



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

REQUEST FOR PROPOSAL

***403(b) TAX-SHELTERED
ANNUITY PLAN***

THE OKLAHOMA TEACHERS' RETIREMENT SYSTEM
Administering

THE 403(b) TAX-SHELTERED ANNUITY PLAN

REQUEST FOR PROPOSAL

#OTRS2500

THIRD PARTY SERVICES

The Board of Trustees of the Oklahoma Teachers' Retirement System ("OTRS"), which is charged with the administration of the Tax-Sheltered Annuity Defined Contribution Plan (TSA Plan), is considering the selection of a Recordkeeper for the TSA Plan, or the selection of an integrated recordkeeper and registered investment platform provider for the TSA Plan. This request is set up to cover respondents in each of the categories. If you chose to submit in more than one category, submit a separate response for each category. This request does not involve the OTRS defined benefit program in any way.

Category One – Recordkeeper: The respondents in the first category must be willing to recordkeep for the participants, receive deferrals from any OTRS client who elects to participate in this voluntary deferral plan via the client's employer (school districts in Oklahoma), maintain all appropriate records for participants, administer participant investment direction changes and hardship distributions, provide communication and education to participants, administer distributions from the TSA Plan, and complete all appropriate tax withholding, reporting and information. The respondent must be willing to enter into reasonable information sharing agreements and vendor agreements with the local school districts and respond to all requests for the same. This category is to cover recordkeeping only, not the provision of specific investment options. Respondents should anticipate that the OTRS Board will select registered mutual funds and/or annuities as options available for participant selection under Category Two and Three, or a single provider of all services under Category Four.

Category Two – OTRS Investments Options: Respondents in this category will be bidding on the investment options for OTRS accounts. Respondents may offer individual mutual funds or any pre-set allocation fund-of-funds. Respondents will make investment option recommendations to the Board, and the Board will make the final investment option decision. Respondents must be willing to coordinate with the Recordkeeper selected by OTRS in Category One above. Under this category, the respondent will: (1) coordinate record keeping activities with only the OTRS Recordkeeper and (2) be the sole provider of investment options under the OTRS Recordkeeper. Respondents will not need to provide recordkeeping services.

Category Three – Investment Options Under Other Third Party Administrator:

Respondents in this category will be bidding on providing Investment Options for OTRS accounts. Respondents will make investment option recommendations to the Board, and the Board will make the final investment option decision. However, in this category, Respondents must be willing to coordinate investment activities with a Third Party Administrator selected by a school district. Under this category, (1) the respondent will coordinate recordkeeping activities with Third Party Administrators selected by school districts that elect OTRS as an investment

provider under their 403(b) plan; and (2) the respondent may not be the sole provider of investment options under the Third Party Administrator selected by the school districts.

Category Four – Recordkeeper and Investment Options: The respondents in this category must be willing to provide the recordkeeping and administration options outlined in Category One above and the Investment Options outlined in both Categories Two and Three above. The bid in this category is inclusive of all services solicited in this RFP. Respondents in this category are encouraged to submit responses for the other categories separately. A Vendor that responds to only Category Four will not be considered if individual respondents are selected for Categories One through Three. Respondents in this category may be given preference over individual category respondents.

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This RFP can be found on the OTRS website at www.ok.gov/trs. If you are unable to download the document from the website, you can also obtain an electronic copy of this RFP through e-mail. Send your request to: d1m@trs.state.ok.us. Include the name of the RFP and the proposal number in your request. All responses to this RFP must be submitted in accordance with the instructions contained in the RFP. Electronic responses to this RFP will not be considered.

Regardless of the manner in which the RFP document is received by the Vendor, the contents of the RFP may not be altered in any way. The Vendor's Affidavit and all questions must be identically reproduced in the submitted proposal. Any alterations to the contents of the RFP document will be grounds for rejection from consideration or termination of a resulting contract. By submitting an RFP, it is agreed by the Vendor that any misleading or false information given may be grounds for rejection from consideration, or termination of any resulting contract whenever and however discovered.

REQUEST FOR PROPOSAL
Third Party Services

II. MANDATORY REQUIREMENTS FOR SUBMITTING A PROPOSAL
(PLEASE READ CAREFULLY)

- A. Proposals must be received by the deadline only at the following address:

Oklahoma Teachers' Retirement System
Third Party Services
ATTN: Dixie L. Moody

For overnight express mail ONLY
2500 N. Lincoln Boulevard – 5th Floor
Oklahoma City, Oklahoma 73105

