

Request for Proposals Number: 15-13

Addendum 1

Date: February 25, 2015

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### Acknowledgment of Addenda

The undersigned acknowledges receipt of the following addenda to the bidding document:

**THE COMPLETED ACKNOWLEDGEMENT OF ADDENDA FORM  
SHOULD BE RETURNED WITH BID RESPONSE PACKAGE: NOT  
SENT TO RIPTA SEPARATELY**

NOTE: Failure to acknowledge receipt of all addenda may cause the bid to be considered non-responsive to the solicitation. Acknowledged receipt of each addendum must be clearly established and included with the bid.

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Name of Bidder

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Street Address

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City, State, Zip

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Signature of Authorized Official

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Date

Request for Proposals Number: 15-13

Addendum 1

Date: February 25, 2015

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Attached please find the following documents

Questions and RIPTA Responses from the following vendors:

Blum Shapiro

LDGD

LCGD  
RIPTA RFP Bid 15-13 Questions

1. The RFP states that there is a pre-proposal meeting at 1pm, but does not state the date. What is the pre-proposal date?  
(Page 2, Pension Audit Services, paragraph 2)  
**There is no Pre-Proposal Meeting**
2. What is the percentage for the Disadvantaged Business Enterprise goal for this project? (Page 2, Pension Audit Services, paragraph 4)  
**There is no DBE Goal for this project**
3. The RFP requests that the original and six copies be standard three ring pre-punched but does not indicate to bind them. It does say not to spiral bound. Should the proposals be bound in any way or just clipped?  
(No page number, second sheet of the proposal, General Guidelines for Completing Request for Proposal Package, last bullet)  
**Proposals may be clipped or bound whatever is your preference.**
4. Do we need to notate that Approved Equal Form on page 42 is not included?  
(Page 5, C. Proposal)  
**No**
5. (Sections XVI & XVII: Disadvantaged Business Enterprises Program, pages 52 – 64) Are these forms to be filled out only if we were to use sub-contractors or are these forms requesting that information of BlumShapiro?  
**Correct**
6. Are the official names of the two RIPTA pension plans called “Hourly Plan” and “Salaried Plan?”?  
(Page 78, Description of Pension Plans, paragraph 1)  
**RIPTA has a consolidated pension plan document called Rhode Island Public Transit Authority Employees’ Pension Plan which contains both the salaried and the hourly plan provisions. However the plan assets are separated into two plans, The Rhode Island Public Transit Authority Salaried Plan and The Rhode Island Public Transit Authority Hourly Plan.**
7. Are the audits limited scope in relation to investments or are the investments to be audited as well?  
Limited scope determination: (is the custodian or trustee of the plan a qualified banking institution or similar institution or an insurance carrier that is registered, supervised, and subject to periodic examination by a state or federal agency who acts as trustee or custodian. If not additional audit work is necessary on the plan’s investments.)

LCGD  
RIPTA RFP Bid 15-13 Questions

Based on your description of limited scope, I would say yes, limited scope. Our current custodian is Prudential.

8. Can you provide financial statements (internally prepared) for the plan year ended June 30, 2013 & 14?  
(Page 79, B. Plan Assets)

RIPTA does not have any internally prepared pension plan financial statements. The information was derived from the annual actuarial valuations prepared by RIPTA's Actuary for each plan which were included in the RFP, on pages 97-139.

9. Can you provide investment statements for the plan year ended June 30, 2014 and the most recent 2015 statements?  
(Page 79, Plan Assets, Net Investment Income)

Same as question #8

10. Does the third party administrator, custodian, or trustee have a SSAE SOC 1 report? Yes
11. Are plan and payroll records centrally located?

Yes

Request for Pension Services  
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1) Section XLIII, Page #78 of RFP 15-13 states “RIPTA has two single-employer defined benefit plans covering its employees.” The actuarial valuations prepared as of January 1, 2014 by The Angell Pension Group, Inc. in April 2014 include the following in the second paragraph of Section 1, Introduction, on page #1 of the actuarial valuation: *“Effective January 1, 2002, the Rhode Island Public Transit Authority Salaried Employees’ Pension Plan (the “Salaried Plan”) and the Rhode Island Public Transit Authority Hourly Employees’ Pension Plan (the “Hourly Plan”) were consolidated into a single plan, the Rhode Island Public Transit Authority Employees’ Pension Plan, for the benefit of all employees of the Employer.”* Page # 78 of RFP 15-13, Section XLIII, “Description of Pension Plans” includes the following statement: *“RIPTA has two single-employer defined benefit pension plans covering its employees.”* In light of this conflicting information, please answer the following:

- Does RIPTA have two defined benefit plans or one? **RIPTA has a consolidated Pension Plan Document that describes the benefits for both the Hourly and Salaried Pension employees. However, the Authority currently maintains separate plan assets for each of the two plans.**
- Does RIPTA expect separate audited financial statements for the Salaried Plan and the Hourly Plan? **No**
- Does RIPTA expect one set of audited financial statements? **Yes**
- If RIPTA expects one set of financial statements, will supplementary information regarding the separate assets, net financial position, and activities of the Salaried Plan and the Hourly Plan be included? **Yes**

**Please note that our remaining questions refer to “the Plans” because we relied on the statement on Page #78 of RFP 15-13 “RIPTA has two single-employer defined benefit plans covering its employees”. We respectfully request that RIPTA’s contract manager consider this reliance when responding to our questions. In the event that there is only one Plan or one set of financial statements to be audited the respondent should replace “Plans” with “Plan”.**

2) RFP 15-13 states that the Plans’ financial statements are to be prepared as of and for the fiscal years ended June 30, 2014 and June 30, 2015. As noted in our question #1, an actuarial valuation was prepared as of January 1, 2014 and for the Plan Year Beginning January 1, 2104 and Ending December 31, 2014. Was or will an actuarial valuation be prepared as of:

- January 1, 2013? **Yes**
- July 1, 2013? **No**
- July 1, 2014? **Yes**
- July 1, 2015? **Yes**
- January 1, 2015? **Yes**
- If yes, who will prepare/ has prepared these valuations? **The Angell Pension Group**

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- If an actuarial valuation is not prepared as of July 1, 2013, 2014 or 2015, how will activity between January 1 and June 30, 2013, 2014 and 2015 factored into fiduciary net position as of June 30, 2013, 2014 and 2015? **See above responses**
- 3) The basic benefit formula for retirements after July 1, 2009 is described in Section XLIII, Paragraph B, on page #79 of RFP 15-13. What is the basic benefit formula for retirements before July 1, 2009?
- 4) The Actuarial Valuation as of January 1, 2014 prepared by The Angell Pension Group, Inc. for the "Potion Covering 618 Employees" states that the Plan Effective Date is January 1, 1974. What is the earliest annual or fiscal period for which RIPTA maintains the following employment demographic information of all individuals employed by RIPTA during the respective fiscal period? **In-house Payroll records go back to 1990, Excel spreadsheets listing the below information since CY 2001**
- Name?
  - Identification number?
  - Date of birth?
  - Date of hire?
  - Date of termination?
  - Participant earnings?
  - Total salaries and wages paid to all employees?
- 5) In what format is the information described in question #4 maintained for each fiscal period since January 1, 1974? **In-house Payroll records go back to 1990, Excel spreadsheets listing the below information since CY 2001**
- 6) The Actuarial Valuation as of January 1, 2014 prepared by The Angell Pension Group, Inc. for the "Potion covering other than 618 Employees" states that the Plan effective Date is January 1, 1971. What is the earliest annual or fiscal period for which RIPTA maintains the following employment demographic information of all individuals employed by RIPTA during the respective fiscal period? **In-house Payroll records go back to 1990, Excel spreadsheets listing the below information since CY 2001**
- Name?
  - Identification number?
  - Date of birth?
  - Date of hire?
  - Date of termination?
  - Participant earnings?
  - Total salaries and wages paid to all employees?
- 7) In what format is the information described in question #6 maintained for each fiscal period since January 1, 1971? **In-house Payroll records go back to 1990, Excel spreadsheets listing the below information since CY 2001**

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- 8) In what format does RIPTA maintain supporting documentation of the following items for individual participants:
- Name, identification number, date of birth, date of hire, date of termination, annual earnings, annual employee contributions, and beneficiary designation(s)? **Combination of Payroll records and paper documents maintained in Human Resources and Payroll**
  - How will this information be provided to the auditor? **In Paper Form**
  - What is the estimated length of time needed for RIPTA to comply with requests for supporting documentation for individual participants? **Depending on the Sample size -up to two weeks**
- 9) Does RIPTA utilize a third-party payroll service provider to process payroll? If yes, - **No**
- What is the name of the provider?
  - What is the date of the most recent Service Organization Control (SOC) Report obtained from the payroll service provider?
  - Was the SOC I Report a Type I, Type II or Type III Report?
  - What period was covered by the SOC 1 Report?
  - What, if any, user controls specified in the SOC 1 Report has RIPTA implemented?
- 10) Does RIPTA use purchased or licensed software to process payroll? If so,
- What is the name and version of the software? **Sungard, Select Version 9.1.1**
  - What type of support is provided by the software developer? **Full Support**
- 11) How are hourly and salaried employees identified as such in RIPTA's payroll and human resource records? **By Union Affiliation**
- 12) Are separate payrolls run for hourly and salaried employees? **No**
- 13) Are participants allowed to transfer from the hourly plan to the salaried plan and vice versa? If yes,
- What are the requirements to allow a transfer? **Job opening, Qualifications, Promotion**
  - How is the transfer initiated? **Via Payroll Status Change Form initiated from HR**
  - How are the individual participant's earnings record and projected benefit accounted for by the respective plans? **Based on years of service in each plan (Hourly or salary) and annual wages from payroll**
- 14) How is the eligibility of an individual participant, or the eligibility of the beneficiary of an individual participant, to receive benefits other than Normal Retirement Benefits determined? **Based on the Pension Plan Documents. Provisions for Late and early retirements**
- 15) How is documentation to support the participant's or beneficiary's eligibility for other than Normal Retirement Benefit maintained? **All documentation forms and records (payroll) are maintained in HR employee folder.**
- 16) For what period of time is documentation to support the participant's or beneficiary's eligibility for other than Normal Retirement Benefit maintained? **Indefinitely**

