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457(b) PLAN INVESTMENT ADVISORY AND CONSULTING SERVICES

RFP 24-04

ADDENDUM NO. 1

March 6, 2024

Request for Proposal No.: RFP 24-04
Opening Date and Time: 2:00 PM, March 11, 2024

The following changes, clarifications, and or additions are hereby made to RFP 24-04, 457(b) PLAN INVESTMENT ADVISORY AND CONSULTING SERVICES.

Changes to the specifications:

- Delay the Bid Due Date to Thursday, March 21, 2024 @ 2:00 PM

The City of Fairbanks (City) is responding to questions regarding RFP #23-14 Permanent Life Insurance as follows:

1. Can you tell us why the RFP is being issued – is it renewal or other reasons? Please explain.

The contract expired after five years of service; therefore, the city is issuing this RFP.

2. Who is the current incumbent investment advisor? For how long have they been providing these services?

The current investment firm is Pacific Portfolio. The company has provided the services for five years and is eligible to respond to this RFP.

3. What is the total dollar amount of fees paid to the current investment advisor for the last two (2) years? Was it a flat rate (fixed) fee or is it the percentage of assets? Is the investment advisor fee paid from plan assets or a separate City budget?

The city paid an annual fee of \$20,000 through the city budgeting process.

4. **On pg. 8 of the RFP, we noted Metlife has been the plan administrator, and the contract expires on 12/31/2024. Is it the expectation of the hired investment advisor to issue a recordkeeper RFP in the first year (2024) of their service contract? Does the City have the ability to extend the recordkeeper contract for one year, or are there some administrative issues or a change of recordkeeper is desired at the earliest possible time? Please explain.**

The city will issue an RFP for the 457(b) Plan after we award the contract for investment advisory and consulting services. The MetLife five-year contract will expire on 12/31/2024.

5. **What are the City's expectations for the selected investment advisors regarding the recordkeeper search process? Will it include drafting, and evaluating the recordkeepers' RFP responses, or will our fiduciary standard recordkeeper benchmarking process be satisfactory? Should this RFP and/or benchmarking service be priced and billed separately in the year it is performed or should it be incorporated in our annual flat/fixed fee spread over the 5-year contract period?**

The successful proposal will be expected to evaluate the RFP responses. This cost should be included in the annual fee.

6. **Is there anything you would like the new fiduciary investment advisor to do differently, improve and/or provide additional services?**

The city does not have any recommendations for new or improved services; however, we are open to new suggestions from the successful proposer.

7. **Are advisory services or managed accounts offered to 457(b) plans participants now? If yes, what is the current market value of the managed accounts in the plan? If the service isn't offered in any of the plans now, has it been proposed for consideration in all plans on a go-forward basis?**

MetLife provides advisory services to plan participants. The Deferred Compensation Committee (DCC) will consider recommendations from the successful proposer.

8. **Can you please provide a copy of the Investment Policy Statement? When was IPS last updated?**

The Investment Policy Statement is attached and has been revised as of June 2023.

9. **Can you please provide a copy of your current investment advisor's performance report so we can clearly understand your desired quarterly reporting expectations? If your current performance reporting format does not meet your needs, can you please identify what modifications, improvements and/or information format/content is desired?**

The current report is proprietary; therefore, we are unable to release the report.

10. What is the total market value of the plan as of 12/31/2023?

The MetLife report as of 12/31/2023 is attached.

11. We noted on pg. 8 of the RFP there is a ROTH option available. What date was it implemented? How many participants are contributing to it and what is the current market value?

Refer to the attached MetLife Report and Investment Policy.

12. Can you please provide us with the current market value of each fund options for the ROTH and traditional 457(b) plan (separately) as at 12/31/2023 along with: expense ratio of each fund. Net 1yr, 3yr, 5yr, and 10yr performance numbers for each fund?

Refer to the attached MetLife Report and Investment Policy.

13. Are any of the funds in the Plans' lineup currently on watch or slated for removal? If yes, which ones?

There are currently no funds slated for removal.

14. As per pg 8 of the RFP, we noted each investment option is a mutual fund by the 5-digit ticker symbol displayed. Has the City considered implementing lower cost collective investment trust ("CIT") investment options in the 457b plan? If yes, can you please provide the date of review and consideration? If yes, what is the anticipated date of implementation? If not, can you please specify the reasons CITs are not considered/scheduled for implementation?

Refer to the attached Investment Policy. The successful proposer may provide recommendations.

15. Has the City conducted an in-depth target date fund review that meets DOL standards? If yes, what date was performed?

The DCC does not have a record of conducting this type of review.

