

CITY OF PONTIAC VEBA TRUST
REQUEST FOR PROPOSAL

RE: THIRD PARTY ADMINISTRATOR

A. General

1. Overview

The Board of Trustees for the City of Pontiac VEBA Trust (“VEBA Trust”) intends to secure a contract for third-party administrative services for this retiree health care plan. The purpose of this Request for Proposal (RFP) is to define the Trustees’ minimum requirements, solicit proposals, and to gain adequate information from which the Trustees may evaluate such services. If you do not provide some of the services described in this RFP, please still provide a response to the services you do offer as well as services that you may offer but are not listed or otherwise included in this RFP.

Submission: The VEBA Trust requests that a total number of seven (7) complete sets of your proposal be submitted.

Proposals must be presented in a sealed envelope clearly marked as follows:

RFP: Third Party Administrator
Matthew I. Henzi
AsherKelly, PLLC
25800 Northwestern Hwy., Ste. 1100
Southfield, MI 48075

One electronic copy should be forwarded to Matthew I. Henzi at mhenzi@asherkellylaw.com.

Your response to this RFP must be received at the above address by 5:00 p.m. on January 15, 2021.

All inquiries about the RFP should be brought to the attention of Matthew Henzi at mhenzi@asherkellylaw.com or 248-746-2762.

2. Retirement System Profile

The VEBA Trust is a newly created entity that will provide specific health insurance benefits for eligible retirees from the City of Pontiac. The Trust was executed in March 2020 and was created as a result of a historic settlement reached by the City of Pontiac and the City of Pontiac Retired Employees’ Association (CPREA). The terms of the settlement agreement are pending additional IRS approval. As a result of the IRS approval, the City of Pontiac General Employees’ Retirement System and City of Pontiac

Police & Fire Retiree Prefunded Group Health and Insurance Plan are expected to terminate March 31, 2021. The VEBA Trust is anticipated to receive assets on or around April 1, 2021. The Plan is estimated to provide benefits to in excess of 1,500 participants. The Trust will be funded by assets transferred from the City of Pontiac Police & Fire Retiree Prefunded Group Health and Insurance Plan (approximately \$43M) and excess funding from the City of Pontiac General Employees' Retirement System (assets to be determined).

B. General Information about Your Firm:

1. Briefly describe your Firm's history and current ownership structure. List the owners of the Firm from largest to smallest percentage of ownership. Include individuals and corporate owners, and indicate which individual owners are employed by your Firm.
2. Describe the number of your Firm's employees, offices, and locations. Please describe your Firm's workforce diversity practices and/or policies. Please provide the demographic information which identifies the diverse makeup of your workforce. Are any of your employees residents of the City of Pontiac or nearby communities?
3. Provide as an attachment to your Firm's proposal an organization chart of your Firm and the owners, principals, and employees.
4. Provide the names, titles, location, and years of experience, specialty, education and background of the employees/professionals who would be assigned to work with the VEBA Trust.
5. Which employees/professionals of your Firm would attend regular Trustee meetings and other meetings as they are called?
6. Describe any anticipated changes or developments in your Firm's organization in the next 24 months (i.e. Change in ownership, change in management, change in structure or your Firm's entity, mergers, acquisitions, loss of key personnel, etc.)
7. Is your Firm owned by (in whole or in part), affiliated with, or does it have any other types of alliances with any investment management firm, investment consulting firm, and/or brokerage firm? Does your Firm its officers or principals, or any affiliates own or operate any investment management firm, investment consulting firm, and/or a brokerage firm? Does your Firm provide any investment-related and/or broker/dealer services? If yes to any of the above, please disclose the names of firms and/or the types of services involved.
8. Which Firm office would provide the requested services?

9. Please describe the financial condition of the Firm and include a copy of the Firm's financial statement for the three (3) most recent annual reporting periods.
10. Does your Firm intend to utilize any subcontractors and/or affiliates in delivering the type of services contemplated by this RFP? If yes, provide the name and qualifications of any such subcontractors and/or affiliates that the Firm intends to use for this mandate. Will your Firm agree to hold harmless and indemnify the Trustees and the VEBA Trust for any acts of such subcontractor and/or affiliates?
11. Describe your Firm's policies and procedures designed to prevent conflicts of interest from occurring. If applicable, provide as an attachment to your Firm's proposal your Firm's conflict of interest policy and/or code of ethics.

C. Litigation or Investigations Involving Your Firm; Liability issues:

1. Briefly describe any currently pending or threatened litigation involving your Firm, any primary employees of your Firm, or any Firm officers or principals.
2. Since January 1, 2016, has your firm, any employees of your Firm, or any Firm officers or principals been involved in any litigation or other legal proceeding or government investigation involving fraud, negligence, criminal activity or breach of fiduciary duty relating to service provided to any clients? If so, provide an explanation and the status of each.
3. Since January 1, 2016, has your Firm, any primary employees of your Firm, or any Firm officers or principals ever been the focus of any non-routine Department of Labor, Internal Revenue Service, and/or Securities & Exchange Commission inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization? If so, provide an explanation and the status of each.
4. Please produce a copy of declarations pages or other evidence of all errors & omissions insurance, fiduciary liability insurance, fidelity bond insurance, and/or any other insurance that would cover matters associated with engagement by the VEBA Trust. Please produce any document listing the insurer, the type of insurance coverage, the beneficiary of such coverage, the limits of such coverage and the deductible amount under such coverage. Does such insurance require that a Notice of Pending Cancellation be provided to your clients?
5. Has your Firm ever submitted a claim to any of its errors & omissions insurance policies, fiduciary liability insurance policies, fidelity bond insurance policies, and/or any other insurance policies? If so, provide an explanation and the status of each.

