



**California Secure Choice Retirement Savings Investment Board
Summary of Changes to Request for Proposals
[RFP Draft as of February 16, 2018]**

Public comments and comments from the Board have been provided on the publicly posted draft of the Request for Proposals for Program Administrator and Investment Manager Services (the “RFP”) on November 27, 2017. Subsequently, comments were provided on the draft of Exhibit E to the RFP, the Standard Agreement (“Agreement”), which was posted for public comment in early January 2018. On February 16, 2018, a revised draft RFP, including a revised Exhibit E, was posted and is submitted for Board approval at the February 26, 2018 Board meeting. The substantive changes to the RFP and Exhibit E include the following:

Operation of the Call Center – Sections 1.2 (Bidding Options), 1.3 (Call Center Scenarios), 1.6 (Scope of Work), and 4.4 (Call Center and Customer Service Qualifications and Experience)

- Must provide cost proposals for three scenarios, including (i) turnkey, (ii) hybrid, and (iii) State-run from inception
- Responses must describe support provided and timeline impact in State-run scenario

Agreement Term – Section 1.4 (Sample Standard Agreement)

- Effective date of the Agreement will be upon DGS Approval
- Seven-year term will run from first enrollment, with three one- year optional extensions

Program Overview – Section 1.5 (Background)

- Program features now specified (e.g., default contribution and escalation rates, IRA structure, and investment option)
- Clarity on 1% fee cap in Year Six and after
- Additional supporting data from Feasibility Study
- Direction on investment options to be bid

Roles of the Parties and Services – Section 1.6 (Scope of Work)

- Program Administrator will serve as a fiduciary
- Investment Manager will serve in accordance with applicable federal and state laws (and thereby serves as a fiduciary)
- Board will choose auditors; Administrator will provide Service Organization Control Reports
- Mobile application will be expected
- Marketing and outreach materials will be provided in foreign languages in accordance with applicable state laws

Bidder Qualifications – Section 2 (Minimum Qualifications)

- Increased IRA administration from 75,000 to 250,000 accounts
- Increased assets under management (“AUMs”) in defined contribution plans / IRAs from \$2 billion to \$5 billion

Proposal Requirements – Section 3.5 (Evaluation Process)

- Finalists will be interviewed
- Point allocations now include distinct Call Center functions



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Particular Qualifications and Experience – Section 4

- General clarifications provided regarding compliance with or applicability of federal securities laws (Section 4.1)
- Enrollment process reference to “State law governing the Program” elicits information regarding disclosure “acknowledgement” requirement (Section 4.2)
- Commitment of “field representatives” eliminated due to public comments (Section 4.4)
- Marketing and messaging experience with low-income and other particular workers requested (Section 4.5)
- Preference for passively-managed index funds is clear (Section 4.6)

Cost Evaluation – Section 4.7 (Administration and Investment Fees)

- Bidders may bid dollar-based or asset-based fees
- Breakpoints for fees must be included
- Costs, including breakpoints, will be averaged using Feasibility Study data on projected AUMs and account size (in lieu of an assumed single account size)

Agreement Terms in Particular – Article 17 of Exhibit E

- Indemnification is now reciprocal, with the Board’s indemnification being limited “to the extent allowable by law (Sections 17.1 and 17.2)
- The Agreement does not exclude consequential, indirect or punitive damages (Section 17.1 and 17.2)