



Prince William County

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REQUEST FOR PROPOSALS

ISSUE DATE: October 29, 2009

RFP #: R-FP-10014

TITLE: Investment Consultant for Supplemental Retirement Plan(s)

DUE DATE/TIME: Sealed Proposals will be received until **November 19, 2009 at 1:00 p.m., Local Prevailing Time** for furnishing the services described herein. Facsimile and/or electronic proposals will **not** be accepted.

Any Changes and/or Addenda to this solicitation will be posted on the PWCS Web site at www.pwcs.edu/purchasing. Offerors are responsible for checking this Web site prior to proposal submission. Failure to acknowledge all addenda may result in declaration of your bid as non-responsive.

All inquiries for information regarding Procurement Procedures, Selection Criteria, Proposal Submission Requirements, or other Fiscal/Administrative concerns shall be directed to:

Willie Frazier, Jr., CPCM, Supervisor of Purchasing
Frances Peacher, CPPO, Administrative Coordinator, Purchasing
E-Mail: peacherf@pwcs.edu
Phone: 703.791.8743; Fax: 703.791.7462

PROPOSALS MAILED SHALL BE SENT
DIRECTLY TO:

Prince William County Public Schools
Attn: Financial Services/Purchasing Rm #1500
P.O. Box 389
Manassas, VA 20108

PROPOSALS HAND DELIVERED AND/OR
EXPRESS COURIER SERVICES SHALL BE DELIVERED
TO:

Prince William County Public Schools
Edward L. Kelly Leadership Center
Attn: Financial Services/Purchasing Rm #1500
14715 Bristow Road
Manassas, VA 20112

PWCS does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, Section 2.2-4343.1 or against any Bidder or Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

In Compliance With This Request For Proposals and To All The Conditions Imposed Herein, The Undersigned Offers and Agrees To Furnish The Services In Accordance With The Signed Proposal Or As Mutually Agreed Upon By Subsequent Negotiation.

Name and Address of Firm:

Bolton Partners Investment
Consulting Group, Inc.
575 S. Charles St., Suite 410
Baltimore, MD. 21201
Telephone: 443-573-3903
Fax: 410-547-1152

Date:

Nov. 17, 2009

By:

L. Boykin

Signature In Ink

Carol Boykin, CFA

Print/Type

President

Title
cboykin@boltonpartners.com
52-1871508

cboykin@boltonpartners.com

QUESTIONS: Any questions regarding this RFP must be submitted in writing directly to the Contract Administrator, Frances Peacher no later than **November 9, 2009 @ 10:00 a.m.** Questions may be sent by Facsimile at 703.791.7462 or e-mail Frances Peacher, Administrative Coordinator at peacherf@pwcs.edu.

ORIGINAL

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- 6.2.1. Proposed Approach/Methodology/Services:** Offeror shall respond to all sections of the Statement of Needs. Offeror shall provide a written narrative describing the ability to meet the minimum requirements set forth herein. Sufficient detail shall be provided to demonstrate the Offeror's understanding, ability and/or willingness to satisfy all specified requirements. Offeror should demonstrate an awareness of difficulties in the completion of this undertaking, and a plan for surmounting them.

Our response to Section 6.2.1 will be in the same order as the Statement of Needs. Each Need is identified and is followed by an explanation of our corresponding abilities. In certain cases, we have repeated portions of our response to ensure that our responses are in the same order as the questions in this RFP.

We hope that our experience as the incumbent for this assignment has demonstrated our awareness and competence in completion of this undertaking. Our plan to complete each undertaking in the future would be similar to our past approach, recognizing that changes in circumstances and the business environment periodically call for changes in approach. We pride ourselves on our on our ability to identify actual and projected changes in federal and state regulations and Internal Revenue Code requirements which affect defined contribution plans. This information should assist PWCS in making any necessary Plan changes.

- 5. STATEMENT OF NEEDS:** The Contractor shall be responsible for providing all necessary supervision, labor, materials, documentation, and support necessary to provide investment consultant services for the PWCS 403(b) and 457(b) supplemental retirement plans to include but not be limited to the following minimum requirements.
 - 5.1.** Provide independent and objective advice to PWCS for the purpose of assisting PWCS in meeting fiduciary responsibilities. The Contractor shall provide research, analysis, advice and recommendations with respect to supervision of the governance functions and any appropriate revisions to investment policies, information, selection of funds for inclusion in the Program and fund and administrator performance evaluation. Additional services in the nature of financial or investment advice may be requested periodically.

As the incumbent, we have been and would like to continue to provide PWCS with the services which have been requested in this RFP. The remainder of our response to this section details our capabilities in the service areas described in Section 5.1 of the Statement of Needs.

Meeting Fiduciary Responsibilities

We are committed to assisting PWCS in meeting its fiduciary responsibilities. We will serve as a co-fiduciary with PWCS, and we are willing to commit to this contractually. We pride ourselves on our independence. We are not affiliated, either directly or indirectly, with mutual funds, investment managers, or other associated businesses.

Supervision of Governance Functions

As the incumbent, we have experience assisting PWCS with its governance functions – ie. ensuring that Committee members are provided with sound advice to guide their actions as fiduciaries for the Plans. In addition to assisting in the two primary areas of the scope of this assignment (monitoring & vendor search) we have assisted the Committee with a number of issues such as the following:

- Addition of ROTH feature;
- Reduction of expense ratios for certain funds in the Plans;
- Addition of asset class categories such as fixed income index fund;
- Replacement of managers who changed style category +/or under performed;
- Addition of age based models, which are similar to Target Date Funds;
- Increase in number of on-site communication days by the vendor (Lincoln Financial Group);
- Review of structure of stable value option (separate account vs. general account).

Difficulties in the Completion of this Undertaking

As we have worked with PWCS to address the issues listed above, we have acted as an advocate for PWCS to proactively encourage the vendor to make plan changes. This has resulted in cost savings and plan enhancements on a routine basis rather than waiting until the vendor's contract has been put out to bid. It can be challenging to negotiate these changes for a plan sponsor without harming the relationship between the plan sponsor (PWCS) and the vendor (Lincoln Financial Group). We hope that PWCS has been pleased with the results.