D. Scope of Services Contemplated by this RFP:

1. Describe your Firm's processes for initiating and completing open enrollment for retiree insurance benefits.
2. Describe the range of services you can provide for retiree health care plans.
3. Describe your Firm's recordkeeping system(s). Is it a proprietary system or was it purchased or leased from an outside vendor? How long has the system been in place? How many clients are on the system?
4. Describe your Firm's recordkeeping back-up system and procedures? Please describe your recordkeeping security system and procedures, and/or business continuity/disaster recovery systems, including:
 - a. Type of back-up system and/or facility for all primary systems used in providing the subject services to the client;
 - b. If back-up systems and/or facilities are provided by a third party, state the contractual guarantees for their services,
 - c. In the event of a disaster that disables all primary and back-up systems, state whether your Firm has a recovery capability.
 - d. Please describe when your Firm's back-up system was last tested?
5. Describe the reports and/or plan participant benefit statements that your Firm prepares for clients and plan participants. To what extent can these statements and reports be customized? Please provide sample reports including participant statements, as an attachment to your proposal.
6. Do your Firm's systems require employer contribution data and plan participant data to be in a standard format? What disruptions/delays result from special requests/formats?
7. Describe your Firm's system for the maintenance of plan participant accounts, contact, and work history information.
8. Describe your Firm's system for the calculation, tracking, and determination of eligibility regarding retiree health care plans and/or VEBA trusts.
9. Describe what services you provide for other retiree health care plans and/or VEBA trusts.

10. Describe your Firm's system for the maintenance of VEBA Trust income and expenditure figures, assets and liabilities figures, and cash receipts and disbursements information.
11. Describe your Firm's process with regard to the formulation and maintenance of Trustee meeting agendas, Trustee meeting minutes, and Trustee meeting documentation. Does your Firm prepare and provide such materials in a printed format for clients? If so please provide a sample as an attachment to your proposal
12. Describe the process by which your Firm interacts and works with your clients in performing Third-Party Administration services to public sector retirement systems.
13. Does your Firm provide or offer any services related to interaction with benefit plan investment managers, investment consultants, insurers or insurance agents? Does your Firm provide or offer any services regarding reconciliation projects with benefit plan custodians or accountants?
14. Describe your Firm's check disbursement/distribution process, including turnaround time, check preparation, cut-off dates, etc.
15. Please provide, as attachments to your proposal, samples of plan participant communications you have prepared for clients.
16. Does your Firm prepare and/or provide any other types of reports, statements, or documentation to your clients and/or plan participants related to the scope of services described herein? If so, please describe the documents and provide samples as attachments to your proposal.
17. Describe your Firm's experience and/or capability in providing consulting services to assist the client in evaluating whether to self-insure benefits or to provide a fully insured product.
18. Describe your Firm's capability to physically host in-person meetings, with emphasis on compliance with Michigan's Open Meetings Act.
19. Describe your Firm's capability in hosting virtual meetings, with an emphasis on compliance with Michigan's Open Meetings Act.
20. Describe your Firm's experience and capability to travel to a designated location (e.g. City Hall or other designated place) to host an in-person meeting.
21. Describe your Firm's experience in hosting virtual meetings.
22. Describe your Firm's experience with Michigan's Open Meetings Act.

23. Describe your Firm’s capability in the use or monitoring of social media platforms in the furtherance of your performed services.
24. Describe your Firm’s capability in the development and maintenance of a website in the furtherance of your performed services.

E. Fees:

1. Set forth a description of your fee schedule(s) for the services requested in this RFP for retiree health care plan.
2. If your Firm is unable to offer all of the services described above, please provide a description of your fee schedule(s) for the services your Firm does offer.
3. List any other services that are not included in this RFP which your Firm may offer.
4. Are there any special fees, charges or expenses of any kind not included in fees?
5. Please provide a list of services not included in fees, along with associated fees.
6. Describe the basis on which your proposed fees are calculated.

F. Other Clients of Your Firm:

1. How long has your Firm been providing Third-Party Administration services to public sector employee benefit plans, retiree health care plans, and/or VEBA trusts?
2. How many clients does your Firm currently provide Third-Party Administration services to public sector employee benefit plans, retiree health care plans, and/or VEBA trusts? As of December 31, 2020 provide the following summary information:

<u>Plan Size</u>	<u>Health Care Plans</u>
Under 100 Participants	
100-500 Participants	
500-999 Participants	
1000 to 4,999 Participants	
Above 5,000 Participants	
Total:	

3. Provide the names of all public sector employee benefit plan, retiree health care plan, and/or VEBA trust clients for which your Firm has provided the types of Third-Party Administration services contemplated by this RFP, and to which your Firm has provided such services continuously for the five year period ended December 1, 2020. Please summarize the circumstances of such engagements and include the following information:

- a. Name of client
- b. Contact name and title
- c. Telephone number
- d. Number of participants
- e. Length of relationship

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