



**Lexington-Fayette Urban County Airport Board
(also known as: Blue Grass Airport)**

9/14/2020

**REQUEST FOR PROPOSAL
457(b) Deferred Compensation and 401(a) Defined Contribution Plan
Recordkeeping and Administration**

The Blue Grass Airport (BGA) 457(b) Deferred Compensation Plan and 401(a) Defined Contribution Pension Plan and the Plan Advisory Committee (Committee) are soliciting proposals from qualified plan administrators to provide recordkeeping, administrative, and compliance services for its 457(b) Deferred Compensation Plan and 401(a) Defined Contribution Plan according to the information and specifications provided herein. Please carefully review all proposal submission requirements stated in this request for proposals (RFP) document.

BGA's Committee has contracted with Retirement Plan Advisors (RPA), a federally Registered Investment Adviser, to assist in the RFP process, transition, and ongoing monitoring of the plan(s) as well as participant education, enrollment, and advisory services.

Questions, for clarification purposes, must be submitted via email to Zach Karas at zkaras@retirementplanadvisors.com. All questions must be submitted by email by 4:00 p.m. Central Time on 9/25/2020.

Please copy RPA Director of Client relations, Rob Mangano (rmangano@retirementplanadvisors.com) on all email correspondence.

NOTE: This RFP and questionnaire constitutes Phase I of our selection process, and is an initial effort to understand your firm's experience, capabilities, and pricing. If selected as a finalist, your firm will be asked to provide additional information and detail during Phase II of this process.

BGA's Committee reserves the right to amend this solicitation, to reject any and all proposals, or take no action on the RFP.

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I. Plan Background Information

The Blue Grass Airport is located in Lexington, KY and is the primary air transportation provider for central Kentucky. BGA offers non-stop and connecting service to hundreds of destinations worldwide. The airport serves more than 1.4 million passengers annually and supports the local community with an economic output exceeding \$370 million. **Pre COVID-19**, the Airport saw a record number of passengers' travel through BGA in 2019 – 1,465,049 in all – for a 7.6% increase over last year and the eighth consecutive year of growth.

In order to get back to record growth, it is key that BGA recruit and retain qualified personnel. The 401(a) Money Purchase Pension Plan was established in 1985 and restated in November 2019. This plan is offered by the Blue Grass Airport (Plan Sponsor) to its employees as the main retirement savings vehicle. The current contribution formula consists of a mandatory employee contribution of 5% for non-hazardous employees and 7% for hazardous employees, and an employer contribution of 9% for non-hazardous employees and 12.15% for hazardous employees.

Additionally, BGA has a 457(b) Deferred Compensation Plan as a supplemental savings vehicle to ultimately improve retirement readiness and monthly income in retirement. This plan is presently a self-directed brokerage account (SDBA) and sits on a different recordkeeping system. The plan is record-kept by the former advisor firm's broker dealer. RPA is currently consulting employees on investments. Most investments seem to be in mutual funds, with four participants holding individual equities on the SDBA platform with RW Baird. There are presently 18 participants in the 457(b) plan equaling approximately \$450,000. The intent moving forward is to consolidate the two recordkeepers for the 457(b) and 401(a) plans, John Hancock and Benefit Administrators.

Optimal plan design should offer one fund lineup, one fee schedule, and one set of investments including the fixed offering, on one consolidated statement. The 457(b) and 401(a) plans are overseen by the Airport's Director of Human Resources, the Director of Finance, and the Defined Contribution Pension Plan and Plan Advisory Committee.

BGA has retained Retirement Plan Advisors, LLC (RPA) to provide plan investment advice and consulting services, as well as participant education, enrollment, and advisory services.

PLAN STATISTICS (as of 7/31/20 unless otherwise noted)

Blue Grass Airport 401(a) Plan (John Hancock Signature Group Annuity):

Number Eligible Employees: 90

Total Participants with Account Balances: 114

Total Participants Contributing: 90

Total Annual Contributions in 2019: \$857,364 (7/1/19-6/30/20, data provided by TPA)

Total Participant Withdrawals in 2019: \$1,555,761 (period ending 7/31/20)

Total Number of Participants with Loans: **NO LOANS**, loans are not permitted

Total Plan Assets as of 7/31/20: \$17,097,956

Total Plan Assets in the Fixed Account: \$752,856 (fully liquid, no market value adjustment (MVA) as of 9-1-2020)

Blue Grass Airport 457(b) Plan (RW Baird & Benefit Administrators):

Number Eligible Employees: 90

Total Participants with Account Balances: 18

Total Participants Contributing: approximately 18

Total Annual Contributions in 2019: \$50,000

Total Participant Withdrawals in 2018:

Participants with Loans: **NO LOANS**, loans are not permitted

Total Plan Assets as of 6/30/20: \$450,000

Total Plan Assets in the Fixed Account: N/A

The 457(b) plan is set up as a self-directed brokerage account. The goal is to move the current assets in kind and have all new contributions go to the new core plan offering.

