**Department of Materials Management**
**Division of Procurement**
**MONTGOMERY COUNTY PUBLIC SCHOOLS**
**Rockville, Maryland**

**Request for Proposal #1143.5 Montgomery County Public Schools**
**Voluntary Defined Contribution Programs**

**PART A**

## 1. INTENT

Montgomery County Public Schools (MCPS) is seeking proposals from investment/recordkeeping/common remitter and administrative providers to provide services for its voluntary §403(b) & §457(b) plans (the Plans). MCPS will implement the provider changes on January 1, 2016.

Hewitt EnnisKnupp, Inc. (HEK) has been retained by MCPS to assist in the process of conducting an evaluation of qualified providers. Representatives from HEK may contact responders that submit proposals in relation to this Request for Proposal (RFP).

Enclosed are instructions for responding to the RFP, the minimum qualifications checklist (Appendix A), the detailed questionnaire (Appendix B), the pricing proposal (Appendix C), and the MCPS Investment Lineup (Appendix D). Additional information is included in the body of the RFP.

## 2. BACKGROUND

Since 1965, MCPS has offered its employees the opportunity to participate in a defined contribution program, as permitted under Section §403(b) of the Internal Revenue Code. In January 2003, MCPS added the deferred compensation plan (§457(b)).

MCPS employs approximately 22,600 permanent employees eligible to participate in the Plans (an additional 2000 temporary and substitute teachers are also eligible). Approximately 48% of employees participate in the Plans with annual employee contributions of about $71 million. MCPS makes employer contributions for approximately 165 MCPS employees to their §403(b) plan. Annual employer contributions total approximately $586,000.

Presently, nine companies offer tax-deferred annuities or mutual funds on the §403(b) and §457(b) platforms.

| **Sponsor:** | **Montgomery County Public Schools** |
|---|---|
| Retirement Program Structure: | Voluntary §403(b) and §457(b) programs of a governmental organization; not subject to ERISA |
| Number of Locations: | 202 Schools: 27 offices/facilities |
| List of Locations | Throughout Montgomery County MD |
| Number of Incumbent Vendors | Nine |
| List of Incumbent Vendors | Fidelity Investment |

| | |
|---|---|
| | Hendershot Financial *(Lincoln Investment)*<br>Lincoln Financial Services<br>MetLife Resources<br>Morgan Stanley Wealth Management - *(Transamerica Retirement Solutions)*<br>T. Rowe Price<br>TIAA-CREF<br>VALIC<br>Voya Financial (formerly ING) |
| Number of Payroll Systems | 1 (Lawson) |
| Current Common Remitter/Administrator | VALIC Retirement Manager |
| Eligibility Requirements for Contributions: | All are eligible |
| Maximum Contribution: | Both Plans follow standard IRS contribution limits plus the Age 50 Catch-Up |
| Number of employees eligible to participate as of 2013: | 24,600 |
| Number Participating (2013) | 11,800 |
| Annual Employee Contributions (2013): | $71,376,000 |
| Eligibility Requirements for Employer Contributions: | Certain MCPS administrators receive a monthly employer contribution.<br><br>In addition, some employees are eligible to roll-over the value of up to 32 hours of annual leave into the §403(b) plan. |
| Annual Employer Contributions (2013) | $586,000 |
| Total Current Program Assets: | $1.3 billion |
| Loans allowed: | Yes |
| Hardship Withdrawals allowed: | Yes (safe harbor) |
| Vesting | 100% vested immediately |
| Anticipated Investment Options: | See Appendix D |

## 3. GENERAL TERMS AND CONDITIONS

### A. Pre-selection Criteria

To be eligible to respond to this RFP, a respondent must meet <u>all</u> of the requirements within the "Minimum Qualifications Checklist" (Appendix A). The Minimum Qualifications Checklist must be completed electronically and returned to MCPS and HEK in both an electronic and hardcopy manner by close of business November 10, 2014**.**

### B. Form

All proposals must include a completed Appendix A (Minimum Qualifications Checklist), Appendix B (RFP Questionnaire) and Appendix C (Cost Proposal Questionnaire). All proposals must be completed electronically using the attached questionnaire formats and returned to MCPS and HEK in both an electronic and hardcopy manner, see Section 16.

