



Staff Summary Report

Council Meeting Date: 10-02-2008

Agenda Item Number: _____

SUBJECT: Request to award a one year contract with four, one year renewal options to SST Benefits Consulting & Insurance Services, Inc. for financial consulting services to assist the City in contracting with a 401(k) and 457(b) deferred compensation provider(s) to include on-going administration services.

DOCUMENT NAME: 20081002fsmg05 PURCHASES (1004-01)

SUPPORTING DOCS: No

COMMENTS: (RFP #09-022) Total cost for this contract shall not exceed \$39,900 during the initial contract period.

PREPARED BY: Michael Greene, C.P.M., Procurement Officer, 480-350-8516

REVIEWED BY: Todd Bailey, Police Officer, (480) 350-8901
Tom Hartman, Control Center Supervisor, (480) 350-2628
Ken Jones, Internal Audit Manager, (480) 350-8504
Don Jongewaard, Fire Captain, (480) 858-7200
Barb Lear, Internal Auditor, (480) 350-8504
Jon O'Connor, Deputy HR Manager, (480) 350-8423
Rick Rager, Deputy Court Manager, (480) 350-8252
Lynna Soller, Employee Benefits Administrator, (480) 350-2975

**LEGAL REVIEW AS
TO CONTRACT FORM**

ONLY: N/A

FISCAL NOTE: Sufficient funds have been appropriated in 1911-6664.

RECOMMENDATION: Award the contract.

ADDITIONAL INFO: The awarded firm will be directed to provide financial consulting services related to 1) investment plan review/update, 2) RFP development, 3) evaluation of plan provider(s), and 4) on-going consulting to include fund performance analysis, training and overall monitoring of the City's 401(k) and 457(b) deferred compensation plans.

An evaluation committee composed of the above listed individuals assisted in reviewing and scoring the eight (8) submitted offers. Based on results of the initial scoring the evaluation committee short listed the three highest ranked firms made up of SST Benefits Consulting, Innovest Portfolio Solutions, and Arnerich Massena & Associates. Interviews were conducted with these firms followed by submission of Best and Final offers. The evaluation committee completed the final scoring with SST Benefits Consulting being identified as the most advantageous offeror. It is anticipated that a new contract for a deferred compensation plan provider(s) will be brought forward for City Council consideration in February of 2009.

SST Benefits Consulting
8260 E. Raintree Drive
Scottsdale, AZ 85260
480-991-8588 / 800-345-1118 Office - 480-998-4366 Fax

RECEIVED
 CITY OF TEMPE
 PROCUREMENT OFFICE
 08 SEP 16 AM 10:36

September 15, 2008

Michael Greene
 Director of Purchasing
 City of Tempe
 20 East Sixth Street
 Tempe, AZ 85280

Re: Best and Final Offer to RFP09-022 for Financial Consulting Services

Dear Michael:

Thank you for giving us the opportunity to respond to you and the City of Tempe Evaluation Committee to submit our Best and Final offer for our defined contribution/deferred compensation services.

It is our desire to work collaboratively with your group, and as such, the pricing component in Question #4 below is in a modular format to allow the City the discretion of selecting the services desired as, well as the frequency of services for the plan.

The following is our response to your questions:

- 1) ***Time-Line*** – The City will extend the current Great West contract through April 30, 2009. Please submit a revised timeline showing all key action points that would allow for final and complete transition (if necessary) by the end of April.

As discussed in the finalist interview, the bold dates indicate face-to-face meetings with the Evaluation Committee. These meeting dates can be rescheduled based upon the discretion and time availability of the Evaluation Committee and assumes a transition date of April 30, 2009.

Initial Meeting	October 7, 2008
Finalize / Distribute RFD	October 8, 2008
Receipt of RFD Response	October 24, 2008

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Analysis of RFD / Finalize RFP	November 3, 2008
Distribute RFP	November 7, 2008
Receipt of RFP Responses	December 5, 2008
Analysis of RFP Responses / Selection of Finalists	December 17, 2008
Notification to Respondents of Finalists	December 18, 2008
Review Secondary Criteria / Develop Finalist Questions	December 29, 2008
Distribute Questions to Finalists	December 30, 2009
Receipt of Finalist Response to Questions	January 13, 2009
Finalist Interviews	January 23, 2009
Recommendation to Committee	January 23, 2009
Transition Start Date	January 26, 2009
Implementation	April 30, 2009

- 2) **Contract** – Confirm if your firm will require a separate contract to be signed if selected for award. If so, indicate your firm’s approach to negotiations so that we can be assured of a reasonable process to finalize our agreement. If you are not requiring a separate contract please reconfirm that point and indicate if you will allow the City’s RFP to be the guiding document.

SST Benefits Consulting does not require a separate contract and will abide by the RFP as a guiding document.

- 3) **Conflict of Interest** – Please confirm your firm’s approach and stance regarding any real or potential conflicts of interest and the steps your firm takes to remain above reproach in this area.

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To prevent possible conflicts of interest, it is the policy of SST Benefits Consulting not to accept any material revenue or gifts from the public sector employee benefit marketplace providers. All consultants, agents, brokers and employees associated with SST Benefits Consulting are instructed to cover their own expenses. All employees are required to abide by the National Association of Government Defined Contribution Administrators (NAGDCA) Code of Ethics.

- 4) **Pricing** – You are encouraged to review the pricing submitted to ensure that the most competitive fees have been submitted. In addition to the lump sum fee that should include all services up to and including complete transition to selected plan provider. Also, provide fees for the annual support and maintenance to include one fee for the balance of the 08-09 fiscal year (after our April 30th cutover date) to include the months May and June, a second fee showing the annual fee for the 09-10 fiscal year and a third fee for the 10-11 fiscal year. If warranted, you might want to consider any possible reduction in the lump sum fee provided the City ends up selecting Great West, if indeed, your costs would reduce for transitioning with an incumbent provider.

As indicated in the finalist interviews with the Evaluation Committee conducted on September 10th, SST Benefits Consulting offers to reduce the Lump Sum Fee for the RFP through Implementation portion of the Scope of Services from \$49,900 to \$39,900. We recognize that transition utilizing the same provider will somewhat simplify the transition process and would be willing to reduce the Lump Sum Fee an additional 10% to \$35,900.

As indicated in the second paragraph of this letter, SST Benefits Consulting would like to offer on-going services in a modular format so the City of Tempe can select what services they want and with what frequency those services are provided.

- | | |
|--|--------------------|
| • Plan Investment Performance Review | \$7,500 per review |
| • Plan Vendor Performance Review | \$3,500 per review |
| • Attendance at City of Tempe Committee meetings | \$ 500 per meeting |
| ○ Includes: | |
| ▪ Legislative and Regulatory Update | |
| ▪ Fund "Watch List" Update | |
| ▪ Industry Trend | |
| ▪ Peer Group / Ancillary Information | |
| • Ad-Hoc Hourly Fee | \$ 250 per hour |

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An example of the above fee structure would be if the City of Tempe desired to have an annual review of investment performance, the fee would be \$7,500 each year.

We generally recommend a Vendor Performance review one year after transitioning to the new plan to assure that all commitments made during the RFP process have occurred and are within all contractual commitments, performance standards and guarantees. Therefore, the \$3,500 fee associated with this service would be budgeted into the 2010 contract year and performed in the spring of 2010. Assuming a good report, we would recommend providing this review every two years thereafter.

Assuming the Committee established a standing quarterly meeting, the annual fee for meeting attendance and providing the regulatory/legislative updates, Watch List review and industry trend information would be \$2,000 per year.

