



**REQUEST FOR PROPOSAL #4091
FOR
GASB 43 & 45 OPEB Compliance Plan
Vendor Selection**

RFP Due Date: 2:00 p.m., November 7, 2008

Issued October 2, 2008

Foothill – De Anza Community College District

I. OVERVIEW

The Foothill – De Anza Community College District is one of the original participants in the Community College League of California (CCLC) GASB 43 & 45 compliance program. The District joined the CCLC GASB 43 & 45 compliance plan in December 2006. The District has participated in the CCLC long enough to have met any and all of the CCLC requirements to terminate participation in the program if the District decides to do so.

The Foothill – De Anza Community College District is seeking proposals from qualified entities and/or firms to submit their proposals to provide trust, investment management and administration services for a GASB 43 & 45 Other Post-Employment Benefit (OPEB) program as specified in this Request for Proposal (RFP). It is the intent of this RFP to provide firms a fair opportunity for their services to be considered.

One of the primary goals of the District in contracting with a firm for GASB 43 & 45 OPEB services is to provide an investment vehicle to which the District can make contributions to reduce the District's liability for OPEB benefits as determined under GASB 45.

The objectives in meeting this primary goal of the District are to:

1. Contract with a single entity for as many OPEB GASB 43 & 45 compliance services as needed.
2. Maximize the advantages of pre-funding some or all of the District's GASB 45 liabilities.
3. Obtain competitive investment returns with the lowest possible expenses.
4. Obtain a fair price for services. However, price will not be the sole determining factor.
5. Ensure the ease and reasonable turnaround for the withdrawal of invested funds.
6. Ensure that the District's OPEB trust is fully compliant with all applicable Federal, State and GAP statutes.

Proposals are to be prepared in such a way as to provide a straight forward and concise delineation of capabilities to satisfy the requirements of this RFP. Proposals must be complete in all respects and emphasis should be placed on conformance to the RFP instructions, responsiveness to the RFP requirements, and on clarity of content. Any costs for developing proposals are the responsibility of the firms submitting proposal responses.

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The District reserves the right to reject any or all proposals, to waive any irregularity or informality in a proposal or in the proposal process. Award of the contract(s) by the Board of Trustees will be based upon a comprehensive review and analysis of the proposal(s), which best meet the needs of the District. The District will be the sole judge of the suitability of the proposal and the vendor shall abide by its decision.

1. Proposals shall be submitted to Hector Quinonez, Controller at Foothill – De Anza Community College District 12345 El Monte Rd, Los Altos Hills, California 94022-4504 **no later than 2:00 P.M. on November 7, 2008.**

The Foothill – De Anza Community College District reserves the right to reject any or all proposals, or any combination thereof, and to waive any informality in the proposal process.

II. DESCRIPTION OF DISTRICT DEMOGRAPHICS

The Foothill – De Anza Community College District is one of 73 community college districts in the State of California and includes one of the States 111 college campuses. Located in the heart of Silicon Valley, the District serves the communities of Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Sunnyvale and portions of San Jose serving 37,000 plus full-time equivalent students annually.

The Foothill – De Anza Community College District offices are located at 12345 El Monte Rd. Los Altos Hills, California 94022-4504 The District has two campus locations as follows:

- | | |
|---------------------------|---------------------------------|
| 1). De Anza College | 2). Foothill College |
| 21250 Stevens Creek Blvd | 12345 El Monte Rd. |
| Cupertino, Ca. 95014-5797 | Los Altos Hills, Ca. 94022-4599 |

III. DESCRIPTION OF DISTRICTS RETIREE OPEB PLAN

The recently issued GASB No. 45 (Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions) requires that government agencies calculate and report the future liabilities associated with providing OPEB. Additionally, GASB No. 43 (Financial Reporting for Post-employment Benefit Plan Other Than Pensions) provides reporting requirements for OPEB trust funds.

Description of the District's current retiree benefit plan:

Following is a description of the retiree benefit plan available to employees hired *before* July 1, 1997:

	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
Benefit types provided	Medical, dental and vision, Medicare Part B	Medical, dental and vision, Medicare Part B	Medical, dental and vision, Medicare Part B
Duration of Benefits	Lifetime	Lifetime	Lifetime

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Required Service	10 years	10 years*	10 years*
Minimum Age	55	55*	55*
Dependent Coverage	Yes**	Yes**	Yes**
District Contribution%	100%***	100%***	100%***
District Cap	Based on active benefit***	Based on active benefit***	Based on active benefit***

*Certain employees with 20+ years' service may receive district-paid retiree health benefits earlier than age 55.

