

**Department of Materials Management
Procurement Unit
MONTGOMERY COUNTY PUBLIC SCHOOLS
45 W. Gude Drive, Suite 3100
Rockville, Maryland 20850**

November 24, 2014

NOTICE TO BIDDERS

**The following are questions and responses from the prebid conference regarding
RFP No. 1143.5, Montgomery County Public Schools Voluntary
Defined Contribution Programs**

NOTE: The answers given on this document supersede the answers given at the pre-bid conference and the answers on the Notice to Bidders posted on November 25, 2014. Answers to all other questions remain as previously provided.

1. Please clarify contract term in Part A, Question #5 of RFP 1143.5

Answer: The contract term will be for an initial period of 3 years, effective January 1, 2016, with a rolling 2-year renewal term, i.e. the renewals would be for a 2-year period.

This is a change from what was written in the RFP Part A and Appendix C. The sections are revised to read:

From Part A:

5. CONTRACT TERM

MCPS plans to enter into an agreement with the selected respondent for an initial period of 36 months. MCPS would like the respondent to guarantee contract period rates and/or fees through December 31, 2018 as outlined in Appendix C.

After initial guarantee periods, rates/fees will be renewed bi-annually on the contract anniversary date, on January 1, if agreed to by both parties. The selected respondent must agree to MCPS Procurement language that specifically addresses annual increase justification, even within the guaranteed fee or rate cap, if applicable.

The contract will not begin until January 1, 2016, provided approval is received by the Board. MCPS reserves the right to terminate any contract, for cause (i.e. insolvency, SEC investigation, etc.) during the contract term subject to the terms of signed contracts and agreements.

From Appendix C:

Under Pricing Assumptions it should say: Fees should be guaranteed for 3 years, then renewed bi-annually on contract anniversary date upon agreed terms by both parties.

Under Fees and Pricing it should say: "MCPS plans to enter into an agreement with the selected respondent effective January 1, 2016 for an initial period of 36 months. MCPS would like the respondent to guarantee contract period rates and/or fees through December 31, 2018 as outlined in Appendix C. After initial guarantee periods, rates/fees will be renewed bi-annually on the contract anniversary date, January 1, if agreed to by both parties. Selected respondent must agree to MCPS Procurement language that specifically addresses annual increase justification, even within the guaranteed fee or rate cap, if applicable. The contract will not begin until January 1, 2016, provided approval is received by the Board of Education, and will conclude as stated under the contract term. MCPS reserves the right to terminate any contract for cause (i.e. insolvency, SEC investigation, etc.) during the contract term, subject to the terms of signed contracts and agreements.

2. Are legacy vendors remitting SPARK data to MCPS?

Answer: Some legacy vendors submit SPARK data to MCPS and some do not. The term "Legacy vendors" refers to those vendors who were previously approved vendors for MCPS, but are not part of the current provider list.

3. Pricing Structure: If I give you the price per participant do I need to fill out the remainder of Appendix C?

Answer: Yes. Please refer to the following guidance from Appendix C:

Pricing Approach:

- a. A gross, hard-dollar per-participant fee is required, including all costs associated with implementation, conversion, administration, recordkeeping, education and trustee expenses. See the Instructions tab for additional details.
- b. The provided fund lineup should be used and all revenue sharing generated from investments shall be credited to the plan and/or participants as directed by MCPS.
- c. Participant transaction fees (e.g., loans, distributions) should be specifically identified.

In addition, please see the instructions below that were included on page 2 of Appendix C:

- 2) Gross Pricing Dollar-Per-Participant Fee Quotes. Provide a separate dollar-per-participant "gross pricing" arrangement for each plan, respectively, by completing the "Plan Charges" worksheet for each plan. Our definition of gross pricing is the actual cost for providing all services indicated assuming no investment-related revenue sharing amounts will be retained by the record keeper (i.e., what it costs to provide the actual administration/recordkeeping services, regardless of how payment is received). Fee

quotes based on unique Social Security Number will not be accepted (i.e., need a separate gross price applicable to participants in each plan). Under the gross pricing arrangement, any revenue sharing (e.g., 12b-1, sub-transfer agency fees, or other reimbursements) or other recordkeeping credit/offset amounts generated from each plan's investments (e.g., proprietary fund non-investment management revenue recognition), shall be credited to the plan and/or its participants by respective plan as directed by MCPS (i.e., offeror will not retain the revenue sharing/credits). The gross pricing provided should include all charges for providing the requested services and should include conversion and recurring charges.

- 3) Dedicated representatives. Initially, MCPS will rely on the selected vendor of this RFP to provide broad general education services to its plan participants in a group environment. MCPS retains the right to issue an RFP in the future for a separate education procedure. Based on the information provided within this RFP, please indicate the number of dedicated representatives you recommend. The costs associated for such dedicated representatives should be built into the quoted gross price. For informational purposes, you are asked to provide the number of representatives and costs associated on row 55 of the Plan Charges tabs.
- 4) Each plan must be priced separately. One plan should NOT subsidize the cost of the other by any means.

Please feel free to include any additional information and/or assumptions in a cover letter that you believe will assist us in understanding your bid.

4. Should the 403(b) and the 457(b) plans be priced separately?

Answer: Yes. Please refer to the instructions referenced in the response to Question 3.

5. Clarification on the answer to questions (32-41) on the Notice to Bidders document posted November 25, 2015:

Answer: Questions (32-41) — Effective January 1, 2016, participants seeking investment advice under the new program will do so through the managed accounts option offered by the sole record keeper. If participants choose to use this advice, they will be able to pay for it through a deduction from their plan assets. An asset based fee is acceptable. **If participants would like to use an advisor not affiliated with the sole record keeper as of January 1, 2016, they will have to compensate the advisor directly outside of the MCPS plan assets.** In addition, as described in the instructions for Appendix C, initially, MCPS will rely on the selected vendor to provide broad general education services to plan participants in a group environment. Based on the information provided within this RFP, please indicate the number of dedicated salaried representatives you recommend. The costs associated for such dedicated salaried representatives should be built into the quoted gross

price. MCPS retains the right to issue an RFP in the future for a separate education procedure.

6. What is the number of transitions you anticipate?

Answer: We expect there will be between 8 – 10 transitions.

7. When will the mapping of assets take place?

Answer: To be determined. The contract term for the successful respondent will begin January 1, 2016. Planning with the newly selected vendor may begin as soon as the RFP selection and notification process is completed.

8. Will there be a blackout period?

Answer: To be determined. The transition plan will be developed with the successful respondent.

9. Should our price include the cost of a compliance service?

Answer: Yes, please include the cost of the services referenced in Appendix A, Minimum Qualifications Checklist, Question #10.

Barbara Regalia

Barbara Regalia, CPPB, team leader, Procurement Unit

Please indicate your acceptance of this notice by signing below and returning with your RFP or under separate cover.

Accepted:

Name and Title

Company Name

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