Plan for Surmounting Difficulties

In order to continue to deliver results for PWCS, we stay abreast of changes in the marketplace. For example, we knew that PWCS was eligible for less expensive share classes of funds in certain circumstances, because we were aware of reductions in expenses by the fund family and/or more advantageous arrangements for other plans using the same vendor. A new area, which we are currently exploring, is the possibility of adding a TIPS ("Treasury Inflation-Protected Securities") fund to the plans.

Investment Policy Statement Revisions

The Investment Policy Statement (“IPS”) should guide the investment process followed by the Plan fiduciaries. Revisions to the IPS are recommended when the investment process used by the fiduciaries is not consistent with the guidelines outlined by the IPS.

We believe the foundations of the IPS for the PWCS 403(b) and 457(b) plans are sound.

Our Investment Policy Statements include investment policies and goals, and they focus on guiding the plan fiduciaries in the sound administration of their plans. The following sections are typically included:

- Mission statement;
- Background;
- Fiduciary Roles & Responsibilities;
- Permissible Asset Classes;
- Benchmarks;
- Manager monitoring, selection and termination guidelines; and
- Required frequency for reviewing the policy.

We have been providing our clients with these services since our inception in 1994.

Difficulties in the Completion of this Undertaking

When developing and modifying an IPS, it is important to achieve a balance between (1) ensuring that the fiduciaries have adequate guidelines and (2) providing adequate flexibility to avoid placing the fiduciaries in a position where they might unintentionally violate their policies. For example, we are careful to ensure that the frequency of tasks identified in the IPS (such as the quarterly performance review) is consistent with Committee practice.

Plan for Surmounting Difficulties

Over time, the issues which result in IPS revisions vary. We are currently reviewing the proxy voting practice for the Plans to confirm the feasibility of the current policy. If we find that the current policy is no longer feasible, we will recommend a policy modification to the Committee. We stay abreast of changes affecting plan sponsors, which could result in changes to the IPS. These changes also include regulatory, legal and tax code issues.

Performance Monitoring of Investment Funds

We will conduct an ongoing monitoring program to ensure that the funds are meeting the objectives set forth by the Investment Policy Statement. Quarterly, we will deliver a written and oral report, which summarizes the status of the Plans and the performance if the options in the plans. We will determine whether or not the options in your plans are meeting the IPS criteria. We will also identify asset class style gaps and/or overlaps and recommend action to correct these issues. For example, if a small cap manager becomes a mid cap manager due to market appreciation, there might be a need to search for a new small cap manager and/or eliminate a redundant mid cap manager.

For each reporting period, our review of each investment manager will focus on explicit performance as well as factors, which can affect performance such as changes to the investment manager's team, firm and process. We will compare each investment manager's performance against relevant benchmarks and peer groups. Our review will also identify any significant deviations in a manager's stated investment style, turnover in key personnel, and the competitiveness of the program fees. The review will highlight managers that may be significantly under performing their benchmarks and peers. Should the funds not meet the requisite quantitative and/or qualitative performance goals, we will identify the reason for noncompliance with the Investment Policy Statement. This could lead to a recommendation to replace an option/manager.

We distinguish our monitoring reports from others in the industry by focusing on "why" a particular manager out performed or under performed for the reporting period. Our reports will help PWCS clearly understand how key factors - such as risk, sector weightings, and stock selection - contributed to a manager's performance. The final goal of our investment monitoring report is to issue a fiduciary opinion on the prudence of each investment option.

We have included a sample report with our response to this RFP as a separate bound document.

Difficulties in the Completion of this Undertaking

Our performance monitoring reports provide both quantitative and qualitative information. The challenge lies in proactively identifying the qualitative factors, which contribute to the quantitative performance results.

Plan for Surmounting Difficulties

The qualitative portion of our analysis focuses on the manager's people and process factors, which can impact a fund's performance. In this way, we not only report on historic data, but we also identify potential drivers of fund returns. We use this analysis to determine whether changes in people and process merit retention, Watch Listing or termination of a manager. If, for example, the lead portfolio manager departs, we may recommend termination of a fund even though returns are positive at the time.

Selection of Investment Funds

When a fund is deemed to be deficient and we are instructed by PWCS to identify potential replacements, we will work closely with the vendor to identify replacement options, which are available on their recordkeeping platform. Once the vendor identifies the available options, we will begin our due diligence process to identify the most competitive options from that group. Our goal is to identify options, which best meet the criteria for the search.

As part of our manager search process, we evaluate both quantitative and qualitative factors. In addition to looking at a manager's past performance against peers and benchmarks, our process focuses on an evaluation of a manager's investment process, style purity and consistency, depth of investment staff, and management fees. We subscribe to two databases to assist with the screening process: Morningstar and eVestment Alliance.

Our research usually results in narrowing the list to three or four options. We then prepare a written report, which compares and contrasts these finalists across several categories. In addition to comparing each investment manager's performance to relevant benchmarks and peer groups, we consider factors, which contribute to performance such as:

- The clarity of the investment manager's investment process;
- Any significant deviations in a manager's stated investment style;
- Changes in sector (industry weightings) over time;
- Changes over time in the risk profile of each fund;
- Depth and turnover of key investment personnel;
- Significant changes to the amount of product assets under management; and
- Competitiveness of fees.

Our written reports conclude with our findings and recommendations. This is typically discussed at a Committee meeting where a senior consultant reviews our written report. The result of the meeting is usually the identification of the replacement manager. Once the new manager has been selected, we will work with PWCS and the vendor to determine the next steps to implement and communicate the changes.

Difficulties in the Completion of this Undertaking

Selection of funds for the Plans is contingent upon availability of those funds on the vendor's (Lincoln's) platform. In certain style categories, there are not many good funds available for selection. This is currently the case with the small cap value style category, because many of those funds have either closed to new investors or they have become small cap blend funds.

Plan for Surmounting Difficulties

We have experience working with the vendors for defined contribution plans. When their initial list of available funds does not include a suitable fund, we follow up with them and ask for additional options to consider. In some cases, we ask them for a specific fund if we know that that fund meets the client's criteria and/or if we have seen the vendor offer that fund to other clients.

Performance Evaluation of Administrator

Evaluation of the Administrator (currently Lincoln Financial Group) requires a multi-faceted ongoing approach.

We routinely monitor the credit ratings of the vendor and report changes in these credit ratings to the plan sponsor. Credit ratings can be a good indication of the financial strength of the provider.