OR
P.O. Box 53524
Oklahoma City, Oklahoma 73152

- B. The deadline for receipt of complete proposals is **4:30 p.m.**, Central Time, on **Friday, April 17, 2009**. Proposals submitted to an incorrect address or location or received after this date will be rejected and will not be considered.
- C. The Original Proposal must contain the Proposal Cover Sheet, fully completed, signed and notarized. The Original Proposal Affidavit must be clearly marked "**ORIGINAL**". The Proposal Cover Sheet, the Proposal Cover Letter, the Response to the Questions, and the required copies must be submitted together in one completely sealed package, box or envelope. The package, box or envelope must indicate which Category the proposal covers. If you wish to bid on several categories, you must separately package each proposal.
- D. Proposals may be either mailed or hand-delivered. If the proposal is sent by mail or commercial express delivery service, the responding Vendor shall be responsible for actual delivery of the proposal to the proper address before the deadline. All timely proposals become the property of OTRS.
- E. Proposals should be prepared simply and economically, providing a straightforward, concise description of the offer, and all other required information. Proposals in ring binders are preferred. Unnecessary and elaborate brochures or other extraneous visual presentations are neither necessary nor desired.

- F. The proposal must first contain the completed Proposal Cover Sheet. Additional materials may not be attached to this page.
- G. The proposal must then contain a cover letter, which must contain the items described in Section II (U) below. The cover letter may not exceed two pages.
- H. The proposal must then contain responses to the General Questionnaire. This part of the response may not exceed 30 pages for Categories One, Two and Three, and 50 pages for Category Four.
- I. Each page of this response should be consecutively numbered. It is strongly suggested that questions contained in the RFP should be repeated in the proposal with the answers to the questions following.
- J. The proposal should then include biographies of the key team members.
- K. The proposal may contain supplemental information. Any supplemental information thought to be relevant, should be provided as an appendix to the proposal. This supplemental material may not exceed 20 pages.
- L. All proposals are considered to be public record and shall be available for viewing and reproduction by any person.
- M. In submitting this proposal, the Vendor must agree to an audit which provides that books, records, documents, accounting procedures, practices or any other items of the service provider relevant to the proposal are subject to examination by OTRS and the Oklahoma State Auditor and Inspector.
- N. In an effort to clarify any issues in this RFP, OTRS will respond only to questions that are presented through e-mail. Questions should be submitted in Microsoft Word format to Dixie Moody at dlm@trs.state.ok.us. These questions will be consolidated into a single Q&A document. You do not have to present questions to receive the completed Q&A document.

All questions must be received by OTRS by **4:30 p.m.** Central Time on **Monday, March 23, 2009**. The Q&A document will be posted on the OTRS website (www.ok.gov/trs) on or after Monday, March 30, 2009. This will be the only distribution method for the Q&A document unless specifically requested by the Vendor in writing or e-mail.

- O. It is the responsibility of the Vendor to ensure compliance with all requirements and deadlines. Proposals which are not in compliance with each and every requirement contained in this Section will be rejected.
- P. The Vendor shall submit an original plus nine (9) additional copies of its response including the same number of any supplemental materials and disks. The original shall be clearly marked "**ORIGINAL**". The nine additional copies shall be clearly marked "**COPY**".

- Q. All proposals must also be submitted on a CD.
- R. All costs of preparation and presentation associated with your response to this RFP will be the responsibility of the Vendor. Vendors may be asked to make a presentation before the Board if selected as a finalist. None of the costs associated with this presentation will be reimbursed by OTRS.
- S. The selection of investment managers and investment consultants for the state retirement systems is specifically exempt from the competitive bidding procedures established by Oklahoma Statutes. The services required in this RFP are a necessary part of investment management and the ability to deliver investment options to the TSA Plan participants.
- T. The Board of Trustees of OTRS reserves the right to request additional information from any Vendor and to accept or reject any proposal without specifying the reason for its actions. The Board reserves the right to request additional proposals. Further, the Board specifically reserves the right to renegotiate for lower fees at any time with any Vendor. The Board also reserves the right to award all, part, or none of this contract. The Board reserves the right to award contracts to more than one service provider if deemed appropriate and desirable.
- U. Threshold Agreements: In the cover letter, all Respondents must:
1. Agree to be bound by the information and representations contained in any proposal submitted.
 2. Agree that the proposal is deemed to be a binding offer on the part of the Vendor.
 3. Agree that submission of a proposal in response to this RFP evidences the Vendor's acceptance of the terms and conditions contained within the RFP.
 4. Agree that this RFP and the Vendor's response will be incorporated by reference to any resulting agreement.
 5. Represent that Vendor has a minimum of three (3) years of continuous experience in the 403(b), 401(k) or 457(b) marketplace.
 6. Represent that as of December 31, 2008, at least one key individual assigned to the OTRS account must have at least five (5) years experience servicing §403(b) tax sheltered account plans.
 7. OTRS prohibits the payment of a finder's fee in any form. The Vendor must certify that no finder's fee or finder's commission has been paid or shall be paid to any individual or organization from the establishment of this investment relationship with OTRS.

In the cover letter, all Respondents in Category One must also:

8. Represent that as of December 31, 2008, respondent is providing plan coordination, recordkeeping, third party and/or administration services to a minimum of fifty (50) §403(b), §401(k), or §457(b) plans. §401(k) or §457(b) experience must be separately noted.
9. Represent that as of December 31, 2008, respondent provides plan coordination and/or recordkeeping services for a §403(b), §401(k), or §457(b) plan to at least one (1) public client comparable to OTRS.