Given the above scenario, the budget for the following years would be:

• 08-09 Fiscal Year (after April 30, 2008)	-0-
○ No Quarterly meetings	
• 09-10 Fiscal Year	
○ Annual Fund Investment Review	\$7,500
○ Vendor Performance Review	\$3,500
○ Quarterly Meetings @ \$500 each	\$2,000
• 10-11 Fiscal Year	
○ Annual Fund Investment Review	\$7,500
○ Quarterly Meetings @ \$500 each	\$2,000

5) Education – Clarify your firm’s role regarding educational services. Discuss the type of education, volume and frequency of trainings, and who the targeted audience would be. Also, discuss what your firm’s expectation would be of the successful plan provider in the role they would play in providing educational services.

Also as indicated at the finalist interview, SST Benefits Consulting will provide a Defined Contribution University (DCU) as a part of the Scope of Services during the RFP process. We would like to limit the number of decision-maker participants (trustees, committee

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members and staff) to 25. This training is generally priced at \$3,500, however, we will include in the Lump Sum Fee.

We expect the successful respondent provider to take a lead role in the participant education sessions both during transition and then as an ongoing performance standard of the contract. We work collaboratively with the provider for the schedule development and the content of the transition meetings, and then work on an on-going basis with the City and the provider for continued participant education sessions.

Michael, we hope this helps to clarify the flexibility that we offer in our consulting services. As stated before, we encourage you to contact our existing clients to seek out their input on the services that we have provided the public sector defined contribution marketplace for well over a decade.

Let me know if you have any other questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Tugaw", written over a horizontal line.

Bill Tugaw
President



**SST
BENEFITS
CONSULTING
& INSURANCE
SERVICES, INC.**

California Lic. OC17931
Arizona Lic. 121236

August 6, 2008

Mr. Michael Greene, CPM
Central Services Administrator
City of Tempe
20 E. Sixth Street, 2nd Floor
Tempe, AZ 85281

**RE: Financial Consulting Services for 401(k) & 457(b) Plans
RFP #09-022**

Dear Mr. Greene:

The following is our response to your request for consulting services for the City of Tempe. On behalf of SST Benefits Consulting, I commit to our willingness and ability to perform the services contained in this proposal. The attached proposal complies with all the requirements and qualifications established by City of Tempe.

We bring an unparalleled public sector focus to deferred compensation strategies. Our team includes:

Chuck Sklader, RIA, Senior Consultant, manages our investment department team and is the lead consultant and primary contact for the City of Tempe. He is a Registered Investment Advisor and has over thirty five years of experience with retirement plans, particularly public sector defined contribution plans. His office is in Scottsdale, Arizona.

Bill Tugaw, is the President of SST Benefits Consulting with over 30 years of public sector defined contribution consulting experience. Mr. Tugaw's focus is to assist clients with designing and implementing the most competitive defined contribution plans for plan sponsors and their participants.

Paul Hackleman, Senior Consultant, is the former Plan Administrator of San Mateo County, California's Deferred Compensation Plan (\$250 million), an elected trustee with San Mateo's defined benefit plan (SamCERA) and co-author, with me, of two books on public sector defined contribution strategies. Paul has been consulting in the public sector since 1995. Paul's work in employee benefits (both as a practitioner and consultant) earned him *Business Insurance's* selection as the 2006 Benefits Manager of the Year.

Mr. Michael Greene, CPM
Central Services Administrator
City of Tempe
August 6, 2008
Page 2

This partnership brings together more than 80 years of combined experience as plan sponsors and industry consultants. Since 1995 SST has provided investment analysis and consulting services for combined plans with assets exceeding \$3 billion.

We strongly believe you will find no better combination of personnel, with both strategic and operational knowledge, to provide precisely the kinds of insights you are seeking regarding the choices available to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Tugaw", with a stylized flourish underneath.

Bill Tugaw
President

BT:rt
enclosures

Vendor's Proposal Offer

It is REQUIRED that Proposal Offeror COMPLETE, SIGN and SUBMIT the original of this form to the City Procurement Office with the proposal response offer. An unsigned "Vendor's Proposal Offer", late proposal and/or a materially incomplete response will be considered non-responsive and rejected.

Proposal offeror is to type or legibly write in all ink information required below.

Proposal Offeror's Company Name	<u>SST Benefits Consulting & Insurance Services, Inc.</u>
Company Mailing Address	<u>4966 El Camino Real, Suite 200 - Los Altos, CA 94022</u>
Company Street Address	<u>4966 El Camino Real, Suite 200 - Los Altos, CA 94022</u>
Proposal Offeror Contact	<u>Bill Tugaw</u> Title <u>President</u>
Contact's Phone No.	<u>(800) 345-1118</u> Email Address <u>billtugaw@sstbenefits.com</u>
<u>Proposal Offeror's Company Tax Information:</u>	
Arizona Transaction Privilege (Sales) Tax No.	<u>N/A</u> or
Arizona Use Tax No.	<u>Use Tax is not applicable</u>
Federal I.D. No.	<u>77-0465974</u>
City & State Sales Tax is Paid	<u>Use Tax is not applicable</u>

THIS PROPOSAL IS OFFERED BY

Authorized Proposal Offeror (Type or Print in ink) Bill Tugaw

Proposal Offeror's Title (Type or Print in ink) President

Date August 6, 2008

REQUIRED SIGNATURE OF AUTHORIZED PROPOSAL OFFEROR (Must Sign in ink)

By signing this Proposal Offer, Offeror acknowledges acceptance of all terms and conditions contained herein and that prices offered were independently developed without consultation with any offeror or potential offeror. Failure to sign and return with proposal will result in a non-responsive proposal.


Signature of Authorized Proposal Offeror

August 6, 2008
Date

PROPOSAL REQUIREMENTS

Proposal Requirements

Please provide the following information with the proposal which will be used during the evaluation process. All information requested should be submitted in an orderly and consistent fashion as shown below. Failure to submit the information noted below could result in the rejection of the offer as non-responsive or the downgrading of the offer. One original and nine copies (total of 10 sets) will be provided with the original clearly marked on the front cover.

1. Description of firm - Provide a brief description of the firm including the name and location(s) of firm, number of years under present organization, number of years offering financial advisory services, the geographic reach of your business operation, total number of current employees, and type of organization (partnership, role, proprietorship, or corporation);

SST Benefits Consulting and Insurance Services, Inc.

Main Office:

4966 El Camino Real, Suite 200, Los Altos, CA 94022
800-345-1118 Telephone
650-940-1583 Fax

Local Office:

8260 E. Raintree Drive
Scottsdale, AZ 85260
480-991-8588 Telephone
480-998-4366 Fax

SST was originally formed in 1982 and incorporated in 1997 by Bill Tugaw, President, as a Subchapter "S" corporation. Since 1995 SST and partnering consultants have provided investment analysis and consulting services for combined plans with assets exceeding \$3 billion. We bring an unparalleled public sector focus to deferred compensation strategies.

2. General Experience Background – Detail the firm's experience in providing financial consulting services for similar deferred compensation plans. It is preferred that the Contractor have experience both in both 401k and 457b plans. Indicate the total number of clients currently being served;

Chuck Sklader, RIA, Bill Tugaw and Paul Hackleman are the primary consultants dedicated to the City of Tempe's account. As is evident by our resumes, we have extensive experience in working with public entities. The SST Benefits Consulting team has significant strategic talent, as well as operational knowledge of defined contribution plans. Each of our team members is heavily involved in the developing improvements of 457, 401(k) and 401(a) regulations and their ultimate improvement of retirement goals

for plan participants. We have been through this process many times and have detailed implementation strategies in place. SST Benefits Consulting currently provides 457(b) and 401(k) services to 15 public entities.

3. **Conflict of Interest** – Describe how your firm maintains independence in the industry and identify if there are any known conflicts of interest that might impact the firm's ability to fairly and impartially represent the City. Identify if any key personnel own investments with any potential plan providers, have relatives who work with any potential plan providers, etc.

