



ADDENDUM NO.: 3

**INVITATION TO NEGOTIATE NO.: 15-0008
FOR
RETIREMENT PLAN ADMINISTRATOR SERVICES**

The purpose of this addendum is to advise of any changes to the solicitation and answer questions received prior to the deadline in the Calendar of Events located in Section 1.6, on page 5 of the RFP.

**FAILURE TO FILE A PROTEST WITHIN THE TIME PRESCRIBED IN SECTION 627.351, F.S.,
CONSTITUTES A WAIVER OF PROCEEDINGS.**

SOLICITATION CHANGES:

- **Attachment D**, Vendor Diversity Declaration Form is uploaded to replace a mislabeled Attachment D, Background and Corporate Reference Form

ANSWERS TO QUESTIONS:

1. Please confirm if all assets, 401 and 457 b will move over upon the award of the contracts.

Answer: The contract is expected to be "awarded" in December 2015 and executed in January 2016. If the contract is awarded to a new plan administrator, the current administrator would continue to serve through May 31, 2016 and the Plan assets would move over on June 1, 2016.

2. How many pricing scenarios are allowed? We are proposing both a scenario that shows a price per participant then an alternate scenario of % of assets.

Answer: Please see the instructions provided on Attachment F, Price Sheet. We are requesting that Vendors express their initial pricing either as a flat fee or as a percentage of Plan assets (combined). If the fee is expressed as a percentage of Plan assets, Citizens will score the initial pricing offer by converting the percentage to actual dollars using the following assumption: Plan assets in Year 1 equal to \$67,000,000, increasing by 10% each year thereafter. If a Vendor advances to the negotiations phase of this procurement, we may discuss alternative pricing scenarios at that time.

3. Please confirm the attachments required are consistent with the checklist. Specifically G and H:

Answer: See Addendum #2.



4. Please confirm if the stable value assets will be transferable day 1 without any restrictions or encumbrances at the plan level. If there are restrictions what are they?

Answer: The contract offers a market value adjustment, which can be exercised immediately, or a book value option (with a 12 month put). A market value adjustment calculation will be requested before determining the most appropriate termination option for participants.

For initial pricing and planning purposes, Vendors should assume the stable value assets will be transferred on day 1. If the Retirement Plan Committee decides to postpone the transfer because it will result in a negative market value adjustment, a Vendor price adjustment may be allowed. The price adjustment will be negotiated with Vendor prior to contract execution. Please note that the assets currently being reported in the stable value fund include assets from the model target date portfolios offered by Lincoln. The mapping of those target date portfolios has not yet been determined. The assets currently in the stable value fund may not all be mapped to the new stable value fund.

5. Are the employees of Citizens Insurance eligible for FRS/DROP?

Answer: *No. Citizens Property Insurance employees are not eligible to participate in the Florida Retirement System or the DROP program.*

6. What is the current interest rate on the Stable Value Fund? Please include rate history.

Answer: *As of 6/30/15*

YTD: 0.88% 1-Yr: 1.75% 3-Yr: 1.83% 5-Yr: 2.19%

7. Are there any administrative fees being charged to participant's accounts? If so, how much?

Answer: *Yes, a 19 bps "wrap fee" is charged on all investments other than the Stable Value Fund to pay for administrative fees.*

8. Are there any inactive fees being charged? If so, how much?

Answer: *No.*

9. Do you anticipate the number of participants in each plan to remain steady, increase or decrease? If changing, please give best projections.

Answer: *We anticipate the number of participants in the 401(a) and 457(b) plans to remain steady. The 401(k) plan has only 29 participants and is frozen (this plan may eventually be terminated or merged into the 401(a) plan).*



10. Please provide gross annual assets per plan for 2014, 2013, and 2012

Answer: See attached Exhibit 1.

11. Please provide annual contributions per plan for 2014, 2013, and 2012

Answer: See attached Exhibit 1.

12. Please provide annual distributions per plan for 2014, 2013, and 2012

Answer: See attached Exhibit 1.

13. Please confirm the total number of participants per plan with a breakdown by actives/inactives.

Answer: See attached Exhibit 1..

14. Please provide the number of eligible employees in each plan

Answer: See answer to #13 for 457(b) and 401(a). Frozen 401(k) plan has 29 participants.

15. Is there any participant overlap between the plans? If so, we'll need the number of unique individuals

Answer: Yes, participants in 401(a) and 457(b) are identical. See answer to #13 for 457(b) and 401(a).