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- 17) How is a participant's benefit election to take other than a "Life Annuity" documented? **Discussed with retiree, documented by HR and signed by retiree and/or spouse**
- 18) How is the documentation of a participant's benefit election maintained? **Maintained in employees HR file permanently**
- 19) For how long is the documentation of a participant's benefit election maintained? **Indefinitely**
- 20) In what format is the documentation of a participant's benefit election maintained? **Paper**
- 21) Were employees of RIPTA required to make a contribution to the Plans for periods before July 1, 1997? If yes, **No**
- What were the effective dates of the employee contribution?
  - What were the employee contribution rates for the effective dates?
- 22) Section XLIII, Paragraph B, Page #80, contains a description of how financial statement data for the Plans will be derived from information provided by the custodian and the actuary for the FY 2014 financial statements. Who will prepare the following for respective plans:
- Statements of Fiduciary Net Position as of June 30, 2013, 2014 and 2015? **The Pension Auditor with information from the Actuary**
  - Statements of Changes in Fiduciary Net Position for the years ended June 30, 2014 and 2015? **The Pension Auditor with information from the Actuary**
  - Notes to financial statements as of and for each of the years ended June 30, 2014 and 2015? **The Pension Auditor with information from the Actuary**
  - Supplementary information required by GASB 67? **The Pension Auditor with information from the Actuary**
- 23) Will management include "Management's Discussion and Analysis" (MD&A) with the respective Plans' financial statements for the years ended June 30, 2014 and 2015? If yes,
- What are the names and titles of the individuals who will prepare and the MD&A for the respective Plans? **Maureen Neira, Executive Director of Accounting**
- 24) Who will provide a schedule of benefits paid for the respective Plans for the years ended June 30, 2014 and 2015? **Contained in the monthly Prudential Reports**
- 25) Will the respective schedules of benefits paid by each plan for the years ended June 30, 2014 and 2015 include the following:
- Name of the individual receiving benefits? **Yes**
  - Address of the individual receiving benefits? **No**
  - Number of monthly payments received by the individual during the fiscal year? **Monthly Statements, HR will provide start of pension benefit date**
  - Identification of lump-sum payments? **Yes, if any**
  - Amount of monthly payment? **Yes**

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- Total amount paid to the respective beneficiary during the fiscal year then ended? **Yes**
- 26) What is the name and title of the individual employed at RIPTA responsible for ensuring that the total amount of benefits paid per the schedules of benefits paid to benefits per the respective Plans' financial statements? **RIPTA receives a monthly listing of Benefit payments, not sure what The Plan's financial statements are that you are referencing.**
- 27) Will the reconciliation of benefits paid described in item #25 and supporting documentation be provided to the auditor? If yes, **Yes – you will receive the monthly statements, the fiscal year statements and the calendar year statements**
- Will this schedule be provided in electronic format? **No**
- 28) How is the fair value of the Plans' investment in Prudential Account #16672 as of June 30, 2013, 2014 and 2015 determined: This type of: **Prudential's records are maintained on a cash basis. Transactions are recorded on the Trade Date. Gains and Losses are calculated on Average Cost Basis. IDC (Interactive Data Corporation) is the source of year end pricing. See Attachment 1 for more information**
- Dryden S&P 500 Index Fund?
  - Large Cap Growth/Jennison
  - Large Cap Value/AJO?
  - Mid Cap Growth/Times Square?
  - Mid Cap Value/ Robeco Fund?
  - Small Cap growth/ Time Square?
  - International Growth/Artisan?
  - International Blend/AQR?
  - Guaranteed Deposit Account? **At Book Value Only**
  - Prudential Short-Term?
  - CIGNA Open –End Real Estate?
  - Cohen & Steers Realty Income?
  - Any other investments held as of the above dates not listed in Section VI., Asset Allocation as of December 31, 2013, in the actuarial valuation as of January 1, 2014 prepared by Angell Pension Group, Inc. dated April 2014? **No**
- 29) How is the fair value of the Plans' investment in Prudential Account #1808 as of June 30, 2013, 2014 and 2015 determined:
- Guaranteed Account? **At Book Value Only**
  - Any other investments held as of the above dates not listed in Section VI., Asset Allocation as of December 31, 2013, in the actuarial valuation as of January 1, 2014 prepared by Angell Pension Group, Inc. dated April 2014? **No**
- 30) How is the fair value of the Plans' investment in Prudential Account #17249 as of June 30, 2013, 2014 and 2015 determined : **Prudential's records are maintained on a cash basis. Transactions are recorded on the Trade Date. Gains and Losses are calculated on**

