
NOVEMBER 27, 2017

AGENDA ITEM 5
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Review Draft of Request for Proposals for Program Administration and Investment Management Services

Note: The Program invites public comment on this draft request for proposals. Comments should be submitted in writing by email to SecureChoice@treasurer.ca.gov by December 4th, 2017 at 4pm PT. This does not constitute a solicitation for entering into any agreement with the State of California. The California Secure Choice Retirement Savings Investment Board intends to issue a future request for proposals for program administrator and investment management services.

Background

State law compels the California Secure Choice Retirement Savings Investment Board (“Board”) to design and implement the California Secure Choice Retirement Savings Program (“the Program”) and is responsible for the effective and efficient administration of the California Secure Choice Program Trust (“Trust”). State law also grants the Board authority to determine the duties of and contract with a third-party administrator (“TPA”), or administrators, to operate the Program.

The two primary categories of services required to operate the Program include program administration and investment management. The Program will need a program administrator to administer the day-to-day operations of the program such as providing recordkeeping, compliance, and custody services, registering employers, enrolling participants, and establishing processes to remit participant contributions to the Program. The program administrator will also be necessary to create and maintain multiple methods of communications with employers and eligible employees, including developing an online platform for the Program, implementing a marketing strategy, and providing customer support.

At the October 23, 2017 Board meeting, the Board provided general support for the use of a procurement method allowing a firm, or firms, to bid on all or parts of the services necessary for administration of the Program. Staff and the program consultant recommended the approach, as it will allow the Program to foster competition to yield the best value for the State and participants while identifying and utilizing best-in-class services for each function of the Program. The open-ended approach should also provide greater cost transparency for each of the services necessary for administration of the Program. The proposal also allows the Program the flexibility to replace a firm that is not performing to the standards of the Program or hire an

additional firm to provide services, while allowing it to maintain relationships with high-performing firms.

In accordance with the recommendations supported by the Board at the October 23, 2017 meeting, program consultant AKF Consulting and Program staff developed a draft Request for Proposals (“RFP”) for Program Administration that allow separate firms to bid on program administration, investment management, or both services.

RFP Structure

Staff and the program consultants recommend releasing an RFP to solicit proposals for the administration of the Program. Bidders will be allowed to submit bids for:

- Stand-alone program administrator services;
- Stand-alone investment management services; or
- Program manager services (a combination of program administrator and investment management services)

If a single firm is awarded the contract for Program Management, the Board shall have the right to require the contractor to replace an existing investment managed by it with an alternative investment managed by an entity that is not affiliated with the contractor the Board reasonably determines that such a change is in the best interests of participants.

Costs

The firm, or firms, selected through these RFPs will be compensated according to the administrative fee(s) charged as a percentage of Program assets. A firm’s compensation shall be accrued daily and withdrawn no more frequently than monthly. Because the TPA(s) will be reimbursed according to fees applied to Program assets, the contract amount is for \$0.

Staff will score the proposals based on how each firm’s administrative fee compares with the other bidders.

Contract Term

Staff and the program consultants propose a contract term of seven years with three one-year extension options, for a total maximum contract term of ten years. The Board shall preserve the right to terminate the contract, or contracts, for cause during the first seven years of the contract term and may choose not to extend the contract for any of the remaining three years. Staff and the program consultants recommend the minimum seven-year term to provide for the lowest-possible administrative fees for participants, as it would allow the Program to accrue significant assets during the term of the agreement, thereby helping the provider to recoup investments that may be necessary during the initial years when the Program may lack the scale necessary to maintain low costs.

Expected Timeline

If the Board approves release of the RFQ at the December 18, 2017 Board meeting, staff estimate the administrator(s) could begin work in early April of 2018, as shown in the table below.

Date	Action
December 22, 2017	RFP Available to Prospective Bidders
January 3, 2018, 10am PT	Optional Pre-Proposal Conference
January 5, 2018, 4pm PT	Deadline for Written Question Submission
January 10, 2018, 1pm PT	Bidder Contact Information Provided to Executive Director Answers to Written Questions Distributed
February 2, 2018, 4pm PT	Deadline for Proposal Submission
February 26 – March 9, 2018	Interview
Mid-Late March, 2018	Notice of Intent to Award
Mid-Late March, 2018	Contract Award
Early April, 2018	Commencement of Contract (pending DGS approval)
Third Quarter 2018	Program Pilot Launch

Evaluation

All proposals will be reviewed by an evaluation committee composed of Program staff. Members of the evaluation committee may seek the analysis and expertise of the program and investment consultants during review of the proposals. Bidders will be evaluated based upon the quality of their background and personnel; the firm’s experience providing services; the quality of the work plan presented; proposed fee(s); and, potentially, interviews. Staff will present a recommendation to the Board at the March, 2018 Board meeting.

Performance

Once hired, the Board will establish monitoring procedures and performance criteria to evaluate the TPA(s)’ performance, to be developed in consultation with the program and investment consultants.

Attachments

Draft Request for Proposals No. CSCRSIB07-17 for Program Administration

California Secure Choice Retirement Savings Investment Board

MEMBERS

**Request for Proposals CSCRSIB07-17
Program Administrator and Investment Management Services
Notice to Prospective Bidders**

JOHN CHIANG, CHAIRMAN
State Treasurer

BETTY T. YEE
State Controller

MICHAEL COHEN
Director of Finance

EDWARD J. DE LA ROSA

HEATHER HOOPER

WILLIAM SOKOL

YVONNE R. WALKER

VACANT

VACANT

December 22, 2017

You are invited to review and respond to this Request for Proposals No. CSCRSIB07-17 ("RFP") for Program Administrator and Investment Management Services for the California Secure Choice Retirement Savings Program as defined in Government Code Section 100000(b) ("Secure Choice Program" or "Program"). The RFP specifically seeks proposals from qualified entities interested in providing the following Program services:

1. Program Administrator (includes compliance, recordkeeping, customer service, marketing and custody); and/or
2. Investment Manager; and/or
3. Program Manager (defined as combined Program Administrator and Investment Manager services).

The California Secure Choice Retirement Savings Investment Board (the "Board") seeks the best possible service structure for the Program. To this end, it will determine the ultimate service structure once it has reviewed all the proposals submitted. Upon final review, which may include interviews, the Board will then choose the most attractive service structure, and the winning Bidder(s) will be named.

Proposals for Program services must comply with the instructions included in the RFP. The RFP includes the Sample Standard Agreement the selected firm will be expected to execute. The agreement that will be entered into will include by reference the General Terms and Conditions and Contractor Certification Clauses which may be viewed and downloaded online at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>. The General Terms and Conditions and all Exhibits that are a part of the Sample Standard Agreement are not negotiable. By submitting a proposal, your firm agrees to the terms and conditions stated in this RFP. Proposals that do not accept all items included in the Standard Agreement may be deemed non-responsive and excluded from evaluation.

If you do not have Internet access, a hard copy of the RFP can be provided upon request by contacting the person listed below.

All responses to this RFP must be submitted in hard copy and electronic copy (by thumb drive or disc) and received by the Board no later than **4:00 p.m. Pacific Time on February 2, 2018**. Email or faxed submissions will not be accepted. All proposals must be mailed or delivered to:

California Secure Choice Retirement Savings Investment Board
915 Capitol Mall, Room 435
Sacramento, California 95814
Attention: Katie Selenski, Executive Director

In the opinion of the California Secure Choice Retirement Savings Investment Board, this RFP is complete and without need of explanation. However, if you have questions or should you need any clarifying information, contact Katie Selenski, Executive Director, by email at kselenski@treasurer.ca.gov. See Section 3.2, Questions and Answers, of this RFP. All questions must be submitted by email by 4 p.m. PT January 5, 2018. There will be an Optional Pre-Proposal Conference on January 3, 2018 at 10 a.m. PT; firms interested in participating may call in to the conference at [number and access code to come].

Please note that no *verbal* information given will be binding upon the State unless such information is issued in writing as an official addendum to this RFP.

PLEASE CAREFULLY READ THE RFP AND FOLLOW THE INSTRUCTIONS.

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REQUIRED ATTACHMENTS

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Attachment 17 - California Civil Rights Laws Certification
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Attachment 19 - California Account Projections
Attachment 20 – Bid Indication Form

SAMPLE STANDARD AGREEMENT

Standard Agreement (STD. 213 Form)
Exhibit A – Scope of Work
Exhibit B – Budget Detail and Payment Provisions
Exhibit C – General Terms and Conditions
Exhibit D – Special Terms and Conditions
Exhibit E – Additional Provisions

1. PURPOSE AND DESCRIPTION OF SERVICES

1.1 Scope Overview

The California Secure Choice Retirement Savings Investment Board (“Secure Choice Board”, “Board”, or the “State”) is the administrator of California’s Secure Choice Retirement Savings Program as defined in Government Code section 100000(b) (“Secure Choice Program” or “Program”), and the State agency responsible for the effective and efficient administration of the California Secure Choice Retirement Savings Trust (“Trust”).

