This addendum provides answers to written question submissions.

ANSWERS TO QUESTIONS

1. We appreciate the invitation to respond to your Health & Welfare RFP. Under the Scope of Services, Q letter q asks for GASB work and our firm no longer does any GASB work. Given that, do you think we should still respond or better to decline?
   a. Please consider partnering or subcontracting. SAWS encourage firms to form partnerships and/or to subcontract duties whenever possible. Regarding partnerships, please be aware that SAWS recognizes only formal (incorporated) joint ventures. Therefore, if you are proposing as an informal partnership, please clearly indicate in your proposal which firm is the “majority” partner.

2. Can you provide a word document of the RFP to complete the forms and respond to the questionnaire?
   a. The editable versions of these forms are available on the website as supplemental information.

3. Who is SAWS current Adviser/Consultant, and how long have your been contracted with this firm? Which firm did SAWS use before this organization?
a. AON CONSULTING, Inc. has been providing these services since July of 2009. The previous contractor was Mercer.

4. Why are you out to bid for these services?
   a. The consulting agreement with the current provider is expiring. It is a SAWS practice is to solicit for service providers which will represent the best value in delivering the scope of services required.

5. Can you provide an estimate of the average annual billed fees/charges for these services in the past few years?
   a. SAWS has elected to not provide this information through the Request For Proposals Q&A process.

6. Which MWBE is currently linked with this contract? What services do they provide? What goal has been reached in the past for this work?
   a. National Insurance served as Aon’s subconsultant; however, they are no longer performing work on this contract. Aon achieved the SAWS 25% aspirational Professional Services SMWB goal.

7. Please describe in more detail the nature of the communication assistance work that has been provided in the past. Does the adviser assist with open enrollment meetings and creating open enrollment materials?
   a. Although communication assistance to date has been minimal, SAWS would welcome all aspects of communication assistance.

8. Who is the current Benefits Consultant for San Antonio Water System (SAWS)?
   a. See response to question 3.

9. How long has this relationship been in place?
   a. See response to question 3.

10. What fees were paid to this consultant in 2012 and to date in 2013?
    a. See response to question 5.

11. Has this consultant performed the same duties outlined in the Scope of Services? If not, what service provisions have changed and why?
    a. Yes, consultant performs most of the services requested in the RFP. Current consultant has not provided the total market compensation analysis that includes the benefits component, as this is a new addition to the scope of services based on SAWS current needs. Also communication assistance is an addition to the scope of services.
12. Why is SAWS out to bid for a Benefits Consultant at this time?
   
   a. See response to question 4.

13. Scope of Services (r) Provide medical claims auditing services for medical, dental and/or prescription drug plans on a bi-annual basis. What exact type of audit does SAWS seek? Is this requirement to confirm claim processing accuracy or ensuring carrier performance standards are met? Please provide additional information on this requirement.
   
   a. The claims audit objectives were as follows:
      1. Measure the accuracy of claims processing
      2. Identify areas for quality improvement
      3. Assess performance relative to contract and industry standards.

14. Please provide details of the frequency of meeting with staff and meetings with SAWS committees etc.
   
   a. At a minimum, SAWS requires the consultant’s attendance at one or two Board Meetings per year, and quarterly meetings with vendors. Also consultant will need to meet with SAWS to discuss and finalize strategy for the coming year and provide RFP analysis, consultation and on site vendor meetings. Our expectation is that the consultant should be available by phone or in person to discuss benefits issues on a regular basis.

15. What percentage of these meeting will require the attendance of the actuary?
   
   a. This will vary.

16. Please provide additional details on the scope of communications work desired by the SAWS. Copies of current communications would be very helpful.
   
   a. We would like help with strategy development, identifying employee needs and new ideas, and technical review of product.

17. Please provide details of the current wellness plan and describe in detail the services you will need from a wellness expert.
   
   a. We provide various weight loss and physical activity programs. The current wellness program is not linked adequately to the benefits program. We are looking for a more integrated wellness program with the benefits programs. Our expectation is that the consultant will partner with our TPA to help facilitate innovative wellness products to positively impact the bottom line.

