client service or plan managers? Please describe a situation where a client was dissatisfied with their service team and how it was handled.

86. Confirm that the SFDCP may approve any assigned local personnel and subcontractors.

C. Processing

87. Describe how you provide "paperless processing" for the following transactions. If you cannot provide paperless processing, please describe the preferred method for processing.

Transaction	Yes/No	Comments
Enrollments		
Contributions		
Unforeseeable Emergency		
Withdrawal		
Distributions		
Investment Allocation Changes		

- 88. Describe your capabilities to receive scanned documents from plan sponsors. Does the data need to be in specific formats? What is your preferred method?
- 89. What are your procedures for handling incoming rollovers?
- 90. How will you handle employees who transfer from one location or payroll agency to another? In such situations, how do you resolve any differences in demographic information (for instance, change of name or address) between the multiple records? How do you assure that employees who are reported active in one location and terminated in another are not mistakenly given a distribution?
- 91. Are direct deposits available for:

Transaction	Yes/No
Installment Distributions?	
Lump Sum Payments?	

- 92. What time is the cut-off for participant requested transactions? Provide the time as Eastern Standard Time.
- 93. Are investment fund transfers settled on the same day?
- 94. Describe your experience and capability with NSCC trading.
- 95. Will you accept funding of participant contributions before the participant data file is received and reconciled?
- 96. Which of the following describes your process for handling uncashed checks:
 - address validation followed by reestablishment of participant account within plan

- address validation followed by establishment of account outside of plan
- search for missing participant through internal and external means
- participant credited with interest and paid when request payment; no account established
- notification to the plan sponsor
- no formal process
- other (specify below)
- 97. Who is responsible for following up with the plan sponsor if a bi-weekly payroll is not received and what tool is used to track expected payrolls?
- 98. Describe all controls taken to ensure the timeliness of recordkeeping, that each participant's account complies with all provisions of the plan and applicable laws and regulations and that all forms and authorizations are complete and on file.
- 99. How are errors handled through your recordkeeping system for:
 - a. contributions (including excess or ineligible contributions)
 - b. withdrawals/distributions (both over and under payments)
 - c. transfers (incoming and outgoing)
 - d. rollovers (incoming and outgoing)
 - e. allocation of earnings
 - f. tax reporting
- 100. Is your system able to handle retroactive account adjustments?
- 101. Indicate whether, if the erroneous transaction is due to your company's error, you will make the participant whole at your company's (and not the plans') expense?
- 102. Confirm that you do not intend to impose any limitations such as a maximum number of changes, contribution investment transfers or elections.
- 103. Please indicate in the "Service Provided" column whether your recordkeeping system provides these payroll data feed edits by indicating "yes" or "no". Use the Comments column to identify any qualifications on the availability of the services.

Edits	Service Provided	Comments
Missing Data:		
Social Security Number		
Employee Identification Number		
■ Name		
Address		
Location or other agency identifier		
Birth Date		

Edits	Service Provided	Comments
Hire Date		
Status Code (active, terminated, retired, deceased)		
Illogical Data:		
 Duplicate records 		
Status term but no term date		
• Status active but pay = 0		
• Status active, deferral % > 0 but deferral = \$0		
• Status active, deferral \$ = 0 but deferral > \$0		
■ Status suspended but deferral > \$0		
 Status terminated, term date in prior payroll period but comp > \$0 or deferral > \$0 		
Invalid Dates:		
Birth date out of range <> specified dates		
Hire date out of range <> specified dates		
Term date out of range <> specified dates		
■ Hire date > term date		

104. Describe your standards for performance in participant service. Assume all data, wires or other requests are received in reasonably good condition and before your cutoff time for the day, and that any required employer approvals have been received.

Activity	Quality Standard (business days)	Average Actual (business days)
Contribution reconciliation and posting	Days from receipt of payroll data	Days from receipt of payroll data
Contribution investment	Days from receipt of deposit	Days from receipt of deposit
Distributions paid (paperless)	Days from receipt of request	Days from receipt of request
Distributions paid (form)	Days from receipt of form	Days from receipt of form
Investment fund transfers settled	Days from receipt of request	Days from receipt of request
Rollovers into the plan processed and invested	Days from receipt of deposit	Days from receipt of deposit
Confirmations mailed	Days from execution of transaction or request	Days from execution of transaction or request
Participant statements mailed	Days from period end	Days from period end

Activity	Quality Standard (business days)	Average Actual (business days)
Ad hoc reports produced	Days from request	Days from request
Meetings with plan sponsor	Meeting per year	Meeting per year

- 105. Describe how your recordkeeping system will:
 - track unforeseeable emergency available amounts
 - restrict contributions following a unforeseeable emergency withdrawal
- 106. Describe the experience your company has had with participants attempting to market time exchanges within their defined contribution plan. Do you have a frequent or excessive trading policy in place? If so, please provide a copy of the frequent trading policy and how it is monitored and defined.
- 107. The plan administrator may be required to provide an annuity shopping service (proprietary and non proprietary) for participants who elect an annuity at retirement. Indicate whether and how providing this service will have any impact on your cost proposal.
- 108. Beginning in the year 2014 the SFDCP will offer a Roth option to participants. Confirm that your firm will be able to accommodate this option and associated record-keeping and reporting requirements.
- 109. PLEASE FILL IN EACH BOX Indicate with a "Y" or "N" in columns 2-5 which boxes apply.

Degree of Outsourcing Available (columns 2-5)

Fully outsourced means that no client involvement or client approval is required. The participant will interact solely with the vendor.

Partially outsourced client approval means the client involvement is to approve the transaction prior to it being processed, for example, distribution or collection of forms.

Partially outsourced other client involvement means some client involvement other than approval.

Not outsourced means the transaction cannot be outsourced to any degree and is completed entirely by the client.

Forms (column 6)
Select types that apply:
F = Forms required
O = Forms optional
P = Paperless

1	2	3	4	5	6
Transaction	Fully Outsourced (no Client involvement) (Yes/No)	Partially Outsourced (client approval required) (Yes/No)	Partially Outsourced (other client involvement) (Yes/No)	Not Outsourced (completed entirely by client) (Yes/No)	Forms (Yes/No)
Enrollment package distribution					
Enrollment election process					
Fund transfers					
Split contributions by fund					
Contribution level changes					
Final distribution processing					
Process "De Minimus" distributions					
Unforeseeable emergency withdrawal approval/processing					
Age 70½ determination and processing					
Rollover into plan					
Rollover out of plan					
Change future investment direction					
Qualified Domestic Relations Order qualification and processing					
Beneficiary maintenance					

- 110. Describe any limitations or restrictions your firm would impose in providing services for funds with multiple underlying investment managers (e.g. SFDCP Target Date Funds, SFDCP Large Cap Growth Fund). Note that the SFDCP Target Date Funds are comprised of 10-12 underlying funds with an asset allocation that changes over time.
- 111. Describe the process and timing of striking and establishing the daily net asset value for the investment options and the settlement process including any reporting requirements (timing constraints of daily NAV reporting and/or required contracts minimizing liability) of the underlying investment managers used in a multi-manager or fund of funds structure.
- 112. Confirm that the participants will not be out of the market in completing buy/sell transactions. Also outline if your firm will accept the responsibility to conduct periodic rebalancing based on direction from the SFDCP or a present rebalancing schedule.

113. Disclose all fees and charges associated with maintaining SFDCP's ten Target Date Funds below and in your company's Price Proposal (Appendix D) including costs to develop a daily net asset value (unitization) and for rebalancing activities.

	Fees and Charges
Daily NAV	
Rebalancing:	
Monthly	
 Quarterly 	
Ad-hoc	

- 114. What is your experience with rebalancing and the above mentioned services described in the previous question? Is it a manual or automated system? Please describe your process.
- 115. As the SFPDC plan evolves, the processing needs may change. How will your firm work with the SFDCP to ensure that not only the plans current needs are met but also future needs? Are there any plan provision or plan structures that your firm is not able to accommodate, e.g., commingled funds, non-open architecture, other?

D. Management Reporting

- 116. Does your organization provide up-to-date customized administration/operation manuals?
- 117. How frequently would your organization meet with the SFDCP to review reports?
- How frequently would your organization provide a client service report on SFDCP activity? Provide a sample copy of a client service report.
- 119. Indicate which features your client service report contains.

Plan level breakdown of:

- Asset allocation
- Cash flow
- Withdrawal / distribution activity
- Fund performance
- Participant access statistics

Demographic breakdown of:

- Asset allocation
- Cash flow
- Withdrawal / distribution activity
- Fund performance
- Participant access statistics
- Participation rates
- Comparative data
- Peer group rankings
- Client-specific data
- Other features not listed (be specific)

- 120. Provide a sample of standard daily, monthly, quarterly, and annual accounting statements and reports. (Include enough pages of each report to demonstrate its use and features; total reports are not required). Include with your proposal a set of screen formats used for electronic delivery.
- What is the timeliness of reports by hard copy? By electronic delivery? Include the average response time to receive standard reports and special reports.
- Does your organization provide a standard or customized financial reporting package to the sponsor?
- 123. List all key reports that would be furnished to the SFDCP as part of your normal fee.

For Frequency Column use the following codes:

A = Annual Q = Quarterly W = Weekly

D = Daily S = Semi-annual M = Monthly U = Upon Request

For Media Column use the following codes:

C = CD ROM I = Internet H = Hard Copy

Report Name	Contents	Frequency	Media	Customization Possible?

- Would the SFDCP have access through the internet to real-time participant and total SFDCP data? If not, what is the time delay or lag?
- Would the SFDCP be able to view individual participant account information? Is it available on-line (through a secured website)?
- 126. Can ad-hoc reports be designed, requested and provided via the Internet access? List the information available. If so, how many days from request are ad-hoc reports produced and delivered.
- 127. Which standard reports **are not** available to the plan sponsor over the Internet?

- 128. Assuming the plan has been administered by your organization for the past five (5) years, how much historical information will the plan sponsor and participant have access to over the internet site?
- 129. Does the internet site provide plan sponsors with a summary of plan provisions?
- 130. Can the plan sponsor e-mail participant data securely and questions directly to the administration team? What is the expected response time?

E. Quality Assurance

- 131. Does your organization have an electronic monitoring system for participant and plan sponsor inquiries? If yes,
 - Can the system track the type of inquiry?
 - Can the system track the required time to respond?
 - Does the monitoring system track how often the same inquiries come through via feedback loop?

If no, does your organization have a <u>non</u>-electronic monitoring system?

- 132. Briefly describe your management's review of responses to participant and plan sponsor inquiries. In your description, please address the following issues:
 - What percentage of participant and plan sponsor inquiries does senior management or supervisory staff review?
 - How frequently are managerial reviews conducted?
 - What levels of management conduct reviews of participant and plan sponsor inquiries and the responses that the client relationship manager and/or administration staff provide?
 - What type of feedback is given to the client relationship manager and/or staff as a result of these reviews, if any?
- 133. Please provide a copy of your proposed services agreement and method for formally assessing participant and plan sponsor satisfaction with the services your company provides.
- 134. How frequently do you conduct participant and plan sponsor client satisfaction surveys? Who conducts the surveys? Describe how you communicate the results of the surveys.
- 135. Are there bonuses tied to these service surveys for client service professionals?
- 136. Does the SFDCP staff have input to client service standards?
- 137. Do you offer performance guarantees as part of your standard service? If so, are your performance guarantees standard, negotiated for each client, or a combination of standard and negotiated issues? Provide examples of such guarantees.