The Board is soliciting proposals from qualified firms, organizations, and/or a consortium of allied financial services companies to provide Program services as Program Administrator (includes compliance, recordkeeping, customer service, marketing and custody), as Investment Manager, or as Program Manager (defined as combined Program Administrator and Investment Manager services).

A qualified *Program Administrator* will (i) implement and manage a superior Secure Choice Program for California employees who lack access to employer-provided, tax-favored retirement plans, (ii) design simple and efficient enrollment and opt-out processes, (iii) offer individual retirement account (“IRA”) expertise and resources, (iv) provide a competitive marketing strategy to reach employers and employees, and (v) provide seamless administration, recordkeeping and responsive, accessible, and culturally competent customer service, all at the lowest possible cost to participants.

A qualified *Investment Manager* will offer a range of investment options with competitive investment performance geared to the anticipated needs and investment objectives of participants, at the lowest possible cost to participants.

A qualified *Program Manager* will provide combined Program Administrator and Investment Manager services, specifically (i) implement and manage a superior Secure Choice Program for California employees who lack access to employer-provided, tax-favored retirement plans, (ii), (ii) design simple and efficient enrollment and opt-out processes, (iii) offer IRA expertise and resources, (iv) provide a competitive marketing strategy to reach employers and employees, (v) provide seamless administration, recordkeeping and responsive, accessible, and culturally competent customer service, all at the lowest possible cost to participants, and (vi) offer a range of straightforward investment options with competitive investment performance geared to the anticipated needs and investment objectives of designated of participants, at the lowest possible cost to participants.

1.2 Bidding Options and Selection of Service Structure

Bidders will be allowed to submit proposals for stand-alone Program Administrator services, stand-alone Investment Management services or for Program Manager services (a combination of Program Administrator and Investment Management services). A Bidder submitting a proposal for Program Manager services may also agree to provide stand-alone Program Administrator services and/or Investment Management services.

The Board seeks the best possible structure for the Program. To this end, it will determine the service structure once it has reviewed all the proposals submitted. Upon final review, which may include on-site interviews, the Board will choose the most attractive service structure, and the winning Bidder(s) will be named. The service structure may result with either one contract (Program Manager) or two contracts (Program Administrator and Investment Manager).

To ensure that each proposal submitted is designated properly, each Bidder must submit the Bid Indication Form included as **Attachment 20 in Section 8 of this** RFP, indicating clearly the services they propose to provide. **A Bidder submitting a proposal for Program Management services may also agree to provide stand-alone Program Administrator services and/or Investment Manager services.**

While the winning Bidder(s) (the “Contractor”) will be under the management purview of the Program’s Executive Director, the Contractor will be expected to consult to the Board at the request of the Executive Director or Board.

1.3 Sample Standard Agreement

All terms and conditions noted in the Standard Agreement are not negotiable. Proposals that do not accept all items included in the Standard Agreement may be deemed non-responsive and excluded from evaluation. The term of the agreement entered into pursuant to this RFP (the “Agreement”), if any, will be seven (7) years with three (3) one-year extension options, if desired by the Board, at the same or lower rate(s) for a possible total term not to exceed ten (10) years.

1.4 Background

Retirement Security in California: With each generation on track to retire poorer than the last, the strain on taxpayer funded health and human services has the potential to undermine the long-term financial stability of the State. Nearly half of California workers are on track to retire with incomes below 200 percent of the federal poverty level. At least sixty-five percent of retirees rely on Social Security for more than half of their income. Seventy-five percent of California’s low and moderate-income retirees rely on Social Security leading to significant hardship. Over 7 million Californians work for employers that do not offer an employer-sponsored retirement plan, two thirds of which work for small businesses with less than 100 employees. Two thirds are people of color, almost half of whom are Latino. Fifty-eight percent are women.

Plan Overview: California’s Secure Choice Program is a voluntary retirement savings plan that enables employee participation through payroll contributions into an IRA. The Program is managed by the California Secure Choice Retirement Savings Investment Board – a transparent, nine-member Board chaired by the State Treasurer. The Program was created by Senate Bill number 1234, which was enacted in September, 2016 and took effect January 1, 2017. The Program requires that all private sector employers with five or more employees who do not offer a payroll deduction retirement savings vehicle either beginning offering one or provide their employees with access to the Program. Mandated employers would be exempt from the Employee Retirement Income Security Act, enabling them to offer employees access to an automatic IRA with limited administrative duties, no financial cost, and no fiduciary responsibility.

Employees will benefit from the Program’s simple, portable, and low-cost retirement savings options. Contributions will be made directly from the employee’s payroll into an IRA, with the option to change their contributions, or opt out, at any time. The Secure Choice account will follow employees wherever they go, through career and other life changes, allowing them to contribute to the same account through different participating employers. Administrative expenditures for the Program are statutorily capped at 1% of the overall assets, creating a low-cost mechanism for California workers to save for a secure retirement.

Feasibility Study and Projections: Legislation enacted in 2012 required a feasibility study be conducted to examine the viability of the Program prior to final passage of the authorizing

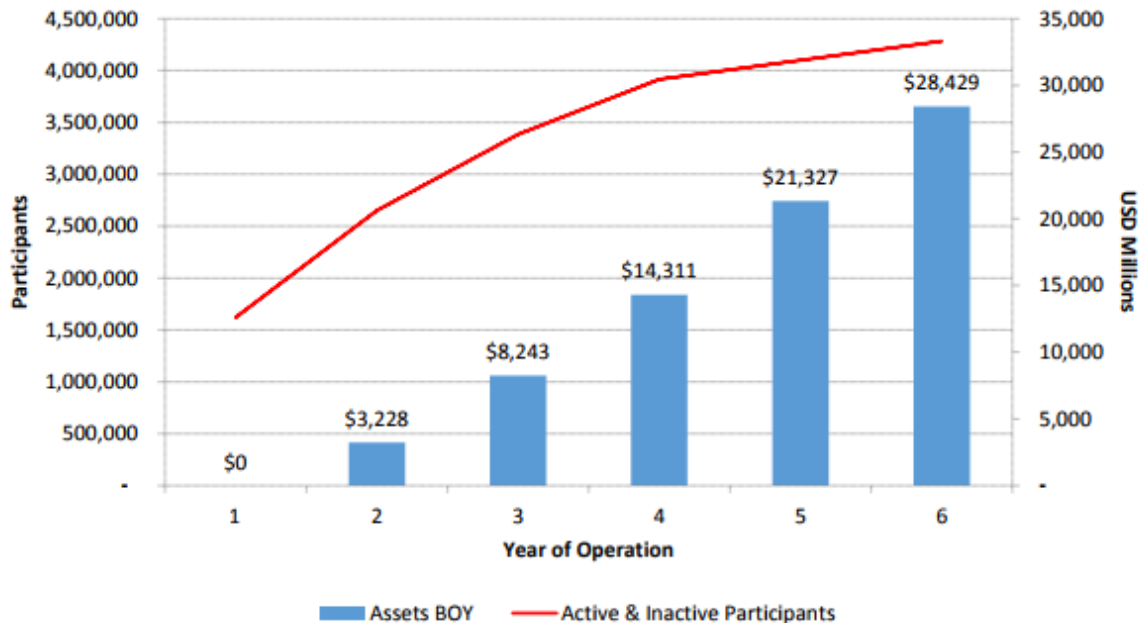
legislation. In March of 2016, Overture Financial completed its [Market Analysis, Program Design, and Financial Feasibility Study](#) ("Feasibility Study"). The key findings included:

(1) The Secure Choice Program is financially viable and self-sustaining even under adverse conditions with poor investment returns and high opt-outs rates.

(2) Total fees to participants need not exceed 1% of invested assets and such fees can decline to significantly lower levels after the first 6 years of operation, making the Program very attractive for participants.

(3) Under the conservative assumptions of the Baseline Scenario, with a default contribution rate of 5% and an opt-out rate of 25%, the Program achieves significant scale by the first year of operation with 1.6 million participants and over US \$3 billion in assets. It also achieves operational breakeven by the fourth year of operation.

Baseline Scenario Assets and Participants



(4) The sensitivity analysis demonstrated that financing requirements and Program expense ratios are very sensitive to the default contribution rate, but the opt-out rate has a moderate impact below 50% and even an extreme 70% opt-out rate still affords a self-sustaining program with attractive long-term growth.

Additional information on Program projections from the Feasibility Study is included in Attachment 19.