In the cover letter, all Respondents in Category Two, Category Three and Category Four must also:

10. Agree that any resulting investment management related contract and services will be subject to and interpreted by Oklahoma law.
11. Agree that no recommended investment products will include front or back end loads, surrender or withdrawal charges or any undisclosed fees.

Failure to include these acknowledgements, representations and agreements in the cover letter will automatically disqualify the response.

III. ADDITIONAL INFORMATION

- A. The Vendor must fully disclose any proposed subcontracting of any of the required services.
- B. The fee quotes set forth in the response to the RFP will be a significant factor in determining vendors for further consideration.
- C. Period of Contract

The term of the contract shall be five (5) years, subject to annual renewal by the Board of Trustees, from July 1, 2009 to June 30, 2014. At the option of the Board of Trustees, the contract may be renewed for an additional five (5) year term, also subject to annual renewal by the Board of Trustees, from July 1, 2014 to June 30, 2019. The contract is subject to early termination by the Board of Trustees, with or without cause, upon thirty (30) days notice.

- D. Notice of Discussion

All Vendors who have submitted a proposal will be notified of the Board's decision in writing after the final selection has been made. This notice of final selection may be the only communication between OTRS and the Vendors. Telephone or other inquiries concerning this proposal after the proposal deadline are prohibited except if specifically requested by OTRS.

IV. BACKGROUND INFORMATION

A. Introduction

The Board of Trustees of the Oklahoma Teachers' Retirement System (OTRS) is charged with the responsibility of administering the Tax-Sheltered Annuity Defined Contribution Plan (TSA Plan). The TSA Plan allows eligible clients of OTRS the opportunity to accumulate tax-deferred savings designed to supplement their retirement income. The statutory provisions generally related to the OTRS TSA Plan are set forth in Title 70 O.S. Sections 17-101 et seq.

B. Board Composition

OTRS is administered by a Board of Trustees composed of 13 members including the Superintendent of Public Instruction, the Director of State Finance, the Director of the Oklahoma Department of Career and Technology Education or his designee, four members appointed by the Governor, two members appointed by the Governor and approved by the Senate, two members appointed by the President Pro Tempore of the State Senate, and two members appointed by the Speaker of the House of Representatives.

C. Support Services

OTRS has an authorized staff of up to 52 employees. OTRS is administered by an Executive Secretary. The TSA Plan is supervised by the Plan Administrator who manages the day-to-day operations. The Executive Secretary reports transactions and investment developments to the Board of Trustees at the regular meetings.

D. Plan Description

The Oklahoma Teachers' Retirement Tax-Sheltered Annuity Plan (TSA Plan) was created by law in 1964 and meets the requirements of Internal Revenue Code Section 403(b). The OTRS TSA Plan is a "grandfathered" government plan under Treas. Regs. §1.403(b)-8(c)(ii). It is anticipated the new structure would utilize annuity contracts and/or custodian accounts.

E. Coordination between the Defined Contribution and Defined Benefit Plans

The TSA Plan is a voluntary supplemental retirement plan under Internal Revenue Code Section 403(b), available to eligible clients of the Oklahoma Teachers' Retirement System. As a voluntary plan, employees elect to participate by completing an enrollment form indicating a deferral amount. The minimum deferral amount is \$200 per calendar year.

There is currently only one investment option for the TSA Plan. The contributions made to the TSA Plan are commingled with the 401(a) Defined Benefit Plan funds for investment purposes only. The Oklahoma Teachers' Retirement System's investment portfolio is currently 70% invested in equities and 30% in fixed income. Participants

receive a quarterly statement containing information on the TSA Plan and their individual investment account.

F. Additional Administrative Procedures

OTRS administers the TSA Plan through the Tax-Sheltered Annuity Department within the Finance division of the agency. The Tax-Sheltered Annuity Department currently consists of the TSA Plan Administrator and the Director of Operations. However, the division coordinates with all OTRS divisions for support services for the TSA Plan.

G. Participation

Only clients of the Oklahoma Teachers' Retirement System are eligible to participate in the TSA Plan. There are currently approximately 5,000 participants in the TSA Plan. Those participants are employed by 225 different school districts.

H. Plan Assets

As of 12/31/08 assets in the TSA Plan totaled \$217,078,024.

I. Investment Products

The TSA Plan is currently administered in an un-bundled arrangement with the recordkeeping function being handled by OTRS. Participants are offered only one investment option (the general OTRS portfolio). The investments of Oklahoma Teachers' Retirement System are determined by the OTRS Board of Trustees in accordance with OTRS' Investment Policy.

