



OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

OHIO DEFERRED COMPENSATION

REQUEST FOR PROPOSALS

FOR

DEVELOPMENT OF A LEGACY SYSTEM MODERNIZATION ROADMAP

Issue Date: Monday, March 25, 2013

Pre-Proposal Conference: April 15, 2013
1:00 p.m. local time
Ohio Deferred Compensation
257 E. Town St., Suite 400
Columbus, OH 43215-4623

Written Question Deadline: Monday, April 19, 2013

Proposal Deadline: **Friday May 10, 2013 at 4:00 p.m. local time**
Ohio Deferred Compensation
RFP Coordinator Doug Lepper
257 E. Town St., Suite 400
Columbus, OH 43215-4623

RFP Contact:
Doug Lepper
Information Technology Manager
Phone: (614) 466-7245
Fax: (614) 728-2601
Email: dlepper@ohiodc.org

Description: The Ohio Deferred Compensation Program is requesting proposals for the purpose of providing a detailed plan (roadmap) for a multiphase approach to the modernization of our COBOL based legacy recordkeeping system.

A copy of this RFP can be obtained from the Ohio Deferred Compensation website at <http://ohiodc.org/SitePages/RFI.aspx>. Until the expiration date of this solicitation, it is incumbent upon the Consultant to check the website for additional information and/or addendums. RFPs can also be obtained from Ohio Deferred Compensation, 257 E. Town St., Ste 400, Columbus, OH 43215-4623. If you have any questions, please call (614) 466-7245.

Written questions regarding the substance of the RFP or scope of services must be submitted in writing or via email to the contact listed above no later than the Written Question Deadline indicated above.

Sealed Proposals are due prior to the Proposal Deadline indicated above and must be delivered to Ohio Deferred Compensation, located at 257 E. Town St., Ste 400, Columbus, OH 43215. Late proposals will not be accepted – NO EXCEPTIONS.

Summary of Key Items required for a Valid Proposal:

1. Transmittal Letter affirming authorized representative.
2. One original proposal, three hard copy proposals, and one electronic copy are due prior to the Proposal Deadline indicated above and must be delivered to Ohio Deferred Compensation, located at 257 E. Town Street, Suite 400, Columbus, OH 43215. The electronic copy can be sent to dlepper@ohiodc.org.
3. The cost proposal will be submitted under separate sealed cover.

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I. CALENDAR OF EVENTS

The following is the time schedule for Ohio Deferred Compensation to search for vendors to provide the requested services. All dates are subject to modification by Ohio Deferred Compensation.

03/25/2013	Release of RFP
04/12/2013	Deadline for letter of intent
04/15/2013	Proposer's Conference
04/19/2013	Deadline for receipt of written questions regarding this RFP
04/24/2013	Responses to all written questions will be emailed to all vendors that submit a Letter of Intent
05/10/2013 4:00 pm	Deadline for receipt of completed proposals
05/24/2013	Consultant selected
06/07/2013	Contract negotiations and draft contract complete
09/27/2013	Recordkeeping system modernization roadmap completed

Ohio Deferred Compensation reserves the right to amend the Calendar of Events as needed.

II. INTRODUCTION

The Ohio Public Employees Deferred Compensation Board (Board) is seeking proposals from a consulting firm (Consultant) to assist Ohio Public Employees Deferred Compensation Program (Program) in the development of a legacy recordkeeping system modernization roadmap. Over the past fifteen years, the Program has developed a custom recordkeeping system written using COBOL as the programming language. The Board has determined that it is in the best interest of the Program to enhance the recordkeeping system to include the migration of COBOL code to a more flexible, sustainable programming language.

The Board operates through its Executive Director and staff and references to the Board in the request for proposal (RFP) should generally be construed as such for day-to-day operations and reporting.

The background and current status of the Program's recordkeeping system section that follows provides a brief description of Program operations. This description is not an exhaustive list of the services currently performed and the respondent should evaluate the services needed based on their knowledge and experience in planning and project management of legacy system modernization. Visit the Program's participant website at www.Ohio457.org to view general information about the Program.

III. BACKGROUND AND CURRENT STATUS OF THE PROGRAM'S RECORDKEEPING SYSTEM.

The Program is an eligible deferred compensation plan and is administered in accordance with Section 457 of the Internal Revenue Code. A public employer deferred compensation plan is a voluntary fringe benefit that can be established by a state or a political subdivision of a state. The Program provides supplemental benefits, since nearly all public employees in Ohio are covered by one of the state authorized pension systems, and not by Social Security.

The employer and participating employees enter into contractual agreements whereby the employees agree to have part of currently earned income deferred until some future date. The deferred income is invested as directed by the employee. The deferred income and resulting earnings are not taxed until received by the employee - usually after retirement.