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Average Cost Basis. IDC (Interactive Data Corporation) is the source of year end pricing.  
See Attachment 2 for more information

31)

- Dryden S&P 500 Index Fund?
- Large Cap Growth/ J.P. Morgan?
- Large Cap Value/LSV Asset Mgmt?
- Mid Cap Growth/Times Square?
- Mid Cap Value/ Robeco Fund?
- Small Cap Growth / RBC
- International Value / LSV?
- Core Plus Bond Fund / PIMCO Fund?
- Guaranteed Deposit Account? **At Book Value Only**
- Cohen & Steers Realty Income?
- Any other investments held as of the above dates not listed in Section VI., Asset Allocation as of December 31, 2013, in the actuarial valuation as of January 1, 2014 prepared by Angell Pension Group, Inc. dated April 2014? **You are missing International Growth/Artisan, they are not new. Otherwise no new ones.**

32) Who will determine the fair value of the Plans' investments in the following accounts as of June 30, 2013, 2014 and 2015? **PRIAC (Prudential Retirement Insurance and Annuity Company)**

- Prudential Account #17249
- Prudential Account # 16672
- Prudential Account #1808

33) Will the custodian, Prudential Retirement, provide a report of investment transactions during the period under audit for Prudential Account #17249 which includes: **Yes, as applicable**

- For sales: name of investment, date of sale, date of initial purchase, number of shares or units sold, sale price per share or unit, proceeds from sale, per-share and total basis of asset sold, realized gain or loss, and expenses incurred in connection with the sale?
- For purchases: name of investment, date of purchase, number of shares or units purchased, per unit purchase price and total purchase price, and expenses incurred in connection with the purchase?
- Dividends: date received, name of investment for which dividend was received, dividend per share and in total?
- Interest income: date received, name of investment on which interest was earned, amount of interest earned?
- Accrued investment income as of June 30, 2013, 2014 and 2015 by investment and in total?

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- Unrealized gains and losses as of June 30, 2014 and 2015 by investment and in total?
- If the answer to any of these questions is yes,:
  - What is the format of such information? [PDF File](#)
  - Will it be available in electronic format? [PDF File](#)
  - What is the name and title of the individual employed by RIPTA responsible for ensuring that these reports are reconciled to information presented in the respective Plans' financial statements?  
[Finance Department](#)
  - Will the reconciliation, and supporting documentation, be provided to the auditor? [Yes, As applicable](#)
- If the answer to any of these questions is no, how will management obtain and summarize such information?

**34)** Will the custodian, Prudential Retirement, provide a report of investment transactions during the period under audit for Prudential Account #16672 which includes: [See answers to Question #32](#)

- For sales: name of investment, date of sale, date of initial purchase, number of shares or units sold, sale price per share or unit, proceeds from sale, per-share and total basis of asset sold, realized gain or loss, and expenses incurred in connection with the sale?
- For purchases: name of investment, date of purchase, number of shares or units purchased, per unit purchase price and total purchase price, and expenses incurred in connection with the purchase?
- Dividends: date received, name of investment for which dividend was received, dividend per share and in total?
- Interest income: date received, name of investment on which interest was earned, amount of interest earned?
- Accrued investment income as of June 30, 2013, 2014 and 2015 by investment and in total?
- Unrealized gains and losses as of June 30, 2014 and 2015 by investment and in total?
- If the answer to any of these questions is yes,:
  - What is the format of such information?
  - Will it be available in electronic format?
  - What is the name and title of the individual employed by RIPTA responsible for ensuring that these reports are reconciled to information presented in the respective Plans' financial statements?
  - Will the reconciliation, and supporting documentation, be provided to the auditor?