J. Plan Communication and Education

Plan communication includes the strategy, development and distribution of information to current and potential TSA Plan participants. The Board's objective is broad-based participation. Long-term enrollment goals include ensuring that all eligible clients have knowledge about the TSA Plan.

The TSA Plan enrollment is performed by the school district's payroll officers or third party administrators who are located throughout Oklahoma.

K. New Enrollments and Changes

To enroll in the TSA Plan, participants must complete a Salary Reduction Agreement with their employer or third party administrator.

Deferral amount changes are made through the school district's payroll officers or third party administrators.

Address changes are accepted through the OTRS offices in writing or over the phone. OTRS enters address information into their recordkeeping database.

L. Employee Contributions

The employer remits employee contributions to OTRS along with documentation detailing the clients name, social security number and contribution amount. The total contributions to the TSA Plan for the year ended December 31, 2008 was \$9,666,751.

M. Distributions

OTRS, Payroll Officers or Third Party Administrators authorize the distributions from the TSA Plan. Distributions are made in accordance with the Internal Revenue Code and OTRS Rules and Laws.

In addition, the TSA Plan contains a hardship provision that allows for a distribution from the account while the participant is still working. Hardship distributions are approved by the employer or Third Party Administrator and a voucher is received by OTRS authorizing the distribution. Hardship distributions are processed by the TSA Plan within five business days of receipt of the request.

There are no loans permitted under the TSA Plan.

N. Recordkeeping and Participant Services

OTRS allows participants considerable flexibility with their contributions to their TSA accounts. The minimum deferral amount is \$200 per calendar year. Participants may increase or decrease their deferral amount as often as their employer allows.

The Plan provides a quarterly consolidated statement to all participants within four weeks after the end of a quarter.

O. Fees

The fees associated with the TSA Plan include the Investment Management fees. Earnings are posted to participants' accounts each month end, net of investment management fees which are currently approximately 36 basis points annually.

V. GENERAL QUESTIONNAIRE

The Vendor's proposal must include a written response to each question or statement in this section. The response should reflect the Vendors understanding of the stated requirements, the procedures used to ensure the requirements will be met and the Vendor's qualifications and experience in providing the required services. This response must be limited to 30 pages for Categories One, Two and Three, and 50 pages for Category Four, including the repeat of each question. (Small type may be used for the repeat of the question.)

The Vendor must complete questions as indicated based upon the Category on which the Vendor is bidding. However, a Vendor may respond to additional questions at its discretion.

ORGANIZATION [RESPONDENTS FOR ALL FOUR CATEGORIES MUST COMPLETE.]

1. Provide the name(s), title(s), address(es), e-mail address(es), telephone and fax number(s) of the individual(s) responsible for responding to this request.
2. Provide a brief overview of your company and history of your organization including an organizational chart of your retirement plan operations. Describe any parent/subsidiary/affiliate relationships. Are you currently participating in any alliances or joint marketing efforts? If so, describe in detail.
3. Describe any organizational issues, including the amount and nature of litigation or regulatory investigations involving your company, and any financial problems experienced by your company. Include a description of your firm's legal form (sole proprietorship, partnership, corporation and state of incorporation) and describe any anticipated near-term changes in your firm's basic ownership structure or any other significant changes in your organization. Disclose any conditions (e.g., insolvency or other financial problems, regulatory investigations or issues, pending litigation, planned office closures, impending merger) that may affect your firm's ability to perform the contract.
4. Describe if your company received or applied to the federal government for relief under any of the federal legislation passed in the last twelve months.
5. Indicate how many years your company has been active in the defined contribution business, i.e., 403(b), 401(a), 401(k), 457, etc. (Indicate the period of time for each service, if different, such as investment management for X years, recordkeeping for Y years).
6. Indicate the total value of assets in all defined contribution plans for which you provide services. What is the total number of participants in all defined contribution plans for which you provide services?
7. How many defined contribution plans do you currently service in the following categories:

# OF PLAN PARTICIPANTS	# OF PLANS UNDER MANAGEMENT
Under 1,000	
1,000-4,999	
5,000-10,000	
Over 10,000	
Total Plans Under Management	

8. Provide a breakdown of the defined contribution assets you service by plan type as a percentage of those total assets:

TYPE OF PLAN	% OF ASSETS UNDER MANAGEMENT
Profit Sharing (401(a))	
401(k)	
Money Purchase	
403(b)	
403(b)*	

*In addition, list the ten (10) largest 403(b) plans that are clients and the number of participants and total plan value for each of those 403(b) plans.

9. Describe stability of your firm's client base, as measured by the number of clients gained or lost in the last five (5) years.
10. The extent of your firm's reliance on revenues from sources other than defined contribution plan administration services (*e.g.* investment management, brokerage, or the sale of data or databases to money management firms).
11. Has your firm, or any officer, principal or affiliate of your firm, been investigated by any governmental agencies or prohibited, suspended or otherwise declared ineligible to contract or provide any services your firm proposes to provide by any federal, state or local public agency? If yes, please explain in detail.
12. Within the past five (5) years, has your firm, or any officer or principal of your firm, been involved in, or are there currently pending, any business litigation, citations or threats for citations by federal or state regulators for violations of federal or state laws or regulations, or other legal proceedings? If yes, describe fully and indicate the current status or disposition of the matter or the nature of the pending legal action.
13. Does your firm have Errors and Omissions Insurance? Directors & Officers Liability Insurance? Fiduciary Liability Insurance? If so, who are the carriers and what are the limits?