The Program is a separate legal entity, and is not considered a component unit of the State of Ohio. All assets of the Program are held in trust for the exclusive benefit of participants and their beneficiaries. The Program's current Comprehensive Annual Financial Report, which includes statistical information regarding Program participation, is available at the Program's employer website www.OhioDC.org. Currently, approximately 1,800 different public employers throughout Ohio participate in the Program. Total Program assets exceed \$9 billion.

Enrollment, education and customer service is provided by Nationwide Retirement Services (NRS). NRS is responsible for providing the participant transactional based automated telephone system and transactional website at www.Ohio457.org.

The Program is a unique organization, because NRS does not perform recordkeeping or select investment options. Participant information and activity is forwarded from NRS to the Program office, and daily recordkeeping is maintained in-house on the Program's computer systems. The Board Staff is responsible for the administration of the Program including the recordkeeping of all investments for each of the Program's participants. The Board employs a total of 21 administrative staff members. Each employee has a personal computer and access to the Board's systems and network. NRS has approximately 30 employees who have access to the Program's systems and network

The Program recordkeeping system was originally developed in the mid-1980s on an IBM AS/400 in COBOL and functioned only as an administrative system. Since that time, it has been highly modified and beginning in 1997 the Program took over all recordkeeping functionality. In 2008, Ohio DC worked with a consultant to develop a five-year information technology plan. During this process, current Ohio DC recordkeeping system functionality was reviewed and desired functionality was identified. The current and desired functionalities were compared to develop a list of gaps. The complete list of current functionality along with the desired functionality from the gap analysis is included in Appendix A.

The recordkeeping system includes five main functional areas that will be included in the modernization planning process:

- Administration – functions required to administer the Program and insure compliance with Federal and State statutes as well as Program policies and procedure.
- Investment Options – functions required for interaction with all investment option providers.
- Employers – functions required for interaction with all employers participating in the Program.
- Participant and Related Accounts – any functionality required to maintain accurate participant account information.
- Customer Service – Tools provided to aid in any customer service related process.

Hardware and Software

The Program systems include the following:

- IBM System i5 520 with approximately 500 GB of data (recordkeeping server)
 - Proprietary recordkeeping software
 - IBM DB2 database
- Dell PowerEdge 1900, Windows Server 2003, and Exchange 2003 with approximately 100 GB
 - Domain Controller
 - E-Mail Server
- Dell PowerEdge T610, Windows Server 2008 Enterprise with approximately 120 GB
 - Microsoft Active Directory Federation Services DMZ
- Dell PowerEdge T610, Windows Server 2008 Enterprise with approximately 300 GB
 - File Server used exclusively for Electronic Statement Generation
- Dell PowerEdge T620, Windows Server 2008 Enterprise with approximately 1 TB
 - Backup Domain Controller
 - File Server
 - QuickBooks server
- Dell PowerEdge T620, Windows Server 2008 Enterprise with approximately 1 TB
 - File Server
- 26 Dell OptiPlex desktop PCs

Recordkeeping Modernization (RFI Responses)

Although the current recordkeeping application meets the business needs of the Program, overall sustainability and flexibility will continue to become more limiting over time. The Program has determined that there is no non-COBOL based commercial off-the-shelf application available for purchase. Therefore, because of the critical importance and complexity of the current recordkeeping system, staff has determined that a multiphase, modular strategy will be used that will minimize the risk and maximize the chance for success. In 2012, the Program issued a Request for Information (RFI) to determine the recommended approaches to legacy modernization. The findings based on the RFI responses are summarized below.

All of the vendors that submitted viable responses to the RFI recommended that as a first step in the modernization process, the Program consider developing a modernization Roadmap with a supporting business case for change. In the past, legacy systems were designed based on the hardware and software that was available at the time. Technology was used as the driver in building these systems, which provided for varying technology constraints. Over time, as business needs changed, organizations utilizing technologically based systems have not been able to adapt and change the systems to meet the changing business needs of the organization.

The goal of the Recordkeeping Roadmap is to align the business needs of the organization and select technology so that staff can base all strategic and tactical decisions on the business drivers of the organization and not be limited by technology constraints.

Once this alignment is complete, the next step is to execute the modernization program to revitalize the IT assets. Revitalization of the IT assets can be accomplished using a variety of modernization strategies. Overall the vendors responding to the RFI used varying terminology, hardware, software, and programming language recommendations. However, upon Staff review, there were four main options to consider that were consistent in most of the responses:

1. Technology Re-platform
2. Composite Approach
3. Rip and Replace Approach
4. Software as a Service (SaaS) Approach

Recommended Approach to Legacy System Modernization

After reviewing the RFI material and internal discussions with staff, a composite approach to modernization was determined to be the best choice for the Program's modernization strategy. This approach includes a phased "wrap, renew, and replace" solution based on an assessment of the business functionality of the existing system. Use of a Services Oriented Architecture (SOA) platform to deploy third-party "Commercial Off the Shelf" (COTS) solutions where appropriate, use current COBOL code where appropriate, and build new functionality in an object oriented programming language.