138. Identify which of the following areas are included in your performance guarantees:

Check distribution	
Statement distribution	
Contribution processing	
Investment transfers	
Custom website downtime	
Voice response system downtime	
Service representative responsiveness	
Employee participation rates	
Employee satisfaction	
Plan sponsor satisfaction	
Other	

- 139. What quality control systems do you have in place to ensure your activities meet your internal quality standards? Describe fully.
- 140. Describe the quality improvement system you have in place to ensure that your activities are continually improved to reflect industry best practices.
- 141. How will you assure quality service from your subcontracted companies, if used?

F. Systems & Technology

- 142. Describe your recordkeeping software system.
- 143. If the system was purchased, was the system initially purchased from an outside vendor?
 - If yes, from whom?
 - When?
 - How has your company modified the system?
 - Who has responsibility for system maintenance and enhancements?
 - When was the last update to the system and what were the key enhancements made?
 - How many plans now use this system?
 - If the system is leased, what firm is the system leased from?
 - When?
 - Who has responsibility for system maintenance and enhancements?
 - When was the last update to the system and what were the key enhancements made?
 - How many plans now use this system?
- 144. Are you going through any system conversions or major changes now or in the next three (3) years? If so, please describe and give the schedule.
- 145. Describe the integration among your voice response, on-line and recordkeeping systems. How do you assure that requests made via one access method will not be duplicated through another method if requests are batch processed?
- 146. Describe your maintenance and backup procedures, including how frequently backups are performed, backup data retention timetable and backup storage procedures. How long is

- historical information retained on the system? Do you store data off-site? If yes, where? When is it moved?
- 147. Describe the security features for on-line and internet access, both upon conversion and ongoing.
- Does your organization have a disaster recovery plan with hot site backup on a different power grid? Does your organization test the back up site regularly? If yes, how often? When was the last test and what were the results?
- 149. Do you have a secondary processing site? If yes, where?
- 150. How do you monitor system capacity and plan for future expansion?
- Does your organization have different groups for systems development and product support?
- Does your organization use all internal resources for systems development? If not, to what degree does your organization rely on external resources for systems development? Please describe the services where there is:
 - substantial outsourcing
 - moderate outsourcing
 - minimal outsourcing
- 153. How many people at your organization are dedicated to technology development and maintenance? What was the level of FTE staffing for these functions at year end for each of the last five calendar years (2008-2012)?
- 154. What is and has been the budget for technology development and maintenance?

Calendar Year:	Budget	Describe:
Projected for 2013		
2012 (Estimate if necessary)		
2011		
2010		
2009		

- 155. If the recordkeeping system is purchased or leased from an outside vendor, please explain how the systems team obtains access to source code.
- 156. Are the recordkeeping and trust/custodial systems fully integrated? If yes, does it have the ability to electronically feed data between the two?
- 157. What is your standard for system availability (exclusive of routine maintenance)?
- 158. Does your organization charge clients for system modifications required by legislative changes? If so, describe in your cost proposal.
- 159. Describe your procedures for ensuring that the plan is in balance on a daily basis. How often are accounts reconciled?

- 160. Describe your procedures for handling plan design or administrative changes, including how the project is managed internally, interaction with the plan sponsor, how changes are made to the system, testing procedures, advance notification requirements, etc.
- 161. Has your recordkeeping or an internet site for participants in a plan you administer ever won any industry awards? If so, please describe, including date of award.

III. Participant Services

A. Access Channels

162. Provide the volume for the following technologies for the specified time periods:

Qtr/Year	Voice Response	Benefit Service Rep	Internet
4Q12			
3Q12			
2Q12			
Calendar Year 2011			
CY2010			
CY2009			
CY2008			

163. Indicate yes with "Y" or no with "N" which services are available to participants through each technology.

	Operator Assisted	Voice response	Internet	Describe process if not available through any of these technologies
Custom greeting using client name				
Ongoing enrollment:			•	
request forms				
select elections				
	Initial/ro	ollout enrolln	ment:	
 select elections 				
Plan information (e.g., contribution, transfer, and withdrawal rules)				
 fund performance 				

	Operator Assisted	Voice response	Internet	Describe process if not available through any of these technologies
Account balance:				3
■ by fund				
Investment transfers of ext	isting balance.	s:		
 Reallocate balances 				
• Set up auto re-balancing				
by percent				
 by dollar amount 				
 Changes in payroll deferral percentage (salary deferral) 				
 Initiate catch-up contribution 				
 Suspend contributions 				
 Contribution rate modeling 				
Change future allocation of contribution				
Unforeseeable emergency	withdrawal:			
• learn amount available				
request form				
request withdrawal (paperless)				
Final distribution:				
 learn amount available 				
■ tax modeling				
 model payment options available on final distribution 				
request form				
request distribution (paperless)				
Participant addresses:	1			
request form				
make changes				
Beneficiary:	•			
 initial designation 				
request form				
make changes				

	Operator Assisted	Voice response	Internet	Describe process if not available through any of these technologies
establish PIN				
change PIN				
request replacement for a lost PIN				
Statements on demand:				
 last quarterly statement 				
 current balance 				
participant specified period				
 transactions since last period 				

164. Please provide the following statistics for the time periods indicated:

	Calendar Year 2012	Calendar Year 2011	Calendar Year 2010
Quality standard for VRS answer time in number of seconds			
Average actual VRS answer time in number of seconds			
Quality standard for VRS downtime (hours per month)			
Average actual VRS downtime (hours per month)			
Quality standard for Benefit Service Representatives (BRS) answer time in number of seconds			
Number of BSRs			
Number of calls received by BSRs			
Average length of calls with BSR			
Quality standard for number of seconds on hold while call transfers to BSR			
Average actual number of seconds on hold while call transfers to BSR			

	Calendar Year 2012	Calendar Year 2011	Calendar Year 2010
Quality standards for call abandonment rate			
Actual call abandonment rate			
Percentage of calls requiring calls back			
Quality standard for amount of time to call back with status on issue			
Average actual amount of time to call back with status on issue			
Quality standard for amount of time to handle issue resolution			
Actual average amount of time to handle issue resolution			
Number of calls monitored by supervisor on a monthly basis			

- 165. What is your procedure and timing for issuing PINs?
- 166. What activities can be completed by a participant without a PIN?
- 167. Do BSRs or any other employee of your firm have access to participant PINs?

B. Benefit Service Representatives (BSRs)

- 168. What hours are BSRs available? Express in Pacific Time.
- 169. Are BSR systems integrated across transactions, plans, and inquiries?
- 170. Does the BSR have to exit or change systems to access plan provisions and participant data?
- 171. Are all conversations recorded? If yes, can the plan sponsor monitor/review these recordings? How long does your organization maintain recordings?
- 172. Please describe your problem resolution procedures, including how service representatives resolve participant issues and how other staff resolve plan sponsor issues, including errors.
- 173. How do you accommodate non-English speaking participants? Is there a different telephone number? What other languages can be accommodated?
- 174. How many BSRs speak multiple languages? What languages? Provide detail.

- 175. In staffing BSRs, how many participants do you assume a single BSR can cover? How many calls per day can a BSR cover?
- 176. What do you believe to be an adequate number of full time employees that are licensed and trained BSRs, given the services that will be required as described in the Scope of Services?
- 177. Are BSRs dedicated to a specific client? If no, are BSRs pooled with a group or subset of clients to which they are dedicated? Does your organization have a pool of BSRs that answer calls randomly for a majority of clients? If so, how many other plans would that include?
- 178. Do you dedicate groups of BSRs to address certain participant transactions or needs?

If yes, what groups/transactions do you segment?

- investment advice
- enrollment
- general distributions
- death claims
- qualified domestic relations orders
- legal issues
- problem resolution
- exiting participants
- retiring participants
- participants requesting annuities
- other (specify below)
- 179. If you maintain specialized BSRs as described in the question above, how do participants reach these individuals?
 - automated system directs call to specialized team based on questions asked in VRS
 - call transferred from a more general BSR
 - separate phone number provided to participants
 - other (specify below)
- 180. Do BSRs have access to imaged documents provided by (if applicable):
 - participants
 - plan sponsor
 - administration team
 - no access to imaged documents
 - other (specify below)
- 181. How are participant calls logged and tracked, and who has access to that information?
- 182. Do BSRs have access to workflow tools used to track participant processing by the administration team?
- 183. If a participant requests to speak with a specific BSR, can and will the call be transferred to that individual? Will both the call and the data be transferred simultaneously? If a transfer is not possible, how can a participant contact a specific BSR?

- 184. Can BSRs provide the following services to participants:
 - simultaneous ("live") access to internet account to demonstrate how to execute a transaction
 - generic direction to participants regarding the execution of internet transactions
 - simultaneous ("live") access to VRS to demonstrate how to execute a transaction
 - generic direction to participants regarding the execution of VRS transactions
- 185. Describe the toll-free telephone system you will provide. Also describe the interface that employees without touch telephone service will receive.
- 186. Are BSRs compensated (salary or bonus) based on any of the following:

	Yes/No
Availability	
Number of calls answered	
Call length	
Participant satisfaction	
Call resolution	
Call quality	

187. Describe your staffing plan to deal with peak volume periods, such as the issuance of quarterly statements.

C. Participant Internet

- 188. Confirm you will provide the SFDCP with a dedicated web site. Describe the attributes of the site that may be customized for the SFDCP.
- 189. How long (in weeks) does it take to establish such a website? Will the Web site be available prior to the conversion date?
- 190. What communication materials do you offer on the participant internet site?
 - plan brochures
 - investment information
 - links to relevant sites
 - articles
 - plan summaries
 - fund summaries
 - fee information
 - others?
- 191. What retirement planning and investment related tools are available through your internet site? If any, indicate costs for such tools in your price proposal.
- 192. What electronic planning or education tools are available to participants? If any, indicate costs for such tools in your price proposal.

- 193. Describe other tools and services available to participants through your internet site. Indicate which can be customized. Are on-line videos produced or available?
- 194. Can data be downloaded by participants to financial software such as Quicken and Microsoft Money?
- 195. Can participants e-mail account-specific questions via the internet site? If yes, who receives the e-mail, researches the issue and responds, and in what timeframe?
- 196. How do participants who have lost their internet password get access, when can this access be restored and how long will it take from the time the participant contacts your organization until access is restored?
- 197. Can a plan sponsor customize the information presented on the participant home page? Beyond the logo and a message to employees?
- 198. Provide the URL and necessary access codes or passwords in order to test your internet transaction capabilities. Indicate the time period for which this access will be available.
- 199. What other services are available through the website? Please describe.
- 200. Has your firm ever experienced a compromise of participant data through hacking or some other factor? Describe each incident, including dates and numbers of affected participants. Also describe remediation actions by your firm for participants with compromised data, and steps taken to ensure future compromises do not occur.
- 201. Do you offer any mobile applications for participants to use to get information, transact, or otherwise interact with SFDCP? Are any planned? Describe, including potential costs to SFDCP.