CLIENT SERVICE [RESPONDENTS FROM ALL FOUR CATEGORIES MUST COMPLETE.]

14. Describe the team that would directly deal with the TSA Plan during the transition and on an ongoing basis. Indicate staff size, experience and turnover rates. Include a biography for the key members of your proposed team.

15. What is the average number of clients managed by the proposed lead client service person? List the names of the clients that your proposed lead client service person currently is in charge of. What is the capacity of this proposed individual?
16. What type of training is required for new and existing employees working on client plans?
17. How many of your employees work on defined contribution plans? Provide breakdown by functional area. What is your annual employee turnover and your average employee employment duration?
18. For each of the last five years, show the number of accounts gained and the number lost, and the respective values for each. In addition, list all clients who have left your firm and the reason for departure over the last five years. What is your average client duration?
19. Describe your procedures for monitoring client satisfaction and participant satisfaction. What are the areas that you believe your firm needs to improve in?
20. What are your service/timing standards? Do you guarantee service performance? If so, describe.
21. Describe the process of replacing an existing fund option with a new fund. Include in your response a proposed timeline that includes the following information: plan participant communication and education; the administration and recordkeeping functions; the interface between recordkeeper and client; the mapping of assets from the terminated fund to the newly selected replacement fund; and blackout periods for plan participants.

RECORDKEEPING/ADMINISTRATION [RESPONDENTS IN CATEGORIES ONE AND FOUR MUST COMPLETE]

22. Do you provide one main contact for the daily administrative needs of the plan?
23. Do you provide daily valuation? Describe the daily valuation methods offered by your system.
24. Describe the method of maintaining plan sponsor history and participant history on the system.
25. What methods of data transmission are available?
26. Describe how your system processes transfers/exchanges (including frequency limitations). Are confirmations sent?
27. Describe your process and methods of asset reallocation (percent and/or dollar).
28. Can employee deferrals and employer contributions be tracked separately?

29. Can your recordkeeping system track multiple money sources in the TSA Plan?
30. Ability of your firm to coordinate plan level administration (*e.g.* hardships and contribution limits) and common remitter services between multiple approved vendors in compliance with §403(b) rules.
31. What checks and balances do you have in place to ensure transactional integrity?
32. Do you provide an administrative manual?
33. What other administrative services do you provide?
34. Describe the hardware platform and software system you use to record keep and administer defined contribution plans. Was the software developed internally, leased, or bought from another vendor? How often is the system upgraded?
35. What system enhancements do you have planned over the next three years for your recordkeeping system and service technology?
36. Describe your documented disaster recovery plan. How often do you test your recovery system? Also describe your maintenance and backup procedures including daily backups, retention timetable and off-site backup storage approach. Where are your off-site backup facilities located?
37. Is your firm willing to provide each of the following contribution compliance tests and services?
 - a. Basic elective deferral limitation (402(g)).
 - b. Age 50+ catch-up (414(v)). Is your firm willing to notify Participants eligible for such contributions, if Participant birth dates are provided by OTRS?
38. Detail your firm's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks, and data.

PLAN COMMUNICATION AND INVESTMENT EDUCATION [RESPONDENTS IN ALL CATEGORIES MUST COMPLETE.]

OTRS is responsible for communicating the benefits of the TSA Plan to all eligible employees. OTRS must approve the philosophy and approach used by the selected Vendor. All publishing rights for material developed by the Vendor for the TSA Plan are retained by OTRS. All materials (letters, brochures, posters, etc.) must be approved by OTRS prior to distribution to employees and employers.

OTRS has not worked with a prior Vendor to develop a logo or customized look for the TSA Plan. A portion of the current fee charged to participants helps cover the costs of

communication/investment education efforts and printing of forms. Vendors will be required to develop a customized communication and investment education campaign.

39. Provide a concise written narrative describing the philosophy and approach that will be used to communicate the TSA Plan. The response should address the challenges and proposed solutions to communicating to a geographically dispersed population. Include in your response samples of literature, forms, video presentations, etc. that could be developed to be used to communicate the TSA Plan to eligible clients.
40. Provide detail of the Vendor's previous experience in providing communication services to Section 403(b) plans. Emphasis should be placed on plans of similar size and complexity to the OTRS TSA Plan.

OTRS considers education of clients in regard to investment and distribution decisions to be a vital component of a communications strategy.