The composite approach allows us to reuse some of our current legacy applications, allowing us to leverage aspects of applications that currently work well while replacing aspects of applications that are less than optimal. Given their current in-depth understanding of our recordkeeping system and business needs, we can continue to leverage the skills of our current IT staff while at the same time allowing them to learn a new skillset. In addition, this approach allows us to modernize the recordkeeping system in a modular format that will enable us to gain the most business value without considerable risk or business impact. Future upgrades to the

modernized recordkeeping system can be done in smaller batches, causing less disruption to normal business operations and as business practices dictate and resources become available.

IV. GENERAL CONDITIONS

This section states the minimum requirements of a contract to provide the services described in this RFP. The planned use of any sub-contractor must be clearly identified and will be subject to Program approval.

Ohio DC makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all of the information that might be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of Ohio DC and the data contained or referenced herein. Ohio DC does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of Ohio DC.

Ohio DC reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any response, in whole or in part, to negotiate modifications or revisions to a response and to negotiate with any one or more respondents to the RFP.

Ohio DC is not and will not be under any obligation to accept, review, or consider any response to the RFP and is not and will not be under any obligation to accept the lowest offer submitted or any offer at all. Ohio DC is not and will not be under any obligation to any recipient of, or any respondent to, the RFP except as expressly stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise.

This RFP is not an offer but a request to receive a response. Ohio DC will consider a response as an offer to develop an agreement based on the contents of the response. Respondents agree that the contents of their responses are valid for six months from the date of submission.

The Program will not be liable for any cost incurred in the preparation of a response and will not reimburse any respondents for their submission. Expenses related to the production of a response are the sole responsibility of the respondent.

In the event that the Program rejects a proposal prior to review of the cost proposal, the sealed cost proposal will be returned to the Consultant.

The vendor selected for the development of the legacy system roadmap will not be precluded from participating in future modernization projects.

Amendments to RFP

The Program reserves the right to issue amendments to this RFP or to provide any additional information or responses to questions received prior to the deadline for submission of proposals. In the event it becomes necessary to amend any part of this RFP, the Program will provide copies of the amendment to all Consultants who have submitted a Letter of Intent.

Bid Requirements

- (1) All proposals become the property of the Program and will not be returned to the Consultant. All proposals submitted are subject to the laws of the State of Ohio regarding public access to such documents and are, therefore, not confidential.
- (2) Failure to adequately furnish information specifically required in this RFP might disqualify a proposal.
- (3) All Consultants must agree to honor the cost proposals for a period of six months from the date of submission.
- (4) The Program will notify all unsuccessful Consultants following final contract completion.
- (5) This RFP and Consultant responses submitted in the selected proposal will become part of the resulting contract and binding through the contract term, except as otherwise amended by mutual agreement.
- (6) The selected Consultant will have two weeks after written notice of selection to execute the necessary contract with the Program. Failure to execute the contract within this time might result in removal as the selected firm.

V. CONTRACT REQUIREMENTS

This section states the minimum requirements of a contract to provide the services described in this RFP. The proposal shall set forth the prime contractor and fully describe any services which will be sub-contracted.

Conflict of Interest

The Consultant represents and warrants to the Board that the Consultant has no interest, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of the services requested in this RFP.

Contract Term

The contract term shall be by mutual agreement between the Consultant and the Board.

Contract Revisions

Revisions to the contract during the contract period or any extensions shall be by mutual agreement.

Contract Parties

The parties to any contract or contract amendment shall be the Program and the Consultant. Any sub-contracted entity will not be party to this contract and will maintain their relationship directly with the Consultant.

Miscellaneous Provisions:

The following provisions shall be included in the contract between the parties:

- (1) The Program may terminate the contract if any significant or substantial change occurs in the ownership or control of the Consultant
- (2) The Consultant may not subcontract the furnishing of any significant work or services under the contract without the express written approval of the Program.
- (3) The Consultant shall notify the Program in writing within 15 days of any significant changes in the firm's organizational structure or staffing, and will make no changes in the assigned Consultant team without the express written approval by the Executive Director.
- (4) If, during the contract term, the Consultant, or any subsidiary, principle owner (10% or more), affiliate or sub-contractor is involved as plaintiff or defendant in any litigation that is related to your firm's servicing of the Program, this fact shall be promptly disclosed to the Program.
- (5) The Consultant shall be authorized to do business in the State of Ohio prior to the contract initiation day. The Consultant shall comply with all applicable laws, including licensing requirements of the State and Federal government and with applicable accreditation and other standards of quality generally accepted in the field of the Consultant's activities.