NOTE: We give providers the flexibility to propose either traditional Fixed Accounts or Stable Value as long as they disclose their discontinuance provisions.

PROPOSAL ASSUMPTIONS

1. BGA's Committee intends to award a five-year contract.
2. Total number of eligible employees is 90.
3. There is presently no market value adjustment. \$752,856 of the Airport's 401(a) plan assets in the Fixed Account/Stable Value are subject to an MVA or 12-month put, but today it is liquid and no adjustment would apply.
4. 100% of current assets and future contributions to the 401(a) and 457(b) plans will transfer to the successful bidder.

II. Submission Guidelines & Timetable

In response to this RFP, two (2) identical PDF files should be sent electronically to zkaras@retirementplanadvisors.com and rmangano@retirementplanadvisors.com by 4:00 p.m. Central Time on 10/15/2020.

If the PDF file is too large for email, you may submit the electronic version on a thumb drive to: Retirement Plan Advisors, Attn: Zach Karas, 105 West Adams Street, Suite 2175, Chicago, IL 60603.

Target Date	
9/15/20	RFP issued
9/25/20	Proposer questions due by 4:00 p.m. Central Time to zkaras@retirementplanadvisors.com , with a CC to rmangano@retirementplanadvisors.com
10/1/20	Responses to questions submitted by proposers
10/15/20	Proposals due by 4:00 p.m. Central Time
November	Finalist interviews (if applicable)
November	Contract award

III. Minimum Requirements

Proposer is asked to confirm in your submission's cover letter that you meet or agree to meet all the requirements of this RFP. In the event the proposer is not able to meet the minimum requirements, please detail in your cover letter which requirement(s) you are unable to meet.

1. Minimum five (5) years' experience providing recordkeeping and administration for governmental deferred compensation plans, including non-ERISA public sector 457(b) and 401(a) retirement plans contracts, with at least ten (10) plans of similar size and demographics as BGA's plan(s).
2. Currently have a minimum of \$1 billion in retirement plan assets under administration for governmental deferred compensation plans.
3. Agree to disclose all revenues and expenses relating to the plan(s) and its investment options, including fund revenue sharing, reimbursements, and Fixed Account/Stable Value expenses.
4. Ability to provide a true fee-levelized platform where any revenue share received can be returned to the participant(s) invested in the fund providing the revenue.
5. Ability to deduct plan expenses from participant accounts prorated by account balances (full fee transparency).

6. Ability to allow plan-level access to and work closely with Retirement Plan Advisors (RPA) so they can effectively provide plan sponsor support and participant education, enrollment, and advisory services.
7. Provide (and be able to administer) compliant governmental plan documents, and assist in maintaining Internal Revenue Code-compliant plan documents and amendments for the plans.
8. Conduct a SSAE 18 Audit, or a similar audit requirement, at least annually and make the results of such review available to BGA and the plan's Registered Investment Adviser.
9. Successful bidder agrees to cooperate and provide information/data/files to any audit/audit data request from BGA or any contractor BGA contracts with throughout the contract period.
10. Agree all information pertaining to the plans and their participants is the sole property of the Plan Sponsor, and all information will remain confidential and will not be used or transmitted to anyone for any purposes whatsoever, except as required to conduct plan operations.
11. Guarantee your fixed required revenue price quote for 180 days from submission.
12. Agree to meet the insurance and indemnification requirements of the entity.
13. The successful bidder agrees, upon plan conversion, to cover the \$20,000 cost for RFP and transition expenses and should include that cost in their pricing proposal.

IV. Questionnaire

1. Please provide your organization's name, address, and telephone number(s). Provide your organization's contact person for this RFP.
2. Has your firm been cited, reprimanded, or threatened with citation by any state or federal regulators for violations of any laws or impending regulations within the last five (5) years? If so, please describe.
3. Has your firm been involved in any litigation in the last five (5) years or is there any pending litigation arising out of your performance? If so, please provide a detailed explanation.
4. If applicable, detail your firm's credit ratings (A.M. Best, Fitch, Moody's, and Standard & Poor's) for each of the last five (5) years starting with the current year. Have there

been any upgrades or downgrades of your credit ratings in the past two (2) years? If so, please explain.

5. Describe any pending agreements to merge or sell your firm, if applicable.
6. Please provide a brief history and description of your firm’s governmental retirement plan services. Please limit your answer to no more than two pages.
7. How many governmental defined contribution or deferred compensation plans do you currently administer? What are the total assets and number of participants in these public sector retirement plans? Additionally, please complete the table below.