16. Is the 401(a) money participant directed or sponsor directed

Answer: *Participant directed.*

17. Please provide the number of payrolls and the frequency.

Answer: 26; biweekly.

18. Please provide the number of locations.

Answer: There are 3 locations – Jacksonville, Tallahassee and Tampa.

19. Please confirm all assets are fully liquid (no MVAs, no hold from current vendor)

Answer: *Yes. See question #4 above.*

20. Please confirm all assets are transferring on a plan level

Answer: *See question #4 above.*

21. Does Citizens want the Vendor to calculate the employer match? If so, how frequently? What is the match formula?

Answer: Yes, Citizens would want the Vendor to calculate the employer match as often as a check is generated (biweekly payroll and any off-cycle check). The match is dollar for dollar up to 8%.



22. Are there any outstanding loans? If so, please provide total assets in outstanding loan balances as well as the number of loans

Answer: 240 outstanding loans; with a value of \$1,320,315.

23. Are there any current SDAs? If so, please provide total assets in SDAs as well as the number of SDAs.

Answer: *No, there are no current Self Directed Accounts.*

24. Please provide some insight on Citizens' communications needs?

Answer: Clear, easy to follow enrollment materials, ongoing communications, and a user-friendly web site that offers participants some ability to do some modeling.

25. Would meetings work for larger locations? If so, can they provide the number of locations with 25+ eligible employees?

Answer: Both individual and group meetings desired, including workshops for target audiences. There are 3 locations – Jacksonville, Tallahassee and Tampa.

26. What has been the experience with meeting attendance in the past?

Answer: Citizens' employees have attended a Health Fair, Benefits Fair, workshops, and individual meetings.

27. How does the current vendor communicate with participants?

Answer: Written materials, items posted to Citizens HR portal, and one-on-one meetings, see Question #27 above.

28. What has worked/not worked in the past?

Answer: In the past when we had group meetings, they were well attended and there was a good bit of interaction with employees and the vendor. See Question #27 above.

29. What would they like to see going forward?

Answer: A focus on financial planning for the future that is tailored to various employee groups and needs (i.e. targeted marketing/education campaigns), robust website with tools and resources to assist employees).

30. How does the plan sponsor communicate with employees regarding other employee benefits (i.e. healthcare)?

Answer: New hire orientation, Employee newsletter, Benefits Guide, e-books and HR Portal. See Question #27 above.



31. Are there any current issues or weaknesses in plan utilization that the plan sponsor would like to see addressed? Low participation? Low contribution levels? Poor diversification?

Answer: The current participation is 82% and the average savings rate is 7.6%. Participation is lower among the employees who are age 30 and younger.

32. Would you describe the majority of your employees as: 1) fairly sophisticated investors or; 2) individuals with limited understanding of investing?

Answer: We believe our employees reflect the general population.

33. Would most employees have access to e-mail/internet either at home or work? I.e. would a web-based communication approach work?

Answer: Yes.

34. Any special language needs for individuals where English is a second language? If so, what languages and what percentage of population does each represent?

Answer: No; N/A.

35. What is the specific name of the plan? If provided, we can include on sample materials.

Answer: Please see Attachment J to the ITN; (3 parts) for the names of the three plans.

36. Is there a certain number of on-site participant meeting days to be included in the pricing?

Answer: No set number is required. However, each Vendor should propose the number of such meetings it recommends in its response to Attachment E to the ITN (Vendor Questionnaire). These recommended meetings are to be included in the pricing. Currently, Citizens receives 3 on-site employee workshops each year (one meeting in each of the 3 office locations) and 12 on-site employee one-on-one sessions each year (quarterly sessions in each of the 3 office locations).

37. What services should be included in base administration fee?

Answer: The base administration fee should cover all of the services outlined by Citizens in Section 2 of the ITN and all of the services described by Vendor in its response to Attachment E of the ITN (Vendor Questionnaire).

38. What is the vision for the investment line up and structure? (Ex: models, target date funds etc.)



Answer: *The plan currently has models managed by the current record keeper (Lincoln Financial Group). Citizens recently engaged a consultant who will provide ongoing investment recommendations. An open architecture investment platform is required in order to accommodate the Consultant's recommendations and allow flexibility of investment options.*

39. Are any of the current Plan assets encumbered? Is there an MVA or put option on stable value assets? If so, when are the assets available for transition?

Answer: *See questions #4 and #19 above.*

40. Is the Plan seeking to convert the existing stable value assets to a similar investment or to a different type of investment (i.e. target date fund or asset allocation models)?