16. What is the current interest rate and the minimum guaranteed rate on the fixed or stable value account for the existing vendor?

Refer to the attached Investment Policy.

17. Can you please disclose the names and title of the proposal evaluation committee?

The evaluation committee will be selected upon closing of this RFP.

18. Has the City conducted a review and/or a modification of the investment menu? If yes, what date it was last performed? Please provide a brief description of the modifications made to the investment menu.

The DCC reviews the 457(b) Plan Performance quarterly with the investment consultant. The last recommendation adopted by the DCC was to add Vanguard Target Retirement Funds on December 12, 2022.

19. Will the same proposal evaluation committee be responsible for ongoing plan oversight? If different, please indicate name/title of the Committee party or parties responsible for ongoing plan oversight.

The DCC will be responsible for the 457(b) Plan oversight.

20. Is there a financial wellness program available for participants today? Does the wellness program provide robust employer reporting that captures participant data for plan sponsors and/or recordkeepers' benefit to assist in the delivery of relevant participant financial education topics? Would they be interested in accepting a proposal at an additional cost to implement a robust financial wellness program?

The city does not have a financial wellness program. The proposer may include information in the section labeled other information.

21. We noted on pg 10 of the RFP that Board education and training is requested. Is there a current education & training service provided for the board members? What is the frequency of providing these services? Can we include the board education as a part of our quarterly meeting agenda?

The current training is held during quarterly meetings.

22. Are there any special and/or annual events during the year where attendance and/or participation by investment advisor is expected? If yes, please describe the event name and approximate date, if available.

There are no special or annual meetings.

23. What are the number/percentage of meetings currently held in person, virtually and/or hybrid for participant meetings? What is the expectation for in-person meetings for the chosen investment advisor?

The quarterly meetings are held in person and online.

24. Is the meeting schedule for 2024 available? If so, can you please provide it?

The quarterly schedule will be set upon selection of an investment consultant.

25. Could you please give us a 5-business-day deadline extension after responses to our questions have been released so we can thoroughly evaluate them and submit a fully responsive proposal?

We have extended the bid deadline two weeks past the posting of this addendum.

26. The RFP says MetLife serves as the plan's administrator and is also responsible for holding and investing plan assets. Is the search being conducted due to MetLife's upcoming contract expiration or has the plan not worked with a standalone investment advisor/consultant?

The contract expired after five years of service; therefore, the city is issuing this RFP.

27. Will a firm ultimately be selected by the city council or the city's deferred compensation board for an anticipated contract commencement of April 1?

A firm will be selected by the DCC.

28. The current fund menu DOES not include identical funds that the plan could utilize to lower investment expense. That savings and availability are limited by the advisor or consultant that you select. The "total annual cost" should include this savings – it is one of the most important roles is negotiating the lowest cost for an identical strategy (same fund same management) – Can you confirm if this will be part of your evaluation?

The evaluation committee will consider information provided relative to the criterion established in the RFP (Page 22 of 22).

29. "There are no per-participant fees, other than managed accounts" What are the managed account fees? Has this been negotiated by the advisor?

The successful proposer will assist in the new RFP selection and future negotiations.

30. Frozen assets of around \$2-3 million are in a Mission Square plan – has anyone negotiated reduction in those fees? Would the City be open to understanding how that could be improved and part of this important process?

The successful proposer can provide additional information regarding this recommendation.

31. The current contract will end on December 31, 2024- will the firm hired for this role also be executing a competitive LIVE RFP for the recordkeeping services effective 1/1/25?

The successful proposal will be expected to evaluate the RFP responses. This cost should be included in the annual fee.

32. Have you completed in person quarterly meetings in the last three years with your consultant? Do you want a bidder to price in quarterly in person meetings with dates that you have defined? Would you be interested in understanding on the pricing to virtual only meetings?

The consultant was in-person at our quarterly meetings. Meetings are also offered online.

33. Many public sector clients have moved to a 3(38) delegated investment advisory relationship versus co-Fiduciary or traditional consulting. Your plan could benefit from this and I would be interested if this has been considered in the past or discussed. Not all consultants offer 3(38) services or rely upon an outside party for an additional fee. Can you let me know if this has been discussed or explored?

The DCC records do not indicate that this was discussed. The successful proposal can provide further information about this topic.

This amendment must be acknowledged by manually signing this amendment sheet and submitting it with the sealed bid documents.

All other terms, conditions, and specifications of the original Request for Proposal remain unchanged.

CITY OF FAIRBANKS

Christina Rowlett

Christina Rowlett
Risk Manager/Purchasing Agent

ACKNOWLEDGEMENT

Signature

Date