* The complete [study](#) may be found on the Secure Choice website at: <http://www.treasurer.ca.gov/scib/report.pdf>

1.5 Scope of Work

The following Scope of Work details the Board's expectations for the Program Administrator, Investment Manager and the combined services for the Program Manager. The entire range of services include the following:

a) General (Program Administrator and Program Manager)

1. The Contractor will provide all IRA management services for the compliance, administration, recordkeeping, customer service, and applicable marketing functions of the Secure Choice Program in a responsive, accessible and culturally competent and multi-lingual manner, and in accordance with performance standards, which shall be agreed upon by the Board and Contractor. Services shall be performed at the offices of the Contractor, appropriate affiliates, subsidiaries and subcontractors and in compliance with all RFP requirements and the resulting Agreement.
2. The Contractor will administer the Program in compliance with applicable State and federal laws and regulatory requirements.
3. On an ongoing basis, the Contractor will monitor for changes in the legal and regulatory environment that may materially affect the Program, and it will make recommendations for amendments or supplements to the Program processes and offering materials.
4. The Contractor will provide the following services to the Board and must adhere to the Board's applicable standards and policies, as and when adopted by the Board:
 - (a) The Contractor will designate a dedicated key personnel team to serve the Board and it will notify the Board of any changes to the management or compilation of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team;
 - (b) All work to be performed by the Contractor will be reviewed by the Board or its designee. Such review will not relieve the Contractor of any liability in connection with such work;
 - (c) The Contractor will meet with staff and attend Board meetings (monthly) commencing with the execution of the Agreement, and provide Program-related reports as requested by the Board or its staff;
 - (d) The Contractor will be responsible for informing the Board of all material activities conducted by it in the operation, administration and monitoring of the Program; and
 - (e) The Contractor must respond to the need for telephone consultation within a 24-hour period and be available to the Board and its staff between the hours of 8 a.m. – 5 p.m. PT.
5. The Contractor's performance will be measured by administrative performance criteria, which the Board will establish ("Administrative Benchmarks") once a Contractor is chosen and which will be included in the Agreement.

6. All costs and expenses for administering the Program will be the sole responsibility of the Contractor.

b) Administration (Program Administrator and Program Manager)

1. The Contractor will provide Program Design assistance and recommendations including information on Program fees and expenses and overall Program financial reporting.
2. The Contractor will provide the following documentation relating to the Program:
 - (a) Program Forms - The Contractor shall develop forms and operating documents necessary to administer the Program;
 - (b) Manuals - There must be a complete and fully documented administration and operations manual that will include current and up-to-date contact information for all parties. It will include documentation and copies of all legally required compliance activities, including those that are investment related;
 - (c) Program Disclosure Statement - The Program Disclosure Statement must be included in all employee information packets and shall contain all of the Program rules and material information necessary for participants to make informed decisions regarding their participation in the Program. The Contractor shall prepare any required Supplements to the Program Disclosure Statement and produce and distribute the Program Disclosure Statement and Supplements to the employees/participants in accordance with applicable law;
 - (d) IRA Disclosure Statement and Custodial Agreement - Must be provided to all IRA participants in accordance with any applicable IRS regulations and guidance;
 - (e) Employer Reports – Provide employer-specific reports, if requested by the Board, including information about participants, total contributions/withdrawals, and any other information as permitted under federal IRA rules and state regulations;
3. The Contractor will provide regularly scheduled reports to the Board regarding, but not limited to:
 - (a) The number of accounts and assets in existence and created during the time period;
 - (b) Relevant account activity, and other program administration information prescribed by the Board;
 - (c) Reporting at the employer and Program level;
4. Reporting will be requested at least monthly but may be requested more frequently.
5. The Contractor shall provide necessary reports to federal and State entities regarding accounts and account activity.
6. The Contractor will pay for and comply with a Program annual audited financial report to be performed by an independent certified public accountant. In addition,

the Contractor will be required to conduct annual audits of Program operational and compliance procedures.

7. Upon request, the Contractor shall provide the Board access to all files, records, documents and data pertaining to the Program that are in its possession and control, regardless of how that information is stored ("Program Records"). The Program Records shall be provided in a reasonable time and in a form acceptable to the Board.
8. At its expense, the Contractor also shall provide the Board all Program Records in a useable electronic form after notice from the Board that the Agreement will terminate.

c) Recordkeeping and Customer Service (Program Administrator and Program Manager)

1. The Contractor will provide a best-in-class IRA platform and IRA custodial services that incorporate all components that individuals need to accommodate an IRA payroll deduction plan for retirement. This platform should include, but is not limited to, contributions, distributions, earnings, and beneficiary information. The platform must ensure the confidentiality of personal information, including identification numbers or account codes in accordance with industry best practices and all applicable federal and State laws and regulations.
2. The Contractor must perform "know your customer" and Office of Foreign Assets Control screening of each eligible employee.
3. The Contractor shall provide all necessary IRA administrative and recordkeeping services, including the following:
 - (a) Provide enrollment online and through a central mailing location that can receive express deliveries and deliveries by normal U.S. postal services;
 - (b) Maintain contact information for participants, beneficiaries and authorized third parties, as applicable;
 - (c) Provide separate accounting for each participant including contributions, investment changes and distribution history, on a daily basis;
 - (d) Monitor limitations on IRA contributions and notify participants of excess contributions prior to tax filing deadlines;
 - (e) Generate and distribute IRA confirmation statements and quarterly account statements, which shall be available online and delivered electronically and/or by U.S. postal mail, as specified by the participant. The IRA quarterly account statements should include contributions, distributions and earnings and be easy to understand with simple descriptions of the investment options. IRA confirmation statements and quarterly account statements should display information specific to the Program;
 - (f) Generate annual account statements, which shall provide current account information and be delivered by U.S. postal mail and/or provided via electronic delivery, as specified by the participant. Annual account statement should display information specific to the Program;

- (g) Generate and distribute Internal Revenue Service ("IRS") forms (e.g., 1099-R and 5498);
 - (h) Provide 24/7 secure online account access and account maintenance;
 - (i) Process IRA rollovers to/from qualified retirement plans;
 - (j) Accept contributions into and distributions from the Program via ACH; payroll direct deposit and physical checks via the U.S. postal service; and
 - (k) Process requests for Program literature and forms and any other reasonably-related administrative services necessary to operate the Program.
4. The Contractor will maintain industry best-practice quality control procedures to minimize errors during enrollment, contribution remittance, data transfers, and reporting, and take all actions necessary to ensure the confidentiality and privacy of information and data for all employers, employees, participants, and beneficiaries, as applicable.
 5. The Contractor will provide a web-based employer platform that will serve as the employer's primary source of information and assistance in fulfilling their Program responsibilities. The platform must include necessary transactional capabilities and pertinent instructions for the employer.
 6. The self-service employer platform should allow the employer to:
 - (a) Create and manage their roster of employed individuals;
 - (b) Manage the submission, correction and funding of all periodic payroll contributions for employees;
 - (c) Enter, remit and fund payroll contribution files; and
 - (d) Provide access to employer delegates as needed.
 7. In addition, the employer platform should include alerts and notifications to support the employer as well as Program related information including Program forms.
 8. The Contractor should provide a secure website, which provides account access to participants, and allows for self-service account maintenance. This website should utilize state-of-the-art security and password protocols.
 9. The Contractor should also provide a public website that describes the Program, clearly explains the benefits of retirement saving and provides information on IRA accounts (including tax implications). The public website also should include retirement savings education and modelling tools and be functional on mobile devices.
 10. The Contractor must provide all customer service support for employers, employees, participants, beneficiaries, and authorized third parties to ensure effective operation of Secure Choice.

11. The Contractor must provide live customer service representatives from 8:00 a.m. to 7:00 p.m. PT, Monday through Friday, except holidays. A reasonable number of these customer service representatives must be multi-lingual.
12. The Contractor must provide a voice response unit and online servicing access in all other hours.
13. The Contractor should provide in person customer service representatives to assist employers as they onboard employees into the Program.
14. The Contractor's customer service representatives must be knowledgeable about Secure Choice and alternative retirement savings plans and trained to ensure necessary consumer protections.
15. The Contractor must provide a customer service record that will identify, track, and report on all calls with employers, employees, participants, beneficiaries or authorized third parties. The customer service record must include how the matter was resolved and track all prospect referrals.
16. The Contractor must provide a quarterly report outlining customer service inquiries and results, the number and types of complaints and the manner in which they were resolved, and such other information as the Board requests, including prior year comparisons on requested information.
17. The Contractor must comply with the unclaimed property laws and any other laws regarding abandoned property as applied to IRA accounts.

d) Marketing and Outreach (Program Administrator and Program Manager)

1. The Contractor must develop Secure Choice marketing materials that provide retirement savings education, investor education and Program awareness across California, including some foreign language materials including Spanish. The materials and messaging will be culturally appropriate for the Program's audiences. The Contractor will support the Board's efforts to reach all possible eligible employers and their employees.
2. The Contractor shall provide all necessary marketing services including, but not limited to, the following:
 - (a) Create and produce educational material for employers in multiple mediums;
 - (b) Create and produce educational material for employees in multiple mediums;
 - (c) Develop and maintain a Program website for the general public; and
 - (d) Create, produce and initiate communications with employers and employees.
3. The Contractor, will present an annual marketing plan to the Board for review and approval. The marketing plan should include all strategies and mechanisms anticipated to reach the broadest audience of eligible employers and employees in California. The annual marketing plan will be based upon the Contractor's annual marketing commitment, to be used for marketing and promotional expenditures, excluding overhead charges. All marketing plans will be subject to the Board's approval.