Answer: *Investment recommendations will be presented to the Committee for approval by the Consultant. The Consultant is likely to recommend a stable value option for inclusion in the line-up; however, not all of the stable value assets may be converted to a new stable value fund. See question #7 above.*

41. Is the Plan willing to consider an insurance company general account, that includes a Plan level MVA and a 90 day equity wash provision at the participant level, as the stable value solution?

Answer: *Yes. Note, any proposals that include a general account product should not have any participant level restrictions.*

42. Does the Plan currently utilize a Managed Account solution? If so, please provide assets under management.

Answer: *No.*

43. Does the Plan currently utilize a self-directed brokerage option? If so, please name the provider and the assets under management.

Answer: *No.*

44. Is the Plan willing to implement the winning vendor's model plan documents?

Answer: *Yes we would consider using a prototype document.*

45. How many model portfolios is the Plan looking to implement? Would all of the underlying investments be publically available (i.e. have tickers, cusips)

Answer: *The Retirement Committee has not decided if models will continued to be offered.*

46. Please confirm 82% participate in the 457 & 401a retirement plans?

Answer: *Correct; See attached Exhibit 1..*



47. Please confirm the number of eligible employees is 1200?

Answer: See attached Exhibit 1.

48. In both 457 & 401(a) can you verify how many participants are actively contributing and how many have terminated in each plan?

Answer: See attached Exhibit 1.

49. Can you confirm the # of unique social security numbers or account numbers for each plan?

Answer: Each participant has a unique identifier which is their social security number.

50. What was the total number of unforeseeable emergencies, QDROs, and distribution checks processed in 2014 for each plan?

Answer:

Transaction Type	2014 Transaction Counts		
	401(a)	457(b)	401(k)
Hardship/Unforeseeable	20	38	2
Distributions (all types)	103	128	7
QDRO's	1	1	0

51. Can you please provide the annual contributions and distributions for both plans?

Answer: See attached Exhibit 1.

52. How many loans are outstanding?

Answer: See question #22 above.

53. Will Citizen's need an SPD for the future on the plans?

Answer: Plan is not subject to ERISA; however, we would like an SPD to be prepared annually.

54. Can you please provide details about your stable value product (general account, separate account, pooled fund, etc.) and product information?

Answer: See attached Exhibit 2.

55. What is the current fixed account rate?

Answer: See #6 above.



56. Are there any contract restrictions if Citizens were to terminate their current contracts?

- Is there any contingent deferred sales charge (CDSC)? If so what percentage and dollar amount (or schedule)?
- Are there any restrictions on the transition of the Stable Value/Fixed Account assets:
- CDSC - % and/or \$
- Spread payout option – termination payments over a period of time (example, 5 payments over 5 years)?
- Market Value Adjustment contractual formula or market value payout? If so, what is the current market value adjustment % and/or \$?
- 12-month Put or other delay of distribution of book value of participant assets?

Answer: For pricing and planning purposes Vendors may assume not restrictions. See question #4.

57. Can you please clarify what is meant by the meaning of the Legal Services of OIA and OIG document because it does not appear to pertain to a Defined Contribution or Deferred Compensation plan RFP?

Answer: This document was included in error and was replaced by Addendum No. 2.

58. What are the plan sponsor's top three goals as they relate to retirement education?

Answer: The Retirement Committee will be reevaluating the plan goals in the near future.

59. What has worked, what has not worked in terms of engaging participants/non-participants?

Answer: See answer to #28 above.

60. Can we reach employees via email?

Answer: Yes, if employees choose to provide that information.

61. The ITN requests 1 electronic version of the response on a compact disk CD. To what address should the response be mailed?

Answer: The address is on page 1 of the ITN.

62. Tab 1 says references Vendor Diversity Declaration Form. Please resubmit Vendor Diversity Declaration form.



Answer: The Attachment D has been replaced, please see above.

63. Attachment G and Attachment H are identical. Could you send us Attachment G which is supposed to be the Standard Contract Terms?

Answer: See Addendum #2.

64. Will these plans be subject to any kind of testing and/or submission of 5500s? Typically, gov't plans are not, but the RFP does ask questions about testing.

Answer: Citizens is not subject to testing.

65. We'd like to request an extension on the due date for this ITN if at all possible.

Answer: The due date for proposals will remain September 14, 2015 at 2:00 PM ET.