D. Voice Response System (VRS)

- 201. Can all services conducted on the internet site be conducted through the VRS system?
- 202. What is the average number of toll-free calls per participant in the plans your firm administers per year?
- 203. Is voice system key entry or does it have natural voice recognition capabilities as well?
- 204. What is the VRS downtime per month for maintenance in hours?
- 205. Can the plan sponsor broadcast special messages? If yes, indicate all parties that can actually record the message.
 - plan sponsor
 - your organization
- 206. How does a participant transfer to a BSR from the VRS?
 - transfer not available
 - at any time
 - from main menu

- by default if no action taken
- 207. When a participant transfers from the VRS to a service representative:
 - Will the participant's PIN automatically transfer or must it be reentered?
 - Must the participant's SSN be reentered by the representative?
 - Will the representative know what VRS function the participant was using at the time they transferred?
- 208. How many calls is your telephone system equipped to handle? What are the average daily call volumes from July 1, 2012 through December 31, 2012? Has a busy signal been reported on your critical incident log? If so what was the resolution?
- 209. Have you in the last 12 months, or do you expect in the next 12 months to upgrade your telephone system? Describe.
- 210. What transactions will result in the mailing of a confirmation statement? Provide samples of the confirmation statements you will generate. To what extent will SFDCP be able to customize confirmation statements to participants?
- 211. What vendor provides your voice response and internet access software and hardware?

E. Education and Communication - Initial & Ongoing

- 212. Describe your philosophy for communication and education:
 - During the transition period, and
 - On-going for both new participants and current participants, and
 - Language/Communication with non-English speaking participants.
- 213. Describe how you determine the education plan for a client in general, and describe the education plan you would implement for the SFDCP in particular.
- 214. What type of budget will you provide for employee education and communication materials? Does this vary in the initial year and in the on-going contract years? Ensure this is described in your price proposal.
- 215. Describe any specific experience your firm has in educating participants on Target Date Funds, and provide examples of any TDF-related communications.
- 216. How do you measure the success of your education campaign? Please describe the objectives, actions, and results of a successful education campaign implemented for a client. Describe in detail the metrics you use and recommend for the SFDCP in evaluating participant education campaigns.
- 217. Describe a recent conversion, similar to the SFDCP, during which your company has communicated to participants. Describe in detail your communications approach and the methods used.
- 218. Describe your firm's experience with having participants re-enroll and re-designate their deferrals and accumulated balances as a part of the conversion process. Is this an approach

- you have used and if so when and how? <u>Do you recommend combining a conversion with a re-enrollment process or undertaking a re-enrollment after conversion is complete?</u>
- 219. What costs are associated with a re-enrollment and what communications approaches have you used for re-enrollments?
- 220. Provide the number of re-enrollment programs you have conducted in each year since January 1, 2008. For each year indicate how many of the re-enrollments were concurrent with a conversion.
- 221. Are your company's representatives available for one-on-one meetings with participants? If yes, how does a participant schedule such a meeting? Is there a limit on the number of individual meetings a participant may request each year? Are the meetings held in City/County facilities or at your local facilities?
- 222. Indicate if any of your representatives would receive incentive-based compensation such as commissions, bonuses or performance-based compensation for conducting enrollment and education meetings. If any of your employees do receive increased compensation, fully describe these incentive-based compensation arrangements.
- 223. Identify the annual number of group meetings and number of one-on-one consultations you have assumed will be provided by the education and enrollment staff. Is this service included in your proposed fee? Is there an additional fee for this service?
- 224. Describe the content of the on-going education and enrollment meetings that your company would conduct. This description should be complete and include all topics covered.
- 225. Please provide a listing of available workshops and their content. Please describe how flexible you can be with the content of these workshops.
- 226. <u>Indicate whether any workshop or other meeting content is available in content delivered via on-line videos that participants can access, what such on-line content covers, whether it can be customized for SFDCP, and at what cost.</u>
- 227. How many education seminars would you conduct for the SFDCP Plan? Would this differ in the implementation year and on-going years? Is this available in multiple languages and if so which languages?
- 228. Will you participate in employee benefit fairs? If so, please detail any additional fee in your firm's price proposal.
- 229. Has your organization won any awards for its education or communication materials and/or workshops? Please describe.
- 230. Do you collect and store participant e-mail addresses for use in contacting participants? If yes, list the circumstances under which you e-mail participants.
- 231. <u>Describe how you measure and monitor the effectiveness of education and enrollment seminars and other meetings, e.g., use of surveys.</u> Describe the process for using such

feedback to improve such meetings. Describe for both in-person meetings and on-line meetings or content (if any).

- 232. Do you establish a communications budget for each client to whom communications materials are charged? If yes, does the plan sponsor have the option of using the allotment for:
 - material creation
 - production
 - distribution

If yes, and the annual budget is not exhausted at year end, is the remainder:

- added to next year's budget
- applied as a reduction to recordkeeping or other expenses
- 1os
- 233. When was the content and look of your standard materials last modified? Is it scheduled to be modified this year? If so, how and why?
- 234. What standard materials do you provide to terminated participants eligible for distributions? Do your standard termination materials include items intended to retain the account rather than general distribution? If yes, describe those materials.
- 235. Please indicate below whether or not the following materials are part of your proposal by indicating "yes" or "no". Also indicate if the materials may be customized. Use the Comments column to identify any qualifications on the availability or other aspects of the materials,.

Traditional and Roth 457	Material Provided (Yes/No)	Customized for Plan (Yes/No)	Comments
Enrollment forms			
Plan highlights			
Fund descriptions			
Announcement letter			
Video on CD or DVD			
Video available on-line			
Participant statement			
Conversion statements			
Targeted pieces			
Retirement calculator			
Fee calculator			
Target Date Fund calculator			
Investor education			
Retirement planning software			
Wealth accumulation modeling software			
Fund prospectuses			

Traditional and Roth 457	Material Provided (Yes/No)	Customized for Plan (Yes/No)	Comments
Performance updates			
Newsletter			
Articles			
Posters			
Payroll stuffers			
VRS menu map			
Committee investment presentations			
Retirement Board presentations			
Quarterly management meetings			
Other:			

- 236. Provide samples of the communication materials identified above.
- 237. The SFDCP wishes vendors to provide fully customized communication/educational materials, including hard and electronic copies. Please complete the table below identifying the different materials included in your proposal, who their audience is (i.e. new participants, retirees, etc.), how they will be delivered (mailed, hand out at meetings, post on web, etc.), how many copies are expected to be distributed each year.

Communication/			Yearly Distribution
Education Material	Audience	Delivery Method	Distribution

- 238. Describe any specific communications you recommend, e.g., communications designed to increase participation and contribution rates among younger employees, communications aimed at participants at specific demographic thresholds (e.g., 55-65 years old), and why you recommend such plans.
- 239. What is the average level of participation rates for public 457 plans for which your firm is the administrator as of June 31, 2012? For other DC plans you administer? What would you recommend as goals over the next five years for SFERS participation rates (53% at 6/30/12)?
- 240. What does your firm recommend as "best practices" for increasing employee participation rates? Provide specific examples. Discuss how a Roth option can increase participation and your firm's experience in this area.

- What is the average level of deferrals for public 457 plans for which your firm is the administrator as of June 30, 2012? For other DC plans you administer? What would your firm recommend as goals over the next five years for SFDCP deferral rates (average annual deferral for the year ended 6/30/12 for SFDCP was \$7,846)?
- 242. What does your firm recommend as "best practices" for increasing employee deferral rates? Provide specific examples.
- 243. Please indicate in the *service provided* column below whether or not the following services are part of your proposal by indicating "yes" or "no". Use the Comments column to identify any qualifications on the availability of the services.

	Service Provided	
Participant Statements	(Yes or No)	Comments or Limitations
Standard format provided by system – no customization required		
Standard format, can add client name and logo		
Completely custom format		
Modular format, can designate modules to include		
Can include the following data:		
Participant name and address		
Department code or employee number		
Beneficiary name		
Current contribution election(s)		
Current investment election(s)		
Activity by individual transaction		
Activity summarized by type		
Asset allocation:		
 in percentages format 		
in graph format		
Fund rates of return		
Individual participant rates of return		
 Individual fees paid (asset based) Individual fees paid (per participant) Investment fees including self-direct brokerage. 		

	Service Provided	
Participant Statements	(Yes or No)	Comments or Limitations
Year-to-date contributions		
Year-to-date withdrawals		
Year-to-date investment earnings		
Inception-to-date contributions		
■ Inception-to-date withdrawals		
Inception-to-date investment earnings		
Employer specific messages		
 Employee specific messages (varying based on demographic criteria) 		
Projected retirement benefit		

- 244. Provide a sample participant statement.
- 245. Describe your capabilities to show fees paid (including investment management and other fees netted out before the unit or asset value is calculated) by the participant on their quarterly statements. Include sample statements that demonstrate how the fees would be reflected.
- 246. Please describe your procedures for monitoring client and participant satisfaction with statements. How will results of such monitoring be reported to SFDCP?
- 247. Can the participant elect to receive electronic statements rather than receive mail to their home?
- 248. If your company is affiliated with any investment providers, describe how you address potential conflicts of interest when explaining investment options to participants.
- 249. Does your organization have policies or procedures in place to ensure participant confidentiality and to prevent solicitation of other products and services your organization offers? Describe in brief.
- 250. Has your firm ever had private property stolen containing confidential information about investors/clients/participants? If so, when and how was it resolved? What policies or procedures do you have in-place to protect against such a circumstance?

IV. Ancillary Services

A. Regulatory Services

- 251. Describe how you monitor §401(a)(9) required minimum distributions, including identification of individuals, determination of the amount of the minimum required payment, and payment within required deadlines.
- 252. Does your organization process distributions of excess and ineligible contributions? If yes, describe how these are processed/corrected, including communications with the participant.
- 253. Describe your Qualified Domestic Relations Order (QDRO) procedures, including interface with participants, the plan sponsor and outside parties.
- 254. Will your organization determine the qualified status of the QDRO?
- 255. Does your organization have separate dedicated legal staff for DC?
- 256. Describe the type of legal support provided in your proposal and any fees that would apply to those services. List fees, if any, in the price proposal section.
- 257. How will you ensure the plan remains in compliance with regulatory and legislative changes?
- 258. How do you ensure that the recordkeeping system is in compliance with all applicable regulations?
- 259. Does your organization provide general written updates to client on legislative changes? If yes, how frequently? Provide a recent sample.
- 260. Will your organization provide updates on legislative changes that are specific to the SFDCP? If yes, how frequently? Provide a recent example of a custom update on a legislative change prepared for a specific client (1-2 pages).
- 261. Compliance Testing:
 - i. Do you monitor the catch-up limit?
 - ii. Can you prepare 1099Rs?
 - iii. Do you provide legal support for your compliance area?