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- If the answer to any of these questions is no, how will management obtain and summarize such information?

35) Will the custodian, Prudential Retirement, provide a report of investment transactions during the period under audit for Prudential Account #1808 which includes: **See answers to Question #32**

- For sales: name of investment, date of sale, date of initial purchase, number of shares or units sold, sale price per share or unit, proceeds from sale, per-share and total basis of asset sold, realized gain or loss, and expenses incurred in connection with the sale?
- For purchases: name of investment, date of purchase, number of shares or units purchased, per unit purchase price and total purchase price, and expenses incurred in connection with the purchase?
- Dividends: date received, name of investment for which dividend was received, dividend per share and in total?
- Interest income: date received, name of investment on which interest was earned, amount of interest earned?
- Accrued investment income as of June 30, 2013, 2014 and 2015 by investment and in total?
- Unrealized gains and losses as of June 30, 2014 and 2015 by investment and in total?
- If the answer to any of these questions is yes:
  - What is the format of such information?
  - Will it be available in electronic format?
  - What is the name and title of the individual employed by RIPTA responsible for ensuring that these reports are reconciled to information presented in the respective Plans' financial statements?
  - Will the reconciliation, and supporting documentation, be provided to the auditor?
- If the answer to any of these questions is no, how will management obtain and summarize such information?

36) Will the custodian, Prudential Retirement, provide a schedule of investments held in Prudential Account #17249 as of June 30, 2013, 2014 and 2015? **Yes**

- If yes, will the schedule include the following as of June 30, 2013, 2014 and 2015:
  - Name of the investment? **Yes**
  - Number of shares or units owned? **Yes**
  - Cost of such investments? **Yes**
  - Fair value of such investments? **Yes**
- If no, how will management obtain and summarize such information?

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37) Will the custodian, Prudential Retirement, provide a schedule of investments held in Prudential Account # 16672 as of June 30, 2013, 2014 and 2015? [See answers to Question # 35](#)

- If yes, will the schedule include the following as of June 30, 2013, 2014 and 2015:
  - Name of the investment?
  - Number of shares or units owned?
  - Cost of such investments?
  - Fair value of such investments?
- If no, how will management obtain and summarize such information?

38) Will the custodian, Prudential Retirement, provide a schedule of investments held in Prudential Account # 1808 as of June 30, 2013, 2014 and 2015? [See answers to Question # 35](#)

- If yes, will the schedule include the following as of June 30, 2013, 2014 and 2015:
  - Name of the investment?
  - Number of shares or units owned?
  - Cost of such investments?
  - Fair value of such investments?
- If no, how will management obtain and summarize such information?

## Appendix

### Index Descriptions

#### iMoneyNet Taxable Money Funds - Net

Reports on the average yields of all major money market funds, on a 7-and 30 day basis. Monthly returns presented in this report are calculated by taking the last available 30 day annual net yield for the month reported and deriving a non-annualized one month return. This number was calculated by Prudential based on the data provided by iMoneyNet.

#### MSCI EAFE Growth Index (Net)

A market capitalization-weighted index comprised of those firms in the MSCI EAFE Index with higher price/book value (P/BV) ratios relative to their respective MSCI country index. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

#### MSCI EAFE Index (Net)

A market capitalization-weighted index comprised of companies representative of the market structure of 22 developed market countries in Europe, Australia and the Far East. The MSCI EAFE Index is available both in local currency and U.S. dollar terms. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

#### NAREIT All Equity Index

The NAREIT All Equity Index is an unmanaged market capitalization index of all tax-qualified Equity REITs listed on the NYSE, AMEX, and the NASDAQ that have 75% or more of their gross invested book of assets invested directly or indirectly in the equity ownership of real estate.

#### Russell 1000 Growth

A market capitalization-weighted index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates.

#### Russell 1000 Value Index

A market capitalization-weighted index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth rates.

#### Russell 2000 Growth

A market capitalization-weighted index that measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth rates.

#### Russell MidCap Growth

A market capitalization-weighted index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth rates. The stocks are also members of the Russell 1000 Growth Index.

**Appendix**

*Index Descriptions*

Russell MidCap Value Index	A market capitalization-weighted index that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The stocks are also members of the Russell 1000 Value Index.
Standard & Poors 500	S&P 500 Index: (registered trademark of The McGraw-Hill Companies, Inc.) is an unmanaged index of 500 common stocks primarily traded on the New York Stock Exchange, weighted by market capitalization. Index performance includes the reinvestment of dividends and capital gains.



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## Appendix

### Index Disclosures

iMoneyNet Taxable Money Funds - Net

Source: iMoneyNet, Inc.