- (6) The officers, employees, and agents of the Consultant will act in an independent capacity concerning the terms of the contract and will neither act nor be considered as employees of the Program or of any political subdivision thereof. The Consultant also agrees that it will abide by Program policies and practices regarding the security of participant data.
- (7) The Consultant shall agree that neither it nor any subcontractor will use any information concerning individual Program participants, information collected under the contract, or other Program data for any purpose other than to fulfill its duties under the contract. Any exceptions must be requested in writing, and the Consultant must receive written approval from the Executive Director before using such data for any other purpose.
- (8) If at any time during the existence of the contract, the Consultant fails to observe or perform any term, condition, stipulation, agreement, provision, or obligation of the Consultant hereunder or becomes insolvent or if an application or petition in bankruptcy is filed by or against the Consultant, the Consultant shall be in default of the contract without any demand, notice, or putting in default, as time is of essence to the Consultant's satisfactory observance and performance thereof, and any failure by the Consultant with respect thereto shall constitute an active breach of the contract.
- (9) The Consultant shall agree to hold harmless and indemnify the State of Ohio, the Board, the Program, the participants, the Board members and its employees against all losses and liability and shall defend them against all claims and legal actions arising from the acts or omissions of the Consultant or any of its officers and employees in provide service to the Program, insofar as such acts or omission were not directed by the Board.
- (10) The Consultant must subscribe to the Ohio Ethics laws regarding business conducted with a State Board.
- (11) The Program may terminate the agreement without cause by providing 60 days written notice to the Consultant.
- (12) Any provision of any contract arising hereunder is severable if that provision is in violation of the laws of the State of Ohio or the United States, or becomes inoperative due to changes in State or Federal law, or applicable State or Federal regulations.
- (13) Neither the benefits nor the burden of the contract will be assigned or delegated by the Consultant either in whole or in part or in any other manner without the written consent of the Program. Any assignment, pledge, sub-contract, or hypothecation of right or responsibility to any person, firm, or corporation shall be fully explained and detailed in the proposal.
- (14) The contract shall be subject to and governed by the laws of the State of Ohio.
- (15) The Consultant agrees that Consultant, any subcontractor, and any person acting on behalf of Consultant or subcontractor, will not discriminate, by reason of race, color, religion, gender, sexual orientation, age, handicap, national origin, or ancestry

against any citizen of this state in the employment of any person qualified and available to perform the work under this Agreement. The Consultant further agrees that Consultant, any subcontractor, and any person acting on behalf of the Consultant or subcontractor shall not, in any manner, discriminate against, intimidate, or retaliate against any employee hired for the performance of work under this Agreement on account of race, creed, color, religion, gender, sexual orientation, age, handicap, national origin, or ancestry.

Any exceptions or modifications to the foregoing provisions shall only be effective upon mutual written agreement signed by both parties.

VI. SCOPE OF SERVICES

The Program is seeking a Consultant to provide services for the development of the Programs legacy system modernization roadmap. The Consultant should be prepared to work with staff to develop a plan that provides the Program with a modernization course of action to update the recordkeeping system using the composite approach discussed previously. The completed plan will include an alignment of the business needs of the organization with the selected technology, so that staff can base all strategic and tactical decisions on the business drivers of the organization, an assessment of the Program's current technical environment, determination of the future technical environment, and a budget and timeline for the modernization process. The final plan should contain but not be limited to the following components:

- A. Current Environment Assessment
 - 1. Application inventory
 - 2. Database analysis
 - 3. Business rules evaluation and documentation
 - 4. Identification of future business goals
- B. Future Enterprise Architecture
 - 1. Hardware replacement strategy
 - 2. Programming language strategy
 - 3. Application development software and other tools
- C. Detailed Legacy System Roadmap
 - 1. Proof of concept test
 - 2. Identification of project phases including applications to be modernized in each phase
 - 3. Detailed plan for each project phase that will allow the Program to continue to seamlessly use components of the current recordkeeping system while the various components are being modernized.
 - 4. Data conversion plan including analysis, cleansing, and conversion
 - 5. Staff augmentation requirements
 - 6. Staff training
 - 7. Estimated overall budget of the project broken down by phases

In addition to the development of the plan, the Consultant should be prepared to work with staff to present a final summary report to the Board at a future Board meeting.

VII. TECHNICAL PROPOSAL

All Consultants submitting proposals must restate each statement or question in the Technical Proposal and record your company's response directly below the statement or question. Please contact Doug Lepper at (614) 466-7245 or dlepper@ohiodc.org or visit our website at ohiodc.org to obtain an electronic version of this document to assist you in preparing your responses.