To prevent possible conflicts of interest, it is the policy of SST Benefits Consulting not to accept any undisclosed revenue or gifts from the public sector employee benefit marketplace providers. All consultants, agents, brokers and employees associated with SST Benefits Consulting are instructed to cover their own expenses. We do not invest with any potential plan providers and there are no relatives who work for them.

4. **Key Personnel** - Identify the key personnel who will be assigned to this project. Provide resumes and outline their role in this project. Identify education, certifications, licenses, and professional affiliations of key personnel including background on their prior experience providing deferred compensation consulting services.

Our team includes **Chuck Sklader** (left), a retirement professional with over 32 years experience; **Bill Tugaw** (middle), with more than 25 years experience in public sector retirement plan advise and consulting; and, **Paul Hackleman** (right), former Benefits Manager for the County of San Mateo, California.

The team is well equipped to perform all requirements of this RFP. Our strength is our diverse backgrounds of our members as plan sponsors and industry consultants. All team members will be involved in every aspect of this project with the lead role being assigned to Chuck Sklader. He will also serve as your primary contact.



Chuck Sklader, RIA, Lead Consultant

Chuck is the Registered Investment Advisor (RIA) for RFPs and ongoing investment analysis with SST Benefits Consulting. Chuck manages a staff of five to support the investment activities. Chuck's experience includes selecting and analyzing mutual funds, discussing mutual fund performance directly with the fund's investment manager and analyzing fixed income products to determine if proposed interest rates can be supported by the underlying investments.

After 32 years of employment with a major provider of tax advantaged plans Chuck joined SST Benefits Consulting in 2001. He has significant experience with both bundled and unbundled defined contribution plans and he managed the transition from a bundled to an unbundled plan for a state plan, as well as the ongoing responsibilities for the third party administrator.

In Chuck's previous position he was responsible for case acquisition, the implementation and ongoing service of retirement plans, both qualified and nonqualified retirement plans, as well as ancillary sales of investments and financial products. He was accountable for hiring, training and managing the distribution system to support his territory, Southern California, Arizona, Southern Nevada and New Mexico. While working for the East Coast based provider he had significant involvement in establishing in Phoenix the first customer service department located outside of their Home Office.

Chuck has used his knowledge to manage the implementation of new providers with our clients. As an RIA he has been particularly helpful in coordinating the investment mapping process and providing investment analysis and recommendations on both the mutual funds as well as stable value accounts.

Chuck is a graduate of Winona State University, Winona Minnesota. He has completed the Financial Industry Regulatory Agency (FINRA) series 6, 7, 24, 26, 63, and 65 exams and holds all necessary state licenses.

Bill Tugaw, President, Senior Consultant

Bill is the President and CEO of SST Benefits Consulting of Los Altos, California. He has over thirty years of diversified financial services experience and is currently licensed for life, health, property/casualty, and variable annuities maintaining a Series 6 license with the Financial Industry Regulatory Agency (FINRA).

As an employee benefit plan consultant, Bill serves primarily large employers in both public and private sectors specializing in alternative financing and managed care of benefit plans, post employment health plans (VEBA, §115 Integral Part Trusts, Health Savings Accounts, etc.) and §457(b) Deferred Compensation, §403(b), §401(k) and §401(a) Defined Contribution plan consulting.

Bill is a faculty instructor for the International Foundation of Employee Benefit Plans (IFEBP) Certificate of Achievement in Public Plan Policy (CAPP) in Employer Strategies and Options. He is a co-trainer at 457 University and Defined Contribution University (DCU) which provides comprehensive information to public employers /plan sponsors to assure compliance and to develop plans for repositioning the defined contribution benefit in retirement strategies. He also lectures on employee benefits, post employment health plan options, automated Requests for Disclosure (RFDs) and Request for Proposals (RFPs). Bill is a co-trainer of the IFEBP newly designed two-day Certificate Series program on Public Sector Defined Contribution Plans.

Active in industry professionalism, education and legislation, he is the Past President of the California Association of Health Underwriters (CAHU), Past President of the Silicon Valley Association of Health Underwriters (SVAHU) and founding director of the CAHU Charitable Community Foundation. He was honored as a member in the 2005-2006 Edition of National Register's Who's Who in Executives and Professionals. Bill is a graduate of Arizona State University with a Bachelor of Science degree in Business.

Bill is co-author of *Deferred Compensation / Defined Contribution: New Rules / New Game for Public and Private Plans* published in June, 2001 and *Defined Contribution Decisions: The Education Challenge* published in March, 2004.

Paul Hackleman, Senior Consultant

Paul Hackleman is the former Benefits Manager for San Mateo County, California and a consultant with I.C. Benefits Consulting and SST Benefit Consulting with 26 years of employee benefit experience. In San Mateo County, he managed the County's full array of employee benefits covering health, dental, vision, life, defined contribution, STD, Work-Life Programs and Risk Reduction Programs. Paul oversaw the County's onsite child care center. As a certified mediator, he managed the County's Mediation Program. He also designed and implemented the County's Homebuyers and Tuition Coach Programs. Paul was an elected Board trustee with the San Mateo County Employees Retirement Association (SamCERA).

Paul consults with public sector employers on benefit strategic planning, contracting strategies, GASB and retiree health strategies and automating benefit Request for Proposal (RFP) processes to reduce cost and improve outcomes through improved services. Paul is a co-trainer at 457University and DCU (Defined Contribution University) which provides comprehensive information to public employers to assure compliance and to develop plans for repositioning the defined contribution benefit in retirement strategies.

For his County and consulting activities, Paul was honored as the 2006 Benefit Manager of the Year by *Business Insurance*.

Paul is a former voting Director with the International Foundation of Employee Benefit Plan's Board of Directors and former Chair of the Foundation's Public Employees Board. Paul is a faculty member of the Foundation's CAPPP (Certificate of Achievement in Public Plan Policy - Health), American Federation of Teachers Negotiators Health Program and Benefits Certificate Program - Public Sector Defined Contribution Plans. He is also a former faculty member for the Canadian ATMS (Advanced Trustee Management Standards - Pension) program.

In addition to numerous published articles in a variety of professional journals, Paul is the co-author of three books: *Public Employee Benefits: From Inquiry to Strategy* published in May, 2000; *Deferred Compensation / Defined Contribution: New Rules / New Game for Public and Private Plans* published in June, 2001 and *Defined Contribution Decisions: The Education Challenge* published in March, 2004.

Paul has a Master's degree in European Intellectual History from the University of Chicago, and a Bachelor's degree in Political Science and History from Callison College, University of the Pacific. He also completed International Studies at Bangalore University in India. He is a frequent speaker at national conferences on strategic planning and employee benefits. He is a past professor at Orinda's John F. Kennedy Graduate School in employee benefits.

5. References – List at least three (3) government/corporate client references including the organization, contact person, telephone number, length of engagement, estimate of the number of employees participants, total value of plan assets, and provide a brief scope of services performed and identification of type of plans (401k and 457b). Public sector municipal accounts are preferred.

Name of Client: County of San Bernardino
Name of Contact: Margaret Smith, Chief, Employee Benefits Division
Telephone Number: (909) 387-5664
Project Description: Provided consulting and decision-maker training (Defined Contribution University) and RFP for replacement of four 457(b) plans, a 457(f) plan and a 401(k) plan. Established an Investment Policy. Provided plan document update with EGTRRA compliance. Negotiated an administrative reimbursement to defray the cost of administering the plan. Completed an RFP process in 2008. Currently providing ongoing quarterly investment performance reviews and annual vendor performance reviews.

Number of Participants: 10,500
Approx Asset Size: \$500 million

Name of Client: City and County of Honolulu
Name of Contact: Michael Golojuch, Administrative Services Officer
Telephone Number: (808) 768-3908
Project Description: In 2005 we developed an Investment Policy, analyzed investment performance, held a 457 University and conducted a vendor performance assessment. Completed an RFP process in 2007. Contracted to provide semi-annual investment performance reviews, annual vendor performance reviews and a comprehensive compliance audit.

