



**REQUEST FOR PROPOSAL (RFP)**

**For a Retirement Plan Administrator/Custodian for Denver Water’s Defined Contribution Retirement Plan**

**Addendum #1 – Questions & Answers**

**This RFP is being conducted by the Plans’ advisor, Cook Street Consulting, Inc. Please direct all correspondence regarding the RFP to Cook Street (see below). Do not contact the client with questions.**

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| Question   | Answer   |
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| 1. Will the monthly reports referenced in the Scope of Work need to be at the employer or participant level? Please provide a sample for review.   | The monthly reports are at the employer level. We are not at liberty to distribute the current provider's report. The purpose of the report is to allow the plan sponsor to assess plan level cash flows on a monthly basis. Monthly access is desired so that plan status updates can be provided during Board meetings that occur outside of the regular quarterly meetings. |
| 2. Can the communication/education materials be submitted via hard copy versus email? The files are large and when printed, the committee will be able to get a better sense of how the materials would be presented to the participants due to unique formatting. If they can be provided via hard copy please provide the address and quantity needed. | If desired, communication/education materials can be submitted via hardcopy. Please send two copies to James Russell of Cook Street Consulting, Inc. at 5299 DTC Boulevard Suite 1150 Greenwood Village, CO 80111.   |
| 3. What retirement income stream options does DW currently offer to its employees?   | All investment options available through either Plan are listed in Appendix A of the Request for Proposal. There is not a retirement income stream (i.e. annuity) option available to participants currently, and the Committee does not have any plans to make changes to the investment menu.  |



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| 4. Please confirm that all investment options do not have any participant liquidity restrictions or surrender charges and all assets are considered mappable.  | All investment options are to be considered mappable in that they would be transferred in-kind to the new recordkeeper. At this time, the Committee does not intend to alter the investment menu.   |
| 5. Which share class of the Galliard Retirement Income Fund is currently being offered?  | CL 35   |
| 6. Which share class of the GRIF would you like to offer going forward?  | CL 35 (current share class)   |
| 7. Please confirm that the stable value assets would move at the Denver Water's direction. Would it be possible to receive a CUSIP for the Galliard Retirement Income fund currently held?   | At this time, Denver Water does not intend on changing the funds offered in their menu. Please take this into consideration in your response. The fund's CUSIP is 00210Y754.  |
| 8. Is Denver Water currently using a Managed Accounts program? If so, please provide the total assets and participants in the program.   | Yes. 401(k) – 169 participants, \$11,636,228 ; 457 – 114 participants, \$5,807,996.   |
| 9. The RFP references an appendix C to complete for fees, appendix C is the payroll calendar, do you mean we should complete appendix B (2 of 2)?  | Correct. Please complete Appendix B.  |
| 10. Please provide details on any restrictions or charges on assets that would apply when transferring from Empower, i.e. MVAs, CDSCs, or Puts.  | Please assume a 12-month put on Galliard Retirement Income.   |
| 11. What is the current fixed account rate?  | Participants in the Fund earn the daily collective rate of interest (the blended yield) of the Fund's underlying investments, including the cash liquidity buffer and the stable value investment contracts. As of 12/31/14 the gross blended yield (before investment management and after wrap and sub advisor fees) was 1.64%.                                   |
| 12. Are there any restrictions on the transition of the Stable Value/Fixed Account assets:<br>a. CDSC - % and/or \$<br>b. Spread payout option - termination payments over a period of time (example, 5 payments over 5 years)?<br>c. Market Value Adjustment contractual formula or market value payout? If so, what is the current market value adjustment % and/or \$?<br>d. 12-month Put or other delay of distribution of book value of participant assets? | a. There are no Contingent Deferred Sales Charges.<br>b. There is a 12 month notice for plan sponsor initiated withdrawals. There are no spread payout options.<br>c. At the end of the 12 month notice, assets are paid out in cash at book value. There are no market value adjustments.<br>d. There is a 12 month notice for plan sponsor initiated withdrawals. |
| 13. Are you able to provide the current crediting rate and the GMIR of the Galliard Stable Value Fund?   | Participants in the Fund earn the daily collective rate of interest (the blended yield) of the Fund's underlying investments, including the cash  |