18. Has SAWS conducted a claim audit or dependent eligibility audit in the past? If so, can you provide a summary of the results? Can these services be quoted as an optional service?
a. SAWS conducted a claims audit in 2009 and a dependent eligibility audit is currently under way in 2013. The dependent audit results have not been finalized. These services can be quoted as optional services.

19. It is clear that an actuary will provide the GASB report. There are a number of other financial services that may involve the actuary. We need to obtain a better understanding of the scope required by SAWS of an actuary. Can you clarify your needs in the following areas:
   i. Rate projections and rate setting
   ii. Develop group benefits design and pricing
   iii. IBNR determination
   iv. Evaluation of alternatives for retiree medical
   v. Attestation of retiree drug subsidy

   a. We will rely on the benefits consultant to determine the needs of an actuary as well as any other resources that are needed.

20. 1B - Scope of Services Question m

   Please provide additional detail about SAWS's needs around "communications planning and development". Will SAWS want the consultant to provide full communication support, including an employee communications guide with all benefit details, other items such as postcards, posters, etc., and production/mailing support? Or is SAWS just looking for a basic review of the open enrollment and new hire communications to ensure accuracy? Additionally, please provide additional detail on what is meant by "assessing employee benefit needs". Is this related to employee benefit preferences in general or a more specific assessment related to communication needs?

   a. SAWS is open to any of the above. We would like help with strategy development, identifying employee needs and new ideas, and technical review of product. Actual communication pieces have been developed and printed in house or through our Communications Department. See response to question 7. Assessing employee benefit needs refers to determining the best means of communicating with our employees and retirees.

21. 1B - Scope of Services Question q

   Will SAWS want a GASB valuation each year (three total) or two GASB valuations occurring in 2014 and in 2016?

   a. Two GASB valuations (one in 2014 and one in 2015) and we reserve the right to request a valuation in 2016 if needed.

22. 1B - Scope of Services Question r

   Please provide additional detail around SAWS's preferences with respect to the timing of the audits. Is the request for medical, dental, and prescription drug audits in 2014 and in 2016 (i.e. six total audits over the course of the contract), or something different?

   a. One audit per plan during the contract period. And we would appreciate the benefit consultant’s advice on how often to audit.
23. 1B - Scope of Services Question m
   Please specify the number of total compensation analysis projects required over the course of the contract. Is this intended to be an annual item or something done in Year 1 only?

   a. A comprehensive market position analysis, including compensation and benefits valuation, is required in 2014. Any future compensation requests in subsequent years would be of minor scale.

24. C6 - Under Proven Ability Delivering Services Requested Question c
   Can the five client references provided in response to this item include references provided previously under item C4c?

   a. Yes

25. Why is SAWS going through this exercise? Due diligence only? Service issues?

   a. See response to question #4.

26. Who currently is providing Benefits Consulting for SAWS?

   a. See response to question #3.

27. Is there a budget for this RFP?

   a. SAWS will determine the final budget for this project through the negotiation process.

28. Are there any particular pain points / hot button issues for SAWS and its benefits offering?

   a. Yes, retiree coverage, cost sharing issues and cost projections.

29. How important is Communications to SAWS as part of this RFP?

   a. It can be included as an optional service.

30. Do you prefer consulting firms vis a vis a broker?

   a. Consulting firm.

31. Do you prefer commission based or flat fee based pricing/fees? Do you have specific coverage’s you want to initiate an RFP for in 2014, 2015?

   a. SAWS prefers flat fee based pricing. SAWS will not allow the consultant to retain commissions. All group benefits items listed in the background section will require an RFP during the three years of this contract.

32. How long have you been with your current consultant/broker?

   a. See response to Question 3.
33. For communications are you looking for specific documents to be included in an offering?
   a. We would appreciate documents for open enrollment and communication documents for ACA changes. See response to Questions 7 and 20.

34. Who do you currently use for communication materials?
   a. Done in-house.

35. Do you communicate your materials via electronic or print format?
   a. Both

36. What is your Open Enrollment timeframe?
   a. Usually first two weeks in November.

37. Do you allow your Broker/consultant to retain any commissions available to offset any project fees?
   a. SAWS will not allow the consultant to retain commissions.

END ANSWERS TO QUESTIONS
No other items, dates or deadlines for this RFQ are changed.

END ADDENDUM #1