Addendum #1 – Answers to Questions

Notice to All Potential Respondents:

Project: RFP: CMO-IA-07 Investment/Financial Advisor and Consulting Services for the 457 (b) Deferred Compensation Plan

Owner: City of South Padre Island
4601 Padre Blvd.
South Padre Island, TX 78597

Proposal Due: October 27, 2025, 2:00 pm CST
Posted on October 15, 2025

Answers to Written Questions Submitted by the Deadline of October 14th, 2025, at 10:00 am

1. Why is the search being conducted at this time?

   The City of South Padre Island was notified that Wells Fargo Advisors will soon terminate its relationships with municipal and government entities to comply with regulatory requirements and to support Wells Fargo Wealth and Investment Management's ongoing risk management efforts. A list of Municipal Government Entity accounts was created that require closure.

2. Which firm currently provides the services? Is that firm welcome to bid?

   Wells Fargo Advisors. The Firm will not be submitting a bid.

3. What is the current market value of the 457 plan assets?

   Total Contract Assets: $1,664,816.31
   Allocated Assets: $1,555,511.24
   Loan Assets: $109,305.07

4. Can the City clarify whether it is seeking a discretionary or non-discretionary investment advisor relationship?

   Non-Discretionary

5. Will the selected advisor be expected to replace or work alongside the current Third Party Administrator (Retirement Advantage, Inc.)?

   Work alongside the current Third Party Administrator.

6. Is the City open to bundled service models (e.g., recordkeeping + advisory), or is this strictly for advisory/consulting services?

   Advisory/Consulting Services

7. Are there any plan design changes under consideration (e.g., employer contributions, Roth option)?

   No

8. Can you share the most recent Investment Policy Statement (IPS) or confirm whether the selected advisor will be responsible for drafting a new one?

   The selected advisor will be responsible for drafting a new one.

9. Is there a preferred fee structure (e.g., flat fee, basis points, hourly)?

   The preferred fee structure is based on a percentage of total assets.

10. How frequently does the Deferred Compensation Committee meet, and what is the expected cadence of advisor attendance?

    The Committee meets biannually and quarterly at times; the advisor can attend virtually or in person. The current advisor provides an overview of the funds' performance and recommends changes as needed for the committee's consideration.

11. Will the advisor be expected to attend in-person meetings, or is virtual participation acceptable/preferred?

    The City prefers in-person employee education once a year during our annual benefit meetings. All other meetings can be virtual.

12. What is the expected format and frequency of performance reporting?

    Preference would be quarterly or bi-annual at a minimum.

13. Is the monthly one-hour participant meeting expected to be one-on-one consultations, group sessions, or open office hours?

    The current practice is that the HR team assigns a one-hour virtual office hour meeting link for employees who wish to speak with the advisor about their specific accounts. The employee signs up with the Human Resources Department, and they coordinate with the advisor.

14. Will the City consider modifications to the standard contract terms, or must all terms be accepted as-is?

    Yes, the City will consider modifications to the standard contract terms.

15. Can the City clarify the insurance coverage limits required for professional liability and general liability?

    The insurance coverage amount required would be determined by the City legal team during the contract negotiations.