4. The Contractor will provide regularly scheduled reports on marketing expenditures and will be expected to provide an analysis of the effectiveness of its marketing strategies.
5. The Contractor will work with any additional marketing firms the Board has retained to support logo, brand, public relations, or other marketing services.

e) Investment Structure and Experience (Investment Manager and Program Manager)

1. Manage investments as a fiduciary for the Board and for Program participants in accordance with the Board's Investment Policy Statement, and other Program investment objectives established by the Board, in accordance with all applicable federal securities laws and regulations and State laws and regulations governing the Program.
2. Provide custodial, fund administration, and fund accounting services necessary to support the underlying investments, including, but not limited to, the following: custody, segregation of funds, cash management, banking services, and purchase and sale of underlying investment products.
3. Based on the investment policy statement and underlying investment beliefs, to be developed by the Board in conjunction with the Investment Consultant, provide the following investment design and investment option services:
 - (i) Develop and recommend for the Board a menu of IRA-compliant investment options that would appeal to a wide range of participants with various risk tolerance levels and contribution levels.
 - (ii) Ensure that each proposed investment option may, at the direction of the Board, be removed, or replaced with an alternative investment option. The Board may consider recommendations for additional investment options at a future point after inception of the Program.
 - (iii) Utilize institutional type share classes and at the request of the Board, explore the utilization of separately managed accounts or collective investment trusts to further decrease investment expense ratios.
4. Monitor the performance of each of the Secure Choice investment options and underlying investments on an ongoing basis and make recommendations to the Board in accordance with the Board's Investment Policy Statement.
5. Attend Board meetings and provide timely reports regarding the investment options and underlying investment managers and which review, at a minimum, market conditions, strategy, and investment performance.
6. Cooperate and communicate with the Board, staff and the Board's investment consultant in all evaluations of the investment options and periodic audits.
7. Designate a dedicated key personnel team to serve the Board and notify the Board of any changes to the management or composition of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team.

8. Respond to the need for telephone consultation within a 24-hour period and be available to the Board and its staff between the hours of 8 a.m. – 5 p.m. PT.

2. MINIMUM QUALIFICATIONS

Bidder must complete Attachment 4 certifying that the Bidder meets the following minimum qualifications.

Bidders must establish each of the following minimum qualifications. If the Bidder is a consortium or includes subcontractors, all partners/subcontractors must also establish compliance with each of the following minimum qualifications:

2.1 For Program Administrator and Program Manager:

- a) Bidder(s) must hold and maintain all licenses and registrations required by or otherwise needed to comply with applicable federal and state laws for businesses offering securities, investment, retirement, and municipal advisory services. All licenses and registrations must be current and in good standing.
- b) Must be qualified to do business in the State of California. If awarded the contract, Bidder must be able to provide, at the State's request, evidence of qualification to do business in the State of California from the California Secretary of State, including the qualification of any subcontractors.
- c) Bidder(s) may not currently or during the term of the Agreement executed pursuant to this RFP have a contractual or other business relationship with the Board's Program Consultant (AKF Consulting) or with its Investment Consultant (to be engaged on or about January 10, 2018).
- d) The Respondent must have a minimum of five (5) years' experience managing or administering IRAs or similar defined contribution retirement plans, or with programs that require the same or similar services to those described in Section 1.5 of this RFP.
- e) As of September 30, 2017, the firm must: administer at least five defined contribution plans with more than 5,000 participants, or administer 75,000 Individual Retirement Accounts or similar vehicles.
- f) As of September 30, 2017, the firm must have a minimum of \$2 billion across all defined contribution plan or Individual Retirement Account assets under administration.
- g) The senior professionals in charge of providing the Services must each have at least five (5) years relevant experience program management.
- h) As of the final date for proposal submission, the firm has been in operation for at least five (5) continuous years as evidenced by submission of Attachment 14, Audited financial statements for the last five (5) years.

2.2 For Investment Manager:

- a) Bidder(s) must hold and maintain all licenses and registrations required by or otherwise comply with applicable federal and state laws for businesses offering securities, investment and municipal advisory services. All licenses and registrations must be current and in good standing.

- b) Must be qualified to do business in the State of California. If awarded the contract, Bidder must be able to provide, at the State's request, evidence of qualification to do business in the State of California from the California Secretary of State, including the qualification of any subcontractor.
- c) Bidder(s) may not currently or during the term of the Agreement executed pursuant to this RFP have a contractual or other business relationship with the Board's Program Consultant (AKF Consulting) or with its Investment Consultant (to be engaged on or about January 10, 2018).
- d) As of September 30, 2017, the firm must have a minimum of \$2 billion in assets under management.
- e) As of the final date for proposal submission, the firm has been in operation for at least five (5) continuous years as evidenced by submission of Attachment 14, Audited financial statements for the last five (5) years.

3. **PROPOSAL REQUIREMENTS AND INFORMATION**

3.1 **Schedule (Key Action Dates)**

All Bidders are hereby advised of the following schedule and will be expected to adhere to the required dates and times—all times are Pacific Time ("PT").

Date	Action
December 22, 2017	RFP Available to Prospective Bidders
January 3, 2018, 10am PT	Optional Pre-Proposal Conference
January 5, 2018, 4pm PT	Deadline for Written Question Submission
January 10, 2018, 1pm PT	Bidder Contact Information Provided to Executive Director Answers to Written Questions Distributed
February 2, 2018, 4pm PT	Deadline for Proposal Submission
February 26 – March 9, 2018	Interviews, if any
Late March 2018	Notice of Intent to Award
Late March 2018	Contract Award
Early April 2018	Commencement of Contract (pending DGS approval)
Third Quarter 2018	Program Pilot Launch

The Board reserves the right to change the above dates and times, and, if so, an addendum to the RFP will be issued and made available online at www.treasurer.ca.gov/scib. Potential Bidders that submit contact information in accordance with Section 3.4(o) of this RFP also will be notified via email. The Board also reserves the right to reject all bids and not to award an agreement at all.

3.2 **Questions and Answers**

In the opinion of the Board, this RFP is complete and needs no further explanation. However, if you have questions, or should you need any clarifying information, you may submit written questions no later than 4 pm PT on January 5, 2018 by email to kselenski@treasurer.ca.gov.

Answers to all written questions received by 4 pm PT on January 5, 2018 will be available online at www.treasurer.ca.gov/scib by 1pm PT on January 10, 2018.

3.3 Optional Pre-Proposal Conference

- a) An optional pre-proposal conference call is scheduled for **January 3, 2018** at 10 am PT via conference call by calling [**number and access code to come**] for the purpose of discussing this RFP.
- b) In the event a potential Bidder is unable to participate on the optional pre-proposal conference call, a representative may participate on their behalf. The representative may only participate for one (1) company. Subcontractors may not represent a potential Bidder at the optional pre-proposal conference.
- c) For Bidders who need assistance due to a physical impairment, a reasonable accommodation will be provided by the awarding agency, upon request for the pre-proposal conference call. The Bidder must notify Katie Selenski at kaselenski@treasurer.ca.gov no later than the fifth working day prior to the scheduled date and time of the pre-proposal conference call to arrange for a reasonable accommodation.

3.4 Submission of Proposal

- a) Proposals should provide straightforward and concise descriptions of the Bidder's ability to satisfy the requirements of this RFP. The proposal must be complete and accurate. Omissions, inaccuracies, or misstatements may be cause for rejection of a proposal.
- b) In preparing proposals, Bidders must:
 - (i) Include a cover letter stating:
 - A. The name, address, email, phone and fax numbers of the principal contact responsible for the oversight of the engagement. Indicate the availability of this person for meetings with Board and Board staff.
 - B. The name, address, email, phone and fax numbers of the project representative who will be available to the Board and its staff on a day-to-day basis during the term of the Agreement.
 - C. The name, address, email, phone, fax number and name of a key contact at each partner, if a consortium, and subcontractor, and what the person would be responsible for under the Agreement.
 - (ii) List responses to each Question in **Sections 4 and 5** in the same order as listed in this RFP.
- c) All proposals must be submitted in hard copy and electronic copy (by thumb drive or disc) under **sealed** cover and received by the Board by **4pm PT on February 2, 2018**, unless the Board provides notice that the date has been changed. **Proposals received after this date and time will not be considered.** Proposals received by fax or email will be rejected.
- d) **One (1) original and five (5) copies** of the proposal and an electronic version of the proposal (by thumb drive or disc), along with **two (2) copies** of the Required Attachments binder as described in Section 8 of this RFP, shall be mailed or delivered to the Board at the following address for U.S. Postal Service or hand deliveries (UPS, Express Mail, Federal Express, etc.):

California Secure Choice Retirement Savings Investment Board
915 Capitol Mall, Room 435
Sacramento, California 95814
Attention: Katie Selenski, Executive Director

- e) The original proposal must be marked "**ORIGINAL COPY**". All documents contained in the original proposal package must have **original signatures** and must be signed by a person who is authorized to bind the proposing firm. All additional proposal sets may contain photocopies of the original package.
- f) The proposal envelopes must be plainly marked with the RFP number and title, your firm name and address, and must be marked with "**DO NOT OPEN**", as shown in the following example:

Request for Proposals No. CSCRSIB07-17
Program Administrator and Investment Management Services
Firm Name
Firm Address
Contact Person and Phone Number
"DO NOT OPEN"

Proposals may not be made under a fictitious name or business title. The actual legal name of Bidder must be provided.