**The district's medical plan is secondary to other coverage the dependent may have.

***Retirees must contribute \$150/month for two-party PPO coverage and \$200/month for family PPO coverage.

Following is a description of the current retiree benefit plan available to employees hired after July 1, 1997:

	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
Benefit types provided	Medical	Medical	Medical
Duration of Benefits	To Medicare age	To Medicare age	To Medicare age
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes*	Yes*
District Contribution %	100%	100%	100%
District Cap	Based on salary scale**	Based on salary scale**	Based on salary scale**

*The district's medical plan is secondary to other coverage the dependent may have.

**The plan pays up to 2.8% of a designated amount from the district's salary schedule for retiree-only coverage and up to 5.6% of that amount for retiree plus spouse coverage.

IV. INSTRUCTIONS AND CONDITIONS

A. Preparation of Proposal

1. Before submitting a proposal, each firm is expected to thoroughly examine specifications, instructions and other related documents included in the RFP, including subsequent amendments to the RFP, if any. Failure to do so will be at the firm's risk and will not bar their obligation to perform if a contract is awarded pursuant to this RFP. The documents and other information to be referenced and/or completed are:
 - a. Signature Form
 - b. Program Fee GASB Compliance Plan Vendor Annual Fees Disclosure Forms
 - c. Appendix Items 1,2 and 3

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2. Proposals must be signed under the correct firm name by an authorized agent of the firm.
3. Each firm shall answer and complete all of the items shown in the proposal form.

B. RFP Questions and Inquiries

Inquiries or requests for clarification or interpretation or to notify the District of errors or omissions relating to this RFP must be submitted to the following e-mail addresses: quinonezhector@fhda.edu and xprt21@aol.com **no later than October 15, 2008** to allow for a reply to reach all firms before submission of their proposals. All questions will be responded to via an amendment. Amendments, if any, will be posted on BidNet and can be obtained free of charge by following the instructions at [http://purchasing.fhda.edu/stories/storyReader\\$84](http://purchasing.fhda.edu/stories/storyReader$84).

C. Amendments

Firms are advised that the District reserves the right to amend the requirements of this RFP prior to the date set for opening of proposals. All questions will be responded to via an amendment. Amendments, if any, will be posted on BidNet and can be obtained free of charge by following the instructions at [http://purchasing.fhda.edu/stories/storyReader\\$84](http://purchasing.fhda.edu/stories/storyReader$84).

If, in the judgment of the District's **Controller** the change is of such a nature that additional time is required for firms to prepare their proposals, the District will change the date for receipt of proposals.

Any amendments, clarifications, RFP updates/revisions, or replies to specific questions will be posted on BidNet at <http://www.govbids.com/scripts/BAPS/public/OpenBids/SelectAgency.asp>. All such matters shall be deemed incorporated into all Vendors' RFP Proposals. Prior to submission of a RFP Proposal, all Vendors MUST review materials on this web site. Vendors are responsible for incorporating these changes or addendums into their respective RFP Proposals. Those web postings should be treated like all requirements set forth in this RFP.

D. Submitting Proposals

1. Proposals shall be enclosed in a sealed envelope or box, marked with the name of the firm and the RFP name, the RFP number 4091 and submitted to the District's Controller Hector Quinonez, Foothill – De Anza CCD 12345 El Monte Rd, Los Altos Hills, California 94022-4504 **no later than 2:00 P.M. on November 7, 2008.**
2. Facsimile (FAX) copies of the proposal will not be accepted.

Proposals must be submitted with **two** hard copy original bound copies and **one** original non-bound copy.

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3. Submit an electronic e-mail version and a CD copy of your proposal response.

E. Withdrawal of Proposal

1. Proposals may be withdrawn before the date and time specified for submittal of proposals, either by letter or in person, by an authorized representative possessing proper identification and written proof of authority to act on behalf of the firm.
2. Vendors who have withdrawn proposals as specified above must send a memo to the person and address as illustrated on the signature form on page 14 of this RFP.