We include updates in our performance monitoring reports on transactions and events, which may impact the financial strength of the vendor such as Lincoln's recent sale of Delaware Management Holdings and their acceptance of Troubled Asset Relief Plan ("TARP") funds from the Federal government.

We track the capital preservation product offered by the vendor (currently a group fixed annuity contract, which is called a stable value fund), and we report on the crediting rate and the relative performance of that fund. We also recently evaluated the difference between Lincoln's general account and separate account version of this product.

We have encouraged the vendor (Lincoln Financial Group) to provide several program enhancements periodically rather than waiting for the vendor's contract to come up for renewal. These program enhancements have included, but not been limited to:

- Addition of ROTH feature;
- Reduction of expense ratios for certain funds in the Plans;
- Addition of asset class categories such as fixed income index fund;
- Replacement of managers who changed style category +/or under performed;
- Addition of age based models, which are similar to Target Date Funds; and
- Increase in number of on-site communication days by the vendor (Lincoln Financial Group).

Difficulties in the Completion of this Undertaking

It can be challenging to identify plan enhancements without creating an adversarial relationship with the vendor. After all, most of these enhancements have a cost to the vendor and have the potential to reduce their profitability on the account.

Plan for Surmounting Difficulties

We make every effort to foster positive and professional relationships with the vendors, and we believe that we are usually successful. To the extent that plan enhancements result in increases in plan assets and/or participation, this can be a "win/win" formula for the vendor. At the end of the day, our priority must be what is in the best interest of the plan participants.

5.2. Assistance with the periodic solicitation process for both vendor and plan administration services, including preparation of the draft request for proposal (RFP) with selection criteria using a PWCS template, identification of prospective vendor contacts, evaluation of proposals, interviews of selected firms and quantified rankings of offerors based on prescribed selection criteria. This would also include any additional services needed if a decision is made by PWCS to change the Fund Administrator with an associated change in fund options. Additional services could include a review of the investment line-up and assistance with implementation of a new program.

VENDOR SEARCHES

Our Vendor Searches may include, but are not limited to:

- Drafting the RFP;
- Issuing RFPs to identify vendors, who meet the client's unique objectives and constraints;
- Evaluating responses to RFPs from vendors;
- Vendor selection & interviewing finalists;
- Reviewing the proposed line-up of investment options; and
- Program implementation.

Drafting the RFP

Our vendor searches begin with a kickoff meeting with the client to identify their unique needs and constraints. We will help PWCS determine the appropriate selection criteria, minimum requirements, and the scope of the RFP.

Issuing the RFP

We will help PWCS identify prospective vendors with 403(b) and 457(b) capabilities. We can assist PWCS with a list of vendor contacts to ensure that the RFP is distributed to the appropriate vendors.

Evaluating the RFP Responses

The vendor responses to the RFP will enable Bolton Partners and PWCS to make an "apples-to-apples" comparison of several aspects of the vendors' programs including, but not limited to, program fees, investment performance, financial standing, communications (including on-site support), and recordkeeping. These factors will be weighed by Bolton Partners' proprietary scoring system, resulting in a ranking of all of the vendors' responses. This scoring system will incorporate input from PWCS regarding the relative importance of each factor to PWCS, so that the final rankings reflect the vendors who are best able to meet the needs of PWCS.

Through our 15 years of evaluating 403(b) and 457(b) plans, we have found some significant differences among vendor programs. Some of the differentiating characteristics that the RFP focuses on include:

- Defined contribution experience;
- Professional fee schedule;
- Contractual provisions (death benefits; surrender charges, market value adjustments etc);
- Accessibility to superior investment options;
- Credential and compensation schedule of proposed representatives;
- On-site support for participants;
- Credit rating analysis;
- Soundness of record keeping system; and
- Identification of any vendor lawsuits/conflicts of interest.

Once Bolton Partners has evaluated the results, then we will deliver a written report and conduct a meeting, which identifies our findings and methodology for evaluating the responses.

Selecting & Interviewing Finalists

Bolton Partners will meet with the evaluation committee. During this meeting, Bolton Partners will seek input from the Committee on its report, and finalists will be recommended. Once finalists have been selected, a day of interviews can be scheduled with these vendors. Bolton Partners can attend finalist presentations and assist with evaluating the vendors, who best meet the needs of PWCS program.

Subsequent to finalist presentations, we typically assist our client (PWCS) with negotiations with the successful vendor. Negotiations can result in changes to pricing as well as changes to other components of the proposals (features and terms). We can help PWCS analyze the results of these negotiations in order to identify and select the provider, which best meet the needs of PWCS.

The overall process (issuing the RFP and selecting vendor) typically takes 12-14 weeks to complete.

Confirming the Line-up of Investment Options

Bolton Partners can assist with confirming the prudence of the investment manager options, which are proposed by the winning vendor. Quite often, there can be significant changes to the mutual funds in the investment line-up if a new vendor is selected. This is also possible if the incumbent vendor is selected, particularly if the program pricing has changed. Bolton Partners is an SEC registered investment advisor, which allows us to render an opinion regarding the prudence of these investment options for PWCS and its participants. Our opinion is based on several factors including, but not limited to, a review of each manager's performance versus benchmarks and peer groups, investment process, portfolio management team, and ability to generate competitive returns in the future. We will help PWCS determine whether the investment managers proposed by the vendor are prudent options. If not, we will work with

PWCS and the vendor to identify other appropriate options. We can conduct a meeting with PWCS to review our findings.

Program Implementation

After the initial investment line-up has been finalized and approved, we can work with PWCS and the selected vendor to implement the new program. This can include either a conference call or an in-person meeting with PWCS, Bolton Partners and the vendor. At this time, the vendor will review all of the administrative and communication assignments that need to be completed in order to get the new program operating by a certain date.

Since the upcoming changes may be unfamiliar to PWCS employees, Bolton Partners can conduct seminars to discuss the changes. The vendor typically conducts most of the enrollment and one-on-one seminars; and the vendor develops the communication materials. Employees are also encouraged to ask questions pertaining to the defined contribution plans as well as general investment topics. Our clients have found these seminars to be extremely useful formats to communicate changes to the program.

We can also assist with contract and document review as part of the implementation process.

Difficulties in the Completion of this Undertaking

Large plans such as the PWCS plans attract a lot of vendor interest and competition.