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|  | liquidity buffer and the stable value investment contracts. As of 12/31/14 the gross blended yield (before investment management and after wrap and sub advisor fees) was 1.64%. |
| 14. Are there any transfer restrictions on the Galliard fixed assets?  | Please assume a 12-month put on Galliard Retirement Income.  |
| 15. What have the typical growth rates in participation in the 457 plan been over the last 3 years?  | From 2011 to 2012 3.8%; 2012 to 2013 2.3%; 2013 to 2014 2.8%   |
| 16. Please confirm the total amount of assets in each plan held by terminated participants with balances less than \$5,000.  | As of 3/10/15 401(k) - \$66,648.43; 457- \$38,065.87   |
| 17. Please provide a breakdown of the number of terminated participants in each plan with balances less than \$1,000.  | As of 3/10/15 401(k) – 13 participants; 457 – 27 participants  |
| 18. Please provide the number of eligible employees in both plans.   | 1,028 employees  |
| 19. Are deemed IRAs a part of the 457 plan? If so, please confirm the number of participants with deemed IRAs.   | IRAs are not currently offered   |
| 20. Please provide the # of distributions processed in 2013 and 2014.  | Distribution transactions processed 2013 401(k) – 243; 457 – 218; 2014 401(k) – 210; 457 - 207   |
| 21. Please provide the # of QDROs processed in 2013 and 2014.  | 2013 401(k) – 20 items received; 457 – 1 item received; 7 processed thru completion. 2014 401(k) – 5 items received; 457 – 1 item received; 2 processed thru completion.         |
| 22. Please provide the # of Hardship/Unforeseeable Emergencies processed in 2013 and 2014.   | 2013 – 401(k) – 34; 457 - 6 2014 – 401(k) 50; 457 - 4  |
| 23. Are loans allowed? If so please provide the # of Number of Loans Outstanding.  | Loans are not allowed, but the Committee is currently considering allowing them. Before January 1, 2016, loans may be available.   |
| 24. Are distribution checks, loans, DRO Approval, and unforeseeable emergency approval services included in your current vendor's required revenue today or are the fees for these events paid for by the participant? | Loans are not currently offered. DRO approval is \$250 per party charged to the participant and Alt Payee.   |
| 25. Please provide details regarding the annual compliance tests referenced in the Scope of Work.  | Testing is no longer required. Please ignore this question.  |
| 26. Are mailing fees currently paid by the incumbent? What mailings are being charged for?   | Yes  |
| 27. In Appendix B2, testing is referenced. What testing is performed today?  | Testing is no longer required. Please ignore this question.  |



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| 28. Is there a vesting schedule for any of the contributions to the 457 plan?   | Only on the Qualifying Participant's Discretionary Employer Contribution.  |
| 29. Please confirm that loans are not allowed in the plans. If they are allowed, please provide the number of participants that have loans outstanding as well as the assets in loans.  | Loans are not allowed, but the Committee is currently considering allowing them. Before January 1, 2016, loans may be available. |
| 30. Does the current level of education onsite days meet the expectations of DW?  | Yes.   |
| 31. What additional retirement education would Denver Water see as beneficial to its employees?   | The Committee is interested in hearing what ideas proposers have in this area.   |
| 32. Is there a need for communications in languages other than English? If yes, please specify languages.   | No.  |
| 33. Would our representatives be able to conduct educational meetings at various Denver Water locations?  | Yes.   |
| 34. Are there any specific language needs for the participants other than English?  | No.  |
| 35. Please confirm if there is a limit on the number of unforeseeable emergency withdrawals that are permitted per participant under the current 457 plan? Approximately how many unforeseeable emergency withdrawals are requested annually?   | There were 4 unforeseeable emergency withdrawals in 2014.  |
| 36. Are there grandfathered life insurance policies in the plan? If so, please confirm the number of participants who have the policies, and if there are contributions being made to the policies. Please also advise which insurance company currently maintains life insurance policies. | No.  |
| 37. If the incumbent is not selected, the RFP states the targeted transition date is Jan 1, 2016. Is there flexibility in the transition date?  | No. January 1st is a firm date due to contract expirations.  |
| 38. The effective date of the 401(k) plan is after the date that governmental employers generally were no longer permitted to sponsor a 401(k) plan. Did the City receive a favorable determination letter from the IRS allowing it to sponsor a new 401(k) plan?                           | Yes. They do have an IRS determination letter.   |



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| 39. It is noted that the plan effective date is post May 6, 1986. Can you please verify that the IRS has ruled/provided an opinion that the 401(k) plan meets regulatory requirements? | They have an IRS determination letter. The Plan meets regulatory requirements.       |
| 40. Upon review of the plan document, it appears that the 401(k) Plan was not updated for final 415 rules. Can you please provide clarification/explanation?                           | Please reference Article 5 of the Plan Document which incorporates Code section 415. |
| 41. Does the plan intend on executing a force out of terminated account balances that are less than \$5,000 before the change to a new recordkeeper?                                   | Not at this time.  |