Proposals not submitted under sealed cover and marked as indicated may be rejected.

- g) **Proposals that omit the Minimum Qualifications Certification that are included in Attachment 4 of Section 8 will not be considered.** Proposals shall include each of the required attachments on the Required Attachment Check List. Proposals that do not comply with the requirements of the RFP shall be deemed non-responsive. This includes not meeting the minimum qualifications outlined in **Section 2** of this RFP and failure to submit all of the Required Attachments outlined in **Section 8** of this RFP. A proposal deemed non-responsive will be rejected.
- h) The Board reserves the right to reject all bids and not to award an Agreement.
- i) Proposals must be submitted for the performance of all the services selected on the Bid Indication Form included as Attachment 20 in Section 8 of the RFP. Any deviation from the work specifications will not be considered and will cause a proposal to be rejected.
- j) A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. The Board may reject any or all proposals and may waive any immaterial deviation in a proposal. The Board's waiver of immaterial defects shall in no way modify the RFP document or excuse the Bidder from full compliance with all requirements if awarded the Agreement.
- k) The Bidder is solely responsible for the costs of developing proposals and costs incurred in anticipation of award of the Agreement. Such costs shall not be charged to the Board.
- l) An individual who is authorized to bind the proposing firm contractually shall sign **Required Attachment 2 in Section 8**, the Proposal/Proposer Certification Sheet. The signature must indicate the title or position that the individual holds in the firm. An unsigned proposal may be rejected.
- m) A Bidder may modify a proposal after its submission by withdrawing its original proposal and resubmitting a new proposal prior to the proposal submission deadline as set forth in the Schedule (Key Action Dates) in **Section 3.1** of this RFP. The submission of a new proposal must comply with the requirements in this section. Proposal modifications offered in any other manner, oral or written, will not be considered.

- n) A Bidder may withdraw its proposal by submitting a written withdrawal request to the Board, signed by the Bidder or an agent authorized in accordance with subsection m) in this Section 3.4 above. A Bidder may thereafter submit a new proposal prior to the proposal submission deadline. Proposals may not be withdrawn without cause subsequent to the proposal submission deadline.
- o) The Board may modify this RFP prior to the date fixed for submission of proposals by the issuance of an addendum to all interested Bidders providing contact information, including an email address and phone number. The contact information should be provided to Katie Selenski at kaselenski@treasurer.ca.gov by January 10, 2018, when the Board will provide answers to any questions submitted in accordance with Section 3.2 of this RFP. The Board will also provide updates by email to all Bidders who have expressed interest and provided contact information.
- p) Upon announcement and release of this RFP and until selection of the winning Bidder (and notice of intent to award the Agreement), Bidders (or potential Bidders) are not permitted to communicate with the Board, its staff or its Program and Investment Consultants with respect to the RFP except in connection with process and procedures related to the RFP. Any communication must be directed to Katie Selenski at kaselenski@treasurer.ca.gov.
- q) Bidders are cautioned to not rely on the Board to discover and report to the Bidder any defects and errors in the submitted documents. Before submitting their proposals, Bidders should carefully review them, correct all errors, and confirm compliance with all of the RFP requirements.
- r) More than one proposal from any firm, organization, partnership, corporation or association under the same or different names, will not be considered. Reasonable grounds for believing that any Bidder has submitted more than one proposal for the work contemplated herein will cause the rejection of all proposals submitted by that Bidder. If there is reason for believing that collusion exists among the Bidders, none of the participants in such collusion will be considered in this or future procurements.
- s) Where applicable, Bidder should carefully examine work sites and specifications. No additions or increases to the agreement amount will be made due to a lack of careful examination of work sites and specifications.
- t) No oral understanding or agreement shall be binding on either party.

3.5 Evaluation Process

All proposals will be reviewed by an Evaluation Committee. The initial review of the proposals will confirm that all information has been submitted in conformity with the requirements of this RFP. The absence of required information will cause a proposal to be deemed nonresponsive and may result in the proposal's disqualification. Responsive proposals will then be scored according to criteria herein. Proposals that do not accept the Terms and Conditions contained in the Standard Agreement may be considered non-responsive and rejected by the Board.

The Board's Program Administrator and Investment Management Services procurement is being issued as a single RFP. Bidders will be allowed to submit proposals for stand-alone Program Administrator services, stand-alone Investment Management services or for Program Manager services (a combination of Program Administrator and Investment Management services). A Bidder submitting a proposal for the Program Manager services

may also agree to provide stand-alone Program Administrator services and/or Investment Management services.

The evaluation process will include three phases:

Phase 1. Peer evaluation in which each category of Bidders will be measured against all Bidders offering the same services.

Finalists from each category may be asked to participate in Phase 2. For example, all stand-alone Program Administrator proposals will be scored and ranked against other stand-alone Program Administrator proposals. The same will be true for stand-alone Investment Manager proposals and Program Manager proposals respectively. The Evaluation Committee will allot points within each bid category for each component of the RFP, as shown in the following chart:

Category	Program Administrator	Investment Management	Program Manager
Firm Background and Organization	10	10	10
Administration	20	0	10
Recordkeeping and Customer Service	20	0	20
Marketing and Outreach	20	0	10
Investment Structure and Experience	0	60	20
Fees	30	30	30
Phase 1 Total Score	100	100	100

Phase 2. Individual interviews, if desired by the Evaluation Committee.

If desired, the Evaluation Committee will request interviews with the Phase 1 finalists. The interviews may take place in the offices of the Bidder. If necessary, the Evaluation Committee will provide finalists from Phase 1 with a common list of questions it deems necessary to clarify the written proposals. In Phase 2, fees are adjusted to represent 30 percent of the new total score. The Evaluation Committee will allot points for each component of the RFP, as shown in the following chart:

Category	Program Administrator	Investment Management	Program Manager
Firm Background and Organization	10	10	10
Administration	20	0	10
Recordkeeping and Customer Service	20	0	20
Marketing and Outreach	20	0	10
Investment Structure and Experience	0	60	20
Fees (<i>Adjusted for Interviews</i>)	36	36	36
Phase 1 Total Score	106	106	106
Phase 2 Interview	20	20	20
Phase 2 Total Score	126	126	126

Phase 3. Comparison of the finalists from the two categories: (i) combined Program Administrator and Investment Manager and (ii) Program Manager.

In Phase 3 the Evaluation Committee will combine the Phase 1 scoring of the Program Administrator and Investment Management finalists and compare them to the Program Manager finalists. Based upon the combined scoring and the totality of information provided in written submissions and interviews, if any, the Evaluation Committee will determine whether to proceed with a single Bidder or multiple Bidders.

To ensure that each proposal submitted is designated properly, each Bidder must complete and submit the Bid Indication Form included as **Attachment 20** in Section 8 of the RFP, indicating clearly the services that they propose to provide.

- a) The following point scale will be used to score the responses to each scored category except with regard to fees.

Points Awarded	Interpretation	General Basis for Point Assignment
100%	Exceptional	Category is addressed with the highest degree of confidence in the bidder's response. The response exceeds the Board's needs, requirements or expectations with superior background/experience/expertise
80%	Excellent	Response fully meets the Board's needs, requirements or expectations with a high degree of confidence in the bidder's response. Bidder offers one or more enhancing feature, method, or approach exceeding basic expectations.
60%	Good	Response fully addresses category being scored. Good degree of confidence in the bidder's response. Minimal weaknesses are acceptable.
40%	Adequate	Response (i.e. content and/or explanation offered) is adequate to meet the Board's needs, requirements or expectations. Any omission(s), flaw(s), or defect(s), are inconsequential and acceptable.
20%	Minimally adequate	Minimally addresses the category being scored, but one or more major considerations of the category are not addressed, or addressed in such a limited way that it results in a low degree of confidence in the bidder's response.
0%	Inadequate	Fails to address any portion of the category being scored. The omission(s), flaw(s), or defect(s) are significant and unacceptable.

- b) Proposals that contain false or misleading statements, or provide references that do not support an attribute or condition claimed by the Bidder, may be rejected. If, in the opinion of the Board, such information was intended to mislead the Board in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, it will be the basis for rejection of the proposal.
- c) The Evaluation Committee will review all proposals for the quality of the written proposal, including clarity and thoroughness of the responses.
- d) The Agreement will be awarded to the responsible and responsive Bidder or combined Bidders with the highest total score.
- e) The Board is not required to award an Agreement.