F. Contents of the Proposals

Proposals must include the complete information that indicates specific qualifications to perform the services as specified in the RFP. To provide a uniform review process, firms are instructed to prepare their response following the same sequence as shown in this section of the RFP. Any questions pertaining to the content of the proposal are to be directed to Hector Quinonez, Controller quinonezhector@fhda.edu and Chuck Thompson, President/CEO RPM Consultant Group xprt21@aol.com.

1. Title Page

- a. Show the Request for Proposal (RFP) subject, the name of the firm, the number of proposal 4091, address, telephone number, fax number, name of the contact person, and the date.

2. Table of Contents

- a. Include a clear identification of material by section and by page number.

3. Signature Form – GASB 43 & 45 OPEB Compliance Plan Program Services

- a. Briefly state the firm's understanding of the work to be done and make a positive commitment to perform the work within the parameters contained in the RFP.
- b. The signature letter is to be signed by a person or persons who will be authorized to make representations for the firms, their titles, addresses and telephone/fax numbers.

4. Profile of the Firm (s)

While the objective of this RFP is to secure one company for all services if possible. Please respond to all questions in each section of component you are proposing to provide.

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1. Program Coordinator/Sponsor/Administrator in the GASB compliance plan.
 2. Trust Company in the GASB compliance plan.
 3. Investment Manager in the GASB compliance plan.
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- a) Define the role of your firm.
 - b) State whether the firm(s) is local, regional, national, or international.
 - c) Give the location of the office(s) from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office that will be directly involved in the GASB 43 & 45 compliance plan.
 - d) Describe the range of activities performed by the firm(s).
 - e) Describe the reputation and clientele of the firm(s). (E. G. Schools, Public Entities, Private Firms)
 - f) Provide a general description of the (all) firm's financial condition and identify any conditions (E.G. pending litigation, bankruptcy, planned office closures or mergers) that may affect the firm's ability to perform. Provide a copy of your most recent SAS-70 report? (If appropriate) Please provide a copy of your most recent audited financial if you do not have a SAS-70 report.
 - g) Bidders are encouraged to suggest additions and modifications to the scope of work that will enhance or clarify the project. Such suggestions should be incorporated into the proposal.

G. Qualifications, Experiences and Other

While the objective of this RFP is to secure one company for all services if possible. Please respond to all questions in each section of component you are proposing to provide.

1. Program Coordinator/Sponsor/Administrator in the GASB compliance plan.
 2. Trust Company in the GASB compliance plan.
 3. Investment Manager in the GASB compliance plan.
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- a. Provide a list of California public entity clients, indicating effective date (E. G. 01/07) for whom the firm(s) has or is scheduled to perform similar GASB 43 & 45 compliance services. (E. G. ABC District Contracted 01/07, XYZ CCD Scheduled for 01/09)

In addition, the list of client references shall include the public entity names and addresses of each client. The names, titles, telephone numbers and e-mail addresses of each client's managers directly responsible for oversight of the work performed. Contacts for references may be made with several or all of the clients listed.

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- b. Identify the partners, managers, supervisors, account managers and others who will directly supervise the program. Identify who will do the majority of the program client interface, and be the day to day person on point for each vendor's area of service responsibility.

Include a resume for each member of the program team. The resume should include: (1) position in the firm, (2) years with the firm, (3) outline individuals GASB 43 & 45 compliance experience and (4) education.

- c. Describe the expertise/services your firm would provide to assist in addressing District compliance with GASB 43 & 45.
- d. Creation of the OPEB Trust will involve working with District staff, the Board of Trustees, and any committee that may be created to facilitate the program. All interaction must be carried out in compliance with appropriate state laws and educational codes. Indicate the level and frequency of the interaction that will be required and provided by each service vendor.
- e. Provide a sample copy of the agreements that you will require the client to sign with your firm to initiate implementation of services.
- f. Provide the details for the length of term and termination clauses of the GASB 43 & 45 compliance plan for initial and on-going vendor agreement terms.
- g. Provide sample copies of all **other** documents (E. G. Board Resolution) that you will provide to the client to obtain whatever and from whoever the approvals to initiate GASB compliance services with your firm.
- h. What, if any, fiduciary liability does your firm assume to minimize the clients exposure in this important business exposure area. Give details of how you will accomplish this objective.
- i. What Web-site capabilities do you provide?
- j. Do you monitor and document the activities of other partners in the Program? Explain.