COMPANY INFORMATION

- (1) Give a brief history of your firm including the year the organization was founded.
- (2) Describe the organization of the firm and the range of services it provides, its underlying philosophy or mission statement as Technology Consulting Vendor, and any organizational aspects that uniquely qualify the firm for this assignment.
- (3) Describe all of your firm's lines of business and the approximate contribution of each business to your organization's total revenue. If your firm is an affiliate or subsidiary of an organization, state what percentage of the parent firm's total revenue your affiliate or subsidiary generates.
- (4) Describe the ownership structure of your firm; giving specific details with regard to your parent, any affiliated companies, or any joint ventures.
- (5) Describe any significant developments in your firm within the last three years, such as changes in ownership, personnel reorganization and staff departures.
- (6) Describe any near-term changes in your firm's basic ownership structure or any other significant changes in your firm which you anticipate.
- (7) Within the last five years, has your firm or an officer or principal been involved in any business litigation or other legal proceedings relating to your consulting services? If so, provide an explanation and indicate the current status or disposition.
- (8) State whether your firm or an affiliate provides services that could be considered a conflict of interest. State whether your firm accepts soft-dollars as a method of payment for services provided.
- (9) Provide a current list of five (5) comparable clients, including name, contact, telephone number, asset values, number of years the client has retained your firm and the product or services the client uses. The Program may contact any of these clients as references.
- (10) Describe the typical client load for your firm. State how this would compare to the employees assigned to the account.
- (11) Describe the broadest range of services you provide to clients.
- (12) List the number of your firm's professional and support employees involved in Technology consulting.

- (13) Provide the resumes of all principals, other professionals and support employees expected to be assigned to this account. Include their length and type of experience in pension consulting/advising services, length of employment with current firm, and any specialty expertise they possess.
- (14) Does your company accept all the terms as outlined in the General Conditions and Contract Requirements Section? If the answer is "NO," state any exceptions you have to the minimum contract requirements. State the reason for the exception and the substitution offered.

SERVICE PROPOSAL

Fully describe how your company intends to provide complete consulting services required to develop the Programs legacy system modernization roadmap, including an assessment of the Program's current environment, determination of the future direction, and a budget and timeline for the modernization process. Include a proposed timeline for the development of the roadmap and list the anticipated time and effort required by the Program staff.

Current Environment Assessment

- (1) Describe the approach and methodology that your firm will use to complete an inventory of the Program's application portfolio.
- (2) Explain the process that your firm will use to evaluate and document the Programs current database.
- (3) Describe the proposed approach to the analysis of the Program's processes. Include any tools or strategies proposed for business rule extraction, knowledge transfer and documentation.
- (4) Describe the process that your firm will use to identify any future business goals.
- (5) Provide any proposed additional assessment activities required for a complete assessment of the current environment.

Future Enterprise Architecture

- (6) Describe the proposed process for the evaluation of the Program's existing hardware environment. How will this evaluation be used to define the Program's future hardware environment?
- (7) Explain how your firm proposes to work with Program staff in defining the future application architecture and development environment including the determination of future programming languages.
- (8) Describe the recommended process for the evaluation and selection of the future database environment.
- (9) Provide any proposed additional activities required in developing the vision of the Program's future Enterprise Architecture.

Detailed Legacy System Roadmap

- (10) Provide a generic example of the proposed roadmap. Include a detailed description of all components of the roadmap including but not limited to the following components:
 - a. Proof of concept test
 - b. Identification of project phases including applications to be modernized in each phase

- c. Detailed plan for each project phase that will allow the Program to continue to seamlessly use components of the current recordkeeping system while the various components are being modernized.
 - d. Data conversion plan including analysis, cleansing, and conversion
 - e. Staff augmentation requirements
 - f. Staff training
 - g. Estimated overall budget of the project broken down by phases
- (11) Provide any additional requirements for development of the roadmap that have not been previously listed.
- (12) Describe your ability to estimate with reasonable accuracy the project costs, necessary resources and the project timeframe for completing a legacy system modernization project of this nature. If possible, provide evidence based on completed projects.

VIII. COST PROPOSAL

A cost proposal must be prepared and submitted with the Consultant's service proposal under separate sealed cover.

Your cost proposal must include total projected fees charged to the Program based on the projected service you have proposed. The cost proposal should be detailed and complete in all respects and provide all the information the Program would need to calculate the fees that would be paid to the Consultant based on the variables contained within the proposed fee structure. Should the Program determine to significantly change the level of service from those proposed, the cost proposal must provide a sufficient itemized breakdown so that the Program can determine the effect on the total proposed cost.

- (1) Describe in detail your proposed fee arrangement for the services proposed including a definition of all elements which make up your proposed compensation arrangement including budgeted hours and hourly billing rates. Provide the variables you have used in developing your cost proposal such as assumptions regarding travel expense, meetings required, etc. In addition to the overall cost of the project, the costs should be broken down by module or segment to be modernized.
- (2) Describe in your cost proposal the cost to present the results and findings to the staff and Board as required in this proposal including any travel, printing, postage or other miscellaneous costs.