Number of Participants: 4,500
Approx Asset Size: \$450 million

Name of Client: **City of San Jose**
Name of Contact: Jeanne Groen, Benefits Manager
Telephone Number: (408) 975-1428
Project Description: Consulting and RFP in 1997-98 with multiple providers. Renegotiated with existing providers in 2003 and transitioned to a sole provider in 2006. Contracted to provide annual investment performance reviews and annual vendor performance reviews.
Number of Participants: 7,350
Approx Asset Size: **\$550 million**

6. Method of Approach – Provide description of the proposed method of approach in performing services. This should include a point by point response to the stated scope of work herein. It should also include a summary stated by the firm supporting their understanding and approach to working with the City to successfully perform the identified scope of work in assisting the City procure and administer the new 401 and 457 deferred compensation plans. This section shall include answers to the following specific questions:

a) How does your firm track and communicate industry trends to clients?

We have a number of ways that we track industry trends and legislative progress in the defined contribution marketplace. Our primary source of information comes from membership in the National Association of Government Defined Contribution Administrators (NAGDCA) and the International Foundation of Employee Benefit Plans (IFEBP) and their legislative committees. We also monitor communication from all of the major public sector defined contribution providers. Further to using NAGDCA, IFEBP and plan providers, we monitor periodicals including the *Defined Contribution News* and *Business Insurance* as well as bulletins from Milliman Consulting.

Depending upon the nature of the legislative activity, we may contact our clients directly if time is of the essence. Most of our clients have either monthly or quarterly committee meetings. At each of these committee meetings we provide updates including proposed federal and state legislation, the sponsor of the bill, what kind of support the bill will likely have, the status of the legislation and if there are any companion bills. Our legislative update is usually supported by a legislative analysis from one of several sources including NAGDCA, IFEBP, information generated by the specific plan provider(s), or the actual bill summary.

We also update legislative activities with attendees at our 457 and Defined Contribution University and publish a quarterly newsletter "News and Views". A copy of the Spring 2008 edition is included in the "Exhibits" tab of this binder.

- b) Describe your success in negotiating with plan providers to lower costs.

County of Multnomah, Oregon

We renegotiated the current plan investment line-up and fee structure with the existing providers, ING and Hartford. Based upon the County's Investment Policy, we orchestrated a more balanced fund line-up with extremely competitive mutual funds offered by both providers. Net results were: (1) an improved investment line-up, (2) an average reduction of fund expenses of 28%, (3) elimination of \$130,000 contingent deferred sales charges, (4) savings to participants of approximately \$199,000 annually, and, (5) an estimated \$1.35 million savings to participants over the five year contract period. In addition to the improved financial advantages, we (1) negotiated free financial planning estimated at \$500 per participant, (2) obtained free PERS counseling and application to PERS, (3) scheduled regular on-site availability of provider representatives, (4) increased and expanded provider education, (5) established investment advice both on-line and in person, and, (6) increased frequency of one-on-one participant meetings with provider representatives.

County of San Bernardino

Through an RFP process, we merged four different 457 plans, one 401(k) plan and one 401(a) plan into separate plans with identical investment options. This reduced the mutual fund offerings from in excess of 200 mutual funds to 23 total funds available in the 457, 401(k) and 401(a) plans. One investment policy was developed for all of the defined contribution plans making the fiduciary and due diligence responsibilities manageable. The gains that were negotiated translated to (1) an elimination of the annual administration fees paid by participants in the amount of \$219,400, (2) average reduction in fees and charges of 15 basis points, translating to \$225,000 annually, (3) an estimated \$2.7 million savings to participants over the five year contract period, and (4) an administrative reimbursement of \$437,000 annually. In addition to the financial gains achieved, the service and communication improvements include: (1) simplified plan administration, (2) improved participant communication, (3) free investment advice services, (4) improved decision-maker and participant education, and (5) exercising fulfillment of plan due diligence.

City and County of Honolulu

Through an initial renegotiation process in 2005, we significantly improved the City and County's 457 plan investment portfolio. Subsequently in 2007 we consulted on a full market review RFP process. We improved the 457 plan strengthened the investment portfolio again, improved employee communication and education through performance standards / guarantees and, ultimately assisted the City and County with obtaining a \$160,000 annual administrative reimbursement in exchange for a four year contract commitment with the provider. After appropriate expenses are paid to the City and

County for the operation of this plan, the balance remaining from the administrative reimbursement, if any, will be reallocated to plan participants.

- c) Describe how your firm selects, monitors, and reports on provider performance.

We monitor provider performance generally in the year following either an RFP or a contract renegotiation with the plan sponsor by referring back to all of the contractual and measurable commitments made by the provider(s) during contract negotiations. In each case, we provide a questionnaire that specifically addresses each of the areas the provider(s) committed and ask the provider(s) to confirm that they either met or exceeded the specified performance standard. In the event contract standards have not been met, financial penalties based upon the contract guarantee are triggered and steps are taken to correct the standard.

In monitoring investment performance, we utilize a number of resources to monitor and report provider performance including Wilshire Compass, Wall Street Journal Online, FundAlarm and software such as MorningStar Workstation and Principia Pro. Both MorningStar Principia Pro and Workstation data bases contain very detailed and comprehensive information on the universe of mutual funds. The tracking tools and client reporting have been developed by us and can be customized. The design of these tools is specific to integrate with our client's investment policy and then easily identified if the individual fund does not achieve the stated benchmark/ measurement. For instance, the one, three and five year rates of return differential from the established benchmark will be color coded "green" if the fund meets or exceeds the benchmark and will be colored "red" if the fund fails to meet the guidelines

We provide quarterly, semi-annual or annual Fund Reviews including:

Market Overview

Executive Summary

- Rate of Return
- Portfolio Statistics
- Asset Allocation
- Expense

Portfolio

- 457 Asset Composition
- 457 Portfolio Detail
- 457 Stock Overlay

Investment Detail

- Glossary
- Fund Detail

d) How does the firm certify expenses and benefit plans?

SST identifies fees by requesting an Expense Worksheet from the Provider, which includes 12b-1 fees and other associated fees. We verify the expenses gathered from the Provider to those of the funds and also to a peer average with information obtained by Morningstar®. If there are discrepancies we have a dialogue with the Provider to determine the cause or to receive an explanation.

7. Provide an estimate of completion schedule for this project in a timeline format based on an anticipated award dated September 11, 2008. The current deferred compensation provider contract is effective through December 31, 2008. List deliverables for each stage of the project.

While we are aware that the City's current contracts with your 401(k) and 457(b) plan providers are expiring on December 31, 2008, we would propose an alternate timeline to assure the best outcomes for the City and plan participants. Certain timelines of an RFP process should not be rushed. Critical deliverables include: (1) allowing RFP respondents adequate time to provide a thoughtful and competitive response; (2) allowing adequate time for a smooth transition from your current providers to prevailing providers (even if your current providers prevail, there will be a significant transition); and (3) allowing adequate time for stakeholders to be made aware of the process and procedures for obtaining input for committee and City consideration.

Your current providers, Great West and Security Benefit, will most likely agree to a month-to-month extension of the existing contracts. If awarded this contract, we would assist with the extension agreements from these providers.