Each question must be independently completed on the questionnaire response document. Marketing literature and other materials may be attached as reinforcing information if so desired, but responses indicating "see attached materials" will be viewed negatively.

C. **Evaluation Criteria**

MCPS will evaluate the proposals based on responses to the questionnaires, and intends to use the criteria below to develop a short list of those respondents to be considered for interviews and/or potential negotiations.

1) Company Background
2) General Product Information
3) Service and Administration Information
    i. Recordkeeping Systems
    ii. Reporting Capabilities
    iii. Administration & Processing
    iv. Compliance Services
    v. Common Remitter Services
    vi. Trust/Custodial Services
    vii. Communications/Participant Education
    viii. Participant Services and Support
    ix. Managed Accounts and Self Directed Brokerage Accounts
    x. Ability to Recordkeep MCPS Investment Lineup
    xi. Conversion/Implementation Capabilities
    xii. Consolidations Experience
    xiii. Number of Dedicated Representatives
    xiv. Ability to Hosts Defined Contribution Educational Website
    xv. Other Services
4) Company References (Public Plan Clients)
5) Approach to Handling Legacy Assets
6) Ease of Terminating Contracts (at the Plan Sponsor and Participant Levels)
7) Program Expense Information
    i. Total Pricing Considerations
    ii. Administrative Fees
    iii. Pricing Assumptions
    iv. Pricing Structure
    v. Additional Items

D. **Term of Eligibility**

Agreements resulting from this RFP shall remain in force based on the Contract Term, see #5 Contract Term. MCPS can terminate the contract with 60 days written notice. In accordance with the MCPS Board of Education (the Board) procedures, MCPS will periodically review the list of qualified vendors.

E. **Responding Company Communications**

Responding companies may continue to communicate with participants and employees for normal business reasons regarding the §457(b) and §403(b) plan services provided (e.g. enrollments, ongoing education, servicing, etc.), but shall not discuss with employees the RFP, the company's proposal, issues not related to participant services, or take other action that is intended to influence the selection process.

## 4. SCOPE OF WORK

MCPS seeks proposals from qualified firms to offer defined contribution program services. MCPS' objectives for soliciting proposals are as follows:

1. Sole recordkeeper to assist with the transition from existing vendors and to provide recordkeeping and administration services. Sole recordkeeper should possess compliance coordinator capabilities because data and information sharing will be required with the legacy providers;
2. Call center services, including enrollment support, plan participant support for all program inquiries, case management, and escalation;
3. Plan participant self-service systems and infrastructure;
4. Data management services, including creation and maintenance of plan participant data, transaction data and history, supplier interfaces, and necessary files for updating the client's payroll systems;
5. Trust and custody services including check writing, state and federal tax withholding and form preparation;
6. Plan document support and maintenance for regulatory and legislative changes and;
7. Integrated education and communication services for participants regarding their benefits and the importance of saving and asset diversification. Education and communication should be group meetings provided by dedicated representatives. MCPS reserves the right to have final approval of communication and educational content presented to plan participants.

MCPS prefers a single point of accountability that will provide seamless administration, recordkeeping, and trust services. If the respondent partners with another firm (or firms) to provide the services required by MCPS, submit only one response to this RFP incorporating the capabilities of all firms included in the alliance. These alliances and compensation arrangements must be fully disclosed in your response, with accountabilities clearly denoted.

MCPS expects the alliance to assume all data management responsibilities in interfacing with its partners. Where any outside organizations are utilized to provide services, the primary respondent will be required to establish interface capability with the companies within this alliance and to be accountable for timely re-transmission, after editing and validation, of appropriate data to each partner.

## 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 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 at least January 1, 2016 after approval 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.

## 6. PROJECT OFFICER

The MCPS project officer for the proposed procurement is:

Montgomery County Public Schools
Marisa Grant, Acting Chief Investment Officer
45 West Gude Drive, Suite 1200
Rockville, MD 20850

All prospective respondents are cautioned that information relating to the proposed procurement may be obtained only from Barbara Regalia, CPPB, Team Leader, as indicated in Section 15.