**EXHIBIT 1
ADDENDUM NO.: 3**

	401(a)			457(b)			401(k)		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Assets as of 12/31	\$ 21,187,262.48	\$ 26,557,424.53	\$ 30,717,798.33	\$ 21,215,817.28	\$ 27,618,679.01	\$ 32,288,718.53	\$895,459.78	\$873,847.88	\$646,278.40
Annual Contributions*	\$ 3,588,491.65	\$ 3,949,584.49	\$ 4,352,050.86	\$ 4,125,920.33	\$ 4,606,517.37	\$ 5,105,918.53	\$ -	\$ -	\$ -
Annual Distributions	\$ 1,331,779.27	\$ 2,601,834.00	\$ 1,697,631.20	\$ 1,695,545.02	\$ 2,448,361.79	\$ 1,858,723.06	\$38,157.17	\$141,800.84	\$260,311.34

* Rollovers not included

Quarterly Contributions

Plans	Contributions 3/31/2015 – 6/30/2015	Withdrawals 3/31/2015 – 6/30/2015
401(a)	\$1,942,574	\$403,634
457(b)	\$1,656,515	\$371,173
401(k)	\$0	\$16,243
Totals	\$3,599,089	\$791,051

Plan Eligibility/Participation

457(b)	1,259 eligible	1,094 participants	82% Participation Rate
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The following is additional optional information that you may also provide:

Age	Active Participants	Total Participants	Participation Rate
≤ 20	1	4	25%
21-30	81	109	74%
21-40	296	377	79%
41-50	310	369	84%
51-60	247	295	84%
≥ 61	101	113	89%
Overall	1,036	1267	82%

**EXHIBIT NO.: 2
ADDENDUM NO.: 3**

Lincoln Stable Value Account -J97

Release Date
06-30-15

Morningstar Category
Stable Value

Overall Morningstar Rating™

Morningstar Return

Morningstar Risk

Investment Objective & Strategy

The primary investment objective is to maximize after-tax GAAP investment income net of cost of capital consistent with the long-term preservation of capital. Strong consideration is given to credit quality, required surplus, liquidity, interest rate risk, taxes, and competitive crediting rates. The overall investment strategy is executed within the context of prudent asset/liability management (ALM) and the constraints of the applicable law and regulation.

Overall, the portfolio is managed to achieve an average quality of A to A-. We see to it that the portfolio has adequate diversification by limiting the amount of investments in any asset class, sector, industry or issuer in the market. We also ensure that the portfolio has adequate liquidity in order to fulfill any unanticipated cash needs. Risk is further limited by restrictions on below investment grade securities and equity investments.

Morningstar Category: Stable Value

Stable-value portfolios seek to provide income while preventing price fluctuations. The most common stable-value portfolios invest in a diversified portfolio of bonds and enter into wrapper agreements with financial companies to guarantee against fluctuations in their share prices. These wrapper agreements typically provide price stability on a day-to-day basis, thereby insulating each portfolio's net asset value from interest-rate volatility. Therefore, their true overall durations are effectively zero.

What do Stable Value Funds Invest in?

Stable Value funds tend to invest in high-quality bonds with short- to intermediate-term maturities. They also purchase insurance contracts which aim to provide price stability on a day-to-day basis. The horizontal axis of the Morningstar fixed-income Style Box shows duration, a measure of how a fund's price will change in response to interest-rate changes. Because stable value funds insurance contracts usually prevent any fluctuations in the funds prices, these funds are insulated from interest-rate volatility and their duration is effectively zero. The Style Box represents a typical stable value fund and is not based on specific information from this particular fund.

Operations

Fund Inception Date 05-02-83
Total Fund Assets (\$mil) 4,880.00
Management Company Macquarie Group
Web Site —
Issuer Lincoln Financial Group

Portfolio Manager(s)

Management Team. Since 1983.

Portfolio Analysis

Composition as of 06-30-15



- Synthetic GICs
- Traditional GICs
- Cash
- Other

% Assets
0.0
0.0
0.0
100.0

Volatility Analysis

Low	Moderate	High
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▲ Category

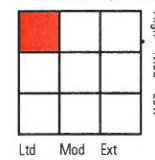
The volatility measure is not displayed for investments with fewer than three years of history. The category average, however, is shown above.

Principal Risk Please see www.LincolnFinancial.com for more information
Data not available

Notes

For any investment option in the plan, including an option that is part of a model, you may obtain a prospectus or similar document by requesting one from your employer, visiting your plan's web site, or calling a Lincoln Financial representative at 800 234-3500.

Morningstar Style Box™ as of 06-30-15



Allocation as of 06-30-15

Synthetic GICs	0.0
Traditional GICs	0.0
Cash	0.0
Other	100.0