We propose the following general timetable:

Initial Meeting	September 12, 2008
Finalize / Distribute RFD	September 15, 2008
Receipt of RFD Responses	October 6, 2008
Analysis of RFD / Finalize RFP	October 15, 2008
Distribute RFP	October 20, 2008
Receipt of RFP Responses	November 20, 2008
Analysis of RFP Responses / Selection of Finalists	December 5, 2008
Notification to Respondents of Finalists	December 8, 2008
Review Secondary Criteria / Develop Finalist Questions	December 12, 2008
Distribute Questions to Finalists	December 17, 2008
Receipt of Finalist Response to Questions	January 6, 2009
Finalist Interviews	January 9, 2009
Recommendation to Committee	January 12, 2009
Recommendation to Board of Supervisors	January 20, 2009
Transition Start Date	January 21, 2009
Implementation on or about	May 1, 2009

8. Provide a list of requirements or services that offeror will expect to be provided by the City if awarded a contract.

The requirements and services expected from the City include:

- Finalize the consulting contract.
- Schedule in advance face-to-face date commitments as indicated by the "bold" key deliverables in Question #7 above.
- Edit and distribute participant communication throughout the RFP process from draft documents provided to the City by SST Benefits Consulting. There are usually four (4) participant communications that we recommend at certain milestones of the process. These include:
 - Distribution of the provider RFP
 - Selection of finalists
 - Recommendation to the City by the Committee
 - Prevailing provider(s) decision by the City
- Legal and Purchasing review of documents

9. Provide a clear statement of understanding that the firm agrees to the terms, conditions, and scope of work identified in the RFP. If the firm is taking exceptions to any part of the RFP then it will be the firm's responsibility to clearly explain these exceptions. The City prefers to use the terms and conditions of this RFP as the basis of any resultant contract. If the offering firm requires that a separate agreement be signed by the City then that agreement must be included with the proposal.

SST Benefits Consulting agrees to the terms, conditions, and scope of work identified in the RFP. The only modification that we would recommend is the extension of the existing provider contracts to allow for the time necessary to perform this task.

10. Submit a completed and signed Vendor's Proposal Offer form.

The Vendor's Proposal Offer Form is included in Tab 2 of this binder.

11. Complete and return the enclosed Pricing Schedule.

The Pricing Schedule is included in Tab 4 of this binder.

12. Any additional information that will demonstrate the skills and competency of offering firm may be submitted.

We believe that there are a number of things that differentiate SST Benefits Consulting from other firms as stated in our philosophy.

SST Benefits Consulting Services - Our Philosophy

- **We listen** – We seek to understand not only the dynamics of your 401(k) Plan and 457(b) Plan but also the similarities and differences of the City of Tempe Plan, including demographics, services desired and those provided currently by vendors as well as investment style, strength of investments and expenses, with other 401(k) Plans and 457(b) Plans.
- **Education** – We promote education of the participants and the decision makers.
- **Profitability** – We expect the vendor(s) to make a reasonable profit that we can identify. Without a reasonable profit the participants will not receive the service, best of class investments, features that we can negotiate on their behalf and investment and Plan education.
- **Service** – The recordkeeper / vendor must be held accountable for promises and commitments through contracted performance standards that contain monetary penalties.
- **We are not predisposed to a specific direction.** Rather, we allow the **Process** to provide the direction.
- **Best practices** – We offer guidance and solutions based on best practices and current market conditions and identifiable future regulatory and market changes.
- **Fiduciary Responsibilities** – We identify the employer's fiduciary responsibilities and provide the direction to best meet those responsibilities.
- **Participant benefit** – We believe that the key to all Plan decisions is ultimately what is in the best interest of the participants.

SCOPE OF SERVICES

Scope of Services Financial Consulting Services for 401(k) & 457(b) Plans

I. PURPOSE AND BACKGROUND

- 1.1 The purpose of this Request for Proposal (RFP) is to establish a contract with a qualified firm to provide financial advisory consulting services related to 1) plan review/update, 2) RFP development, 3) evaluation and selection of plan providers, and possibly 4) on-going consulting/administration of the City's 401(k) and 457(b) deferred compensation plans.
- 1.2 The City of Tempe encompasses over 40 square miles and is home to Arizona State University and Tempe Town Lake. The City employs 1,850 full time employees. The City's operating budget for fiscal year 08/09 is approximately \$400 million. Employees actively participate in deferred compensation programs including 1,266 employees enrolled in the 401(k) program and 1,100 employees enrolled in 457(b) program.
- 1.3 The City will contract with a qualified financial consultant who will assume a fiduciary role in performing the required services of this RFP. The awarded firm will be free of any conflicts of interest and will not be aligned with any specific deferred compensation provider(s). Any firm selected for this award will not be permitted to submit a proposal for the upcoming RFP that will solicit actual plan providers.

SST Benefits Consulting agrees with the City of Tempe's Purpose and Background.

2. GENERAL REQUIREMENTS

- 2.1 The Contractor shall assist the City in its objective to fully comply with any controlling regulations, minimize any new or unforeseen risks created by new regulations consistent with regulatory compliances, provide a review and update the City's existing plan design, draft and evaluate an RFP, and recommend an award to a qualified provider(s) that will improve overall retirement benefit options available to employees of the City.
- 2.2 The Contractor shall fully cooperate with the City personnel, established procedures, and the procurement ordinance.
- 2.3 The Contractor guarantees to use sound principles and practices in the performance of the work and apply to the work that degree of skill, care, and judgment necessary to assure that the work shall be of the highest quality and in compliance with all laws and regulations governing this area.

- 2.4 The Contractor shall furnish qualified personnel, products, equipment, supplies, and services to perform the services in accordance with the provisions and requirements specified herein.

SST Benefits Consulting agrees with the City of Tempe's General Requirements.

3. SPECIFIC REQUIREMENTS

- 3.1 The Contractor shall provide appropriate training on regulations governing this area and ensure understanding of these regulations and its implications and responsibilities imposed upon the City.

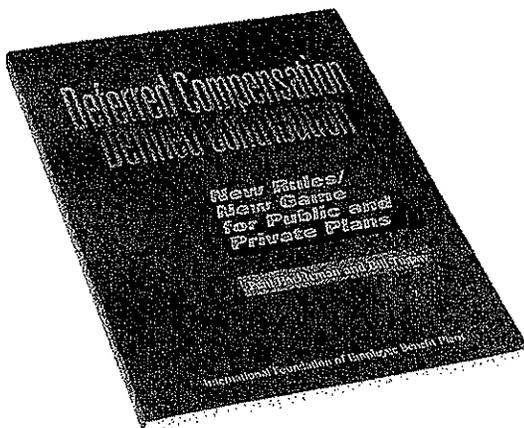
EDUCATION

Our knowledge of IRS code sections 457 and 401 is demonstrated to our clients not only on an as needed basis, but also through our 457 / Defined Contribution University, a six hour educational program for fiduciaries and stakeholders. Education must become the cornerstone of defined contribution plan management. Decision-makers require education to meet their new fiduciary responsibilities. Plan participants require education to be better informed of their investment selection decisions.



The commitment to education is not a single event. It is an ongoing responsibility that demands a thoughtful and comprehensive commitment. We provide unparalleled education to employers in their decision-making roles. We bind providers to educational requirements for decision-makers and plan participants through explicit performance standards and financial guarantees.

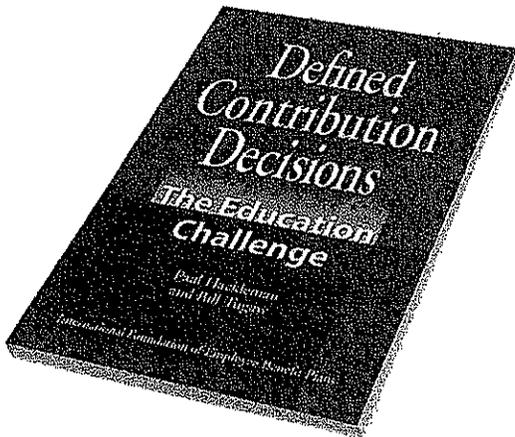
Since 1999, we have conducted ongoing half-day and full day educational workshops for decision-making and administrative personnel. These programs cover *457 University* for those employers who offer 457 Plan benefits only and *Defined Contribution University* for those employers who offer multiple defined contribution plans. Both workshops summarize new legal and legislative requirements, changing fiduciary responsibilities and "best practices" employer strategies. While we offer these sessions independently of consulting services, we advocate their customized inclusion in the menu of services we provide to clients.