B. <u>Custody/Trustee Services</u>

- Are all of your custody/directed trustee services handled internally? Describe the custody/trustee services you propose.
- 263. Is your organization a custodian/trustee? If not, does your organization have a single custody/trust relationship and with what organization(s)?
- 264. Identify the asset level currently in custody with the proposed custodian/trustee. Provide a copy of the organization's most recent annual report.
- 265. How many years have trust/custodial services been provided to DC plans?

- 266. Would the SFDCP contract with your organization require a custody agreement or an annuity contract? *SFDCP would prefer a custody agreement if available; please include that in your fee proposal.*
- 267. Please describe your ability to trust/custody and record keep separate account assets or commingled investment trusts managed by an outside organization. Can you perform daily unitization? Please describe your experience with daily unitization of separate accounts.
- 268. Describe how you work with an independent custodian when you are providing recordkeeping services.
- 269. How does your firm define fiduciary responsibility? What fiduciary responsibility does your organization assume? Be specific. How much fiduciary liability insurance does your firm carry? Describe any and all insurance that would cover a client's plans (including, but not limited to, errors and omissions of the custodian and protection against loss of assets).
- 270. Describe any restrictions by investment type that pertain to your custodial services.
- 271. Describe your process for calculating daily NAVs for mutual funds, separate accounts, commingled pools and stock funds. Include any timing requirements to and from fund managers. Describe fund manager responsibilities.
- 272. Describe the accounting for:
 - insurance contracts
 - commingled funds
 - mutual funds
 - separate accounts
 - independently managed funds
 - self-directed brokerage accounts
- 273. How will you coordinate the timing of the transfer of assets from the prior trustee?
- 274. Explain quality control procedures, such as auditing of input, to ensure reporting accuracy.
- 275. Provide a description of the client user on-line environment and submit sample reports. Focus on ability to provide clients with quality real time, on-line access to trade activity, position information and performance/analytical tools in both database and report format.
- 276. What controls does the system have in place to ensure that all dividends and earnings are posted timely and accurately?
- 277. What is the limit, if any, for the number of outgoing wires or rollover checks per participant?

C. Investment Advice and Managed Accounts

- 278. The plan sponsor may wish to make investment advice services available to participants. Describe your company's capabilities for making investment advice available to participants.
- 279. How are these services paid for? Per participant? Please explain (and include a breakdown in the cost proposal).
- 280. How are these services (investment advice and/or managed accounts) promoted among participants? Does the advice provider, SFDCP enrollment representatives or does the SFDCP sponsor do promotion?
- 281. Describe your position on providing investment advice to participants. What fiduciary responsibility do you assume if advice is provided?
- 282. Please provide a representative list of at least 5 public sector defined contribution clients (not references) for whom you provide investment advice and managed account services. Please provide the participation rate in advice services for each plan.
- 283. Is your advice service intended to comply with guidelines of the Pension Protection Act (PPA) and ERISA Section 408(g)? If yes, describe aspects that are intended to comply with the PPA. If advice services are not intended to comply with the Pension Protection Act, identify exceptions.
- Supply the most recent audited statement of compliance as required by the PPA and ERISA Section 408(g).
- 285. Do you consider your service to be an "eligible investment advice arrangement" as specified under the PPA and Field Assistance Bulletin 2007-01?
- 286. If your firm is not selected by the SFDCP as an investment advice provider, describe your firm's ability to accommodate managed account services by other providers.

D. Other Services

- 287. Describe what use of local business you propose to include in your proposal. Be specific regarding the type of services (i.e. printing, messenger, educational or retirement planning services), the percentage of your total proposal these services represent, and how you intend to incorporate the local business in the service package in a meaningful way.
- 288. In light of the DOL's requirements regarding the disclosure of fees for ERISA plans, how does your company disclose different fees to participants? Provide a sample of fee reporting to comply with DOL requirements in 2012. (SFDCP is not governed by ERISA but wishes to follow DOL rules on fee disclosure to the extent possible.) Include samples that address stable value and target date funds as well as equity funds.
- 289. Regarding full disclosure of fees, describe what steps you would propose to make this information available to the Retirement Board, SFDCP, and participants.
- 290. The SFDCP would like to continue offering a portfolio expense calculator through a custom website designed for the SFDCP. Does your firm have the technology to offer an online expense calculator that will disclose all investment fund fees?

- 291. Describe what you believe is your firm's competitive advantage relative to competitors. What aspect(s) of your administrative/record-keeping services sets your firm apart from others? Why?
- 292. Describe what you believe are your firm's weaknesses or disadvantages relative to competitors. Why?

V. Questionnaire - Investment Services

A. Investment Options

Please Review the Information contained at the end of this RFP that provides a list of all current SFDCP funds. Please note that the lineup and structure may change and it is important that the Third Party Administrator is able to accommodate potential changes.

- 293. Do you consider it your obligation to inform clients when a better (e.g., lower cost) share class comes available for a particular fund? If so, what is your process to ensure that the change occurs?
- 294. Describe access to investments and funds outside of your alliances. Should the SFDCP select a fund that is not currently or is later deleted from your alliance, what is the implication for the Plan?
- 295. Describe how non-mutual fund options can be incorporated (e.g., commingled funds or separate accounts) and any cost implications for SFDCP.
- 296. There are no immediate plans to change the current line-up of investment options for SFDCP but SFDCP wishes to maintain maximum flexibility on its investment offerings. Please provide the revenue share with your firm for each fund within the current SFDCP line-up. Also, propose any new funds you believe the SFDCP should consider and the revenue share arrangement.
- 297. If revenue sharing amounts exceed your organization's recordkeeping fees, explain whether and how the plan may use these funds to pay other appropriate plan expenses such as legal and audit fees.
- 298. Describe any limitations your company would place on the replacement or removal of existing investment options during the contract term. Describe any restrictions on investment options that may be offered, such as combination of investments. Describe any restrictions on transfers between funds (e.g., between stable value and competing or similar funds).
- 299. It is important to the SFDCP that the firm chosen is able to meet both the current and future needs of the plan. Please describe how your firm will work with SFDCP to accommodate any future changes in the line-up of SFDCP investment options.

B. <u>Self Directed Brokerage Option (SDBO)</u>

300. How would your firm propose to provide an SDBO, and with which brokerage firm(s)?

- 301. Is there a minimum investment required (at the participant or plan level) in order to utilize the SDBO? If so, describe.
- Will the brokerage option accept both the transfer of existing balances as well as contributions?
- 303. Describe how account balances will be transferred efficiently to and from the SDBO.
- 304. Does the brokerage firm or your company require any intervention from the client for transfers or investment purchases/allocations? Please specify.
- 305. For participant reporting, will the total brokerage balance be incorporated on the quarterly participant statement of account? Will itemized holdings appear on this statement (i.e., no separate brokerage statement needed) or a separate brokerage statement? Will fees be disclosed for each investment?
- 306. Will your company's voice response system include information regarding the SDBO?
- 307. During what hours of the day are client service representatives available to respond to participant trading and service calls? Are these calls monitored and recorded for audit purposes? Please give the time period for retaining these recordings.
- 308. What are the qualifications of the individuals responsible for customer service?
- 309. Are any representatives compensated by commission based on personal production of securities sales? If compensation is based on commission revenue, how is this monitored and controlled?
- 310. Describe the internet services available for the SDBO.
- 311. Indicate the incidence (as a percentage of total trades) of trading errors within the directed brokerage system. If specific figures are unavailable, please provide the best estimate, and indicate that the figures are an estimate.
- 312. Describe the procedures you will use in monitoring and enforcing the limitations that are currently in place, such as investment in open-end mutual funds only, and maintaining a minimum percent of account balance outside the self directed brokerage option. Can your organization allow other options on a restricted basis?
- 313. List the organization(s) through which trades are executed. Indicate what limitations exist, as they relate to non-mutual fund investments such as individual securities, closed-end funds, etc.
- 314. Describe participant communications as it pertains to the brokerage window. Provide sample brochures and other educational materials as it pertains to the brokerage window.
- 315. Describe the application, disclosure, and waiver forms as it pertains to the brokerage window.
- 316. Describe any third parties involved in the offering of the SDBO and explain their role(s).

317.	Please disclose all fees and charges associated with the SDBO below and in your company's Price Proposal Sheet.			

Contract Term

Proposals should be based on a five (5) year contract. The contract effective date is January 30, 2014.

Total Pricing Considerations

While it is understood that under the final agreed upon arrangement, your firm may receive investment management fees and expenses and/or various revenue from outside parties not limited to commissions, reimbursements, sub-transfer agency, 12(b) 1 or broker fees, the SFDCP is expecting proposers to enter into a contract that provides full disclosure of costs, fees and revenue received. For that reason, your Total Administrative Service Price should reflect your firm's proposed gross fee to provide the services in your proposal.

Total Administrative Service Price

Using the table below, list your proposed fee under two different methods also include the proposed cap on revenue sharing: per-participant and asset-based fee. Proposals listing a zero per participant fee and/or a zero asset based fee will be considered non-responsive, deemed as not meeting the minimum qualifications and, will be eliminated from the bid process. These fees quoted may be on an increasing or decreasing schedule in which the fee increases or decreases in later years of the contract based on your firm's expectations of the cost of providing services. If your fees will vary by year, a separate table should be prepared for each contract year and appropriately labeled. If such a fee schedule is proposed, the respondent must be specific and provide all details necessary for SFDCP to fully evaluate the costs and benefits of such a schedule. In addition, you may propose alternative fee schedules, including one that combines per participant and asset based fees.

Total Per Participant Fee	Total Asset Based Fee	Total Proposed Cap for Revenue Sharing

Implementation Costs

Using the format below, identify one-time, implementation costs that are not covered in the fees proposed above but that you expect to incur. The respondent must provide an itemized breakdown of the various activities to which these implementation costs are attributable. Categories for these activities may include custom programming, record setup, setup of interfaces with the custodian and/or investment providers, design and development of forms, and supplemental education materials.

One-Time Implementation Costs	Fee	Comments
Recordkeeping system customization		
Report customization		
Toll-free number set-up		
Interactive voice response set-up		
Customer service center set-up		
Internet set-up		
On-line access set-up		
System user training		
Plan documentation		
Charges for termination of relationship		
Other on-time implementation charges: list separately and provide details for each		

Once you have detailed the implementation costs, describe how you propose to amortize and be reimbursed for these costs. If the contract is terminated prior to the end of the initial five year contract period for any reason, other than for cause, indicate any amounts that, at the end of each year, will remain unpaid and specify the contract termination terms you would require. The amount of these implementation costs should be expressed in a flat dollar amount.

	Amount, if applicable	Itemized breakdown by activity
Total amount of implementation costs		
Amount remaining at end of contract year one		
Amount remaining at end of contract year two		
Amount remaining at end of contract year three		
Amount remaining at end of contract year four		
Amount remaining at end of contract year five		

Additional Services

Identify all participant and employer costs to support the self-directed brokerage option.

As an optional service, the SFDCP may in the future consider making Investment Advice/Managed Account services available to participants. Provide the costs for your firm's Investment Advice/Managed Account services. Provide the costs for accommodating such services by other providers.

Indicate how fees would be charged at the participant level (flat fee, asset-based, etc.) and any minimum requirements such as fees charged for all participants with account balances regardless whether they use the service or not.