IX. EVALUATION CRITERIA AND SELECTION PROCESS

The successful proposal will demonstrate a clear understanding of the development of a detailed legacy system modernization roadmap, a well-reasoned strategy for success, and a proven capability to perform the required services with distinction. Evaluation of each Consultant will include, but not be limited to the following:

- (1) Quality of the Consultant's proposal as an indicator of its probability for success.
- (2) Understanding of the assignment.
- (3) Experience and demonstrated success as indicated in its listing of current major clients.
- (4) Stability, experience and professional reputation of the firm.
- (5) Independence from any activities which could result in a conflict of interest.
- (6) Professional qualifications and experience of principal employees who will work for the Board.
- (7) Depth of knowledge, experience, and resources to provide services.
- (8) Consultant's qualifications, including established record of success with similar projects.
- (9) Commitment to fair and equitable employment practices.
- (10) Significant consideration will be given to the proposed costs, but price will not be the sole determining factor.

X. INSTRUCTIONS FOR SUBMITTING PROPOSALS

A. Letter of Intent:

Each interested proposer should submit a Letter of Intent to propose. This letter must be received by the Board at the address set forth in Section G below, no later than April 12, 2013 in writing or by email or fax. Failure to submit the Letter of Intent may result in the proposer's not receiving responses to questions or amendments to the RFP. The letter shall indicate the proposer's intent to propose, and a contact person's name, address, and telephone number. The Letter of Intent should also include a statement that the letter is being submitted by a person authorized to bind the proposer.

B. Proposer's Conference:

A proposer's conference will be held at the Board office on April 15, 2013 at 1:00 PM local time. Attendance at the conference is not mandatory.

C. Questions Concerning the RFP:

Questions regarding this RFP must be submitted in writing by mail, email, or fax not later than April 19, 2013 and addressed to:

Doug Lepper
Information Technology Manager
Ohio Public Employees Deferred Compensation Program
257 East Town Street, Suite 400
Columbus, OH 43215-4623

EMAIL: dlepper@OhioDC.org

FAX: 614-728-2601

Questions and answers from the proposers' conference will be recorded, put in writing, and distributed to all companies who have returned a Letter of Intent, with all other written questions and answers by April 24, 2013. No verbal responses are to be relied upon.

D. Questions by the Board:

The Board may present a proposer with written questions about its proposal. The response to the Board's question(s) shall also be submitted in writing and shall be incorporated as part of the proposal.

E. Transmittal Letter:

The Consultant's proposal must be accompanied by a transmittal letter, signed by an individual authorized to bind the company and including the following statement: "The information presented in this proposal by (**Consultant Representative**) is correct to the best of our knowledge and belief as of the date submitted. The individual executing this document on behalf of (**Consultant Name**) is authorized to

execute documents of this nature under the scope of his/her employment responsibilities."

F. Submission Format:

Consultant's proposal must be recorded on Standard 8 1/2" X 11" size white paper. The proposal must be accompanied by a transmittal letter on the Consultant's official letterhead signed by at least one individual who is authorized to bind the Consultant contractually.

Technical and cost proposals are to be mailed together in one package, but the technical and cost proposals must be bound separately. There shall be no reference to the cost of services in the technical proposal.

Restate each statement or question in the Technical Proposal and record your firm's response directly below the statement or question.

G. Deadline for Submission of Proposal:

The original, electronic copy and 3 hard copies of the complete proposal package must be received in the Program's office by May 10, 2013 by 12:00 noon to be considered. Proposals sent exclusively by facsimile, email, or other electronic means will not be considered. It is the Consultant's responsibility to insure that the Program receives its proposal prior to the deadline. This responsibility rests entirely with the Consultant, regardless of delays resulting from postal handling or for any other reasons. Proposals received after this date and time will be returned unopened. The Program's timestamp shall be the official time. Proposals will be accepted at any time during the normal course of business only, said hours being 8:00 a.m. to 4:00 p.m. local time, Monday through Friday, except for legal holidays.

Please send the original and 3 copies to:

RFP Coordinator Doug Lepper
Ohio Public Employees Deferred Compensation Program
257 East Town Street, Suite 400
Columbus, OH 43215-4623

Please send the electronic copy to dlepper@OhioDC.org

NOTE: Packages (envelopes) must be clearly marked "CONSULTANT PROPOSAL". Cost proposals must be separately sealed and clearly marked "COST PROPOSAL". It is the responsibility of the proposer to insure that proposals arrive on time on or before the prescribed time. No email or fax responses will be accepted.
NO LATE PROPOSALS WILL BE ACCEPTED.

Modifications to the proposal may be submitted prior to the date and time specified for receipt of responses. Copies of the modifications must be submitted as specified for the actual proposal above. Modifications must have "Modification – Consultant Name" marked in the lower left-hand corner of the envelope. No email or fax modifications will be accepted.