41. Describe the approach that will be used to provide investment education to employees and the procedure that will be followed to monitor this service to ensure education only, and not investment advice, is provided. The approach should include the Vendor's method to reach participants in group settings and if the Vendor's company provides, one-on-one settings.
42. Provide detail of the methods that would be used to provide investment education (e.g., software programs, videos, group presentations). Include detail as to how you have used these in the past and the effectiveness of each approach.
43. Provide detail of the communication approach for participants who are nearing retirement and the method that will be used to provide participants with adequate information about their distribution options upon retirement.
44. Describe the process you use to help plan sponsors measure the effectiveness of employee education efforts.
45. Does your organization provide any services (i.e. personal questionnaires, software, etc.) that would help individual participants with financial planning?
46. Describe your position on providing investment advice and/or managed account service to participants. What fiduciary responsibility do you assume if advice and/or managed accounts are provided?

DEFERRALS AND CONTRIBUTIONS [RESPONDENTS IN CATEGORIES ONE AND FOUR MUST COMPLETE.]

47. Provide detail of the accounting and recordkeeping procedure that will be used to credit employee deferrals and employer contributions to participant accounts. Describe your ability to post incoming amounts to participant accounts no later than the next business day after the date received.

48. Provide detail on Vendor's ability to receive contribution and deferral data over the Internet, or other electronic media and the security to protect said data.
49. Vendor shall affirm its ability to accept wire transfers at Vendor's expense, and the ability to provide timely confirmation to the Plan Administrator of amounts received and invested.
50. The TSA Plan accepts rollovers from other qualified retirement plans as allowed by the IRS. Provide detail on your company's ability to accept and recordkeep rollover amounts in the TSA Plan.

ENROLLMENTS [RESPONDENTS IN CATEGORIES ONE AND FOUR MUST COMPLETE.]

51. Clients must follow the procedure in Subsection K of Section IV to join the TSA Plan or change their deferral amount. Vendor shall respond affirmatively as to your company's ability to comply with this procedure.
52. Describe any alternative approach to the processing of new enrollments and changes, the Vendor may recommend. The response should include any enhancements your company would propose to the current procedure. Include your company's ability to provide for enrollment and deferral amount changes by phone, or over the Internet. Include in your response, the procedure your company would use to notify the TSA Plan Coordinators of payroll changes due to enrollments and deferral amount changes if phone or internet enrollments were allowed.
53. The TSA Plan has approximately 5,000 participants currently making deferrals out of a universe of 147,000 eligible clients. Describe your approach to increasing the active participation rate in the TSA Plan. Give details on how your company would encourage non-savers to enroll in the TSA Plan.

DISTRIBUTIONS AFTER RETIREMENT [RESPONDENTS IN CATEGORIES ONE AND FOUR MUST COMPLETE.]

The distribution options include lump sum, partial lump sum, and periodic payouts on an annual, semi-annual, quarterly or monthly schedule. Participants also have the option to rollover their account to a qualified plan as allowed by the IRS. All distributions are subject to Internal Revenue Regulations.

54. Describe your ability to process the payment of benefits to participants and/or beneficiaries in accordance with the TSA Plan provisions.
55. Provide the time frame for processing the TSA distribution requests and issuing payments to participants.
56. Describe how a periodic payment will be deducted from participant accounts. Identify if participants will be allowed to designate the payout be made from their account balance

in a specific investment option, or if the payout will be made as a proportionate amount from each investment option that has an existing balance.

57. Vendor will be required to withhold appropriate federal and state income taxes for the TSA Plan and remit said taxes to the proper taxing authority. The Vendor shall perform required monthly, quarterly and annual reports of withholding to appropriate authorities, and shall issue appropriate annual wage and tax statements to those who receive distributions during the preceding year. Vendor shall provide an annual listing to OTRS containing the names, social security number and amounts for all 1099s issued for the TSA Plan. Vendor should affirm its ability to meet these requirements.

ADMINISTRATIVE REPORTING [RESPONDENTS IN ALL CATEGORIES MUST COMPLETE.]

OTRS issues monthly financial statements for the TSA Plan. Therefore, accurate and timely reporting is essential. The Vendor will be required to provide financial reporting for the TSA Plan on a monthly basis.

58. Describe your ability to provide the following data in an electronic spreadsheet format.
- A. A summary activity report for the TSA Plan shall include the following information for each reporting period:
- a. Beginning balance.
 - b. The total dollar amount for each type of transaction. Types of transactions include but are not limited to: employer contributions and employee deferrals, interest/earnings, gains/losses, distributions, transfers within the plan, transfers out of the plan, and transfers into the plan.
 - c. Total administrative fees charged.
 - d. Total credit and/or debit adjustments accompanied with an explanation of all adjustments.
 - e. Changes in the market value during the period for each option.
 - f. Name, social security number and dollar amount of distribution.
 - g. Ending balance.

You may answer this question with a sample report.