Identify the additional cost (if any) that would apply to the following services:

Service Activity Description	Fees	Comments
A. Employee Communication & Education		
Generic enrollment material		
2. Custom enrollment material (identify fees for a re-enrollment, if any)		
3. Awareness material (posters, tents, etc.)		
4. Audio tapes, CDs		
5. Video tapes, DVDs		
6. Generic periodic newsletter		
7. Custom periodic newsletter		
8. Retirement planning tools		
9. Pre-retirement planning tools		
10. Investment education materials		
B. Administration		
1. New enrollments		
2. Beneficiary elections		
3. Administration manual		
4. Administration manual updates		
5. Consulting		
6. Provider email		
7. On-line access		
8. On site meetings (and related frequency)		
9. Individually designed plan document		
10. Unforeseeable emergency withdrawals		
11. Domestic Relations Orders		

Service Activity Description	Fees	Comments		
12. Wire fees				
13. Other (be specific)				
C. Trustee Services				
Internal stable income investments				
2. Internal variable investments				
3. External stable income investments				
4. External variable return investments				
D. Custodial Services				
1. Asset-based				
2. Portfolio-based fees				
3. Transaction-based fees				
4. Other (be specific)				
E. Investment Services				
Communication with external managers				
Investment fees for internal stable value investments				
3. Investment fees for internal variable return investments				
4. Self-directed brokerage option				
5. Investment advice/managed account services				
6. Deferred sales charges				
7. Surrender/withdrawal charges				
8. 12(b)1 fees				
9. Other (be specific)				
F. Services	F. Services			
Information access via VRS				

Service Activity Description	Fees	Comments
2. Transaction processing via VRS		
3. Information access via service representative		
Transaction processing via service representative		
5. Information access via Internet		
6. Transaction processing via Internet		
7. Time or processing charges		
8. PIN issuance, reissue, changes		
9. Customized script		
10. Other (be specific)		
G. Recordkeeping		
• Processing		
1. Additions		
2. Corrections		
3. Participant level investment exchanges		
4. Plan level investment changes		
5. Contribution rate change		
6. Contribution frequency		
7. Allocation changes		
8. Withdrawals		
9. Periodic distributions		
10. Annuities		
11. Rollovers		
12. Check payments		
13. Other (be specific)		

Service Activity Description	Fees	Comments
Participant Statements		
Quarterly Statements		
2. Confirmation		
3. Tax statements		
4. Other (be specific)		
Plan Level Reports	, ,	
Summary activity statistics		
2. Performance standards		
3. 1099R Reporting to IRS		
4. System queries		
5. Ad hoc reports		
6. Other (be specific)		
Data Preparation	<u> </u>	
1 Proxy voting		
2 Proxy Tabulation		
3. Other (be specific)		
System Changes	, ,	
1. For plan changes		
2. For report changes		
3. Other (be specific)		
Termination		
1. Transaction		
2. Liquidation		
3. Market value		

Service Activity Description	Fees	Comments
4. Mortality		
5. Risk		
6. Other (be specific)		

Also provide additional fee information for any services not included in your base fees on the previous page or for which you expect to be compensated in addition to the fees provided in the previous table. This should include legal services and other elements discussed in the RFP.

Pricing Assumptions

No representations or warranties of any type or kind are made as part of this RFP as to the specific type or kind of investment products which may in the future be approved by the Board nor are any representations or warranties made as to the number of employees of the City or eligible entities which will participate in the Plan or the amount of assets that will constitute the Plan.

Each respondent must fully identify the assumptions made in arriving at its Total Administrative Service Price providing at a minimum the information requested below.

At Contract Year	Number of	Total	Number of	Amount of
Beginning 1/30	Active	Number of	Payments (Lump	Assets
	Participants	Participants	Sum, Rollovers and	(millions)
			Installments)	
2014				
2015				
2016				
2017				
2018				

Fund Name	Assets At End				
	of Contract				
	Year 1	Year 2	Year 3	Year 4	Year 5

Note that in evaluating your proposal, the SFDCP will make its own assumptions. Note that the SFDCP is making no guarantees regarding expected assets or participants that your company may expect

Conditions or Exceptions

Describe any conditions or exceptions that your company must impose. Note that it is not expected that any significant required conditions or exceptions to the services required under the RFP will be accepted.

Appendix E Investment Options Overview

FUND NAME	UNDERLYING FUND
TOTAL	
INTERNATIONAL EQUITY	
SFDCP International Equity Portfolio	American Funds EuroPacific Growth, R5 (RERFX)
DOMESTIC EQUITY	
SFDCP Large Cap Growth Equity Portfolio	T. Rowe Price Growth Stock (PRGFX) and Vanguard Large Cap Growth Index Fund (VIGIX) (Blended 50/50)
SFDCP Large Cap Value Equity Portfolio	LSV Conservative Value Equity Fund (LSVVX)
SFDCP Large Cap Core S&P 500 Index	Vanguard 500, Institutional Shares (VINIX)
SFDCP Large Cap Core Equity Portfolio	Fidelity Contrafund (FCNTX)
SFDCP Mid Cap Growth Equity Portfolio	Columbia Acorn Z (ACRNX)
SFDCP Mid Cap Value Equity Portfolio	Vanguard Mid Cap Value Index Fund (VMVAX)
SFDCP Mid Cap Core Equity Portfolio	Fidelity Low Price Stock Fund (FLPSX)
SFDCP Small Cap Core Equity Portfolio	Target Small Cap Value and TCW Small Cap Growth Fund (Blended 50/50)
SFDCP Small Cap Growth Equity Portfolio	TCW Small Cap Growth Fund (ticker TGSCX)
SFDCP Small Cap Value Equity Portfolio	Target Small Cap Value (TASVX)
SOCIALLY CONSCIOUS	
SFDCP Large Cap Social Equity Fund	Vanguard FTSE Social Index, Investor Shares (VFTSX)
CUSTOM TARGET DATE FUNDS	
SFDCP Target Date	Composition of underlying fund components based on year of
2015, 2020, 2025, 2030, 2035,	retirement (see detailed information at the SFDCP website located at
2040, 2045, 2050, 2055, and Retirement Fund	<pre>www.sfdcp.org or https://dcprovider.com/SF/targetDateFunds/targetDateFunds.html)</pre>
FIXED INCOME	
SFDCP Core Bond Portfolio	Pimco Total Return, Institutional Shares (PTTRX)
STABILITY OF PRINCIPAL	
SFDCP Stable Value Fund	Great-West Custom Stable Value
SELF-DIRECTED BROKERAGE ACCO	DUNT
SFDCP Self-Directed Brokerage Account	TDAmeritrade



City and County of San Francisco 457 Deferred Compensation Plan Investment Policy Statement

February 8, 2012

Contents

I.	Purpo	ose of the Investment Policy Statement	I	
2.	Plan Objectives			
3.	Respo	onsibilities of Plan Participants	2	
4.	Partie	es Responsible for Management of the Plan's Investments	3	
5.	Plan I	nvestment Structure	5	
6.	Invest	tment Option Performance Standards	8	
7.	Fund	Monitoring	9	
8.	Exces	sive Trading Policy	12	
Exhib	it A	Performance Expectations and Benchmarks A-I		
Exhib	it B	Structure of Target Date Fund Portfolios B-I		
Exhib	it C	Stable Value Fund Statement of Objectives, Guidelines & Procedures C-I		



PURPOSE OF THE INVESTMENT POLICY STATEMENT

This Investment Policy Statement was established on November 12, 2003 and revised periodically by the Retirement Board. The purpose of the Investment Policy Statement is to serve as a general guideline to outline Board Responsibilities, Selection of Investment Funds, Fund Management, Performance Measurement, and Watch List Procedures.

The City and County of San Francisco authorizes the Employees' Retirement System to establish a Deferred Compensation Plan ("Plan") for the benefit of employees in accordance with Section 457 of the Internal Revenue Code ("Internal Revenue Code") of 1986, as amended. This Statement of Investment Policy ("Policy") defines the objectives of the Plan and establishes policies and procedures for creating the highest probability that these objectives are met in a prudent manner that is consistent with established guidelines under the Internal Revenue Code, and other governing rules and regulations. The Plan is under the responsibility of the Retirement Board ("Board"). This Policy has been adopted by the Board under the authority granted by the City and County of San Francisco. This Policy states the Plan's objectives and establishes policies and procedures that are intended to achieve these objectives in a prudent manner that is consistent with the established guidelines.

This policy governs the investment funds offered under the Plan sponsored by the City and County of San Francisco. The purpose of this policy is to set forth investment objectives and guidelines applicable to the Plan assets. The underlying objective of the policy is to provide plan participants a range of investment funds that represent varying degrees of risk.

In general, it is understood that this Policy is intended to incorporate sufficient flexibility so as to accommodate current and future economic and market conditions and changes in applicable accounting, regulatory, and statutory requirements. The Board may deviate from this Policy as it deems appropriate and in the best interests of the Plan and participants, including on a case-by-case basis with respect to any investment manager appointed by the Board. The Board will review this Policy at least annually, and, if appropriate, amend or supplement it to reflect changes in the capital markets, Plan participant objectives, or any other factors relevant to the Plan.



PLAN OBJECTIVES

The assets in the Plan belong to employees, prior employees, alternate payees, or beneficiaries (active, retired, terminated, and survivors) who are plan participants. Eligible participants may make contributions to their plan accounts on a pre-tax basis from their employer compensation. The objective of the plan is to provide employees with a source of retirement income from accumulated employee contributions and investment returns.

3

RESPONSIBILITIES OF PLAN PARTICIPANTS

Participants are responsible for:

- Allocating assets in their accounts among the investment alternatives offered by the Plan and/or through a Self-Directed Brokerage Option (SDBO) that offers access to thousands of open end mutual funds. Generally, the SDBO shall be considered an appropriate vehicle for participants with significant knowledge of investments and capital markets.
- Determining how much to contribute as a deferral of their pay, up to the limit established under federal law each year; and
- Determining the allocation of funds based on their own judgment and assessment of their risk tolerance and retirement income objectives, including their evaluation of information and guidance provided by an outside Investment Advice Service.

Participants that do not select funds in which to invest their assets and the allocation to those funds will have their assets invested in a Target Date Fund. Participants will be defaulted into the appropriate Target Date Fund based on the plan's normal retirement age and other factors. The Target Date Fund will serve as the Qualified Default Investment Alternative (QDIA).



PARTIES RESPONSIBLE FOR ADMINISTRATION AND MANAGEMENT OF THE PLAN'S INVESTMENTS

Retirement Board

The Retirement Board shall have the power to perform all the duties necessary to select and oversee the investment funds in the Plan.

The Board's responsibilities include, but are not limited to, the following:

- Establish and maintain the Investment Policy.
- Review the Investment Policy at least annually to make modifications as necessary.
- Determine the number and type of investment funds to offer in the Plan.
- Select professionally managed investment funds.
- Monitor and evaluate investment performance on a semi-annual and ongoing basis.
- Monitor investment expenses.
- Promote communication and education (which may include an outside Investment Advice Service) through the plan administrator to help participants understand the objectives of each investment fund to make investment decisions aligned with their individual objectives.
- To assist in this process, the Board may retain investment consultants, delegate to the Deferred Compensation Plan Review Committee, appoint staff, or, appoint a designee to perform the duties described above.