Any attempt to solicit information from other sources within the MCPS system may be cause for rejection of the responsible respondent's proposal.

## 7. CONTRACT TERMINATION

MCPS reserves the right to cancel the contract in whole or in part at any time in accordance with Part B, Article 26.

## 8. REFERENCES

All respondents shall include a list of a minimum of three references, from public plan clients only, who can attest to the firm's knowledge, quality of work, timeliness, diligence, flexibility, and ability to meet budget constraints. All respondents shall also include contact information for a minimum of three former clients. Include names of client, contact persons, email addresses and phone numbers of all references.

References may or may not be reviewed or contacted at the discretion of MCPS. Typically, only references of the top ranked short listed respondents are contacted. MCPS reserves the right to contact references other than, and/or in addition to, those furnished by a respondent including MCPS staff members working with vendors.

## 9. FORMAT OF RESPONSE

You must return the RFP in the same format as submitted to you.

If an answer to a question requires ancillary documents (e.g., examples, reports, etc.), the attachment must reference back to the question in the RFP.

Your response must be complete and comply with all aspects of these specifications. Excessive marketing or sales promotional verbiage may overshadow your qualifications and expertise. We urge you to be specific and brief in your responses.

Respondents must include any and all statements and representations made within its proposal in the contract for services with MCPS. This includes, but is not limited to, the vendor's point-by-point response to this RFP. If responded answers only "Understand and comply" it is assumed that the respondent complies with MCPS' understanding of the requirement.

MCPS shall not be responsible nor liable for any costs incurred by the respondent in the preparation and submission of their proposals and pricing.

## 10. SCHEDULE OF EVENTS

The anticipated schedule for activities related to this RFP is as follows:

| | |
|---|---|
| Release of RFP and "Minimum Qualifications Checklist" | November 5, 2014 |
| Intent to Bid and "Minimum Qualifications Checklist" Due | November 10, 2014 |
| Vendor Questions Due | November 12, 2014 |
| MCPS Response to Questions/Pre-bid Conference | November 24, 2014 |
| MCPS Responses from Pre-bid Conference | November 25, 2014 |
| RFP Due | December 5, 2014 |
| Finalist Interviews | February 5-6, 2015 |
| Finalist Site Visits, if required | February 9-10, 2015 |
| Vendor Selection, subject to Board approval | March 11, 2015 |
| Conversion Date | January 1, 2016 |

**All dates are subject to change at the discretion of MCPS.**

## 11. RESPONDENT'S OBLIGATION

**Contractors' and sub-contractors' responsibility regarding registered sex offenders:**

A new Maryland Law that became effective June 22, 2006, requires that any person who enters a contract with a county board of education or a non-public school "may not knowingly employ an individual to work at a school" if the individual is a registered sex offender. An employer who violates this requirement is guilty of a misdemeanor and if convicted may be subject to up to five years imprisonment and/or a $5000 fine.

Each contractor shall screen their workforce to ensure that a registered sex offender does not perform work at a county public school and also ensure that a subcontractor and independent contractor conducts screening of its personnel who may work at a school. The term "workforce" is intended to refer to all of the contractor's direct employees and those of subcontractors/independent contractors used to perform the work. Violation of this provision may cause MCPS to take action against the contractor up to and including termination of the contract.