H. Scope of Work

While the objective of this RFP is to secure one company for all services if possible. Please respond to all questions in each section of component you are proposing to provide.

1. Program Coordinator/Sponsor/Administrator in the GASB compliance plan.
2. Trust Company in the GASB compliance plan.

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3. Investment Manager in the GASB compliance plan.

In the three sections (1, 2 and 3) that follow are **questions for the specific vendor** that need an **individual response by each vendor firm**:

1. **Program Coordinator/Sponsor/Administrator**

- a. As recommended by GASB 43 & 45 when a Trust is established, do you provide a “Substantive Plan”? If not what do you provide if anything? If you do provide the “Plan” respond to the following:
 - Provide a table of contents that lists the information contained in the written “Substantive Plan”.
 - Provide a sample copy of the written plan document that will be produced to substantiate the legal validity of the “Substantive Plan”.
 - Do you include the cost of developing the “Substantive Plan” in your fees? If there are additional fees for these services please give details here and on the fee schedules provided in the appendix.
- b. Explain the legal basis for your Trust. An important client plan validation is that the GASB 43 & 45 compliance plan they install includes the approval of the IRS. Does your firm(s) provide the total cost of obtaining an IRS Private Letter Ruling (PLR) concerning the compliance plan?
- c. There are at least three major vendor providers of service (Plan Sponsor, Trust Company and Investment Manager) that make up a GASB 43 & 45 OPEB compliance plan. What are the relationships (E. G. ownership, partnership ETC.) of the vendors that comprise the makeup of your GASB compliance plan?
- d. What experience does your staff have in the evaluation & implementation of the recommended strategies for reduction of the entities GASB liability?
- e. Discuss consulting strategies you recommend towards the reduction of entities GASB liabilities.
- f. If fees exist for providing GASB liability reduction strategies requested in the question above please discuss the fee details. (E. G. hourly fee, project fees, commissions?)
- g. In your role as coordinator of all vendors please provide an overall timeline for full implementation of a clients GASB 43 & 45 compliance plan.

2. **Trust Company Services**

- a. Describe your philosophy regarding managing an OPEB trust.

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- b. Describe how your services will limit the workload of the District.
- c. Although the District understands the flexibility and ease of establishing an IRC 115 Trust, proposals are encouraged that illustrates any other qualified OPEB options, discussing the pros and cons of each with a recommendation of a specific type of OPEB best suited for the District. If you only recommend the use of an IRC 115 Trust there is no need to give details of other approaches.
- d. Describe the Trust structure you are using to accommodate the irrevocable provisions of GASB 43 & 45. (E. G. IRC 115 Trust, VEBA, Combination)
- e. What Organizational Structure are you using to deliver your GASB Program? (E.G. JPA Structure, Multiple-Employer Trust, Single-Employer Trust, Other, Combination)
- f. What are the difference (if any) between the fiduciary responsibilities/duties of a Trustee as opposed to a registered investment advisor (RIA)?
- g. Describe how your overall trust company structure along with your compliance with various State and Federal constitutional, case law, ERISA, GASB 43 & 45 guidelines and other appropriate codes minimizes the clients fiduciary liability exposure.
- h. What type of Trust is being implemented? Discretionary? Directed? Both? Other?
- i. What guidance/direction do you expect a client to provide you in the selection of portfolio allocations or individual investments?
- j. What is your opinion with regard to Article XVI, Section 17 of the California Constitution relative to a public entity's ability to invest in equities?
- k. Discuss how your firm will assist the District in the following areas:
 - Investment Policy
 - Investments
 - Asset Allocation
 - Reporting, Performance Evaluation, and Reallocation
- l. Profile the processes & procedures in place, positioning you to meet the Uniform Fiduciary Standards of Care mandated in California Code section 53622 (a), 53622 (b) (1)(2)?
- m. Outline your experience with the custodianship of assets for Public Entities in and out of California?