3.6 Award and Protest

- a) Notice of the proposed award shall be posted in a public place at the Office of the Board, 915 Capitol Mall, Room 435, Sacramento, CA 95814 and online at www.treasurer.ca.gov/scib for five (5) working days prior to awarding the Agreement.
- b) If any Bidder, prior to the award of the Agreement, files a protest with the Board and the DGS Office of Legal Services, 707 Third Street, 7th Floor, Suite 7-330, West Sacramento, CA 95605, on the grounds provided under Public Contract Code Section 10345(b), the agreement shall not be awarded until either the protest has been withdrawn or DGS has decided the matter. It is suggested that any protest be submitted by certified or registered mail.
- c) Within five (5) days after filing the initial protest, the protesting Bidder shall file with the Board and the DGS Office of Legal Services a detailed written statement specifying the grounds for the protest. It is suggested that this detailed written statement be submitted by certified or registered mail.
- d) Upon resolution of the protest and award of the agreement, Contractor must complete and submit to the Board the Payee Data Record (STD 204), to determine if the Contractor is subject to state income tax withholding pursuant to California Revenue and Taxation Code Sections 18662 and 26131. This form can be found on the Internet at <https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>. No payment shall be made unless a completed STD 204 has been returned to the Board.
- e) Upon resolution of the protest and award of the agreement, Contractor must sign and submit to the Board, page one (1) of the Contractor Certification Clauses (CCC 04/2017), which can be found on the Internet at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

3.7 Disposition of Proposals

- a) Upon proposal opening, all documents submitted in response to this RFP will become the property of the Board and the State, and will be regarded as public records under the California Public Records Act (Government Code Section 6250 et seq.) and subject to review by the public.
- b) The Board has the right to use any or all ideas or concepts presented in any proposal. Selection or rejection of the proposal does not affect this right.
- c) Proposal packages may be returned only at the Bidder's expense, unless such expense is waived by the Board.

3.8 Agreement Execution and Performance

- a) Performance shall start on the Agreement start date, or on the express date set by the Board and the Contractor, after all approvals have been obtained and the Agreement is fully executed. If the Contractor fails to commence work at the agreed upon time, the Board, upon five (5) days written notice to the Contractor, reserves the right to terminate the Agreement. In addition, the Contractor shall be liable to the State for the difference between Contractor's proposal price and the actual cost of performing work by another contractor.
- b) All performance under the Agreement shall be completed on or before the termination date of the Agreement.

- c) The Sample Standard Agreement contains the language that the Board expects to utilize for this engagement. Once this RFP has been issued, the terms of the Standard Agreement are non-negotiable. The term of the Agreement entered into pursuant to this RFP, if any, will be seven (7) years with three (3) one-year extension options, at the Board's sole discretion, at the same or lower rate(s) for a possible total term not to exceed ten (10) years. The agreement may require approval by the Department of General Services ("DGS"). In no event shall services be performed prior to approval by the DGS Office of Legal Services, if required.

4. QUALIFICATIONS AND EXPERIENCE

Questions in Section 4 are intended to demonstrate the Bidder's qualifications. Points will be awarded for the Bidder's response(s) to each question. The allocation of points is defined in **Section 3.5** of this RFP entitled "Evaluation Process." Questions should also be answered for each relevant partner or subcontractor. Each section will identify the need to respond based on Program Administrator services, Investment Management services, Program Manager services or all Bidders. In preparing proposals, the Bidder must list each question and then provide the Bidder's response to that question in the same order listed in this RFP.

4.1 Firm Background and Organization (All Bidders)

1. Provide an overview of your firm, and any subcontractor(s), including organizational and corporate structure. Please describe any potential or recently completed changes in ownership structure, if any.
2. Explicitly identify the entity that will serve as the Agreement party, as well as all affiliates, subsidiaries, subcontractors and other entities that will provide services, including IRA custodial services, to meet the requirements of this engagement. Disclose primary location, as well as the location of any facility located outside of the primary location that will be used to provide the services.
3. If the Agreement party is not a parent entity, indicate your willingness to provide a parent guarantee or propose a suitable alternative (e.g., surety bond or letter of credit) to ensure performance of the services to be provided pursuant to the Agreement.
4. Complete the table in **Attachment 6 of Section 8** identifying all key personnel who will be responsible for performing services pursuant to this RFP. This should include all applicable personnel: the executive with overall responsibility for the firm's engagement to the Board, the day-to-day manager, the investment professional responsible for the overall investment structure, the senior-most marketing professional, and the senior-most professional(s) responsible for administration, recordkeeping and customer service (hereafter referred to as Key Personnel). Provide professional resumes for each of these individuals in Attachment 6.
5. Please indicate in the following table whether your firm currently manages or otherwise provides services similar to those sought by this RFP to defined contribution plans or similar plans. If so, list the details, including type of program, number of participants, assets and accounts (as applicable to the services you're proposing), services provided (specify if acting as a subcontractor), and the start and expiration dates of your current contract(s).

Plan Type	9/30/2017			Services Provided	Length of Service
	Participants	Assets	Accounts		

Plan Type	9/30/2017			Services Provided	Length of Service
	Participants	Assets	Accounts		

6. Are you registered or exempt from registration under the Investment Advisors Act of 1940, the Securities Exchange Act of 1934, as amended, any state regulatory agency, or any U.S. Government department or agency?
7. Are you current on all required SEC and other regulatory filings? If no, please explain.
8. Are you a member of SIPC, FDIC, or NCUA? If SIPC, state the amount of SIPC protection.
9. Attach a copy of or provide an online link to your most recent audited financial statements and the immediately preceding four years in Attachment 14. If audited financial statements are not available, provide a copy of or access to your most recent unaudited financial statements or annual report and the immediately preceding two years as compiled, reviewed and attested by an independent certified public accountant or certified accurate by your Chief Financial Officer.
10. Identify the auditor that reviews your funds annually, and provide information on the audit activities you will conduct regarding recordkeeping. If an SSAE 16 is available, include your most recent copy as Attachment 15 in Section 8.

4.2 Administration (Program Administrator and Program Manager)

1. Describe how your firm is best suited to meet the needs of the Program with particular emphasis on program design, implementation, and ongoing IRA plan administration. Explain the impact on your efforts, if any, in the event the Program is to offer both a Roth IRA and a traditional IRA.
2. Provide a Project Plan for a pilot launch (eligible for participant contributions) by [September 1], 2018 and a full Program launch (eligible for participant contributions) by [January 1], 2019. Specify circumstances that could either cause a delay to or allow an earlier launch of either of both of a pilot and the Program.
3. Describe the enrollment processes you would offer, including the employer and participant responsibilities.
4. Provide samples of documentation your firm has produced including IRA enrollment and beneficiary designation forms, Operational Manuals, Program Disclosure Statement, IRA Disclosure Statement and employer Reports. If your firm has not created these documents in the past, please describe how you will provide these documents.
5. Describe your firm's policies and procedures for complying with applicable federal tax and securities laws, SEC, IRS and MSRB rules and regulations, California statutes and regulations, and industry best practices for IRA administrators.
6. What additional reporting, if any, would your firm and subcontractor(s) provide that is not requested in the Scope of Work, Section 1.5?

7. Summarize your IRA compliance practices and procedures. Describe the IRA compliance resources your firm will make available to the Program. Provide examples or written materials that are pertinent to the Program.
8. How would your firm provide the Board with real time, electronic access to all account information?

4.3 Recordkeeping and Customer Service (Program Administrator and Program Manager)

1. Describe the IRA custodian's recordkeeping systems that would be used for California Secure Choice. Do you currently use the system, and if so, how long have you used it?
2. Describe your technical environment, including hardware, application and database software. Include the security features of your operating systems, including daily back-up procedures, disaster recovery plans, and business continuity plans. Indicate when a disaster recovery test was last performed. Confirm that your disaster recovery location is off-site in a secure location.
3. What experience does your firm have with registering, onboarding, and servicing multiple employers into an IRA, payroll deduction IRA or similar retirement savings program? What modifications to your recordkeeping/IRA custodial platform will be needed to support this Program?
4. Fully describe the online platform services your firm would recommend providing employers as they self-register and facilitate employee participation, including written materials, instructions, processing of disclosure receipt acknowledgement, webinars/videos, training materials, and customer service. In what formats would the employer platform export data?
5. Fully describe your firm's process for accepting and remitting payroll contributions, including data verification methods, error correction support services, timely remission of contributions, adherence to IRA contribution limits, and methods for returning contributions made in excess of IRA limits.
6. How would you ensure that participants contributing through multiple employers have a single IRA account in the Program?
7. Provide your firm's recommendations for how to best provide notice to employees about the Program and their right to opt-out. Describe in detail what opt-out methods you would recommend.
8. Describe your online account services for use by participants for account inquiry and maintenance, including any transactional capabilities. Would you provide a "live chat" interface in terms of communicating with customer service?
9. Describe your firm's process for allowing participants to make changes to their contribution levels or fund selections, including how employers would be notified when a payroll contribution needs to be changed and the length of time necessary for such a change.
10. What online security protocols would your firm use to protect employers, employees and participants when they access their respective websites?