Plan for Surmounting Difficulties

We believe that the vendor search process will be facilitated by the fact that PWCS has already made the shift from a multi-vendor to a single vendor approach. The fact that PWCS will be seeking vendors with experience with both 403(b) and 457(b) plans could limit the pool of applicants. We will work with PWCS to ensure that the scoring and evaluation process is fair. We have seen cases where the plan sponsor has assigned a score to the response for each question on the vendor RFP, and this can be effective.

- 5.3. Review and evaluate PWCS Investment Policy Statement as necessary in order to maintain policy provisions consistent with the PWCS responsibilities as plan sponsor and in accordance with generally accepted best practices in the industry, providing recommendations for changes to the policy when needed. Determine (or validate) which asset classes should be included, as well as identify the standards for evaluation and objectives within each asset class represented.**

As mentioned in our response to Section 5.1 of this RFP, we believe the foundations of the IPS for the PWCS 403(b) and 457(b) plans are sound.

The Investment Policy Statement (“IPS”) should guide the investment process followed by the Plan fiduciaries. Revisions to the IPS are recommended when the investment process used by the fiduciaries is not consistent with the guidelines outlined by the IPS.

Bolton Partners worked with the PWCS Staff to develop and implement the IPS, which is currently in place. We think the IPS is working well for PWCS. On an ongoing basis, we will review and evaluate the IPS document in an effort to identify areas for enhancement and/or modification. In particular, our best practices focus will be on ensuring that the IPS addresses applicable changes in regulations, laws, and Internal Revenue Code requirements.

We note that the project scope in this area of the RFP also calls for determination or validation of the asset classes, which are included in the Plans. This requirement is contingent upon option availability on the vendor's platform. In the past, we have succeeded in helping PWCS add a passive fixed income option (index fund). Going forward, PWCS may also wish to explore the possibility of adding a TIPS (Treasury Inflation Protected Securities) option.

Given that there is some overlap between Section 5.1 and 5.3 of this RFP, we have repeated the following response to the difficulties and challenges faced when revising a plan's IPS.

Difficulties in the Completion of this Undertaking

When developing and modifying an IPS, it is important to achieve a balance between (1) ensuring that the fiduciaries have adequate guidelines and (2) providing adequate flexibility to avoid placing the fiduciaries in a position where they might unintentionally violate their policies. For example, we are careful to ensure that the frequency of tasks identified in the IPS (such as the quarterly performance review) is consistent with Committee practice.

Plan for Surmounting Difficulties

Over time, the issues which result in IPS revisions vary. We are currently reviewing the proxy voting practice for the Plans to confirm the feasibility of the current policy. If we find that the current policy is no longer feasible, we will recommend a policy modification to the Committee. We stay abreast of changes affecting plan sponsors, which could result in changes to the IPS. These changes also include regulatory, legal and tax code issues.

5.4. Assist PWCS in analyzing available investments options with the objective of making a determination as to conformance with the objectives of the Investment Policy Statement.

We recently modified the format of our monitoring reports to link them to the IPS by identifying whether or not each fund (investment manager) meets key criteria in the IPS. This is a helpful tool to check manager compliance with IPS criteria.

Difficulties in the Completion of this Undertaking

Most of the criteria, which are flagged by compliance testing of investment funds against IPS objectives, are quantitative. The challenge lies in proactively identifying the qualitative factors, which contribute to the performance results.

Plan for Surmounting Difficulties

Our analysis is both quantitative and qualitative. The qualitative portion of our analysis focuses on the manager's people and process factors, which can impact a fund's performance. In this way, we not only report on historic data, but we also identify potential drivers of fund returns. We use this analysis to determine whether changes in people and process merit retention, Watch Listing or termination of a manager. If, for example, the lead portfolio manager departs, we may recommend termination of a fund even though returns are positive at the time.

5.5. Evaluate available investments in the Supplemental Retirement Plans, examining style, risk, consistency, cost and performance against appropriate peers and benchmarks based on the Investment Policy Statement to identify asset class gaps or overlaps. To the extent a fund does not meet the objective established, recommend action to Watch List, or terminate the fund and if applicable analyze the available funds for an appropriate replacement and make a recommendation for replacement and transition.

Investment Performance Monitoring:

We will conduct an ongoing monitoring program to ensure that the funds are meeting the objectives set forth by the Investment Policy Statement. Quarterly, we will deliver a written and oral report, which summarizes the status of the Plans and the performance if the options in the plans. We will determine whether or not the options in your plans are meeting the IPS criteria. We will also identify asset class style gaps and/or overlaps and recommend action to correct these issues. For example, if a small cap manager becomes a mid cap manager due to market appreciation, there might be a need to search for a new small cap manager and/or eliminate a redundant mid cap manager.

For each reporting period, our review of each investment manager will focus on explicit performance as well as factors, which can affect performance such as changes to the investment manager's team, firm and process. We will compare each investment manager's performance against relevant benchmarks and peer groups. Our review will also identify any significant deviations in a manager's stated investment style, turnover in key personnel, and the competitiveness of the program fees. The review will highlight managers that may be significantly under performing their benchmarks and peers. Should the funds not meet the requisite quantitative and/or qualitative performance goals, we will identify the reason for noncompliance with the Investment Policy Statement. This could lead to a recommendation to replace an option/manager.

We distinguish our monitoring reports from others in the industry by focusing on "why" a particular manager out performed or under performed for the reporting period. Our reports will help PWCS clearly understand how key factors (such as risk, sector weightings, and stock selection) contributed to a manager's performance. The final goal of our investment monitoring report is to issue a fiduciary opinion on the prudence of each investment option.

We have included a sample report with our response to this RFP as a separate bound document.

Difficulties in the Completion of this Undertaking

It can be challenging to ensure that each core “style box” (example mid cap value) is populated with an appropriate fund (avoid asset class gaps or overlaps). Funds can change from one style to another over time. We recognize the importance of maintaining the integrity of these style boxes in defined contribution plans, since many participants are selecting their funds and their asset mixes independently.

Plan for Surmounting Difficulties

We subscribe to third-party software with style analysis capabilities. This helps us identify funds, which are drifting from one style to another. We also work with the vendor when identifying replacement options for the Plans to ensure that a fund is not used if its name is not consistent with its style. For example, if a fund includes “value” in its name, but it has become a blend or a growth fund, we do not consider that fund for inclusion in the Plans.