Submission of a proposal establishes a conclusive presumption that the Consultant is thoroughly familiar with the RFP, specifications, and contract requirements and the Vendor understands and agrees to abide by each and all of the stipulations and requirements contained therein.

H. Withdrawal:

Proposals may only be withdrawn by written notice prior to the Deadline date set for opening the proposals. No proposal may be withdrawn after the deadline submission.

I. Exceptions:

Consultants shall clearly identify any proposed deviations from the language contained herein. Each exception must be clearly defined and referenced to the proper paragraph in this RFP. The exception shall include, at a minimum, the Consultant's proposed substitute language and opinion as to why the suggested substitution will provide equivalent or better service and performance. If no exceptions are noted in the Vendor's proposal, the Program will assume complete conformance with this specification and the successful Consultant will be required to perform accordingly. Proposals not meeting all requirements may be rejected.

APPENDIX A – CURRENT SYSTEM FUNCTIONALITY

ADMINISTRATION

Deferral Limits

- Over-deferral prevented by investment processing
- Separate limits maintained for regular, age 50+, and catch-up accounts.

Exchange Restrictions

- Participants are placed in a restricted status if they do four exchanges in a 45 day period.
- Warning letters are generated when a participant completes 3 exchanges in a 45 period.
- Participants in restricted status are prohibited from completing exchanges by telephone or on the website. Exchanges must be submitted in writing and are limited to one per week for a one year period.

Archives/File Management

- *Participants with fully withdrawn accounts are archived and removed from the production data on an annual basis.*

Daily Transaction

- Daily NAVs are received and daily trades are sent electronically ***Daily Batch Process***
- Each business day a batch job is executed that processes all of the applicable participant transactions for that day.

INVESTMENT OPTIONS

Pricing

- Daily pricing is computed for Stable Value Option based on a quarterly interest rate.
- Daily NAVs are received electronically from investment providers for all other funds

Dividends

- Dividends are posted to applicable participant accounts on the last business day of the month for all interest earning investment options (bond funds, etc.).
- Investment dividends are posted to applicable participant accounts when they are declared by the investment providers.

Performance

- Annualized year to date, one-, three-, five-, and ten-year fund performance is computed at the end of each month using historic NAVs.

Trades/Adjustments

- Daily trade instructions are sent to each investment provider either electronically or via automated fax.

Redemption Fees

- A redemption fee process has been implemented that deducts money from a participants account when they complete a round trip (buy and sell) within a predetermined number of days.
- Redemption fees can vary in the amount of the fee and the holding period based on each investment provider's rules.

EMPLOYERS

Demographics

- Demographic data is maintained for each employer. This includes contact name, address, contact telephone number and email address.

Pay Cycles/Dates

- A calendar system has been developed that tracks the pay dates by employer.
- The system has the capability of maintaining multiple sets of pay dates for each employer. This is used if the employer has separate pay dates for different groups of employees (i.e. monthly, biweekly, weekly).

Billings/Change Reports

- The billing system creates a list of employees that should have a deferred compensation deduction on a future paycheck.
- The employer has the option to receive a copy of the billing (prebill) either electronically or on paper. In addition, they can choose whether the paper bill should be mailed or faxed to them.
- A report listing only the participants who have had a change in amount since their last pay (reduction report) can also be generated. The employer has the ability to choose whether or not they wish to receive this report and whether they wish to receive it via fax or mail.

Department Maintenance

- The system can organize participants by department if required by the employer. State of Ohio employees are the only participants that are tracked by department currently.

Ohio Business Gateway

- In conjunction with the Ohio Business Gateway (OBG), a system has been developed for communication with the employer via a web portal.
- The employer can update demographic information, update the status of an employee (active or terminated), reconcile a billing with their payroll data, and make payments using the OBG system.

Methods for Deposits/Reconciliation

- All billings must be reconciled with the actual deductions taken by the employer before the money can be invested.

Terminations

- We may receive notification of termination from either the employer or the participant resulting in the zeroing of the deferral amount.

Statements/Reporting

- After participant statements are created each quarter employer statements are printed and emailed or mailed to each employer.

Comment system

- The system provides the ability to add freeform comments for each employer.

Employer Website

- A static website is maintained to provide relevant information to the employers.
- The website is hosted by an outside vendor and maintained by Ohio DC.
- The site includes frequently asked questions section and contact information.

PARTICIPANT AND RELATED ACCOUNTS

All accounts

- Account Creation/Demographics/Maintenance
 - New participant accounts are created either by data entry from a paper form or via the website. Participant accounts created on the website can be created by either the participant or customer service.
 - A history of address changes is maintained on the system.
 - Confirmation letters are printed and mailed for every new enrollment.
- Comment system
 - The system provides the ability to add freeform comments to each participant account.
 - Comments can be system generated or manually entered by any authorized user.