11. Does your firm have the ability to offer access to websites via a mobile application? When accessing the website from a standard phone internet browser, would the content be optimized for mobile devices?
12. Please provide access to a demonstration site that accurately represents the employer, employee and participant online experience. Please include test passwords and log in information.
13. Describe the number of dedicated customer service staff that will be assigned to the Program. Where is the customer service staff located?
14. Describe your procedures for monitoring participant satisfaction, including your process for tracking, monitoring, and handling customer complaints.
15. Is the customer service you provide under other contracts evaluated or audited by any third-parties? If permissible, provide the last three audits or evaluations.
16. Provide the following call center statistics for the quarter ended September 30, 2017. Identify the program(s) to which call center statistics are related:
 - (a) Number of calls
 - (b) Number of calls answered
 - (c) Number of calls abandoned
 - (d) Average wait time
 - (e) Average talk time
 - (f) Average hold time
17. Indicate any additional staffing, including customer service staff, your firm would add if you are awarded the Agreement.
18. Describe the credentials and training of your customer service staff, including IRA-specific requirements.
19. Specify how customer service representatives would provide multi-lingual call routing and tracking, live representative selection and functionality, the ability to leave voicemails for return calls, and under what circumstances a caller would be asked to leave a voice mail.
20. Describe your methodology for handling peak volume call center periods.
21. Will you dedicate field representatives to provide support, including but not limited to enrollment meetings, Program education and employer platform assistance to eligible employers participating in the Program, if so, how many?

4.4 Marketing and Outreach (Program Administrator and Program Manager)

1. Describe your experience marketing defined contribution retirement plans to employers and IRA programs or other similar products to employees. Please give specific examples of marketing initiatives that have proven successful.
2. Describe your experience marketing and messaging to:
 - (a) Business associations and other providers of employer services regarding the benefits of tax-favored retirement plans; and
 - (b) Non-English speaking individuals with an emphasis on Spanish language.

3. Describe in detail your proposed marketing strategy for the Program, including multi-lingual tactics. Discuss how you will identify eligible employers and explain the benefit of the Program to them and their employees. Please include the technologies and/or methods, and all marketing channels that you propose to reach eligible employees to promote Program awareness and participation. What additional outreach do you recommend to employees who initially opt-out of the Program?
4. What financial education materials and tools would your firm utilize to engage employees and participants?
5. Discuss your experience, if any, in providing outreach and educational materials to low-to-moderate income workers and provide samples of such materials.
6. Describe how your firm ensures compliance with all legal requirements related to the marketing and sale of securities, including accuracy of representations, adequacy of disclosures, and accountability for accuracy and adequacy of disclosures in Program documents, brochures and other promotional media and with respect to oral information.
7. Are you currently under contract to provide services for another state-run retirement program? If so, how would you distinguish marketing materials for California's Secure Choice Program?
8. Complete the following table showing your annual marketing commitment for the Program. The Board expects the entire marketing commitment to be spent in each year for actual marketing and outreach, but not general overhead. Unspent dollars at the end of any year will roll forward to the following year.

Year	Marketing Commitment
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
Total	

9. Describe how you will use the Internet (and specifically social media) to market the Program. What information or tools will you provide online?
10. Will your firm offer broad-based financial planning resources to participants? Would there be an additional cost to the participant?

4.5 Investment Structure and Experience (Investment Manager and Program Manager)

1. Identify the team/personnel involved in the creation and management of your proposed investment options, including the asset-allocation team responsible for proposed

lifecycle/target-date and static options, if applicable. Are they part of a larger team of professionals that handles all retirement products? Also identify the team responsible for the evaluation and monitoring processes. Finally, identify the investment professional responsible for the program and who will serve as the point of contact for the Board and staff.

2. Describe your firm's risk management governance and integration of risk management across your organization. Detail your investment risk management policies and procedures, including the reporting chain for the risk team when issues are identified.
3. List the clients and assets your firm has gained and lost over the past five (5)-year period ending September 30, 2017.
4. The Board is interested in providing open architecture, including a diversified group of investment managers. Explain how you would implement this strategy and describe your due diligence process. Include information about revenue sharing arrangements, if any, currently in place or that you would intend to establish. The Board expects to be informed of any such arrangements currently in place or to be implemented in the future.
5. Describe in detail your proposed investment options and underlying funds for the Program, including the asset allocations if using a multi-asset investment. Explain why you are proposing each investment option and fund. Your response should distinguish between passive and active options. For any lifecycle/target-date based investment options you are proposing, describe in detail the proposed timeline and the mix of underlying investments to be used. Please specify if any of the proposed investment options include surrender charges or liquidity restrictions.
6. For each investment option listed in the immediately preceding question, please complete the following table showing the name of the underlying funds in each option (add as many rows as needed). If the underlying investment is not a registered mutual or exchange traded fund, please identify the strategy, manager, total annual fees and September 30, 2017 AUMs.

Underlying Fund	Investment Option Included in:	Ticker	Share Class	Total Annual Fees	AUMs as of 9/30/2017

7. If any of the underlying investments identified in the immediately preceding question is not a registered mutual fund or exchange traded fund, please provide an Excel spreadsheet with net of fee historical performance showing the Quarter, 1-, 3-, 5-, 7- and 10-year results as of September 30, 2017. Include comparable market-oriented benchmark returns.
8. Discuss how the proposed investment options and underlying investments are consistent with your understanding of the investment objectives of the Program and the expected needs of retirement savers in the Program.

9. Describe how and when any proposed lifecycle/target-date or static portfolios would rebalance. How would you manage cash inflows and outflows?
10. Describe the internal procedures your firm uses to monitor the performance of funds and fund managers. How often do you review/revise the proposed asset classes? What analytical tools are used in the monitoring process? Please note and describe the rationale for any changes to asset class recommendations you have made over the last five (5) years.
11. If your proposal includes proprietary underlying investments and the Board wants to change an underlying investment, describe how other underlying investments (proprietary and non-affiliated) would be identified by your firm, whether there is a minimum amount of proprietary funds required, and additional restrictions you would apply, if any.
12. What is your view regarding principal protected investment products, to the extent permissible, and their place in the Program? Please provide your ability to offer an appropriate array of investment options that offer guaranteed returns on contributions and conversion of retirement savings account balances to secure retirement income.
13. If you propose or if the Board should desire to include a bank product or other FDIC-insured investment options, please indicate your willingness to work with a California-based financial institution to offer federally-insured investment options.
14. Describe how you would provide a timely review and analysis of key events that could potentially affect investment options, the underlying investments, and your organization.
15. Describe in detail the data, information, and advice you will provide the Board on at least a quarterly basis to analyze and interpret the investment results of the Program. Provide at least one recent client report, similar to what you would provide to the Board.
16. Investment decisions can be intimidating to people. How can your firm utilize the Investment selection process as a way to provide financial literacy/education to participants and make that decision less daunting?

4.6 Fees

Please complete the table below to show all fees applicable to the Bidder's proposed services. Please include and specify additional fee components, if any. Note that any fees not included in your responses to this Section 4.6 **will not** be eligible to be charged.

Fee	Program Administrator	Investment Management	Program Manager
Program Administrator Fee (bps)		Not applicable	
Investment Option Fee (bps) (specify each Option)	Not applicable		
If applicable, Account Maintenance Fee (\$)		Not applicable	

Asset-based Program Administration fees and Investment Option fees, and, if applicable, dollar-based Account Maintenance fees, will be considered in determining the overall fee score for each Bidder. If your bid includes dollar-based Account Maintenance fees, an overall asset-based fee will be calculated based upon an assumed asset value of \$10,000.

The proposal with the lowest overall fee will be awarded the maximum points (30 points if no interviews are held; 36 points if interviews are held) for each category of services. Other proposals shall be awarded overall points based on the following calculation:

- $(\text{Lowest Bidder's Overall Fees}) / (\text{Other Bidder's Overall Fees}) = (\text{Factor})$
- $\text{Fee Points awarded to Other Bidder} = (\text{Factor}) \times (\text{Maximum Points})$

EXAMPLE:

- The Bidder with the lowest Overall Fees receives the maximum points.
- $\text{Lowest Bidder's Overall Fees} = 25 \text{ bps}$
 $\text{Other Bidder's Overall Fees} = 50 \text{ bps}$
- $(\text{Lowest Overall Fees proposal} / \text{Other Overall Fees proposal}) = 25 \text{ bps} / 50 \text{ bps}$
 $= \frac{1}{2}$
- $\text{Points awarded to Other Bidder} = \frac{1}{2} \times 30 \text{ maximum points} = 15 \text{ points}$

4.7 Other Fees

Provide any other transaction-related fees that could be charged to the participants. These fees will not be part of the evaluation, but any fee not included in your proposal will not be eligible to be charged.

5. LEGAL, DISCIPLINARY, AND CONFLICTS OF INTEREST DISCLOSURES

For purposes of the following Questions, and for this RFP generally, the term "related entity" means any partnership, joint venture, sub-contractual relationship, and all other direct or indirect affiliations of the Bidder, entities that own the Bidder, and subsidiaries of the Bidder that could, in any reasonable capacity, affect the Program or impact the Program investment portfolio.