The Board is not responsible for monitoring investments in the self-directed brokerage option.

The City and County of San Francisco, as plan sponsor, and the Retirement Board intend to make available an array of investment funds that satisfy the following criteria:

- each is diversified within itself;
- each permits contributions and allocations among investment options with a frequency that is appropriate in light of the market volatility of the investment option (which will usually be daily);
- each has materially different risk and return and/or style characteristics;
- each, in combination with other available investment funds, must contribute to the diversification opportunities of a participant's plan account portfolio; and,
- considered together, the available investment funds must enable participants to achieve a plan account portfolio with aggregate risk and return characteristics that meets their return and risk objectives and is within the range normally appropriate for similarly situated participants.

Investment Options available to plan participants and the performance benchmarks and other characteristics of those options are outlined in Exhibits A, B and C, attached to this Investment Policy Statement.

Investment Consultants

The General Investment Consultant is responsible for:

- Conducting an ongoing review of this Investment Policy and making recommendations thereon in an annual report to the Board.
- Working with Plan staff to assist the Board with the process of evaluating and selecting any new or replacement funds and make recommendations on such selections.
- Providing a semi-annual performance measurement report that evaluates investment
 results and organizational characteristics of the investment managers, identifying any funds
 that warrant placement on the watch list/probation report, and making recommendations
 for fund termination and/or selection.
- Providing assistance to Plan staff and the Board on deferred compensation plan investment issues.
- Assisting with periodic Plan Administrator selection analysis and recommendations.

The Board may also hire specialty investment consultants, e.g., to advise on the construction of Target Date Funds, or for other matters. The responsibilities of any specialty investment consultant will be stated in a Scope of Work and Contract that applies directly to that assignment.

Plan Staff

Plan Staff is responsible for:

- Assisting the Board with carrying out its responsibilities, including by providing timing communication of information relevant to the Plan and its oversight;
- Ensuring timely and effective implementation of Board decisions; and,
- Monitoring and overseeing the work of the investment consultant(s), the Plan Administrator, and any other service providers associated with the Plan.

Third-Party Plan Administrator

The Plan Administrator will work with Plan Staff and the Plan under the terms of a contract delineating its responsibilities and fee arrangements, and provisions of the plan document. Generally the Plan Administrator will:

• Provide individual record-keeping and accounting, enrollment, beneficiary designation and changes, disbursement of assets and other administrator functions.

5

PLAN INVESTMENT STRUCTURE

The Plan's investment options will be selected to offer participants the opportunity to:

- Maximize return within reasonable and prudent levels of risk.
- Obtain returns comparable to returns for similar investment options.
- Obtain exposure to a wide range of investment opportunities in various asset classes.
- Control administrative and management costs.
- Have investment options that base asset allocation on a participant's age and retirement date (Target Date Fund).

Selection of Investment Funds

The investment fund selection process will be documented throughout to provide a history of initial screening, funds deleted or terminated, the reasons for the deletion or termination, and other factors considered by the Board in the final selection.

A. Initial Screening

- 1.) The initial screening will produce a list of funds that have out-performed the average of their respective categories over a specified investment period. At this point, those funds that are inappropriate for the Plan will be deleted from the selection process. Deletions may occur but are not limited to the following reasons:
 - a) The fund is closed.
 - b) The fund under-performed the average of the respective category.
 - c) The fund is a specialty or sector fund (other than in a specialty or sector identified by the Board as a suitable investment category for an investment option).

- d) The fund has a policy of not being available for deferred compensation plans.
- e) The fund has excessive fees or has sales charges (loads) that it is not willing to waive.
- 2.) The initial list of funds produced shall be ranked according to their average annualized performance over a specified investment period for evaluation. At this point, a short list will be produced identifying the funds for consideration.
- 3.) Based on the information available during the evaluation, funds will be reviewed and may be eliminated based on a variety of criteria, including:
 - a) Staff turnover longevity of manager.
 - b) Equity investment style, including market timing, sector selection and security selection.
 - c) Fixed income investment style, including duration management, sector selection, and security selection style.
 - d) Fees and expenses.
 - e) Compliance.
 - f) Inconsistent performance history.
 - g) Excessive movement within investment category.
 - h) Qualitative factors such as excessive account turnover or inappropriate investment style.
 - i) Inability to satisfy Minimum Operational Criteria (which are outlined below).

B. Minimum Criteria For Selection

When selecting funds to include in the Plan's core investment fund lineup or as components of the Target Date Funds, the guidelines listed below should be used but are not limited to:

1.) Minimum Size and History Criteria

- a) Size to be considered a fund should have at least \$250 million in assets. Given that the available universe of small cap funds is typically limited, those with assets of at least \$100 million are eligible for consideration. Other asset classes may have similar constraints and exceptions on size should be noted in writing by the Board at the time of selection.
- b) Size Assets allocated to the fund by SFDCP participants should not exceed 20% of the fund's assets, including different share classes of the fund.
- c) Time the fund should have been in operation for a period of five years prior to selection. This requirement may be waived for small cap funds or other asset classes where the universe of available funds is typically limited. If an exception on the time in operation for the fund is made, it should be noted in writing by the Board at the time of selection.

d) Size and Time Exception – size and time criteria may be waived and an exception may apply if the fund is created specifically for the SFDCP Deferred Compensation Plan.

2.) Minimum Operational Criteria

- a) Front end loads and fund surrender charges must not apply.
- b) The fund must be compatible with the plan's administrative and record-keeping, accounting, and system practices.

3.) Disclosure of Fees, Commissions and Charges

a) All fees, commissions and charges for each selected fund must be fully disclosed to the Board before the fund will be made available to plan participants.

The screening process for certain categories/asset classes may differ from the above selection criteria in an effort to identify the most suitable investment options. Examples of where an exception may be appropriate are asset level or manager tenure, etc. It is incumbent upon the Deferred Compensation Plan Review Committee to properly document the rationale for any exception during the search process, and to inform the full Board of any such exception.

C. Selection of Stable Value Fund

The Stable Value Fund invests in an underlying portfolio of marketable fixed income securities. Prospective investment managers of the underlying separate account for the Stable Value Fund shall be evaluated using the same criteria outlined in Section 5.A.2-3 above. The underlying separate account shall adhere to the investment guidelines in Exhibit C.



INVESTMENT OPTION PERFORMANCE STANDARDS

The standards by which the performance of each such investment fund will be measured are set forth in Exhibit A. Performance will be measured over a complete market cycle (generally a three to five year period).

If a fund and/or manager falls below that of the appropriate index for four consecutive quarters or the manager's relative rank and falls significantly below the benchmark stated in Exhibit A, the fund may be placed on "Watch List".

If a fund fails to perform at the expected investment return levels, or has exhibited significant qualitative factor changes, a replacement fund and/or manager search will be initiated. If, after completion of the search, it remains clear that the fund and/or manager should be replaced, the process of termination should commence, coinciding with the addition of the replacement fund and/or manager.

The Board, plan administrator, investment consultant, staff, or designee may use benchmarks other than those describe in Exhibit A if the Board determines that there is a more appropriate index to measure fund performance.

7

FUND MONITORING

The Board may terminate an investment fund at any time for any reason, but does not expect to be reactive to short-term investment developments. Furthermore, the Board recognizes that the accumulation of wealth for eventual retirement benefit payout is long-term in nature and that manager investment competence must be measured over a complete market cycle (generally a three to five year period). The Board, nevertheless, may act on interim qualitative judgments. Qualitative criteria include, but are not limited to:

- fundamental changes in a manager's investment philosophy;
- changes in a manager's organizational structure, financial condition (including any significant changes in total assets under management);
- changes in key personnel; and,
- changes, relative to their peers, in the manager's fee structure.

Watch List - Statement of Process

The investment fund manager's failure to remedy the fund's unsatisfactory performance, within a reasonable time, may be grounds for termination. Any recommendation to terminate a fund will be made only after a thorough and documented analysis. Each fund will be considered on an individual basis, and will not be judged solely on quantitative data.

Watch List Status Criteria

1.) A fund may be subject to "Watch List" status immediately and at the discretion of the Board once the fund is determined to have met any one or more of the following criteria:

Recent Performance

a) The fund under-performs the style specific index and is below the 75th percentile in peer group ranking for the trailing 12 months for the last two reporting periods.

Market Cycle Performance

- b) The Funds' three-year average annualized return under performs the style specific index over that time period.
- c) The funds' three-year average annualized return ranks below the 50th percentile of the peer group average over that time period.

Qualitative Factors

- d) There is a disruption or a change in company ownership.
- e) There is a change in key personnel for the fund or the company.
- f) There is a change in investment process/style.
- g) There is a violation of SEC rules or regulations or other legal or regulatory issues.
- h) Other qualitative issues that the Board believes may have a material impact on the future performance of an investment fund, a significant change in the level of assets and/or number of accounts, systems or operational changes, etc.

The Board may terminate a fund immediately without placing it on "Watch List" status if it believes immediate termination is in the best interest of the participants.

Watch List Procedures and Fund Termination

1.) Once a fund is formally placed on "Watch List" status, the fund can be monitored for a period of up to, but not to exceed, twenty-four months. The Board, at its discretion, may determine to terminate the investment fund at any time during the twenty-four month period. After twenty-four months, the Board will consider other managers for the assignment, and Funds remaining on "Watch List" status

after the twenty-four month period that have not, in the judgment of the Board, remedied the circumstances that caused them to be placed on such status shall be terminated by the Board.

- 2.) A fund will be removed from "Watch List" status only after the Board determines that the fund is meeting expectations, and/or has met the compliance requirements of the fund, and that the fund does not fall within any of the criteria listed above for "Watch List" status.
- 3.) The following procedures should be followed once a fund has been placed on "Watch List" status:
 - a) A conference with the fund manager will take place at which time the fund manager will have an opportunity to explain the recent under-performance and discuss any action plan to help remedy the poor performance and/or address the qualitative concern(s).
 - b) The Board should review any additional data pertinent to the circumstances surrounding the issue(s) that placed the fund on "Watch List" status.
 - c) A fund may be terminated if the Board determines the fund is unable to:
 - Achieve performance and risk objectives;
 - Improve performance;
 - Provide stable performance;
 - Maintain an expected investment style; and/or,
 - Comply with reporting requirements.

Replacement of an Investment Fund and/or Manager

Replacement of an investment fund and/or manager would follow the criteria outlined in Section 5 under "Selection of Investment Funds." When necessary, an investment fund shall be removed using one of the following approaches:

- Remove and transfer (map) assets to a replacement fund;
- Freeze the fund to any new deferrals and direct new deferrals to a replacement fund;
- Phase out the fund over a specified time period;
- Continue the fund but add a competing fund; or,
- Remove the fund and do not provide a replacement fund.

Participants will have the option to transfer to an existing investment fund at the time of a fund termination. If the participant does not select the option to transfer to an existing core investment fund at the time the terminated fund is removed, all assets will be mapped and transferred to the replacement fund, if available, or to an appropriate Target Date Fund until the participant elects to redirect the assets to a new fund(s).