MSCI EAFE Growth Index (Net)

Source: Morgan Stanley Capital International Inc.

MSCI EAFE Index (Net)

NAREIT All Equity Index

Source: National Association of Real Estate Investment Trusts

Russell 1000 Growth

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Russell 1000 Value Index

Russell 2000 Growth

Russell MidCap Growth

Russell MidCap Value Index

Standard & Poors 500

Source: Standard & Poor's

## Appendix

### Investment Results

**Annualization:** Rates of returns for periods greater than one year are annualized (unless otherwise indicated). Annualized returns are calculated using 365 days over the number of days in the reporting period. Rates of return for partial periods, [but greater than 1 year], are represented as an average effective annual rate of return over the entire reporting period.

**Clients Invested in Multiple Products:** Asset weights are calculated, at a minimum, on transaction dates and on month ends for asset class and total portfolio performance calculations.

**Index Returns:** Displays performance of various financial markets. Results for market indices are gross time-weighted total returns. Time weighted returns reflect market value changes and reinvestment of income but do not reflect the timing of receipts and disbursements. Index data presented in this report reflects the most current information published by the respective independent source for each index. Index returns reflect any revisions and restatements made to historical index data since your last report. Indexes are unmanaged; it is not possible to invest directly in an index.

**Net Time-Weighted Returns:** The return you would have earned on \$1 invested over the period after fees. For additional information on fees netted against performance, please see the footnotes on the Investment Results module found within this report. Returns shown for products reflect market value changes and reinvestment of income but do not reflect the timing of receipts and disbursements. On the other hand, returns shown for asset classes and total portfolio reflect the timing of receipts and disbursements among the products within the asset class and the total portfolio.

**Value of Investments:** For performance calculations, between valuation periods, investments in funds valued less frequently than on each business day are carried at the last valuation price/unit value calculated.

Client level performance results for products, asset classes and total portfolio are calculated based on assets, rounded to two decimal places. When low balances are maintained in products (generally below \$1,000), performance results presented here may differ from calculations using fund unit values, which are rounded to either 5 or 8 decimal places.

Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of investment options. The performance quoted represents past performance. The investment value and return will fluctuate so that an investment, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, please call 1-877-778-2100 or visit our website at [www.prudential.com](http://www.prudential.com). It is possible to lose money investing in securities.



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## Appendix

### Definitions

#### Book Value

Book Value is an accounting value comprised of net dollars (investor's dollars in and out of an investment account) and net investment income credited to that investment account. The Book Value does not include changes in investment account values due to market activity.

#### Change in Unrealized Gains/Losses

Unrealized gains/losses represent the value of paper gains/losses in the investment account, i.e., gains/losses that have not as yet become actual. The Change in Unrealized Gains/Losses is the difference between the unrealized gains and losses from beginning to end of the reporting period.

#### Market Value

The Market Value equals the dollar value of the investment account at market. For investment accounts maintained at market, the Market Value would normally represent the amount available for transfer/liquidation on the date shown, assuming a transfer of assets was permitted under the terms of the contract or trust. The Market Value on the date shown is calculated by multiplying the investor's units of participation by the unit value of the investment account on that date.

#### Net Investment Income

Net Investment Income represents a client's proportional share of the income earned in the investment account less applicable fund level expenses, and management fees if collected from the unit value.

#### Realized Gains/Losses

Realized Gains/Losses are recognized at the time units are sold and represent the dollar amount of gains and losses arising from the liquidation of units of investor participation in the investment account. The difference between the Market Value and the Book Value of the liquidated units is Realized Gains/Losses.

#### Unit Value

A Unit Value is the value of a single unit or "share" in an investment account on the specified day. The Unit Value changes depending on the investment results of the investment account and reflects realized and unrealized capital gains/losses, investment income and may include fees/expenses.

Appendix

Disclosures

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Trustee and custodial services provided by Prudential Bank and Trust, FSB.

The Prudential Due Diligence Advisor Program SM (DDA) is a disciplined process for selecting, evaluating, and monitoring certain of Prudential Retirement's institutional sub-advised offerings as well as well-known mutual funds offered through Prudential Retirement. Through rigorous, objective analysis we strive to ensure that the investments we offer are highly competitive and meet the varied investment requirements of retirement plan sponsors. The end result is an exhaustive examination of offerings within Prudential Retirement's Manager-of-Managers Program ("MOM Program"), which offers an array of investment options across asset classes, management styles, investment managers, and account structures (institutional funds and mutual funds). This approach allows us to tailor investment solutions to meet individual client needs. The individual client bears sole responsibility for selecting MOM Program investment options at the outset of the client's participation in the MOM Program.