The Board may reject a proposal due to any disclosure or conflict of interest (potential or actual) that is material in the sole opinion of the Board.

- 1) Advise if any partner, officer, principal, investment officer, portfolio manager, research analyst, or trader of the Bidder's firm has been convicted or pleaded no contest in a case stemming from a felony indictment under federal or state law since January 1, 2013. Any such conviction or plea must be disclosed and must be accompanied by a full explanation of the circumstances surrounding it.
- 2) Advise if the Bidder is or was a defendant in litigation relating to any services which it proposes to provide to the Board since January 1, 2013. Any final settlement, administrative decision, or judgment made in connection with this litigation must be disclosed and must be accompanied by a full explanation of the circumstances surrounding it.
- 3) Advise if the Bidder, any partner, related company (parent, subsidiary, sister), affiliate or joint venture, or any owner, officer, director, principal, or management level employee of the Bidder has been involved in any enforcement action by the SEC or any other governmental regulatory agency or been named a defendant in litigation where there was an allegation of violation of fiduciary responsibility since January 1, 2013. If yes, explain in detail.

- 4) Disclose any other legal or disciplinary event that is material to the Board's evaluation of the Bidder or the integrity of Bidder's management or advisory personnel, since January 1, 2013, by either: (1) identifying the specific type of event and specifically referring to the relevant portions of the Bidder's most recent Forms MA or MA-I (and, if doing so, providing detailed information specifying where the Board may electronically access such forms), or (2) providing a writing that fully and fairly discloses the information required to be disclosed and documented under MSRB Rule G-42(b) and (c).
- 5) Advise if the Bidder has ever been terminated for cause from any contract. If the answer is yes, cite the background of the contract, reason for the termination, and what the Bidder has done to change operations or personnel to preclude the circumstances regarding the termination from re-occurring.
- 6) If not already included in your response to 1 through 6, immediately above, disclose any business relationships, which may be construed to be potential or actual conflicts of interest. The Contractor will have a continuing requirement to disclose any business relationships that may be construed to be a potential or actual conflict. The disclosure must be sufficiently detailed to inform the Board of the nature, implications and potential consequences of each conflict and must include an explanation of how the Bidder addresses, or intends to manage or mitigate, each conflict.
- 7) Has the Bidder, any related entity, a parent company, an affiliate, subsidiary, or any affiliated mutual fund, separate account, commingled fund, or other investment vehicle been subject to any enforcement action or investigation by, or entered into settlements or is party to litigation with, or been subject to any audits or regulatory or investigative inquiries by, the IRS, the SEC, FINRA or a state regulatory or investigative agency in connection with mutual fund, investment management, college savings, ABLE or Secure Choice businesses (including market timing, late trading, collusion with third parties, preferential fund family treatment, directed brokerage payments or other sales practices, or a failure to supervise sales professionals) at any time since January 1, 2013? If yes, explain in detail.
- 8)
 - (A) Does your firm have an active Broker-Dealer license issued by the SEC in the firm's name?
 - (B) Is your firm registered with the SEC under the Investment Advisors Act of 1940? Is your firm a registered Municipal Advisor?
 - (C) Is your firm required by the SEC or FINRA to file Financial and Operational Combined Uniform Single Reports (FOCUS Reports)? If so, please provide a copy of your most recent FOCUS Report. If your firm is not required to file a FOCUS Report, please provide a copy of your firm's most recent audited financial statement.
 - (D) Is your firm a current member in good standing with the FINRA?
 - (E) Does your firm have an active current registration as a Broker-Dealer with the State of California Department of Corporations?
 - (F) Please provide your firm's SEC file number, Central Registration Depository (CRD) number and identification of one employee with a FINRA Series 53 license.
- 9) Has your firm or any of its current principals been the subject of an investigation by the SEC, FINRA, NYSE, California Department of Corporations or any other governmental or securities industry-based regulatory agencies since January 1, 2013?
- 10) Has your firm or any of its principals been involved in any litigation, arbitration, disciplinary or other official actions arising from the firm's underwriting, underwriting practices or management, or the purchase, sale or distribution of taxable or tax-exempt municipal securities or other governmental obligations of municipal securities since January 1, 2013?

- 11) Has your firm or any of its principals been involved in any litigation, arbitration, disciplinary or other official actions arising from any other business of the firm since January 1, 2013?
- 12) Has your firm ever filed for protection under federal or state bankruptcy laws?
- 13) Has your firm or any of its current principals been subject to criminal action under either federal or state law since January 1, 2013?

6. CALIFORNIA DISABLED VETERAN BUSINESS ENTERPRISE

The Disabled Veteran Business Enterprise (DVBE) participation requirement, including DVBE incentive, for this RFP have been waived.

7. PREFERENCE PROGRAMS

7.1 Small Business or Microbusiness Preference (if applicable)

(If there are any inconsistencies herein with the applicable statutes, regulations, and State Contracting Manual, the statutes, regulations, and State Contracting Manual shall supersede.)

A five percent (5%) preference will be applied to certified small businesses submitting proposals for this RFP. To obtain the preference, Proposer must either be certified as a small business and submit a copy of their certification approval letter from DGS/Office of Small Business and DVBE Services (OSDS) or submit a complete application for certification to DGS/OSDS by 5:00 p.m. PT on the proposal due date. However, the proposed winning Proposer must be a certified small business at the time of contract award. The 5% preference is used only for computation purposes to determine the winning Proposer and does not alter the amounts of the resulting contract.

Once each proposal has been scored, if the highest scored proposal is from a non-certified small business, then 5% of the highest scoring proposal is added to the total "earned" points for each proposal submitted by a certified small business. These final numbers, with the 5% included, are then used to determine the highest scoring proposal.

Questions regarding the small business certification or preference approval should be directed to the OSDS at (916) 375-4940 or can be found online at <http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>.

7.2 Non-Small Business Preference (if applicable)

(If there are any inconsistencies herein with the applicable statutes, regulations, and State Contracting Manual, the statutes, regulations, and State Contracting Manual shall supersede.)

A five percent (5%) preference is available to a non-small business claiming twenty-five percent (25%) California certified small business subcontractor participation. If claiming the non-small business subcontractor preference, the proposal must include a list of the small business(es) with which the Proposer commits to subcontract in an amount of at least 25% of the net proposal price with one or more California certified small businesses. Each listed certified small business must perform a "commercially useful function" in the performance of the contract as defined in Government Code Section 14837(d)(4).

The required list of California certified small business subcontractors must be attached to the proposal and must include the following: 1) subcontractor name, 2) address, 3) phone number, 4) a description of the work to be performed and/or products supplied, 5) and the

dollar amount or percentage of the net proposal price (as specified in the solicitation) per subcontractor.

Proposers claiming the 5% preference must commit to subcontract for at least 25% of the net proposal price with one or more California certified small businesses. Completed certification applications and required support documents must be submitted to the OSDS no later than 5:00 pm PT on the proposal due date. Questions regarding certification should be directed to the OSDS at (916) 375- 4940 or can be found online at <http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>.

The preference to a non-small business firm that commits to California certified small business subcontractor participation of 25% of its net proposal price shall be 5% of the highest scoring proposal. A non-small business, which qualifies for this preference, may not take an award away from a certified small business.

7.3 Target Area Contract Preference Act (TACPA) (if applicable)

(If there are any inconsistencies herein with the applicable statutes, regulations, and State Contracting Manual, the statutes, regulations, and State Contracting Manual shall supersede.)

The TACPA preference will be granted for this procurement. Proposers wishing to take advantage of the TACPA preference will need to review the following website and submit the appropriate response with the proposal:

<http://www.dgs.ca.gov/pd/Programs/DisputeResolution.aspx>

Proposers wishing to take advantage of the TACPA preference are required to submit the following applications/forms:

- TACPA (STD. 830)
- Bidder's Summary of Contract Activities and Labor Hours (DGS/PD 525)
- Manufacturer Summary of Contract Activities and Labor Hours (DGS/PD 526)

8. REQUIRED ATTACHMENTS

Refer to the following pages for additional Required Attachments.

ATTACHMENT 20

BID INDICATION FORM

Indicate below if you are bidding on (1) Program Administrator services, (2) Investment Manager services, or (3) Program Manager services, including both Program Administrator and Investment Manager.

If you are submitting a bid for Program Manager services, but would agree to provide stand-alone Program Administrator services and/or Investment Manager services, you should check all applicable options below. If you do not check additional options, your bid will be considered for Program Manager services alone.

_____ Program Administrator

_____ Investment Manager

_____ Program Manager (including both Program Administrator and Investment Manager services)

The Evaluation Committee will review the proposals based on the scoring results of Phases 1, 2 and 3, as applicable. The Board will determine whether to engage a single Bidder or multiple Bidders only AFTER the Evaluation Committee has reviewed all proposals and reported the results. Each Bidder is advised to consider carefully the services for which it is submitting this proposal.