EXCESSIVE TRADING POLICY

The Board has adopted a policy on excessive trading by plan participants in accordance with that of the Plan Administrator. The definition of excessive trading is intended to respond to a majority of the restrictions on such trading activity that have been adopted by the various fund families on the Administrator's platform. The definition of excessive trading and the policy with respect to such trading activity are outlined below.

Definition of Excessive Trading

Excessive Trading is defined as more than one purchase and sale of the same fund (including money market funds) within a thirty (30) day period. Each investment offered to Plan Participants (including through the Self-Directed Brokerage Option), either by prospectus or stated policy, has adopted or may adopt its own definition of Excessive Trading. Therefore the Administrator reserves the right, without prior notice, to modify its general definition or to develop another definition that may apply to a particular fund, product or individual, depending on the needs of a particular fund and/or state or federal regulatory requirements. A purchase followed by one or more sales and then another purchase of the same fund, or a sale followed by one or more purchases and then another sale of the same fund within a thirty day period would meet the definition of Excessive Trading.

The following transactions are excluded when determining whether trading activity is excessive:

- Purchases or sales of shares related to non-fund transfers (for example, new purchase payments or withdrawals).
- Transfers associated with scheduled dollar cost averaging and scheduled rebalancing programs.
- Purchases and sales of fund shares in the amount of \$250 or less.
- Purchases and sales of funds that affirmatively permit short-term trading in their fund shares, and movement between such funds and the money market fund.

Policy with Respect to Excessive Trading

The Administrator actively monitors fund transfer and reallocation activity by participants among their investment funds in which they are invested to identify Excessive Trading.

If the Administrator determines that an individual has used one or more of fund investments available through the Plan to engage in Excessive Trading, it will send that individual a one-time warning letter and place that individual on a watch list. According to the needs of the various business units, a copy of the

warning letter may also be sent, as applicable, to the person(s) or entity authorized to initiate fund transfers or reallocations, the agent/registered representative or investment adviser for that individual.

If the Administrator determines that an individual has used one or more of the funds to engage in Excessive Trading after having received a warning letter as described above, it will send a second letter to the individual. This letter will state that the individual's ability to initiate fund transfers or reallocations through the Internet, facsimile, telephone calls to the company's service center, or other electronic trading medium that the Administrator may make available from time to time ("Electronic Trading Privileges") has been suspended for a period of 6 months. All fund transfers or reallocations will then have to be initiated by providing written instructions to the Administrator via mail. During the Suspension Period, "inquiry only" privileges will be permitted when possible.

Following the 6 month suspension period, the Electronic Trading Privileges may again be restored, but the Administrator will continue to monitor the fund transfer and reallocation activity. Any future Excessive Trading will result in an indefinite suspension of the Electronic Trading Privileges.

The Administrator may elect to limit fund trading or reallocation privileges with respect to any individual, with or without prior notice, if it determines that the individual's trading activity is disruptive, regardless of whether the individual's trading activity fall within the definition of Excessive Trading set forth above.

EXHIBIT A PERFORMANCE EXPECTATIONS AND BENCHMARKS

INVESTMENT FUND	PERFORMANCE EXPECTATION VERSUS MARKET INDICES	PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS
Stable Value Fund Underlying separate account holding wide range of marketable fixed income securities.	Return exceeds an index of three- year US Treasury notes, on a constant maturity basis.	N/A
Investments are fixed income securities, including corporate bonds and U.S. government debt and mortgage-backed.	Total annualized return exceeds the Barclays Capital Aggregate Bond Index. Volatility similar to Barclays Capital Aggregate Bond Index.	Total return which ranks above the 50th percentile in a universe of other bond funds over multiple time periods.
Target Date Funds		

INVESTMENT FUND	PERFORMANCE EXPECTATION VERSUS MARKET INDICES	PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS
These funds will be based on a custom "glide path" (comprising a range of asset allocation mixes) that is developed based on factors specific to the SFDCP plan, including participants' age, normal retirement, other pension income, and other factors. Investment in these funds may be elected by participants themselves, or SFDCP may map participant assets to the funds as a QDIA or in other cases where the participant has not made an election. See Exhibit B for further detail on the structure of the Target Date funds.	Each Target Date Fund will be measured against a benchmark that reflects the Growth/Capital Preservation allocation of the fund and expected to exceed the return on an annualized basis.	The Target Date Funds will also be measured against: • A suitable universe of peer Target Date Funds • Other measures as necessary. Total return is expected to rank about the 50th percentile over multiple time periods.

INVESTMENT FUND	PERFORMANCE EXPECTATION VERSUS MARKET INDICES	PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS	
Large Cap Index Fund			
Investments will consist primarily of the 500 stocks, which comprise the S&P 500 Index.	Total annualized return equals the S&P 500 Index (gross of fees). Volatility should match the S&P 500 Index.	N/A	
Large Cap Core Funds			
Investments will be primarily in stocks of large cap companies.	Total annualized exceeds the S&P 500 index. Volatility should be similar to the S&P 500 Index.	Total return which ranks above the 50 th percentile in a universe of other large cap core funds over multiple time periods.	
Large Cap Socially Responsible Fund Investments in a portfolio of stocks screened for certain social and environmental criteria.	Total annualized return equals the FTSE 4Good US Select Index (gross of fees). Volatility should match the FTSE 4Good US Select Index.	N/A	
Investments will be primarily in undervalued stocks of medium and large companies, characterized by above-average income yields and below-average price/earnings ratios relative to the large cap stock market.	Total annualized return exceeds the Russell 1000 Value. Volatility should be similar to the Russell 1000 Value Index.	Total return which ranks above the 50 th percentile in a universe of other large-cap value funds over multiple time periods.	

INVESTMENT FUND	PERFORMANCE EXPECTATION VERSUS MARKET INDICES	PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS
Large Cap Growth Funds		
Investments will be primarily in stocks of medium and large cap companies, which have experienced above-average and consistent long-term earnings growth and exhibit favorable prospects for future growth.	Total annualized return exceeds the Russell 1000 Growth Index. Volatility should be similar to the Russell 1000 Growth Index.	Total return which ranks above the 50 th percentile in a universe of other large cap growth funds over multiple time periods.
As of July 2005, this option is composed of a 50/50 blend of two different large cap growth funds. The Plan Administrator is responsible for maintaining the equal weighting of the two underlying funds.		
International Stock Fund		
Invests primarily in equities of non- U.S. companies and cash equivalents determined by the manager.	Total annualized return exceeds the MSCI EAFE Index. Volatility should be similar to the MSCI EAFE Index.	Total return which ranks above the 50th percentile in a universe of other international funds over multiple time periods.
Mid-Cap Core Fund		
Investments will be primarily in stocks of Mid Cap companies.	Total annualized return exceeds the Russell Mid-Cap Index. Volatility should be similar to the Russell Mid-Cap Index.	Total return which ranks above the 50th percentile in a universe of other Mid-Cap core funds over multiple time periods.

INVESTMENT FUND	PERFORMANCE EXPECTATION VERSUS MARKET INDICES	PERFORMANCE EXPECTATION VERSUS UNIVERSE OF PEERS
Mid-Cap Value Fund		
Invests primarily in securities of medium-sized companies, which are characterized by above average income yields and below average price/earnings ratios relative to the Mid-Cap stock market.	Total annual return exceeds the Russell Mid-Cap Value Index. Volatility should be similar to the Russell Mid-Cap Value Index.	Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.
Mid-Cap Growth Fund		
Invests primarily in securities of medium-sized companies, which have experienced above-average and consistent long-term earnings growth and exhibit favorable prospects for future growth.	Total annualized return exceeds the Russell Mid-Cap Growth Index. Volatility should be similar to the Russell Mid-Cap Growth Index.	Total return which ranks above the 50 th percentile in a universe of other funds with similar funds of size and style over multiple time periods.
Small Cap Core Funds		
Invests primarily in securities of small-sized companies As of July 2005, this option is composed of a 50/50 blend of the underlying funds used for the Plan's Small Cap Value and Small Cap Growth Fun options. The Plan Administrator is responsible for maintaining the equal weighting of the two underlying funds.	Total annualized return exceeds the Russell 2000 Index. Volatility should be similar to the Russell 2000 Index.	Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.

INVESTMENT FUND	PERFORMANCE VESTMENT FUND EXPECTATION VERSUS MARKET INDICES	
Small Cap Value Fund		
Invests primarily in securities of small-sized companies characterized by above average income yields and below average price/earnings ratios relative to the small cap stock market	Total annualized return exceeds the Russell 2000 Value Index. Volatility should be similar to the Russell 2000 Value Index.	Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.
Small Cap Growth Fund		
Invests primarily in securities of small-sized companies, which have experienced above-average and consistent long-term earnings growth and exhibit favorable prospects for future growth.	Total annualized return exceeds the Russell 2000 Growth Index. Volatility should be similar to the Russell 2000 Growth Index.	Total return which ranks above the 50 th percentile in a universe of other funds with similar funds of size and style over multiple time periods.
Real Estate Stock Fund		
Invests in real estate investment trusts and other real estate oriented stocks in order to provide exposure to the real estate asset class.	Total annualized return exceeds the Morgan Stanley REIT Index. Volatility should be similar to the Morgan Stanley REIT Index.	Total return which ranks above the 50th percentile in a universe of other funds with similar funds of size and style over multiple time periods.
Self-Directed Brokerage Account Provides participants with access to a large platform of mutual funds through a brokerage window.	N/A	N/A

EXHIBIT B

STRUCTURE OF TARGET DATE FUND PORTFOLIOS

The SFDCP Target Date Fund portfolios (TDFs) will be based on a custom "glide path" (comprising a range of asset allocation mixes) that are developed based on a participant's age and retirement date, defined benefit retirement income, and other factors. These funds may be selected by participants or participant assets will be mapped by the Plan to these funds as a QDIA or in other cases where the participant has not made an election.

The Board will review the performance of the TDFs on an annual basis and consider changes in allocations as necessary.

