

RFP 22-700-01
Appendix B
Investment Redesign and Reselection

Savings Plus Agreements for investment consulting services include requirements for periodic analysis and recommendations for the Plan's design relative to industry best practices. Such recommendations may include participant re-enrollment campaigns to direct participants to an optimal Qualified Default Investment (QDIA), investment portfolio redesign and restructuring, and reselection initiatives. Implementation of these recommendations may entail a single project or separate projects and include the following components:

- Redesign to optimize the core investment fund line-up
- Enhance the glidepath of the Plan's Target Date Funds (TDF) QDIA – "to" versus "through" glidepath methodology
- Re-enrollment campaign(s) to align participants with the TDF associated with their birth year (unless they opt out)
- Re-selection campaign to allow participants to reselect from a new investment line-up
- Multibillion dollar asset mapping

The timing of such initiatives is not yet determined, but will likely occur after the effective date the new Trustee/Custodian Agreement resulting from RFP 22-700-01. The Trustee/Custodian will be expected to fully participate in and to support – in its capacity as Trustee/Custodian – the project(s) from the planning phase beyond implementation through final completion. There shall be no associated project management fees charged to Savings Plus for this and any future initiatives of this type. Any costs borne out of the activities of this initiative shall be handled in accordance with the negotiated fee schedule with the custodian, which will be reflected in Exhibit B of the resulting Trustee/Custodian Agreement.

The Trustee/Custodian will select a point person from its Custodial Service Team to work with Savings Plus and its business partners (e.g., consultant, third party administrator, investment managers, transition managers). This point person is expected to participate in project planning and transition meetings (frequency TBD, likely weekly) and will be responsible for the successful completion of all project-related tasks assigned to the Trustee/Custodian including, but not limited to, the following:

- In coordination with project representatives (Savings Plus and its business partners), determine/confirm key dates
 - black-out dates
 - transition file submission date
 - ad hoc rebalance dates
 - trade date
 - asset movement date
 - live date
- Coordinate with the Transition Manager (TM)
 - confirm receipt of all forms/information needed for transfer
 - provide suite of reports and direct corporate actions, class actions, and proxy voting to TM accounts as recipient
 - provide list of securities on loan to TM for determination of date securities must be recalled
 - confirm TM and IM accounts are operationally ready for trading (including markets)
 - complete/finalize account mapping for asset transfer
 - provide corporate action and restricted security analyses

- initiate securities lending recall on terminating funds and confirm success
- process transfer as instructed to TM target accounts
- provide settlement report for surviving funds
- Update Custodial Accounting impacted by the project(s)
 - accounting records
 - monthly rebalancing process
 - add new accounts
 - establish new CUSIPS
 - set up expense accruals
- In coordination with project representatives, determine asset impact on each manager (test scenarios prior to transition)
 - TPA Level 1 Money Movement Files
 - Custodian Event Test Files
- Update files with fund changes impacted by the project(s)
 - daily outbound NAV file to TPA
 - daily Trade file
 - daily Transmission file
- Based on direction from Savings Plus or TM, process asset transition
 - from legacy to TM accounts and provide settlement report
 - from TM account to Target accounts and provide settlement report

This document is not intended to be all-inclusive of the Trustee/Custodian's responsibilities for these initiatives, but is intended to convey CalHR's expectations of the Trustee/Custodian's involvement and dedication in support of the project(s). The Savings Plus project manager will develop a formal work plan once scope and timing are determined.