Participants in these sessions have included policy-makers, senior and mid-level managers, legal counsel and support staff.

PUBLICATIONS

Bill Tugaw and Paul Hackleman have also published two books, entitled *Deferred Compensation / Defined Contribution: New Rules / New Game for Public and Private Plans* (2001) and *Defined Contribution*



Decisions: The Education Challenge (2004). Both books offer public sector employers practical workplace information and strategies for addressing their changing fiduciary and service responsibilities.

EMPLOYER STRATEGIES

Conducting workshops and writing books represent a tangible commitment to public sector organizations. But, they are only part of the story. Two characteristics distinguish our educational services.

1. We provide “hands on” assistance to clients. We craft and provide sample communication plans to other decision-makers and to employees and retirees. We conduct educational workshops as requested. We assure that employer and provider communication are coordinated throughout the process, from selection through implementation.

2. We disclose the internal criteria and processes by which decision-making occurs. Why? Decision-making processes should not be mysterious. Because fiduciaries cannot fully delegate their decision-making responsibility, it is critical that they understand the basis for decisions. We have long accepted the adage that if you “give individuals a fish, you feed them once...teach them to fish and they can feed themselves forever”.

We incorporate educational objectives in the services solicited from providers. We define employer-specific education performance standards and guarantees to assure that both decision-makers and plan participants receive the ongoing educational commitments they deserve. We secure investment advice services, often at no cost to either the plan or the participant, to assure that each investor has up-to-date information tailored to their specific retirement objectives and risk tolerance. We anchor these commitments to contractual guarantees.

3.2 The Contractor shall review and update current plan documents including all material terms and conditions, including:

3.2.1 All compliance requirements under IRC §401(k) and 457 (b)

3.2.2 Eligibility rules

3.2.3 Allocation of responsibilities of all parties

3.2.4 Any and all optional provisions (such as loans, hardships withdrawals, contract exchange, etc).

One of the features of our RFP process is to have the prevailing provider(s) to agree to performance standards and guarantees that include the requirement to keep all of the City’s

documents and rules compliant with current laws and regulations as well as future required changes. We review and recommend completed documents and procedures with the City.

The Internal Revenue Service (IRS) has recently notified public employers through forums like NAGDCA, that it intends to audit public plans. The IRS has specifically identified eligibility requirements, adherence to annual maximums, appropriate standards for determining catch-up, adherence to hardship and loan requests and Domestic Relations Orders. Additionally, the IRS has indicated they wish to scrutinize decision-making meeting minutes to assure that decisions are made for reasons that reflect due diligence and compliance with legislative and regulatory mandates. SST Benefits Consulting will provide an external audit of the functions likely to be examined by the IRS for plan sponsor compliance. Specifically this component will examine:

1. Decision-maker policies regarding actions / decisions that impact plan compliance and governance.
2. Hardship procedures (whether administered internally or externally) and adherence to IRS guidelines regarding the appropriate basis for approvals.
3. Administration of loans, domestic relations orders and catch up provisions.
4. Establishment of internal controls regarding eligibility (initial participant contributions), adherence to annual maximums.
5. Recommendations that may bring the employer into a stronger position relative to potential future audits.

- 3.3 The Contractor shall assist with communication to employees on transfers from old providers to new providers.

The RFP process discussed in Section 3.9 addresses the ongoing communication with employees during the transfer from old provider(s) to new provider(s).

- 3.4 The Contractor shall assist in the coordination of responsibilities of the City and the provider(s).

The RFP process discussed in Section 3.9 discusses SST Benefits Consulting role in coordinating the responsibilities of the Consultants, the City and provider(s).

- 3.5 The Contractor shall keep the City informed of any applicable changes in the law and regulations.

We stay current on legal and legislative issues thorough membership with associations like the National Association of Government Defined Contribution Plan (NAGDCA) and the

International foundation of Employee Benefit Plans (IFEBC). Our consultants are nationally recognized speakers, educators and writers involving legislative topics related to public

employer retirement plans. We also issue a quarterly e-newsletter, *News & Views*, to clients about related topics. A legislative update would be provided at each Committee meeting.

- 3.6 The Contractor shall propose one or more platform designs that will accomplish objective of the City, namely regulatory compliance, minimizing risk to the City, clarity of product and process, and improving the supplemental retirement saving options of City employees.

This requirement would be fulfilled in our RFP process which is discussed in detail later in this document. Please refer to Section 3.9.

- 3.7 The Contractor shall work with the City to determine the types of investments that should be offered (i.e. which asset classes should be represented and which mutual funds, fixed annuities, stable value funds and other potential investments), which administrative service must be supported by awarded plan providers (s) (i.e. investment advice, education, ect.) and what level of personal service should be made available to participants.

This requirement would be fulfilled in our RFP process which is discussed in detail later in this document. Please refer to Section 3.9.

- 3.8 The platform proposed by the Contractor shall be discussed with the City for selection purposes. The platform shall include 401(k) plan and a 457(b) plan. Also, the Contractor shall advise the City platform that will be in its own best interest. That is whether the plan will be bid as bundled (the investment provider will also provide administrative services) or unbundled (separate providers for investment and administrative services).

This requirement would be fulfilled in our RFP process which is discussed in detail later in this document. Please refer to Section 3.9.

- 3.9 After the Contractor provides training and helps review and update the existing written plan, the RFP shall be developed. The Contractor shall draft the RFP under the direction of the City and in strict compliance with the City's procurement ordinance. The RFP shall include, but not be limited to the following:

3.9.1 Details as to exact City requirements and legal requirements.

3.9.2 Complete information necessary for offerors to furnish meaningful pricing.

3.9.3 Information concerning administration services offered and other item offered for proper analysis.

3.9.4 Any other pertinent information that would assist the City in the fair evaluation of the proposals.

SST begins an RFP process with your current plan provider(s) with a complete understanding of the plans that are currently in force. This procedure begins with a Request for Disclosure (RFD) as follows:

REQUEST FOR DISCLOSURE

Analysis of Current Plan

This component provides a retrospective review and analysis of your current providers. This process will identify where current assets and participants are concentrated. This component includes:

1. Determination of existing participation, asset holdings and balances,
2. Review of historical rates of return and investment performance as compared against predetermined benchmark indices and "net to participant" accumulated investment return analysis,
3. Determination of existing investment fund objectives, standard industry risk analysis and ratings,
4. Disclosure of current fees, charges and expenses associated with each investment option,
5. Specific determination of any potential deferred sales charges, surrender charges, market value adjustments or fund liquidation charges,
6. Review of stable value / fixed interest account to determine encumbrances at the participant or the Plan levels, and
7. Review of existing contracts, reports and services offered.

Analysis of Current Plan / Development of Objectives

This component includes meeting with the Deferred Compensation decision-making body to:

1. Summarize key strengths / weaknesses of the current plan both in terms of investment returns and administrative services,
2. Develop critical objectives upon which proposals will be evaluated,
3. Identify key asset classes and categories to emphasize with prospective respondents (e.g. funds covering the largest number of plan participants or greatest amount of assets). These funds are identified through the Request for Disclosure analysis,

4. Develop pertinent questions to obtain the best interest rate for the assets currently in the fixed interest account. Questions will be designed to have providers articulate the strength and support of the fixed interest account and the rate, as well as highlight any proposals with encumbrances for the participant and or the Plan, and
5. Finalize data requirements provided by both the City and the current administrator to prospective respondents.