Prudential Retirement does not provide due diligence coverage for funds that are not part of its Manager of Managers Program. Prudential Retirement does not assume any responsibility for the plan's decision to invest in any of those funds or to monitor the performance of any of those funds. Each of these is the sole responsibility of the plan. If Prudential Retirement provides information the plan may elect to use in making a decision to invest initially or to continue to invest in any of those funds, Prudential Retirement makes no undertaking to continue to provide such information unless it agrees in writing to provide such information.

To the extent a Prudential Financial company is selected to manage client assets, the company also earns investment management fees.

For investments in the Prudential Trust Company accounts - Additional copies of the audited financial statements for Prudential Trust Company's Collective Trust and the Master Commingled Investment Fund for Tax Exempt Trusts are available upon request at no charge.

For investments in Stable Value (interest-based funds):

- The Guaranteed Deposit Account (GDA) is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103.
- The Guaranteed Interest Fund (GIF) is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103.
- The Prudential Fixed Rate Fund is a funding agreement issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103 (Form Contract Number: IOC-9733-VEBA).



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## Appendix

### Disclosures

Amounts contributed to the group annuity contract or funding agreement are deposited in PRIAC's general account. Payment obligations and the fulfillment of any guarantees specified in the group annuity contract or funding agreement are insurance claims supported by the full faith and credit of PRIAC. PRIAC periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group annuity contract/funding agreement. Past interest rates are not indicative of future rates. These products are neither mutual funds nor bank products. The obligations of PRIAC are not insured by the FDIC or any other federal governmental agency. Prudential Retirement is compensated in connection with these products by deducting an amount for investment expenses and risk from the investment experience of certain assets held in PRIAC's general account. Prudential Retirement may earn fee revenue in addition to the foregoing compensation if your plan has agreed to pay contract charges, which are sometimes paid in respect of plan and benefit recordkeeping, distribution services and any applicable elective services. For some plans, Prudential Retirement uses a portion of its aggregate compensation to satisfy the plan's request for allowances and for payments to defray plan expenses. If Prudential Retirement's aggregate compensation from these products and from other plan investment products exceeds the costs of servicing your plan, Prudential Retirement earns a profit; otherwise we incur a loss. Frequent exchanging between plan investment products may harm long-term investors. Your plan or the plan's investment funds may have provisions to deter exchanges that may be abusive. These policies may require us to modify, restrict or suspend purchase or exchange privileges and/or impose redemption fees.

Information on the holdings for the separate accounts of the Prudential Retirement Insurance and Annuity Company (PRIAC) is available as of each quarter-end date and can be obtained by contacting your Prudential Service Representative 16 business days following quarter end date. Year-end information on holdings for the PRIAC separate accounts is available at [www.online.prudential.com/sponsor](http://www.online.prudential.com/sponsor) or will be provided upon request by your Prudential Service Representative.

Please note that your Prudential statement may include transactions and balances for accounts whereby recordkeeping is administered by a third party. These accounts are included in this statement for consolidation of asset reporting. Official recordkeeping for these accounts is maintained externally by the third party recordkeeper and these accounts are indicated as such in the body of your client report. The official third party recordkeeping statements for the externally administered funds may be included as a separate attachment in this report.

Totals may differ from the sum of the components due to rounding.

Account values are based on the latest available unit values.

The comments, opinions and estimates contained in the relevant portions of this report are based on or derived from publicly available information, from sources we believe to be reliable. We do not guarantee the accuracy of such comments, opinions or estimates. The comments, opinions and estimates contained in this report represent our views as of the date of this report. The underlying assumptions and these views are subject to change.



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## Appendix

### Index Descriptions

#### Barclays Aggregate

The Barclays US Aggregate Index covers the USD-denominated, investment-grade, fixed-rate or step up, taxable bond market of SEC-registered securities and includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB-) or better using the middle rating of Moody's, S&P, and Fitch.

#### MSCI EAFE Growth Index (Net)

A market capitalization-weighted index comprised of those firms in the MSCI EAFE Index with higher price/book value (P/BV) ratios relative to their respective MSCI country index. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

#### MSCI EAFE Value Index (Net)

A market capitalization-weighted index comprised of those firms in the MSCI EAFE Index with lower price/book value (P/BV) ratios relative to their respective MSCI country index. The returns shown in the performance chart are calculated with dividends reinvested and are net of foreign withholding tax.

#### NAREIT All Equity Index

The NAREIT All Equity Index is an unmanaged market capitalization index of all tax-qualified Equity REITs listed on the NYSE, AMEX, and the NASDAQ that have 75% or more of their gross invested book of assets invested directly or indirectly in the equity ownership of real estate.

#### Russell 1000 Growth

A market capitalization-weighted index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates.