Manager Watch Listing and/or Termination

Our mission is to ensure that the Committee is meeting its fiduciary responsibility by ensuring that participants have access to a prudent line-up of mutual funds. From time to time, a manager may no longer be deemed prudent if they do not meet the criteria in the Investment Policy Statement (“IPS”).

Our investment monitoring reports include charts, which show how each manager is performing relative to each criterion in the IPS.

If a manager is not meeting key criteria, they are placed on the Watch List. The duration of staying on the Watch List varies for most of our clients’ managers and is often treated on a case-by case basis. If the lead portfolio manager departs, for example, immediate replacement could be recommended. If the manager is under performing their benchmark and most other managers with the same style are also under performing the same benchmark, the manager is more likely to stay on the Watch List.

The following is a list of factors, which often guides determination of terminating a manager or placing it on the Watch List:

- Change in ownership structure of the firm;
- Departure of key investment management personnel;
- Change in the investment process and investment style;
- Deterioration of investment performance relative to the benchmark;
- Deterioration of investment performance relative to a relevant peer group;
- Significant gains or losses in assets under management;
- Changes in a manager’s expenses; and
- Regulatory issues (FINRA or SEC).

Difficulties in the Completion of this Undertaking

It can be challenging to know whether a manager should be Watch Listed and retained or terminated.

Plan for Surmounting Difficulties

We take a case by case approach to determining whether a manager should be Watch Listed and retained or terminated, and we do not have a finite period of time for keeping a manager on a Watch List. Typically, we recommend Watch Listing for managers who have suffered performance setbacks and whose people and process remain in tact. Quite often, Watch Listed managers rebound over time.

The result of these efforts has been that PWCS has a line-up of investment options, which is well diversified, and the overall performance of the options in the plan has been above average over time.

Manager Replacement & Transition

When a fund is deemed to be deficient and we are instructed by PWCS to identify potential replacements, we will work closely with the vendor to identify replacement options, which are available on their recordkeeping platform. Once the vendor identifies the available options, we will begin our due diligence process to identify the most competitive options from that group. Our goal is to identify options, which best meet the criteria for the search.

As part of our manager search process, we evaluate both quantitative and qualitative factors. In addition to looking at a manager's past performance against peers and benchmarks, our process focuses on an evaluation of a manager's investment process, style purity and consistency, depth of investment staff, and management fees. We subscribe to two databases to assist with the screening process: Morningstar and eVestment Alliance.

Our research usually results in narrowing the list to three or four options. We then prepare a written report, which compares and contrasts these finalists across several categories. In addition to comparing each investment manager's performance to relevant benchmarks and peer groups, we consider factors, which contribute to performance such as:

- The clarity of the investment manager's investment process;
- Any significant deviations in a manager's stated investment style;
- Changes in sector (industry weightings) over time;
- Changes over time in the risk profile of each fund;
- Depth and turnover of key investment personnel;
- Significant changes to the amount of product assets under management; and
- Competitiveness of fees.

Our written reports conclude with our findings and recommendations. This is typically discussed at a Committee meeting where a senior consultant reviews our written report. The result of the meeting is usually the identification of the replacement manager. Once the new manager has been selected, we will work with PWCS and the vendor to determine the next steps to implement and communicate the changes.

Under Section 5.1 of this RFP, we addressed the following challenges in replacing a manager.

Difficulties in the Completion of this Undertaking

Selection of funds for the Plans is contingent upon availability of those funds on the vendor's (Lincoln's) platform. In certain style categories, there are not many good funds available for selection. This is currently the case with the small cap value style category, because many of those funds have either closed to new investors or they have become small cap blend funds.

Plan for Surmounting Difficulties

We have experience working with the vendors for defined contribution plans. When their initial list of available funds does not include a suitable fund, we follow up with them and ask for additional options to consider. In some cases, we ask them for a specific fund if we know that that fund meets the client's criteria and/or if we have seen the vendor offer that fund to other clients.

The following is an example of a challenge in a manager transition.

Difficulties in the Completion of this Undertaking

Periodically, an investment manager is terminated by the Committee and some participants might express interest in retaining that option even though another fund has been selected to replace that option in its respective style category (ex. small cap growth style).

Plan for Surmounting Difficulties

We recommend against grandfathering a terminated investment fund, because there is a fiduciary responsibility to monitor all funds in the Plans – both active and grandfathered.

- 5.6. Conduct an expense audit of the Supplemental Retirement Plans upon request by PWCS using data received from PWCS or obtained from the administrator; and provide an analysis of all fees (explicit and implicit) being paid by the program. In order to provide this analysis, review the administrator's contract, any information filings by the administrator and other data that might prove necessary to perform an analysis of the program fees.**

Expense Audit

We can conduct a periodic evaluation of the vendor's revenues and expenses for the PWCS program. This evaluation will focus on a reconciliation of all of the Plans' implicit and explicit fees, costs, and other plan charges which are received and incurred by the vendor. In many cases, our clients have benefited from this review by identifying cases where the vendor was receiving more revenue than was needed to administer the plan(s). The result of this analysis can be a reduction in administrative charges to a plan and/or availability of lower cost mutual funds. For example, it might be possible to retain the same mutual fund, while accessing a less expensive share class.

Difficulties in the Completion of this Undertaking

It can be difficult to audit certain implicit fees such as the spread on a capital preservation strategy if a vendor is not willing to disclose the spread.

Plan for Surmounting Difficulties

We have encouraged vendors, who do not disclose the spread on their capital preservation strategy to provide us with upper and lower limits so that we can more closely approximate this cost. We also believe that regulatory action will continue to improve fee transparency over time.

- 5.7. **Attend quarterly meetings and provide quarterly written performance reports of the program with consolidated and separate information for Section 457(b), and 403(b) pre-tax and 403(b) Roth after-tax plans containing information on manager performance, risk, costs, peer analysis, style and consistency for each fund in the program. This will include specific fund analysis as it relates to the investment policy. The Contractor will compare each fund against appropriate benchmarks as well as appropriate peer groups. This will also include specific recommendations for funds to be monitored, maintained, eliminated or replaced based on the objectives previously established. To the extent a fund no longer meets the established objectives. Contractor will make specific recommendations as to continued monitoring, Watch Listing, or the availability of an appropriate replacement and recommend transition measures. Attend quarterly meetings to present/review the quarterly written reports.**

We are able to attend quarterly meetings and provide written investment performance reports for the Plans. Our reports include information on manager performance, risk, costs, peer analysis, style and consistency for each fund in the program. Our reports also compare each investment option to the Investment Policy Statement criteria, enabling the reader to determine compliance (or lack thereof) at a glance. Our reports include recommendations regarding retention, Watch Listing, or termination of each investment fund. When it is necessary to replace a fund, we work with the plan sponsor (PWCS) and the vendor (currently Lincoln Financial Group) to identify suitable alternative funds and to implement transition measures.