	TDF 2055	TDF 2050	TDF 2045	TDF 2040	TDF 2035	TDF 2030	TDF 2025	TDF 2020	TDF 2015	Retirement
SFDCP Large Cap Core Equity - S&P 500	20.70%	20.70%	20.70%	20.70%	20.70%	18.25%	14.28%	11.08%	8.82%	7.95%
SFDCP Mid Cap Core	1.20%	1.20%	1.20%	1.20%	1.20%	1.07%	0.90%	0.71%	0.58%	0.52%
SFDCP Mid Cap Growth	1.30%	1.30%	1.30%	1.30%	1.30%	1.16%	0.95%	0.73%	0.58%	0.53%
SFDCP Mid Cap Value	1.30%	1.30%	1.30%	1.30%	1.30%	1.16%	0.95%	0.73%	0.58%	0.53%
SFDCP Small Cap Core	3.50%	3.50%	3.50%	3.50%	3.50%	2.92%	2.51%	1.88%	1.50%	1.50%
SFDCP International Equity	25.50%	25.50%	25.50%	25.50%	25.50%	21.65%	17.10%	13.25%	10.43%	9.14%
SFDCP Global Equity	10.00%	10.00%	10.00%	10.00%	10.00%	8.53%	6.05%	4.75%	3.92%	3.73%
SFDCP TDF Intl Equity (Quasi-Passive)	3.00%	3.00%	3.00%	3.00%	3.00%	2.42%	2.01%	1.69%	1.44%	1.29%
SFDCP TDF Emerging Markets Equity	1.00%	1.00%	1.00%	1.00%	1.00%	0.92%	0.51%	0.50%	0.48%	0.45%
SFDCP TDF Global Real Estate	5.00%	5.00%	5.00%	5.00%	5.00%	4.34%	3.52%	2.75%	2.20%	1.98%
SFDCP TDF Commodity	6.00%	6.00%	6.00%	6.00%	6.00%	5.27%	4.03%	3.31%	2.77%	2.47%
SFDCP TDF Global Instrastructure	5.00%	5.00%	5.00%	5.00%	5.00%	4.34%	3.52%	2.75%	2.20%	1.98%
SFDCP TDF High Yield Bonds	3.90%	3.90%	3.90%	3.90%	3.90%	2.91%	2.41%	2.03%	1.73%	1.56%
SFDCP TDF EM Debt	2.60%	2.60%	2.60%	2.60%	2.60%	1.94%	1.61%	1.35%	1.15%	1.04%
Total Growth	90.00%	90.00%	90.00%	90.00%	90.00%	76.88%	60.35%	47.51%	38.38%	34.67%
SFDCP Core Bonds	10.00%	10.00%	10.00%	10.00%	10.00%	23.12%	39.65%	41.56%	42.50%	42.50%
SFDCP TDF Short Duration Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.62%	5.33%
SFDCP TDF TIPS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.93%	17.50%	17.50%
Total Capital Preservation	10.00%	10.00%	10.00%	10.00%	10.00%	23.12%	39.65%	52.49%	61.62%	65.33%
	90% MSCI	77% MSCI	60% MSCI	48% MSCI	38% MSCI	35% MSCI				
	ACWI IMI /	ACWI IMI/	ACWI IMI/	ACWI IMI/	ACWI IMI /	ACWI IMI/	ACWI IMI/	ACWI IMI/	ACWI IMI /	ACWI IMI/
	10% BC	23% BC	40% BC	52% BC	62% BC	65% BC				
Primary Benchmark	Aggregate									
	Upper 50th									
Peer Universe	percentile									
	As									
Other Benchmarks	necessary									

EXHIBIT C

INVESTMENT GUIDELINES FOR SFDCP'S STABLE VALUE FUND MANAGED BY GREAT-WEST CAPITAL MANAGEMENT ("MANAGER")

STABLE VALUE FUND: STATEMENT OF OBJECTIVES, GUIDELINES & PROCEDURES

I. PURPOSE

These guidelines supplement the investment management agreement between the San Francisco City and County Deferred Compensation Plan ("SFDCP") and Great West Capital Management ("Manager).

The purpose of these guidelines is to: (1) Provide more specific investment direction than that given in the investment management agreement; (2) Supplement SFDCP's Investment Policy Statement with specific individual manager guidelines; (3) Provide a clear understanding of performance expectations and performance evaluation procedures; and to (4) Establish a medium for ongoing dialogue between SFDCP and the investment manager regarding the manager's investment philosophy, process and strategies.

II. INVESTMENT APPROACH - US HIGH QUALITY INVESTMENT GRADE FIXED INCOME

Within the parameters as stated below, the objectives of the SFDCP Stable Value Fund are to:

- I. Provide stable and predictable returns;
- 2. Preserve principal;
- 3. Earn a reasonable level of income commensurate with other objectives of the fund, including the maintenance of a low level of credit risk; and,
- 4. Maintain a highly liquid portfolio

GENERAL GUIDELINES

All investments are subject to compliance with applicable Local, State and Federal statutes, and shall be managed in a diversified and prudent manner. The manager shall invest within the scope of its stated style. The manager shall adhere to the CFA Institute's Code of Ethics and the Standards of Professional Conduct as presented in the Standards of Practice Handbook. I

Sector and security selection, portfolio structure and timing of purchase and sales are delegated to the manager. The following transactions are prohibited: short sales, selling on margin, writing options, "prohibited transactions" as defined under the Employee Retirement Income Security Act (ERISA), and transactions that involve a broker acting as a "principal," where such broker is also the investment manager who is making the transaction. Transactions shall be executed on the basis of "best price and execution" for the sole benefit of the Plan participants.

PORTFOLIO CHARACTERISTICS AND			
GUIDELINES	ELIGIBLE	PROHIBITED	Comments

¹The CFA Institute. Code of Ethics and Standards of Professional Consult. Charlottesville, VA, June 2010 or successor editions.

PORTFOLIO CHARACTERISTICS AND	F:	D- 0	Committee
GUIDELINES	ELIGIBLE	PROHIBITED	COMMENTS
Portfolio Duration			Maximum of 5 Years and a target of 2 to 4 years.
Minimum Issue Credit Rating ²			Credit rating limits on various permissible sectors are listed below in these guidelines.
Average Portfolio Credit Quality ²			AA- or better.
Maximum Number of Issues			None.
Money Market Mutual funds	X		Mutual Fund, under the terms of its prospectus, must invest primarily in securities issued by U.S. Government, US Government Agencies, or US Government Sponsored Enterprises
Certificates of Deposit	Х		Permitted only if issuing bank deposits are 100% guaranteed by the FDIC.
Bankers Acceptances		X	
Repurchase Agreements	Х		Permitted only if fully collateralized by United States Government, Agency, or GSE securities.
U.S. Government Short term issues	Х		Debt of US Treasury, US Government Agencies, GSEs, quasifederal corporations, and corporate or foreign debt guaranteed by the US Government with a maximum remaining maturity of 297 days.
Commercial Paper rated AI/PI or equivalent		Х	
US Government Issues	X		Eligible issues shall be securities included in the Barclays Capital US Government Index, i.e., public obligations of the US Treasury with a remaining maturity of one year or more (at purchase) and publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US Government. TIPS are not included, but may be purchased only if permission is

 $^{^2}$ For split-rated issues, if rated by Moody's, S&P, and Fitch, the middle rating will apply of the three agencies. If rated by two of the agencies, the lower rating of the two agencies will apply. If only rated by one agency, that rating will apply.

PORTFOLIO CHARACTERISTICS AND			
GUIDELINES	ELIGIBLE	PROHIBITED	COMMENTS
			granted in writing by the SFDCP.
US Agency Issued Mortgage-Backed	X		Eligible Mortgage-Backed Securities
Securities & CMBS			shall be pass-through mortgage
			backed securities issued by FHLMC,
			FNMA, Vendee, FHLB, or GNMA, or
			other United States Agency or GSE
			that are secured by fixed and
			floating rate first liens on real estate and rated AAA. ²
Asset Backed Securities, non-agency	X		Securities in these sectors must be
mortgage-backed securities, and			rated AAA. ²
commercial mortgage-backed securities			
Municipal Securities		X	
Corporate and Dollar-Denominated	X		Securities in these sectors must be
Foreign Bond Obligations			rated A- or better .2 These
			securities may comprise no more than 20% of the portfolio's market
			value. Included in Foreign Bonds are
			sovereign debt, Corporate Bonds,
			and other Government debt
Collateralized Mortgage	X		CMOs are permitted subject to
Obligations (CMOs)			concentration limits specified above,
			but no investments are allowed in
			mortgage interest only (IO), principal
			only (PO), inverse floaters or other
			CMO derivatives that have highly uncertain or volatile duration,
			prepayment or price movements are
			not permitted. All CMO holdings
			must be rated AAA. 2
			mase be raced / v v v.
			CMOs shall be limited to 20% of
			portfolio.

BENCHMARK & PERFORMANCE OBJECTIVE

Benchmark Index:	The returns after investment management fees will be compared to the returns of three-year treasury notes, on a constant maturity basis.
Performance Objectives:	The portfolio's performance objective will be to outperform the index over a full market cycle (normally defined as 3-5 years).

DERIVATIVES

Aside from any purchase of CMOs allowed above, the use of any derivatives is limited to hedging purposes only. In no event may derivatives be used to employ leverage. Any use of derivatives shall in no way violate other guideline limits on the portfolio, e.g. limits on duration and sector allocation.

Special Provision Regarding "In Kind" Transfers

The manager is expected to adhere to the investment policies as outlined in this document with the exception of certain assets transferred "in kind" from the prior investment manager, designated at Type "B" Transferred Assets. With respect to those assets, the manager is expected to either hold the securities until maturity, or if the assets are sold, the proceeds will be invested in accordance with the investment policies as outlined in this document. Group Policyholder (SFDCP) acknowledges that Great West operates only in an investment advisory capacity, and not an investment manager, with regard to Type "B" Transferred Assets. Group policyholder further acknowledges that it must provide express written instructions and authorization to Great West regarding all transactions involving Type "B" Transferred Assets. Modifications to these guidelines will not affect the handling of or status of "B" assets originally designated as such by the guidelines in effect for this portfolio as of January 30, 2009.

SHORT-TERM INVESTMENTS

All money received by Great-West for deposit to the Stable Value Fund will be invested the same day it is received. Whenever possible these monies will be invested in the type of investments indicated above. However, if the monies are received at a time of the day which makes this impractical, then the monies will be invested in an interest bearing account at a commercial bank. The following business day the money will then be invested according to the above guidelines.

REPORTING

On a monthly basis, the manager will provide a statement to SFDCP showing the market value of each security, the sector diversification within the portfolio, and the duration, quality and yield of the portfolio. This statement will also compare the performance of the portfolio to the performance of its benchmark index. The manager will also report on any loans made by the General Account to the Stable Value Fund.

The manager is responsible for notifying SFDCP in writing of any exceptions to compliance with these guidelines (other than in Type "B" assets) as soon as possible after the time of the occurrence of the exception, but in all cases within 15 business days of the occurrence. Holding securities that no longer comply with these guidelines (including but not limited to a security that undergoes a change in credit rating) will be considered by SFDCP on a case-by-case basis. Permission for holding any non-compliant issues will require written approval by SFDCP based on a written recommendation from the manager as to whether the security should be retained and over what time frame, or any other factors. SFDCP is under no obligation to accept any recommendation to retain a security that is no longer compliant with these guidelines. Until SFDCP provides written direction regarding manager's recommendation, the manager shall be able to hold the security consistent with the manager's recommendation. Should SFDCP direct the manager to sell the security, the Manager will then sell the security not in compliance as soon as practical, but not later than 30 days after receiving notification by SFDCP.

It shall be the manager's responsibility to review these guidelines on a regular basis and to make recommendations in writing for changes that will allow SFDCP to take advantage of future investment opportunities. SFDCP will consider such written recommendations but is under no obligation to accept them.

On a monthly basis, the manager will provide to SFDCP a book value statement showing the book value of the total portfolio and describing the methodology and assumptions used to reset the crediting rate of the Stable Value Fund.

As needed, a senior representative of Great-West will be expected to meet with SFDCP and provide a verbal and written review of his/her investment decisions, their underlying rationale and expected future implication will also be provided.