- The comment record includes the date and time that the record was created as well as the initials of the user who entered the comment (if applicable).
 - A report listing all of the comments for a participant can be printed.
- Interface with USPS
 - The system interfaces with the USPS's address correction system to get updated participant addresses.
- Exchanges
 - Participants can elect to exchange (move) money from a specific investment option to another option.
 - Exchanges can be directly by the participant using the website or ATS or exchanges can be entered by Customer Service on behalf of the participant.
 - The system monitors and enforces frequent trading policies of both the investment provider and the Program (see exchange restrictions and redemption fees above).
 - Confirmation letters are printed and mailed for every exchange transaction.
- Deceased to Beneficiary Transfers
 - Separate beneficiary accounts are created upon notification of a participant's death.
 - Transfers are data entered and verified before processing.
 - A deceased to beneficiary transfer moves the proper amount of money from the deceased participant account to the beneficiary account(s) as instructed originally by the participant.
 - Confirmation letters are printed and mailed for every transfer transaction.
- Rollovers into/out of Program
 - Participants can roll (move) money into or out of the plan based on the plans policy.
 - A separate account is created for all rollovers into the Program.
 - Rollovers are data entered and verified before processing.
 - Confirmation letters are printed and mailed for every transfer transaction.
- Quarterly and Annual Statements
 - Statements are created for each participant.
 - An annual statement is created which includes year-end account balances by fund, investment allocation data, and future projections.
 - Participants can opt to receive all statements by either US Mail or by accessing an electronic version on the website.
- Withdrawals
 - Scheduled benefit withdrawals are paid monthly.
 - Any participant that has terminated from service is eligible for a withdrawal.
 - Participants can start, stop, or change the amount of a withdrawal on a monthly basis.
 - Participants can choose to have money withdrawn from a specific fund or to have it withdrawn from all funds proportionately based on the current balances.
 - The withdrawal system includes all of the functionality required for processing Federal and State income taxes.
- Imaging
 - All relevant participant related paper work for participants enrolled after 2002 is scanned and stored as an electronic image.
 - Images can be viewed and printed directly from the main inquiry screen.

Participants

- Deferrals/SMarT Plan
 - Participants designate the deferral amount and fund allocation upon enrollment.
 - The deferral amount and allocation can be changed by the participant at any time. Allocation changes are effective immediately. Deferral amount changes typically take 30 days to become effective.

- Changes can be made in several different ways:
 - Directly by the participant using either the website or ATS
 - Calling the Service Center (customer service enters the change using internal access to the website)
 - Using a paper form sent to the Service Center and data entered by us
 - Automatically using the SMarT system – this system provides the ability for a participant to designate an amount to automatically increase their deferral on an annual basis
- Insurance Premiums
 - The system has the capability of managing premiums for life insurance policies held with Ohio National Insurance. This is not a current investment option and is only available for participants who selected this option when it was available.
 - Premium payment information is output monthly to database files which are sent securely via email to Ohio National.
- Divorce – QDRO
 - Separate accounts are created for a participant's spouse when Ohio DC receives notice of a Qualified Domestic Relations Order (QDRO) resulting from a divorce proceeding.
 - A QDRO transfer function is available to move money from a participant account to a QDRO account based on the court order. This transfer is executed immediately after the account is established and is allocated proportionally into the same investment options used by the participant.
 - QDRO accounts are placed in a hold status until Ohio DC receives instructions from the court to release the money.
 - Upon court release, the QDRO account is released, and the QDRO account holder has all of the rights and abilities of any other participant.
- Purchase Service Credits
 - A participant can elect to have money withdrawn from his account to purchase service credit with the appropriate pension system.
- Rollover transfers in/out
 - Active participants can elect to transfer money into or out of the Program to/from another qualified pre-tax plan.
- Plan to Plan Transfers
 - Participants can elect to transfer the cash value of an inactive account to an active account within the Program.
 - Transfer requests are received on a paper form and are data entered and verified before processing.
 - Transfers are invested into the investment options held by the inactive account.
- Unforeseen Emergency Withdrawals
 - A Participant may request an in-service withdrawal in the event of an unforeseeable emergency.

CUSTOMER SERVICE

Customer Service is provided limited access to the recordkeeping system.

Inquiry Access

- Accounts
 - Demographics Inquiry/Maintenance
 - Quarterly Statement Inquiry/Reprints
 - Annual Statement Inquiry/Reprints (reprints are handled by a vendor)
 - Update ACH Confirmation

- Enter Exchange Transactions
- Withdrawals Inquiry
- Account Value History
- Archive Inquiry
- Employers
 - Demographics
 - Pay Cycles
 - Termination Confirmations
 - Departments
- Investment Funds
 - Fund Pricing
 - Fund Performance

Update Access

- Exchange request entry is provided to specific authorized customer service personnel.
- Comment Entry