- B. A summary investment report for the TSA Plan shall include the following information for each investment option:
- a. Beginning of the month balance of dollar and share amounts of each investment option (which should be the ending balance of the prior month).
 - b. Current month total of dollar amount for each type of transaction during the month.
 - c. End of month balance of the dollar and share amounts of each option.
 - d. Deposits posted to each investment option during the period.
 - e. Distributions from each option during the period.

- f. Interest/earnings credited to each account during the period.
- g. Changes in the market value during the period for each option.
- h. Vendor shall identify and provide explanation for all exceptions to monthly requirements listed above (i.e. beginning balance doesn't match previous month's ending balance).

You may answer this question with a sample report.

59. Describe your ability to provide a participant statement no less often than quarterly. Vendor must have the ability to provide separate monthly, quarterly and annual reports for the TSA Plan to OTRS. The information included in the reports may be amended from time to time in writing as mutually agreed between the parties. Activity for all investment options in the TSA Plan shall be reported. The monthly reports must be available no later than the 15th working day of the month subsequent to the reporting date.
- A. Statements shall report account activity for the TSA Plan and meet the following minimum standards of information:
 - 1. Beginning balance, additions, subtractions, ending balance.
 - 2. Dates and amount of all transactions.
 - 3. Net asset market value on statement date.
 - 4. Complete information on specific fund or type of investment option chosen and invested in.
 - 5. Historical performance information on all investment options available in the TSA Plan.
 - 6. Any other items mutually agreed upon by the Vendor and OTRS.

You may answer this question with a sample report.

- 60. Provide detail as to the process that will be used to produce participant statements. Include information regarding the procedure for reconciling or verifying account information prior to producing statements, and a proposed timeframe for distributing statements. Are interim statements available from your recordkeeping system?
- 61. Describe additional reports or services Vendor's company will provide for plan level reporting and any additional costs.
- 62. Describe your capabilities for providing plan and participant level information to the TSA Plan Administrator, the employers and any other vendors over the Internet.
- 63. Describe your recordkeeping system's flexibility and your approach to providing customized reports, which are not normally part of the monthly plan reporting.

64. Describe your ability to record keep employer contributions, employee pre-tax deferrals, employee pre- and post-tax contributions, and rollover contributions.

PARTICIPANT SERVICES [RESPONDENTS IN CATEGORIES ONE AND FOUR MUST COMPLETE.]

65. Explain your automated telephone system features in detail. Include information regarding the following:
- a. The number of participants currently able to access the system.
 - b. The specific features of the system as well as the information and transactions that are available to participants. How are transactions processed? How are transactions documented? Are confirmations sent? Are there any transactions that cannot be processed through the voice response system?
 - c. Information regarding the system's security features. Describe how data is secured within your system (i.e. PIN, audit trail, confirmations).
 - d. The percentage of time it is off-line and not available to participants.
 - e. The system's capacity. What are the standard hours of operation? Does it include a help information menu? How often is the data on the VRU updated?
 - f. Information on flexibility in regard to customized messaging on the VRU.
 - g. Information on optioning out of the system to talk with a representative.
 - h. Future improvements or enhancements that are anticipated to this system over the next three years.
66. Provide details on your internet access to account information:
- a. Describe the account services and transaction capabilities available through your participant website.
 - b. How are website transactions processed and documented?
 - c. Are there any transactions that cannot be processed through your website?
 - d. Describe how data is secured within your system (i.e. PIN, audit trail, confirmations).
 - e. Describe the level of customization available for clients using your internet services.
 - f. What are the standard hours of account access and transactional availability?

- g. If a participant elects to move from the website to a call center service representative, describe the interface between the website and the service representative.
 - h. How often is the data on the website updated? How does the website interface with the recordkeeping system?
67. Identify your call center toll-free service center standards. Include for each of the past four calendar-year quarters, statistics related to actual performance on: number of calls; average length of calls; average response time; percentage of calls requiring follow up; call abort rate; percentage of incoming calls handled via VRU; and, percentage of incoming calls handled via internet website.
68. What training is provided to toll-free service center representatives before they are allowed to handle incoming calls? Do your service center representatives handle just one plan or numerous plans?
69. Do you monitor and/or tape toll-free calls? If so, would the TSA Plan participant calls be available for review by appropriate OTRS staff?
70. What are your case management procedures for calls that have service issues?
71. What information is available to toll-free service representatives to allow them to effectively answer participant questions?
72. Explain your firm's previous experience in providing recordkeeping and accounting services to similar plans. Include information on providing services for plans that offer an employer match component.
73. Describe any technology and advancements the Vendor has in place or is developing that will enhance the services provided to participants or OTRS. Describe any past technological developments that your firm has implemented before any of your competitors.

TRANSITION PROCEDURES [RESPONDENTS IN ALL CATEGORIES MUST COMPLETE.]