REQUEST FOR PROPOSAL

Development of RFP Objectives

This component includes meetings with the City of San Mateo and any identified decision makers / stakeholders to:

1. **Summarize key strengths / weaknesses** of the current 457 plan(s), both in terms of investment returns and administrative services,
2. **Develop critical objectives** upon which proposals will be evaluated,
3. **Develop Standards of Performance** for respondents. These will be the contractual measurements upon which performance will be evaluated,
4. **Identify asset categories** to emphasize with prospective respondents (e.g. categories covering the largest number of plan participants and/or greatest amount of assets), and
5. **Finalize data requirements** to prospective respondents.

Develop Automated RFP

This component includes the automated Defined Contribution RFP. This automated system reduces time and costs, facilitates evaluation of the detailed information contained in proposals and provides an outcome specifically aligned with the City's objectives. The Automated RFP includes the following key components:

1. **Submission requirements** are the basis of eligibility for consideration. This can include proposal guarantees for fees, length of contract, legal parameters and other basic requirements respondents must meet in order to be considered.
2. **Primary criteria** are the basis for selecting finalists. These criteria include fund options and diversity, fund performance standards (key funds, other funds) and all administrative and fund fees, record-keeping services and educational responsibilities.

3. **Secondary criteria** are solicited from all respondents but reviewed only for those respondents who are selected as finalists. These criteria include customer service, information and reporting services, transition services, legal requirements, exit services, general service standards and guarantees.
4. Develop **Performance Standards** respondents must agree to and that will become part of the contract.
5. **References** for those respondents who are considered finalists. Although SST Benefits Consulting can provide reference-checking services we recommend that the City assume responsibility for this task. We do provide a list of questions to ask the references.

Customize RFP

The defined contribution decision makers review the automated RFP and suggest changes to consultants to incorporate the City's objectives and preferences. This component includes:

1. **Modifying the RFP** to include the City's recommended changes,
2. **Working with legal counsel** to assure compliance with internal policies and procedures,
3. **Identifying list of potential respondents** which can be augmented by the City, and
4. **Distribution of RFP** to identified respondents.

Evaluate / Analyze Proposals - Primary Criteria

This component includes the use of the Automated RFP to:

1. **Rank investment returns, risk and expenses on mutual funds and the stable value funds** for all respondents in writing,
2. **Rank investment administrative charges and expenses** in writing for all respondents,
3. **Evaluate and Rank the transition, branding and education plans** for both the participants and decision makers,
4. **Discuss and summarize strengths and weaknesses of primary criteria,**
5. **Recommend top 2-4 finalists** based on primary criteria and the strength of key funds as identified by consultants and the City, and

6. **Develop questions** related to investment and administrative issues in each response for use in finalist interviews.

Evaluate / Analyze Proposals - Secondary Criteria

This component includes the use of the Automated RFP to evaluate secondary criteria for the finalists. This component includes:

1. **Executive summary of secondary criteria strengths and weaknesses** for each of the finalists,
2. **Questions and issues to be discussed with each finalist** to clarify their proposal and improve weaknesses, and
3. **Specific issues in primary and secondary criteria** that should be incorporated into reference checking.

Finalist Interviews / Recommendation(s)

The prior components identify questions and issues that should form the basis of the finalist interviews. In this component, consultants:

1. **Develop questions / clarifications and issues** for finalist review and response before finalist interviews,
2. **Lead finalist interviews** and develop an agenda and written questions / issues which are provided to finalists in advance of the interviews to permit their preparation of written responses (which are incorporated into the final contract),
3. **Debrief with City of San Mateo** on the strengths and weaknesses of respondents and consultant recommendations, and
4. **Debrief with respondents** on strengths and weaknesses of their proposal.

Communication with Participants / Stakeholders

Although this component is listed toward the end, these services are actually provided throughout the RFP selection process. The purpose of this service is to assure that all participants and stakeholders are brought along with the decision-making steps of the City to avoid issues at the time final recommendations are made. This component includes:

1. **Developing initial communication** to participants and other identified recipients to disclose the beginning of a review and selection process covering their defined contribution benefits,

2. **Describing initial responses and preliminary evaluation of primary criteria** to re-enforce key objectives and keep participants and others informed of the progress,
3. **Summarizing preliminary recommendations** to final decision-makers to assure that any concerns or issues are addressed prior to final actions, and
4. **Summarize final recommendation and supporting rationale** to participants and the City.

IMPLEMENTATION

After selection of the successful respondent(s), the following services are provided in the transition period.

Implementation / Transition Services

This component includes:

1. **Mapping RFP standards, guarantees and other mutually agreed upon administrator actions** from the RFP to appropriate documents,
2. **Leading a transition meeting** to assign responsibilities and timeframes to the implementation process and acting as a liaison on behalf of the City with the provider(s),
3. **Monitor the transition** to insure the provider is adhering to the timeline, key dates are met and provide resolution to issues and delays,
4. **All communication and documents from the provider are reviewed** by SST Benefits and consulting manager prior to release, and
5. **Conduct the mapping of existing funds to proposed funds.**

CONTRACT REVIEW

This component includes:

1. **Review of initial provider documents** to assure that the proposed services are incorporated into the appropriate legal agreements between the plan sponsor and the successful provider(s), and
 2. **Review of plan documents** to assure that current legislative options and RFP proposed services are incorporated into the formal plan document that is provided to plan participants.
- 3.10 The Contractor shall assist in conducting the pre-proposal meeting and develop any necessary addendums. Contractors shall facilitate evaluation committee meetings and perform a comprehensive evaluation of proposals received. The

Contractor shall perform an evaluation of administrative services offered, specific investment options offered, pricing data, etc. If beneficial to the City, the Contractor may need to draft Request for Best and Final offers, conduct discussions/interviews and perform Best and Final evaluations. The Contractor shall review proposals /to ensure there are no conflicts with regulations or written plan terms, etc. The Contractor shall prepare a written evaluation report that fully supports the basis for award. Evaluation of all proposals shall be in compliance with the City's procurement ordinance.

This requirement would be fulfilled in our RFP process which is discussed in detail earlier in this document. Please refer to Section 3.9.

3.11 The Contractor shall assist in the City with transition and implementation services.

This requirement would be fulfilled in our RFP process which is discussed in detail earlier in this document. Please refer to Section 3.9.

3.12 The Contractor shall assist with entering into information-sharing agreements with all authorized providers within the plan to facilitate contract exchange.

Should information-sharing agreements be required, SST Benefits Consulting will facilitate with all authorized providers. This feature is generally specific to 403(b) plans and common remitter third party administrators and generally not applicable to 401(k) and 457(b) plans, however, we have a division of SST Benefits Consulting that is working with public sector education accounts and the requirement by the IRS to have these in place by January 1, 2009.

3.13 The Contractor shall provide a timeline of events that abides by any time frames given by law.

As provided in the Proposal Requirement section of this RFP response, the following is our response to Question #7 regarding our recommended timeline of this RFP and the steps necessary to accomplish to obtain the best results for the City and plan participants.

While we are aware that the City's current contracts with your 401(k) and 457(b) plan providers are expiring on December 31, 2008, we would propose an alternate timeline to assure the best outcomes for the City and plan participants. Certain timelines of an RFP process should not be rushed. Critical deliverables include: (1) allowing RFP respondents adequate time to provide a thoughtful and competitive response; (2) allowing adequate time for a smooth transition from your current providers to prevailing providers (even if your current providers prevail, there will be a significant transition); and (3) allowing adequate time for stakeholders to be made aware of the process and procedures for obtaining input for committee and City consideration.

Your current providers, Great West and Security Benefit, will most likely agree to a month-to-month extension of the existing contracts. If awarded this contract, we would assist with the extension agreements from these providers.