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- n. Does your technology platform provide electronic protocols that will integrate the Trustee, Investment Manager and Consultant? Explain?
- o. Do you limit the investment matrix to certain asset classes? If so, please describe in detail.
- p. How is the voting of proxies handled by your organization?
- q. Are there any penalties/market value adjustments for termination of agreements, cessation of adding funds or withdrawal of funds from plan?

3. Investment Management and Services

- a. A qualifying investment manager is to be a registered investment advisor (RIA) under the Investment Advisors Act of 1940, or a bank or insurance company and is required to have a solid track history for maximizing investment returns within guidelines stipulated in an adopted Investment Policy specific for an OPEB trust. Indicate your compliance with these requirements.
- b. Discuss your management of fiduciary assets in relationship to the Uniform Fiduciary Standards of Care articulated in California Code section 53622 (b) (1) (2) (3).
- c. What type of investment manager is being implemented? Discretionary? Directed? Both? Other?
- d. Describe how your overall registered investment advisor (RIA) structure along with your compliance with various State and Federal constitutional, case law, ERISA, GASB 43 & 45 guidelines and other appropriate codes minimizes the clients fiduciary liability exposure.
- e. A registered investment advisor (RIA) is governed by Section 206 of the Investment Advisor's Act of 1940. What are the fiduciary liability protections/practices that a RIA must comply with under Section 206.
- f. What are the difference (if any) between the fiduciary responsibilities/duties of a registered investment advisor (RIA) as opposed to a Trustee?
- g. Please provide sample reports that will be provided to the District for their review of investment and other measurable area results etc.
- h. Describe how your firm will assist the District in the following areas:
 - Investment Policy
 - Investments
 - Asset Allocation/Risk Tolerance

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- Reporting, Performance Evaluation, and Reallocation

- i. What are the criteria and processes used in selecting program investments?
- j. What is the process for asset allocation changes, the selection of alternate investments within the portfolio and a timeline to make these changes? How often are portfolios rebalanced?
- k. Is the Trustee or Investment Manager permitted to use their own proprietary funds for the investment of program assets? If so, what disclosure processes are in place?
- l. What processes are used in the evaluation of clients risk profiles and their suitability for a particular Target Portfolio?
- m. Will Target Portfolio rates of return be reflected net of expenses?
- n. Bidder will make available a broad range of investment options with competitive returns and the lowest possible expenses. Discuss protocols in place at your organization to control and account for investment expenses.
- o. Discuss your experience with the management of fiduciary assets for public entities.
- p. Are there any penalties/market value adjustments levied by the investment manager or investment funds for termination of agreements, cessation of adding funds or withdrawals of funds from plan?
- q. Will any percentage of the client assets be held by the registered investment advisor (RIA) in their name? Give details of how assets are to be held.

I. Program Fee Parameters

NOTE: Failure to complete the Appendix 1 and 1A fee forms attached to the RFP or if full disclosure of fees is determined not to be included in the proposal response the result may be that the proposal is rejected. If vendor GASB 43 & 45 compliance plan is selected and it is determined at a later date that all fees were not disclosed during this RFP process termination of plan may result.

In Appendix 1 and 1A you are provided with forms that must be completed utilizing specific assumptions to illustrate the fees that the District can expect to pay on an annualized basis for all services provided by all vendors associated with the services to be provided.

In the proposal response please provide an overview of the fee setting procedures utilized by vendor describing in your response the information below:

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1. Describe/define the fee structure of your firm for all services provided under this program.
2. In addition to the basic fee structure, please identify any other service/activity fees. It is the practice of the District that no additional reimbursements will be provided for travel, lodging, postage, copy costs, telephone, supplies, etc.
3. What are the Program Coordinator/Sponsor's fees?
4. What are your fees for Trust & Fiduciary services?
5. What are your fees for Investment Management?
6. Do the investment managers and/or mutual funds utilized in your program charge fees at the fund level in excess of the management fee (i.e. 12b-1, Sub-TA, shareholder servicing fees, finder's fees, embedded fees etc?) If so, what are they?
7. Are you offsetting these fees against your Program's fixed fees per Department of Labor (DOL) guidelines? Are their rebates of any type being applied against any fee of one or all of the vendors? If so who and what are the rebates being utilized in this manner.
8. Are there any transaction and/or brokerage fees associated with your program (i.e. buy, sells, redemptions, etc)? What are they?
9. Are there any fees associated with check distributions/wire distributions? What are they?
10. What mutual fund share classes are being used in your portfolios? Are you utilizing an index approach to your investment platform? Are there any other investment options the public entity should/can consider besides normal mutual funds (if any)? Are you capable of offering and illustrating the later investment option?
11. Outline any plan consulting fees that are included.
12. In addition to the expenses listed above, please identify any other service/activity expenses, i.e., postage, handling, supplies, servicing commissions, etc. Please be specific.
13. Do any of the GASB compliance vendors receive any form of compensation from the sponsor or investment companies? If so what are the fees received?
14. Provide an overview of the avg. expense ratios that are included in the investment platforms that your plan will propose. (E. G. type of funds, front loads, rear end loads)

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J. Signature Form – GASB 43 & 45 OPEB Compliance Plan Program Services

(To be included with proposal submission)

To: Hector Quinonez, Controller
Foothill – De Anza Community College District
12345 El Monte Rd.
Los Altos Hills, California 94022-4504

Pursuant to and in compliance with this Request for Proposal, after carefully reviewing all the terms conditions and requirements contained herein, the undersigned agrees to furnish such services in accordance with this Request for Proposal, inclusive of items proposed.

The undersigned declares under penalty of perjury under the laws of the State of California that the representations made in this proposal response is true and correct.

NOTE: ALL ENTRIES SHALL BE LEGIBLE AND SHALL BE TYPEWRITTEN OR PRINTED ABOVE THE LINE PROVIDED.

Type or Print Name/Title

Signature

Date

Name of Company

Address

City State Zip Code

(_____) _____
Area Code Telephone Number

(_____) _____
Area Code Fax Number

Email address

Foothill – De Anza Community College District
12345 El Monte Rd.
Los Altos Hills, California 94022-4504
650-949-6250 Office
E-mail Address: quinonezhector@fhda.edu

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V. EVALUATION AND AWARD

1. Proposals will be evaluated by a committee of District staff.
2. Proposals will be evaluated by considering such factors as fees, availability, efficiency recent GASB experience relative to governmental public entities, qualifications as submitted by the firm, evaluations and recommendations of clients, and the level, background and experience of individuals to be assigned to perform the services.
3. The District reserves the right to award a contract(s) as a result of the initial proposals received, or may elect to conduct negotiations with those firms selected by the District, when it is determined by the District to be in its best interest.
4. The District reserves the right to reject any or all proposals received in response to this RFP.
5. During the evaluation period, the firm acknowledges that the District may contact any client referenced in the proposal response to ascertain or verify the qualifications and experience of the firm.
6. The firm further acknowledges that they will be responsive to requests for information from the District and to meeting with District representatives during the evaluation and award period.
7. The District reserves the sole and exclusive right to determine whether or not the firm(s) can perform the work to be done.
8. The agreement that will be executed between the District and the successful firm shall govern all work relating to the described project. The final agreement shall be in a manner and under terms acceptable to the District.
9. Award timeline summary:

GASB 43 & 45 Compliance Request for Proposal (RFP) Sent:	October 2, 2008
Pre-proposal meeting:	October 10, 2008*
Vendor Written Inquiries Received:	October 15, 2008
Addendum (if any) issued	October 22, 2008
Vendor RFP Responses Received:	November, 07 2008 (No later than 2:00PM)
Initial RFP screening/finalist selection	December 05, 2008

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Notify finalists and schedule interviews for 2/2/09 meeting	December 19, 2008
Audit/Finance Committee Interview/Recommendation:	February 2, 2009
Board of Trustees - Authorize vendor contract negotiations	March 2, 2009
Finalize Vendor Agreement	March 17, 2009

*Meeting to take place at Foothill – De Anza CCD starting at 10:00 AM in the Carriage House Building located on the Foothill College campus

VI. VARIOUS RFP APPENDIX ITEMS

A. Appendix 1 and 1A --- Fee Illustration Assumptions and Forms

In an effort to obtain similar information from each vendor you will find a generic GASB compliance plan comprehensive annual fee disclosure form for you to complete. Please review the following assumptions and other guidelines prior to completing the attached forms:

1. Four annual fee projections with \$10, \$25, \$40 and \$50 Million in assets deposited in an Irrevocable Trust is to be calculated, displayed and provided on four different forms. The client has not made a final decision as to the initial and on- going funding that they will be depositing in the Trust. For purposes of this exercise please utilize the initial fee schedules that you submitted with your RFP response. At a later date you may be asked to redo your fee schedules when you are provided with more specifics concerning actual assets to be deposited in the Trust.
2. Making copies of the attached form indicate in the designated space provided “Sheet Fees for \$____ Million Deposit” at the top of the form which asset amount the calculation represents. Three separate calculations are to be submitted.
3. Assume the same assets values will be in the Irrevocable Trust at the beginning and end of a 12 month calendar year. (Interest returns, plan costs and distributions will offset each other)
4. Fees that need to be calculated for distributions, withdrawals etc. please assume, based on your experience what the average costs will be for the assets at each requested level \$10, \$25, \$40 and \$50 Million.
5. Vendor fees are to be expressed in bps (Basis Points) where possible. When an annual cost is in dollars only (such as an annual fee) there is no need to convert the amount to a bps cost.

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6. For the vendors who calculate a fee on assets based on a graduated fee or similar fee schedule, not a first dollar fee schedule, attach to your response the actual worksheets that you utilize to calculate your annual fees.
7. The same individual fee descriptions were illustrated in column number 1 of the form for each vendor partner. We are aware that not all of the vendor partners will have a fee for a specific individual fee line. Indicate by writing N/A for Not Applicable in the space provided when this is the case.
8. Each vendor has indicated that they provide, partially provide or do not provide assistance or full hands on services for the development of the “Substantive Plan”. In each vendor partner section for those that have indicated they will either provide or assist in providing the “Plan” a fee line has been provided for the approach you will provide. If you have indicated that you do not provide the services indicate N/ P for Not Provided in the section. If your fee for the “Substantive Plan” is included in your fee schedule indicate this by stating “I/F for “Included in Fees”.
9. You are being asked to base your fee calculations assuming the District will, with your help, select a moderate and an aggressive risk tolerance investment portfolio (E.G. 50% equities 50% fixed and 75% equities 25% fixed). In addition to the fees from the schedules that you are calculating on an annual basis for page 1 fees you are to provide the average basis points (bps) fees for the Expense Ratios utilizing the moderate investment option as well. Please indicate in the space provided on page 2 the representative risk allocation % for equity and fixed investments that you consider your plans moderate and aggressive investment portfolio. Please extend that average bps number to an annual fee cost based on the each asset level indicated above \$10, \$25, \$40 and \$50 Million. The Average Expense Ratio (AVR) is to include the revenue sharing that you have indicated on page 1. We are aware that the AVR including the revenue sharing means it will be a duplicated expense. The committee needs to see what the average total Expense Ratios will be for each plan.
10. Appendix 1A asks you to illustrate the current $\frac{1}{4}$, 1 year, 3 years and 5 years rates of return for the moderate and aggressive investment portfolios you are illustrating for the \$10, \$25, \$40 and \$50 Million investment levels.

The above request for information is critical to making a final decision as to the vendor that will be selected as the finalist for providing GASB compliance for the District.

Foothill – De Anza Community College District

B. Appendix 2 --- Actuarial Study

Foothill – De Anza Community College District engaged Total Compensation Systems, Inc. to analyze liabilities associated with its current retiree health program as of April 4, 2008.

This actuarial study is intended to serve the following purposes:

- » To provide information to enable Foothill – De Anza CCD to manage the costs and liabilities associated with its retiree health benefits.
- » To provide information to enable Foothill – De Anza CCD to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- » To provide information needed to comply with Governmental Accounting Standards Board Accounting Standard 12 (GASB 12) and with the forthcoming GASB accounting standards 43 and 45 related to "other postemployment benefits" (OPEB's).

A copy of the study is attached for your review and use in responding to the RFP.

NOTE: The District has not decided as to what level they will invest funds in the investment Trust for both current and future GASB 43 & 45 liability funding. The District has set aside \$3.5 million dollars that they expect to be initially deposited with the District's Trust Company and Investment Manager once determined.