#### Russell 1000 Value Index

A market capitalization-weighted index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth rates.

#### Russell 2000 Growth

A market capitalization-weighted index that measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth rates.

#### Russell MidCap Growth

A market capitalization-weighted index that measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth rates. The stocks are also members of the Russell 1000 Growth Index.

## Appendix

### Index Descriptions

**Russell MidCap Value Index**  
A market capitalization-weighted index that measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The stocks are also members of the Russell 1000 Value Index.

**Standard & Poors 500**  
S&P 500 Index: (registered trademark of The McGraw-Hill Companies, Inc.) is an unmanaged index of 500 common stocks primarily traded on the New York Stock Exchange, weighted by market capitalization. Index performance includes the reinvestment of dividends and capital gains.



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## Appendix

### Index Disclosures

Barclays Aggregate

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MSCI EAFE Growth Index (Net)

MSCI EAFE Value Index (Net)

Source: Morgan Stanley Capital International Inc.

NAREIT All Equity Index

Source: National Association of Real Estate Investment Trusts

Russell 1000 Growth

Russell 1000 Value Index

Russell 2000 Growth

Russell MidCap Growth

Russell MidCap Value Index

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Standard & Poors 500

Source: Standard & Poor's

## Appendix

### Investment Results

**Annualization:** Rates of returns for periods greater than one year are annualized (unless otherwise indicated). Annualized returns are calculated using 365 days over the number of days in the reporting period. Rates of return for partial periods, [but greater than 1 year], are represented as an average effective annual rate of return over the entire reporting period.

**Clients Invested In Multiple Products:** Asset weights are calculated, at a minimum, on transaction dates and on month ends for asset class and total portfolio performance calculations.

**Index Returns:** Displays performance of various financial markets. Results for market indices are gross time-weighted total returns. Time weighted returns reflect market value changes and reinvestment of income but do not reflect the timing of receipts and disbursements. Index data presented in this report reflects the most current information published by the respective independent source for each index. Index returns reflect any revisions and restatements made to historical index data since your last report. Indexes are unmanaged; it is not possible to invest directly in an index.

**Net Time-Weighted Returns:** The return you would have earned on \$1 invested over the period after fees. For additional information on fees netted against performance, please see the footnotes on the Investment Results module found within this report. Returns shown for products reflect market value changes and reinvestment of income but do not reflect the timing of receipts and disbursements. On the other hand, returns shown for asset classes and total portfolio reflect the timing of receipts and disbursements among the products within the asset class and the total portfolio.

**Value of Investments:** For performance calculations, between valuation periods, investments in funds valued less frequently than on each business day are carried at the last valuation price/unit value calculated.

Client level performance results for products, asset classes and total portfolio are calculated based on assets, rounded to two decimal places. When low balances are maintained in products (generally below \$1,000), performance results presented here may differ from calculations using fund unit values, which are rounded to either 5 or 8 decimal places.

Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of investment options. The performance quoted represents past performance. The investment value and return will fluctuate so that an investment, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month end, please call 1-877-778-2100 or visit our website at [www.prudential.com](http://www.prudential.com). It is possible to lose money investing in securities.



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## Appendix

### Definitions

**Book Value**

Book Value is an accounting value comprised of net dollars (investor's dollars in and out of an investment account) and net investment income credited to that investment account. The Book Value does not include changes in investment account values due to market activity.

**Change In Unrealized Gains/Losses**

Unrealized gains/losses represent the value of paper gains/losses in the investment account, i.e., gains/losses that have not as yet become actual. The Change in Unrealized Gains/Losses is the difference between the unrealized gains and losses from beginning to end of the reporting period.

**Market Value**

The Market Value equals the dollar value of the investment account at market. For investment accounts maintained at market, the Market Value would normally represent the amount available for transfer/liquidation on the date shown, assuming a transfer of assets was permitted under the terms of the contract or trust. The Market Value on the date shown is calculated by multiplying the investor's units of participation by the unit value of the investment account on that date.

**Net Investment Income**

Net Investment Income represents a client's proportional share of the income earned in the investment account less applicable fund level expenses, and management fees if collected from the unit value.

**Realized Gains/Losses**

Realized Gains/Losses are recognized at the time units are sold and represent the dollar amount of gains and losses arising from the liquidation of units of investor participation in the investment account. The difference between the Market Value and the Book Value of the liquidated units is Realized Gains/Losses.

**Unit Value**

A Unit Value is the value of a single unit or "share" in an investment account on the specified day. The Unit Value changes depending on the investment results of the investment account and reflects realized and unrealized capital gains/losses, investment income and may include fees/expenses.

## Appendix

### Disclosures

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## Appendix

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