We propose the following general timetable:

Initial Meeting	September 12, 2008
Finalize / Distribute RFD	September 15, 2008
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Receipt of Finalist Response to Questions	January 6, 2009
Finalist Interviews	January 9, 2009
Recommendation to Committee	January 12, 2009
Recommendation to Board of Supervisors	January 20, 2009
Transition Start Date	January 21, 2009
Implementation on or about	May 1, 2009

We would agree to provide a timeline of events that abides by any time frames given by law.

- 3.14 The Contractor shall oversee that provider(s) selected are in compliance with the awarded contract(s).

We monitor provider performance generally in the year following either an RFP or a contract renegotiation with the plan sponsor by referring back to all of the contractual and measurable commitments made by the provider(s) during contract negotiations. In each case, we provide a questionnaire that specifically addresses each of the areas the provider(s) committed and ask the provider(s) to confirm that they either met or exceeded the specified performance standard. In the event contract standards have not been met, financial penalties based upon the contract guarantee are triggered and steps are taken to correct the standard.

- 3.15 The Contractor shall attend meetings of the City Council when requested.

SST will have representation at City Council meetings as requested by the City of Tempe.

- 3.16 The Contractor shall offer an hourly rate for services not covered in this RFP on the Price Sheet as indicated.

Our hourly rates are included on the Price Sheet.

- 3.17 The Contractor must be prepared to serve in a fiduciary role in the City and to assume the degree of responsibility necessary to perform these stated services in a sound and efficient manner.

In the normal course of our consulting practice, we realize that the City would be relying on information that we provide to the City. As such, we have added the following language to some of our existing contractual agreements: "Consultant acknowledges that Consultant is a fiduciary to the Plan in the performance of this Agreement and, therefore, shall discharge its duties and obligations under this Agreement with the 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 conduct of an enterprise of a like character and with like aims."

PRICE INFORMATION

Company Name: **SST Benefits Consulting & Insurance Services, Inc.**

PRICE SHEET

ITEM NO.	DESCRIPTION REQUIRED MATERIAL, SERVICE OR CONSTRUCTION	QTY	UNIT	UNIT PRICE	EXTENDED PRICE
1.	Firm shall indicate the total fee for performing the specified services inclusive of any travel related costs. This lump sum fee will include all the scope of work elements identified in the Scope of Services section.				
	Lump Sum Fee:				\$ 49,900.00
	SST is unable to accept payment by City Procurement Card				
	Indicate the annual cost to continue to assist the City on a retainer basis for consulting services related to the deferred compensation program as noted below:				
	January 1, 2009 through June 30, 2009:				\$ 3,500.00
	July 1, 2009 through June 30, 2010:				\$ 14,000.00
	Indicate the hourly rate for additional services not specified (but related) in the RFP:				
					\$250.00 per hour
	* Applicable Tax <u>N/A</u> %				

*** State correct jurisdiction to receive sales tax on the Vendor's Bid Offer, form CS-P201 (B) included in this Invitation for Bid document.**

Less prompt payments discount terms of ___%___ days/or Net 30 days. (To apply after receipt and acceptance of an itemized monthly statement.) For bid evaluation purposes, the City cannot utilize pricing discounts based upon payments being made in less than 30 days from receipt of statement.

Ordering and Invoice Instructions

In order to facilitate internal control and accounting, each City Department will order and must be invoiced separately. Monthly invoices must be segregated by City Department number or delivered directly to the City Customer Department. For most material, there will be between three – (3) and six – (6) ordering departments. At the time an order is placed, the contractor must obtain the ordering department's cost center numbers for billing purposes. The use of the department's cost numbers will be in addition to the purchase order number. Once a month, the contractor shall submit a consolidated statement which shall itemize the invoice numbers, invoice date, invoice amounts, and the total amount billed to Accounting. Discount offering will be based upon day from receipt of the consolidated monthly statement. Invoice(s) shall not show previous balances.

Invoices shall include:

1. Listing Of All Delivery/Pickup Receipt Number Being Invoiced.
2. Total Cost Per Item.
3. Applicable Tax.
4. Payment Terms.
5. Blanket Purchase Order Number.

Invoices that do not follow the above minimum invoicing requirements will not be paid. Payment must be applied to only invoices referenced on check/payment stub. The city reserves the right to bill contracted vendor for researching invoices that have been paid, but not properly applied by vendor account receivable office.

Statement mailing address: City of Tempe
Accounting (see below for your contact)
P. O. Box 5002
Tempe, AZ 85280

Accounting Contacts:	Cecilia Miller	Letters A-E
	Ramona Zapien	Letters F-O
	Penny Brophy	Letters P-Z

ADDENDUM

Addendum to Solicitation



City Procurement Office/City of Tempe • PO Box 5002 • 20 East 6th Street • Tempe, AZ 85280 • (480) 350-8324 • www.tempe.gov/purchasing

This addendum will modify and/or clarify:

Solicitation No.: | 09-022

and is

Addendum No. | 1

Procurement Description:

Financial Consulting Services for 401(k)
and 457(b)

Changes should be made as follows:

1. The proposal due date and proposal opening time remain unchanged at Wednesday, August 6, 2008 at 3:00 P.M. (MST).
2. A series of questions have been submitted with accompanying answers as shown below (The City has shown only one question when similar questions were asked):
3. What is the amount of assets in the 401(k) and 457 plans?
\$22 million for the 401(k) and \$50.5 million for the 457.
4. How many record keepers currently provide services to the 401(k) and 457 plans? Please name the companies.
Two record keepers including Great West who is the provider for both plans. Security Benefit is the provider for Fire employees only who choose to participate and elect to have Security Benefit as their administrator.
5. How many copies of the proposal should be submitted?
A total of 10 sets of the proposal shall be submitted (one original marked and 9 copies).
6. Has a consultant been used previously in conjunction with the 401(k) and 457 plans?
No
7. Is there a targeted budget for the consulting services? Can you disclose the budget amount?
No, no targeted budget is available.
8. Can you provide a listing of the current investment options offered in the 401 (k) and 457 plans?
We are not releasing this information at this time, however, the investment options are similar for both plans.
9. Can we obtain a copy of the Summary Plan Description for both the 401(k) and the 457(b) retirement plans?
Yes, it has been attached to this addendum.

10. What is the governance structure for the plans? Is there a plan committee authorized to make major decisions regarding the plans?

There is a deferred compensation committee who makes recommendations on major decisions regarding the plans. These decisions are reviewed with Human Resources and the City Attorney's office for final approval.

11. On page 19 of the RFP it is stated that the contract with the current deferred compensation provider is effective through December 31, 2008. Does the contract with the current provider need to be terminated as of that date or can it be extended for two to three months as our concern is that some service providers may require a 90 day notice or a January 1, 2009 conversion date.

No, we will be unable to extend beyond December 31, 2008.

12. Are they looking for quarterly reviews?

Yes, the City would be looking for quarterly reviews with the consultant, if they are providing ongoing services beyond the scope of RFP development and bid analysis

13. On page 4 of the RFP it is noted that the City Procurement Office may wish to make payment through the use of a City Procurement Card. What is a City Procurement Card and how would its use affect our payments under the contract?

The City allows employees to use a procurement card as a credit card when paying for certain items. This card is used to pay many of our contracted services and could be used to make payments to the successful firm. It is not a requirement that a firm agree to use this form of payment as the traditional check cutting process can be utilized as well

The balance of the specifications and bid solicitation instructions to remain the same. Bidders/Proposal Offerors are to acknowledge receipt and acceptance of this addendum by returning of signed addendum with bid/proposal response. Failure to sign and return an addendum prior to bid/proposal opening time and date may make the bid/proposal response non-responsive to that portion of the solicitation as materially affected by the respective addendum.

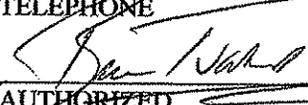
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