## 12. MULTI-AGENCY PARTICIPATION

MCPS reserves the right to extend the terms and conditions of this solicitation to any and all other agencies within the state of Maryland as well as any other federal, state, municipal, county, or local governmental agency under the jurisdiction of the United States and its territories. This shall include but not be limited to private schools, parochial schools, other non-public schools, special districts, intermediate units, non-profit agencies providing services on behalf of government, and/or state, community and/or private colleges/universities that required these goods, commodities and/or services. Use of this solicitation by other agencies may be dependent on special local/state requirements attached to and made a part of the solicitation at time of contracting. The supplier/contractor agrees to notify the issuing agency of those entities that wish to use any contract resulting from this bid and will also provide usage information, which may be requested. A copy of the contract pricing and the bid requirements incorporated in this contract will be supplied to requesting agencies. Each participating jurisdiction or agency shall enter into its own contract with the Award Bidder(s) and this contract shall be binding only upon the principals signing such an agreement. Invoices shall be submitted "directly" to the ordering jurisdiction for each unit purchased. Disputes over the execution of any contract shall be the responsibility of the participating jurisdiction or agency that entered into that contract. Disputes must be resolved solely between the participating agency and the Award Bidder. MCPS assumes no authority, liability, or obligation on behalf of any other public or non-public entity that may use any contract resulting from this bid MCPS pricing is based on the specifications provided in this solicitation**.**

## 13. eMaryland Marketplace

As of June 1, 2008, Maryland law requires local and state agencies to post solicitations on eMaryland Marketplace. Registration with eMaryland Marketplace is free. It is recommended that any interested supplier register at www.eMarylandMarketplace.com, regardless of the award outcome for this procurement as it is a valuable resource for upcoming bid notifications for municipalities throughout Maryland.

## 14. ADDENDA/ERRATA

Changes and addenda to a solicitation may occur prior to the solicitation opening date and time. It is the sole responsibility of the vendor to check the "Event Calendar" on the MCPS website available at:

http://www.montgomeryschoolsmd.org/departments/procurement/

or to contact Barbara Regalia, CPPB, Team Leader in the Division of Procurement at 301-279-3172, to verify whether addenda/errata have been issued. Failure to provide the signed acknowledgement of the addenda/errata may result in the bid being deemed non-responsive.

## 15. INQUIRES

Inquiries regarding this solicitation must be submitted in writing, to Barbara Regalia, CPPB, Team Leader, Montgomery County Public Schools, 45 West Gude Drive, Suite 3100, Rockville, MD 20850, fax number 301-279-3173. Questions must be received by 4 p.m. eastern standard time, November 12, 2014 in order for the Questions and Answers to be given out at the prebid conference meeting. The Board will not be responsible for any oral or telephone explanation or interpretation.

Vendor contact with any other MCPS employee regarding this solicitation until the contract is awarded by the Board will be considered by MCPS as an attempt to obtain an unfair advantage and result in non-consideration of its response. The MCPS Procurement website address is http://montgomeryschoolsmd.org/departments/procurement/.

## 16. PROPOSAL SUBMISSION AND DOCUMENTS TO BE SUBMITTED IN RESPONSE TO THIS RFP

Proposals shall be submitted in the same order as the RFP. Requirements for each section are indicated below, and proposals must contain all required information to be considered responsive. Vendors may contact Barbara Regalia to receive the word document for both Part A and Part B to help them in preparing their response, Barbara_Regalia@mcpsmd.org. **Responses to this RFP are due on or before 2:00 p.m. on December 5, 2014, at the address below. An electronic copy, one (1) original, and five (5) separate copies should be sent by mail, courier or hand delivered to:**

Montgomery County Public Schools
Procurement Unit
45 West Gude Drive, Suite 3100
Rockville, MD 20850

**In addition, an electronic copy and one (1) paper copy of the proposal should be sent by mail, courier or hand delivered to Hewitt EnnisKnupp on or before 2:00 p.m. on December 5, 2014, at the address below:**

Hewitt EnnisKnupp, Inc.
Attn: Steve Lauko
8182 Maryland Avenue, Suite 1500
St. Louis, MO 63105
E-mail: Stephen.Lauko@aonhewitt.com

The proposal must be signed by an official having authority to contract with MCPS. The firm and the official's name shall be used in the contract process.

MCPS reserves the right to make an award without further discussion of the proposals received. MCPS may also negotiate with the one respondent who submits the best proposal or with two or more respondents who are in the competitive range. Therefore, it is important that your proposal be submitted initially on the most favorable terms from both the technical and cost standpoints. After the submission and closure of proposals, no information will be released until after the award. It is understood that your proposal will become a part of the official file on this matter without obligation to MCPS.