74. Describe in detail the steps that would be taken to ensure a smooth transition from the current recordkeeper. Include in your response the time frame required and the length of any proposed blackout period.
75. Provide a detailed description and history of similar plan conversions performed and a client list for which these services were provided. List all 403(b) plans that you have as current clients and which of these were transitioned to your firm over the past five years.
76. Describe the transition activities. Include in your response the time frame required.

77. In the event of the termination of the contract, describe the Vendor's capabilities in providing information to a new Vendor, including time frames and additional fees that may be assessed.

REGULATORY SERVICES [RESPONDENTS IN ALL CATEGORIES MUST COMPLETE.]

78. Describe the type of legal support included in your proposal and any fees that apply.
79. What fiduciary responsibility does your organization assume?
80. How do you keep Plan Sponsors informed and updated on any regulatory and legislative changes?
81. How will you ensure that our plan remains in compliance?
82. How do you ensure that your recordkeeping system is in compliance with all regulations?
83. Describe any litigation, within the past five years, relating to the services that your firm is proposing.
84. Are internal controls of your operating system audited by an independent accounting firm on an annual or more frequent basis? If so, provide a copy of the most recent audit report as well as a SAS 70 Type II audit report.

ADDITIONAL SERVICES [RESPONDENTS IN CATEGORY TWO, THREE AND FOUR MUST COMPLETE.]

85. Describe your firm's approach and experience in offering lifestyle, target date or managed account type of investments.
86. Describe your firm's experience and ability in providing daily valuation and recordkeeping of commingled trusts and separate account investments.
87. Does your firm have the ability to unitize pools of separate account portfolios managed by selected investment managers? Does your firm have the ability to calculate the Net Asset Value (NAV) of these funds on a daily, weekly, or monthly basis? Can the calculated NAV for each of these funds be made available to plan participants in a timely manner?
88. Describe the challenges a unitized portfolio presents in terms of recordkeeping and communication to plan participants.

COMPLIANCE AND ETHICS [RESPONDENTS IN ALL CATEGORIES MUST COMPLETE.]

89. What policies and procedures does your firm have in place for establishing and maintaining an ethical firm environment?

90. What handbooks, manuals, written policies, written procedures or training are provided to new and current employees?
91. What procedures are used to screen potential new hires?
92. Submit a copy of the firm's Code of Ethics.
93. State whether your firm employs a compliance officer. If so, what are the duties of the compliance officer? How extensive does your firm monitor and discipline employees? Who does your compliance officer report to?
94. Describe how your firm maintains its independence from the investment management community (e.g. consultants, brokers, custodians, etc.).
95. If applicable, provide your written policy on the processes to keep employees' trading of securities independent from the processes for trading securities for clientele.
96. Detail how your firm ensures that a client's investment policies and guidelines are monitored. What systems does your firm have in place to monitor compliance?
97. Detail how your firm discourages excessive trading policies as it relates to mutual funds. Has your firm been reviewed by any regulatory agency in the past few years? If so, what were the findings?
98. What is your privacy policy with regard to sharing client or account information with a third party?

VI. INVESTMENT OPTIONS [RESPONDENTS IN CATEGORIES TWO, THREE OR FOUR MUST COMPLETE.]

Please describe and list the investment lineup you would recommend in detail. This description should cover all recommended investment options for our clients, including individual mutual funds or any pre-set allocation fund-of-funds. If pre-set allocation fund-of-funds are recommended, be sure to outline the asset allocation and individual funds within all pre-set allocation fund-of-funds options. Give a one, three, five and ten year performance history of each option net of fees and compared to a relevant bench mark. Describe in one page or less for each option the major highlights of each option.

VII. FEE PROPOSAL

Detail and disclose all fees that will be associated with providing the services on which the Vendor is bidding under this contract. Fees may be expressed as a per participant, per quarter charge. Additional consideration may be given to those Vendors who offer an open architecture lineup. Your fee proposal should include information on the following issues (if applicable): reallowances you will receive from investment firms managing the TSA Plan investments; start-up/ conversion costs and the termination costs; how long will you guarantee specific expenses; factors you consider in determining future increases/decreases and when they are to occur; how

expenses are adjusted if a sizeable number of participants are added or removed from the plan; and, if you offer an investment alliance relationship, identify any "offset" to expenses.

The Board will not consider soft dollar arrangements. All rebates from other service providers must be disclosed and available to the Board directly or available to offset fees with the Board's recordkeeper.

Please respond to any of the following that apply:

- A. State your quarterly or monthly per participant charge quoted in dollars for recordkeeping, i.e. providing all services are specified in this RFP.
- B. Explain in detail any other charges not previously stated. Also, detail any assumptions you are making in your fee quote which might cause you to petition the Board for a fee increase.
- C. Include a representation that no products being proposed include any of the following:
 - front-end loads/fees/commissions
 - back-end loads/fees/commissions
 - surrender or withdrawal charges, fees or penalties
 - any undisclosed fees of any type
- D. Please provide five references from clients who employ your firm on the services that you are bidding on. Preference should be given to other 403(b) plans of similar size to this TSA Plan.