Difficulties in the Completion of this Undertaking

Occasionally, it can be challenging to find a time for a meeting, which works for Committee members, the vendor and the investment consultant.

Plan for Surmounting Difficulties

The PWCS account is important to us, so we usually send our most senior team member to PWCS meetings. We have four (4) senior staff members who are capable of conducting meetings for PWCS.

5.8. Assist PWCS in maintaining an Investment Policy Statement with any necessary amendments consistent with best practices in the industry and advises PWCS on the provision of investment options in accordance with the investment policy statement.

The key to ensuring that PWCS meets its objectives depends upon developing, implementing, following, and periodically amending a sound Investment Policy Statement (“IPS”).

The ongoing review of the IPS is one of the Committee’s most important fiduciary duties. This may periodically result in amendments to the IPS.

We have provided detail on our IPS methodology and the way that our IPS identifies manager (investment option) compliance or lack thereof, in response to Items 5.1 and 5.4 in the Statement of Needs section of this RFP.

5.9. Evaluate the performance of the current investment options, advising on the use of “watch lists” or other means of monitoring the performance of such investment options, advising on best practices regarding any necessary changes in investment options, and assisting with issues, which may include advising on the contract with the administrator and any related solicitations, and providing any other financial or governance advice required for management of the Supplemental Retirement Plans.

We have provided a detailed explanation of our approach to investment option monitoring, Watch Listing, and changes/replacements under Section 5.5 of this RFP response.

We periodically respond to requests for advice regarding contracts with the administrator and related solicitations, and we have provided other financial governance as it has been required for the Management of the Supplemental Plans. In each case, the situation has been somewhat different. We pride ourselves upon being experts in the defined contribution field. We stay abreast of changes in this marketplace in order to be able to continue to provide such advice as needed.

Difficulties in the Completion of this Undertaking

Periodically, information is needed on issues affecting PWCS programs, which preceded the current program with Lincoln Financial Group. It is not always possible to find related documents if they are related to individual rather than group contracts.

Plan for Surmounting Difficulties

We do our best in these situations to identify alternate solutions and industry standards to assist with these matters.

5.10. Present the program to staff and/or school board as deemed necessary, if required.

Yes. We are able to present the program to staff and/or school board as deemed necessary, if required.

Offeror shall include in the proposal a description of any significant task not listed in the Statement of Needs which they know to be necessary for services to be performed.

We are not aware of any other significant task that is not listed in the Statement of Needs.

6.2.2. Organization/Experience/Qualifications/Ability to Perform: The Offeror must describe their organization, qualifications and staff experience and provide resumes of proposed full-time and part-time management team who would be assigned to work on this project; resumes provided must indicate education, background, recent relevant experience with the subject matter of this project.

Organization & Qualifications

Bolton Partners Investment Consulting Group, Inc. ("Bolton Partners") is headquartered in Baltimore, Maryland. We were formed in 1994, and we have been providing investment consulting services and monitoring services to defined contribution plans for 15 years.

Bolton Partners is experienced in designing, implementing and monitoring solutions for public sector defined contribution programs. In particular, we assist school systems and state and local governments with the evaluation and monitoring of their defined contribution programs.

All work for PWCS would be conducted by staff in our Baltimore headquarters. Approximately 60% of our business is with governmental plans, many of whom are K-12 systems and county governments. We currently monitor the investment options for approximately 40 retirement plans.

We have completed many assignments which are similar to the Scope of Service for PWCS, and our references will attest to the quality and timeliness of our work. In addition to the performance monitoring and vendor search services requested, we pride ourselves on identifying

actual and projected changes in federal and state regulations which affect defined contribution plans. This information should assist PWCS in making any necessary Plan changes in order to remain compliant with relevant tax codes.

We pride ourselves on our independence. We are not affiliated, either directly or indirectly, with mutual funds, investment managers, or other associated businesses. We serve as a fiduciary for our clients, and we are willing to commit to this contractually.

Staff: We have experienced staff and software resources to provide the materials and services in the size and scope delineated in this RFP. Our staff includes 2 CFA charterholders. We pride ourselves on maintaining a low client-to-consultant ratio, ensuring our immediate accessibility for client needs.

Software: We subscribe to external software for investment manager data in order to avoid any potential conflicts of interest. We utilize Morningstar and eVestment Alliance software for performance monitoring of investment managers.

Biographies for each team member follow:

Carol Boykin, CFA is the President of Bolton Partners Investment Consulting, Inc. She has 25 years of investment experience and focuses on advising Defined Benefit and Defined Contribution plans. Prior to joining Bolton Partners in 2004, Ms. Boykin held senior positions with several large pension plans. She was Chief Investment Officer of the Maryland State Retirement System, Deputy Chief Investment Officer of Lucent Asset Management, and Securities Investment Officer (head of the investment division) of the New York State Teachers' Retirement System. Prior to that, she managed money for an insurance company.

Ms. Boykin is a CFA charterholder, and she holds a Masters in Finance from Loyola College and a BA in Economics from Emory University. Ms. Boykin is a Board member and Past President of the Baltimore CFA Society. She is a member of the Washington Association of Money Managers and CFA Institute. Carol is also a Grader for the CFA Examinations.

Michael P. Beczkowski, MSF is a Senior Consultant focusing on defined contribution clients. He has 16 years of experience in the financial service industry, and 12 years of institutional investment consulting experience with Bolton Partners Investment Consulting Group, Inc.

Mike is responsible for vendor searches for defined contribution plans, with an emphasis on identifying the optimal providers of investment, communications and recordkeeping services to meet each client's unique needs. Mike also serves in a client service and marketing capacity.

Mike is a member of the National Tax Sheltered Annuity Association, and he holds multiple NASD licenses including Series 7, 24, 63, and 65. Prior to joining Bolton Partners, Mike was employed by T. Rowe Price.

Mike received a Bachelor of Arts from Loyola College in 1991, and he received a Master in the Science of Finance ("MSF") from Loyola College in 1995. He is an advisor to the Loyola College SAP Fund, and he is a Level II CFA candidate.

Donald E. Lybrook, MSF is a Senior Consultant and Director of Research with Bolton Partners Investment Consulting Group, Inc. He focuses on monitoring investment managers, asset allocation, investment policy statements and manager searches. Mr. Lybrook has a broad based financial services industry background. He graduated summa cum laude from Loyola College with a degree in Mathematics. He received a Masters of Science in Finance from University of Baltimore and was inducted into the Beta Gamma Sigma, a distinguished business honor society. Don holds Series 6, 63 and 65 licenses. Prior to joining Bolton Partners, Don developed financial and actuarial models for both ERISA qualified and non-qualified plans. Don joined Bolton Partners in 1999.

Clyde Randall, CFA is a Senior Analyst and Consultant. He focuses on monitoring mutual funds and conducting manager searches. Prior to joining Bolton Partners Investment Consulting Group, Inc. in 2007, Clyde spent over twenty years in equity analysis and portfolio management, first at Mercantile Safe Deposit and Trust and then at Allied Investment Advisors. His experience has included working in value, core and growth styles with large, mid and small capitalization products. Clyde is a graduate of the University of Vermont with a B.A. in Political Science, and he is a member of CFA Institute.

Jessica Strom is a Junior Analyst. She joined Bolton Partners Investment Consulting, Inc. in 2004. Jessica's focus is on vendor search analysis for defined contribution plans. She also assists in the preparation of investment/performance monitoring reports. Jessica is a graduate of Towson University with a B.A. in Social Science. She also serves as the Executive Administrator and Event Coordinator for the Baltimore CFA Society.

A staffing plan is required which describes the Offeror's proposed staff distribution to accomplish this work.

Staff Experience

We take a team approach to each assignment. Carol Boykin would be the lead consultant for this assignment. The key members assigned to this project would be:

- Carol Boykin, CFA, President;
- Michael P. Beczkowski, MSF, Senior Defined Contribution Consultant;
- Donald Lybrook, MSF, Director of Research and Senior Consultant;
- Clyde Randall, CFA, Senior Analyst and Consultant; and
- Jessica Strom, Junior Analyst.

Carol Boykin would be the lead consultant for the PWCS assignment. Periodically, Don Lybrook and/or Clyde Randall would attend quarterly PWCS investment monitoring meetings. Mike Beczkowski and Jessica Strom would be key team members during the vendor search.

The Offeror shall provide pertinent financial data which demonstrates the Offeror's corporate capability to successfully perform (e.g., annual financial reports and statements, Dun and Bradstreet and/or other credit bureau ratings.)

We are providing a copy of our financial statements in a separate envelope. In light of the fact that we are a privately held company, we respectfully request that this be treated as confidential.

Offeror must address ability to meet or exceed the insurance requirements under Section 9.9. Provide what level of Errors & Omissions insurance your firm currently carries.

We have provided a copy of our Insurance Certificate under Tab V. We carry \$10 million in Errors & Omissions insurance coverage.

Describe any special strengths, insight or innovativeness, which may be applicable to your firm but not requested herein.

We hope you will find our proposed solution to be the most advantageous to PWCS for the following reasons:

- Our experience working for PWCS over the past 8 years;
- Our 15 years of experience working with public entities in Virginia on the same type of project;
- Our independence and our ability to act contractually as your co-fiduciary;
- Our knowledge of the defined contribution marketplace including 457(b) and 403(b) plans;
- Our ability to act as your advocate to obtain the best terms from your plans' providers;
- Our preference to work on a flat-fee schedule;
- Our access to leading defined contribution attorneys and industry experts; and
- Our accessibility and our reliability in meeting deadlines.

Offeror shall complete the Potential Conflict of Interest questionnaire form as provided (Attachment D).

We have completed the Potential Conflict of Interest questionnaire form as provided (Attachment D), and we have included it under Tab IV.

6.2.3. Proposed Fees: The Offeror shall submit an itemized list of all proposed fees to perform investment consulting and related services. Provide a list of hourly rates for all personnel proposed to be assigned work including proposed fees of subcontractors (and a listing of subcontractor hourly rates and other charges) and list all other anticipated costs and/or fees.

We have provided our confidential fee proposal under Tab VI. We are not proposing the use of any subcontractors.

6.2.4. Favorable References: The Offeror shall complete the Contractor Data Sheet (Attachment C), to include a minimum of three (3) school systems of the same size and scope for whom the company has provided these services and two (2) other references for whom the Offeror has provided these services of the same size and scope for an organization within the last three (3) years. Include the names, address, telephone numbers and email address of the owner's point of contact for each project.

We have completed Attachment C, which is provided under Tab III. Additionally, we have provided our reference information below. To facilitate your reference check, we have identified the plan type and the primary type of work done for each client. All of the clients listed below have hired us for similar scope projects.

The largest plans listed below are:

- Baltimore County Public Schools;
- State of Delaware Schools;
- Charles County Sheriffs; and
- Frederick County Maryland.

SCHOOL SYSTEM REFERENCES

Baltimore County Public Schools (MD)

403(b) plan

Vendor Search

Edward Dieffenbach (Ed)

Director of Payroll

1940G Greenspring Drive

Timonium, MD 21093

Direct: 410-887-4240 x 255

Fax: 410-887-7610

edieffenbach@bcps.org

State of Delaware Schools (DE)

403(b) plan

Vendor Search

Leighann Newman Hinkle

Policy Advisor

Office of Management and Budget

122 William Penn Street

Suite 301

Dover, DE 19901

Direct: 302-672-5104

Fax: 302-739-5661

Response to RFP #: R-FP-10014
Prince William County Schools
Investment Consultant for Supplemental Retirement Plan(s)

Hanover County Government & Public Schools (VA)

403(b) & 457(b) plans
Vendor Search & Monitoring
Jim Taylor
Director of Human Resources
7497 County Complex Road
Hanover, VA 23069
Direct: 804-365-6072
jptaylor@co.hanover.va.us

Harford County Public Schools (MD)

403(b) & 457(b) plans
Vendor Search & Monitoring
Mr. John M. Markowski, CPA, CGFM, RSBO
Chief Financial Officer
102 South Hickory Avenue
Bel Air, MD 21014
Direct: 410-588-5243
Fax: 410-588-5309
John.Markowski@hcps.org

City of Manassas Public Schools (VA)

403(b) & 457(b) plans
Vendor Search & Monitoring
Ms. Susan Bowers
Benefits Analyst
9000 Tudor Lane
Manassas, VA 20110
Direct: 571-377-6040
Fax: 703-257-8825
sbowers@mail.manassas.k12.va.us

Richmond Public Schools (VA)

403(b) & 457(b) plans
Vendor Search & Monitoring
Mr. Trent Jones
Manager, Benefits and Risk Management
1004 Mosby Street, Round A
Richmond, VA 23223
Direct: 804-780-8235
Fax: 804-780-8279
tjones2@richmond.k12.va.us

Response to RFP #: R-FP-10014
Prince William County Schools
Investment Consultant for Supplemental Retirement Plan(s)

Roanoke County Public Schools (VA)

403(b) Plan

Vendor Search & Monitoring

Penny Hodge

Assistant Superintendent of Finance

5937 Cove Road

Roanoke, VA 24019

Direct: 540-562-3900 x 10161

phodge@rcs.k12.va.us

OTHER REFERENCES

Carroll County Government (MD)

401(k) plan

Vendor Review & Monitoring

Bill Bates

Bureau Chief Benefits Administration

225 N. Center Street

Westminster, MD 21157

Direct: 410-386-2129

Fax: 410-840-3671

wbates@ccg.carr.org

Charles County Sheriffs (MD)

Defined Benefit Plan

Monitoring

Deborah E. Hudson, CPA

Director of Fiscal & Administrative Services

P.O. Box 2150

La Plata, MD 20646

Direct: 301-396-8869

Fax: 301-645-0505

HudsonD@charlescounty.org

Frederick County Government (MD)

Defined Benefit plan, 457(b) plan, and OPEBs

Vendor Search & Monitoring

Tracy Lobuts

Assistant Director, Human Resources

12 East Church Street

Frederick, MD 21701

Direct: 301-694-1786

Fax: 301-631-2314

tlobuts@fredco-md.net

CONFIDENTIAL

THE PROPOSAL

TASKS	DESCRIPTION OF CONSULTING SERVICES FOR DEFINED CONTRIBUTION PLAN	PROPOSED COST
Task I	Quarterly Investment Monitoring Reports (Includes attendance by one senior consultant at four meetings per year & includes investment manager searches as needed.)	\$30,000 per year
Task II	Vendor Search (Includes attendance by one senior consultant at five meetings.)	\$25,000 - \$30,000
	Additional meetings	See schedule of hourly rates.

CONTRACTOR DATA SHEET

1. **QUALIFICATION OF OFFEROR:** The Offeror shall have the capability and capacity in all respects to fully satisfying all the contractual requirements.
2. **YEARS IN BUSINESS:** Indicate the length of time the Offeror has been in business providing the services in this solicitation; YEARS MONTHS.
3. **REFERENCES:** Offerors shall provide a listing of at least five (5) references for which the company has provided specified services of the same or greater scope within the last three (3) years. Refer to section 7.2.2. PWCS cannot be a reference.

1.	Customer Name: Baltimore County Public Schools (MD)	Address: 1940G Greenspring Drive Timonium, MD 21093
	Contact Name Edward Dieffenbach (Ed)	Contact Title Director of Payroll
	Phone Number 410-887-4240 x 255	Fax No. 410-887-7610
Email Address: edieffenbach@bcps.org		
2.	Customer Name: State of Delaware Schools (DE)	Address: 122 William Penn Street, Suite 301 Dover, DE 19901
	Contact Name Leighann Newman Hinkle	Contact Title Policy Advisor
	Phone Number: 302-672-5104	Fax No. 302-739-5661
Email Address: N/A		
3.	Customer Name: Hanover County Government & Public Schools (VA)	Address: 7497 County Complex Road Hanover, VA 23069
	Contact Name Jim Taylor	Contact Title Director of Human Resources
	Phone Number: 804-365-6072	Fax No. N/A
Email Address: jptaylor@co.hanover.va.us		
4.	Customer Name: Harford County Public Schools (MD)	Address: 102 South Hickory Avenue Bel Air, MD 21014
	Contact Name John M. Markowski, CPA, CGFM, RSBO	Contact Title Chief Financial Officer
	Phone Number: 410-588-5243	Fax No. 410-588-5309
Email Address: John.Markowski@hcps.org		
5.	Customer Name: City of Manassas Public Schools (VA)	Address: 9000 Tudor Lane Manassas, VA 20110
	Contact Name Ms. Susan Bowers	Contact Title Benefits Analyst
	Phone Number: 571-377-6040	Fax No. 703-257-8825
Email Address: sbowers@mail.manassas.k12.va.us		

Customer Name: Richmond Public Schools (VA)	Address: 1004 Mosby Street, Round A Richmond, VA 23223
Contact Name Trent Jones	Contact Title Manager, Benefits and Risk Management
Phone Number: 804-780-8235	Fax No. 804-780-8279
Email Address: tjones2@richmond.k12.va.us	

Customer Name: Roanoke County Public Schools (VA)	Address: 5937 Cove Road Roanoke, VA 24019
Contact Name Penny Hodge	Contact Title Assistant Superintendent of Finance
Phone Number: 540-562-3900 ext. 10161	Fax No. N/A
Email Address: phodge@rcs.k12.va.us	

Customer Name: Carroll County Government (MD)	Address: 225 N. Center Street Westminster, MD 21157
Contact Name Bill Bates	Contact Title Bureau Chief Benefits Administration
Phone Number: 410-386-2129	Fax No. 410-840-3671
Email Address: wbates@ccg.carr.org	

Customer Name: Charles County Sheriffs (MD)	Address: P.O. Box 2150 La Plata, MD 20646
Contact Name Deborah E. Hudson, CPA	Contact Title Director of Fiscal & Administrative Services
Phone Number: 301-396-8869	Fax No. 301-645-0505
Email Address: HudsonD@charlescounty.org	

Customer Name: Frederick County Government (MD)	Address: 12 East Church Street Frederick, MD 21701
Contact Name Tracy Lobuts	Contact Title Assistant Director, Human Resources
Phone Number: 301-694-1786	Fax No. 301-631-2314
Email Address: tlobuts@fredco-md.net	