Plan Asset Base	Number of Governmental 457(b) Plans	Number of Governmental 401(a) Plans	Number of Non-Governmental Plans [401(k), 403(b), etc.]
Under \$10 Million			
\$10 Million - \$50 Million			
\$50 Million - \$100 Million			
Over \$100 Million			

8. Describe your firm’s plan recordkeeping, administration, and compliance services. Please be sure to cover contribution processing, withdrawals (payouts, loans, and hardships), beneficiary tracking, transaction processing, etc. Please limit your answer to no more than five pages.
9. Describe any services you believe will distinguish your firm. Include examples (or links) of any web- and/or mobile-based educational, guidance materials, and financial wellness tools available. Please limit your answer to no more than five pages.
10. Plan transition and implementation:
 - a. Please describe your plan transition services.
 - b. Provide a timeline of the plan conversion and implementation.
 - c. If your firm is selected, who will be the account manager for the plan(s) both during the transition and on an ongoing basis? Will they be assisted by other individuals? Please provide a bio for each person assigned to our plan.
 - d. How many plans does your typical account manager handle?
11. Investment options:
 - a. Do you offer an open-architecture mutual fund platform?

- b. How many funds are currently available on your platform? What restrictions, if any, are there to add funds to your platform?
- c. Do you have the ability to offer custom model portfolios or a similar service?
- d. Can you support custom Target Date Funds? If so, how many?
- e. Can you record-keep and administer managed accounts when portfolio management is done by a third party (not your firm)?

12. General Account and/or Stable Value offering:

- a. Please describe the type of Fixed/Stable Value option you are proposing (Stable Value, General Account, Separate Account, etc.).
- b. What is your 2Q2020 net credit interest rate?
- c. Provide a five-year history of credited rates by quarter.
- d. What, if any, plan-level restrictions, discontinuance provisions or fees may apply to your fixed offering? Please describe in detail.
- e. Provide the credit quality, sector allocation, and duration of the offering. Is it guaranteed for principal and interest? If so, what are the guarantees?
- f. If you are providing principal and interest guarantees, are the assets of the fixed offering a part of your firm general assets and is the guarantee provided by your firm or a third party?
- g. Will your firm record-keep an investment-only Fixed/Stable Value option offered by another investment manager? Will this impact your price proposal?

13. Data security:

- a. Please describe in detail how you maintain the confidentiality of our employees' personal account information.
- b. Describe any policies your firm has implemented to mitigate the risk of loss from a cybersecurity breach.
- c. Has your firm had a cybersecurity breach in the past two (2) years? If so, please describe.

14. Respondents are encouraged to describe what distinguishes your firm from your competitors. Please limit your response to two pages.

15. Please describe your auditor services and what your process is for collaborating with the plan's auditor.

V. Added Value

Respondents are encouraged to describe in detail all added-value or additional services or benefits available and offered at no cost to BGA.

VI. Fee Proposal

BGA is seeking a fee-levelized fixed required revenue pricing structure.

Pricing Assumptions:

- a. BGA is seeking a single recordkeeper for both the 457(b) and 401(a) plans and intends to consolidate plan assets to the winning proposer.
- b. The 457(b) plan assets are currently not subject to surrender charges and/or a market value adjustment. The estimated termination fees total approximately \$0. None of BGA's 457(b) plan assets in the Fixed Account are subject to a spread provision. The Funds in the Fixed Accounts are liquid and will transfer to the successful bidder.
- c. The successful bidder agrees, upon plan conversion, to cover the \$20,000 cost for RFP and transition expenses and should include that cost in their pricing proposal.

Questions (continued)

1. What is your firm's fixed revenue requirement assuming a 5-year contract and *no* proprietary funds?
2. What is your firm's fixed revenue requirement assuming a 5-year contract with the *inclusion of your firm's Fixed/General Account and/or Stable Value offering*?
3. Please disclose any and all other fees, costs, or expenses NOT included in the above fixed revenue requirement quote for services you have proposed, including but not limited to:
 - a. Plan-level termination fees (including any market value adjustments, put, or book value provisions)
 - b. Any plan-level withdrawal fees, transfer charges, or restrictions
 - c. Setup fees
 - d. Conversion fees
 - e. Any additional charges for plan administration of QDROs, hardships, loans, distributions, etc.
 - f. Costs to provide, maintain, and update plan documents

Attachment A

References and Experience

Each proposer must submit a minimum of three (3) current governmental client references as well as two (2) discontinued contracts. Current references must be presently using services similar to those requested in this RFP, both in quality and quantity.

Current Client References

1. Entity Name:
Business Address:
Name/Title of Contact:
Phone Number of Contact:
Email Address of Contact:
Contract Length:
Plan(s) Type and Assets:

2. Entity Name:
Business Address:
Name/Title of Contact:
Phone Number of Contact:
Email Address of Contact:
Contract Length:
Plan(s) Type and Assets:

3. Entity Name:
Business Address:
Name/Title of Contact:
Phone Number of Contact:
Email Address of Contact:
Contract Length:
Plan(s) Type and Assets:

Discontinued Contract References

1. Entity Name:
Business Address:
Name/Title of Contact:
Phone Number of Contact:
Email Address of Contact:
Contract Length:
Plan(s) Type and Assets:

Reason for Discontinuance of Contract:

2. Entity Name:
Business Address:
Name/Title of Contact:
Phone Number of Contact:
Email Address of Contact:
Contract Length:
Plan(s) Type and Assets:
Reason for Discontinuance of Contract: