



**Ahrens&Associates**  
RETIREMENT & INVESTMENT CONSULTANTS

Andrew Ahrens, AIF®  
President  
13984 W. Bowles Ave, Suite 102  
Littleton, CO. 80127  
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cell 303.883.5045  
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August 30, 2013

Mr. Scott Wright, Finance Director  
Town of Avon  
1 Lake Street, P.O. Box 975  
Avon, CO. 81620

RE: Request for Proposal for Investment Advisory Services for the Town of Avon Public Employee and Police Employee Money Purchase Pension Plans

Dear Mr. Wright:

On behalf of everyone at Ahrens and Associates I am pleased to provide a proposal for Investment Advisory Services for the Town of Avon Public Employee and Police Employee Money Purchase Pension Plans.

With over 25 years of experience helping governmental plan sponsors, retirement boards and participants achieve successful outcomes, we understand the special importance of the Town of Avon Civilian and Police Money Purchase plans and the unique duty that the Pensions Boards has taken on with a search for a retirement plan consultant and investment advisor.

Ahrens and Associates was founded with the specific purpose helping governmental retirement plan sponsors, boards, and participants, no matter how big or small the plan/account achieve retirement success through quality investment menus, reasonable and disclosed fees, and comprehensive education and advice.

We hope you find the information enclosed helpful in your decision making process and look forward to the possibility of working with the Town of Avon improve the effectiveness you're your Civilian and Police 401(a) Money Purchase Plans.

Sincerely,

Andrew Ahrens

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[www.ahrensandassociates.com](http://www.ahrensandassociates.com)



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## **Personnel and Office Location**

### **Personnel**

#### **Andrew Ahrens, AIF®**

Mr. Ahrens is principal of the firm, with over 25 years of experience in the retirement plan consulting and financial services industry. Andrew would be the primary contact and be responsible for the Town of Avon Civilian and Police retirement plan consulting and investment advisory services. Andrew holds a degree in Economics from Colorado State University and holds his Series 6,7,26 and 65 licenses and is an Accredited Investment Fiduciary, AIF®.

Before starting Ahrens and Associates in 2008, Mr. Ahrens spend 14 years with Great-West Retirement Services, most recently as a Regional Director. In this position, he was responsible for the overall management of governmental/public and non-profit plans in the Rocky region, with over \$1.5 billion in retirement plan assets, 120 plans and 55,000 participants.

Prior to his employment with Great-West, Mr. Ahrens was a Retirement Plan Manager for ICMA-RC and was responsible for plan level relationship management and participant education for governmental plans in northern Colorado, Wyoming, and Montana.

Andrew lives in Denver with his wife Shari, and son Ryan. He enjoys spending time in the beautiful Colorado outdoors, hiking, camping, fishing and golfing. One of his passions each fall and winter is coaching his son's basketball team.

#### **Janelle Lind- Operations Manager**

Ms. Lind has over 10 years of experience in the group retirement plan industry. Janelle holds a degree in Speech Communications, Business Management and History from Metropolitan State University and a Masters in Non-Profit Management from Regis University.

Janelle is involved in many non-profit organizations, including Habitat for Humanity, Connection Colorado, and Gabriel's Angels. She is an avid skier and loves to travel the world with her family.

Ms. Lind is responsible for the overall management of operations, which includes production and fulfillment of marketing material/investment research, technology and trading operations and customer service.

#### **Chris Deshano, CFP®, AIF®**

Mr. Deshano has over 15 years of experience in the financial services industry working with individuals and group retirement plans. Chris holds a degree in Business Administration from Western Michigan University and holds his Series 7, 26, and 65 licenses and is a Certified Financial Planner, CFP®, as well as an Accredited Investment Fiduciary, AIF®.

Chris is active in the community and is a member of Commerce. In his spare time Chris enjoys skiing, golfing, biking and traveling.

Mr. Deshano is responsible for the creation of group employee education seminars as wells as assistance to Mr. Ahrens for Board meetings.

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**Blaine F. Aikin, CFA**

Blaine Aikin is the Chief Executive Officer of fi360. Fi360 is a national and international leader in the field of investment fiduciary responsibility. Blaine received his Master of Public Management and Policy degree from the Heinz School of Carnegie-Mellon University.

Upon graduation from CMU, he was selected for the prestigious Presidential Management Intern Program which involved management assignments in the U.S. Department of Treasury and the U.S. Senate. He subsequently served as Budget Officer for Prince William County Virginia. Blain then entered the private sector in professional financial management.

He holds the Certified Financial Planner, CFP®, and Chartered Financial Analyst, CFA®, designations.

Mr. Aikin would be responsible for the management and development of the investment review and benchmarking fund performance.

**Office Location**

Ahrens and Associates is located at 13984 W. Bowles Avenue, Suite 102, Littleton, Colorado.



## Experience

Andrew Ahrens is principal of the firm, with over 25 years of experience in the governmental retirement plan industry, and would be responsible for the Town of Avon retirement consulting and participant education services.

Before founding Ahrens and Associates in 2008, Mr. Ahrens spent 14 years with Great-West Retirement Services, most recently as Regional Director. In this position he was responsible for the overall management of governmental/public plans in the Rocky Mountain region with over \$1.5 billion in retirement assets, 150 plans and 50 participants.

During his tenure with Great-West Mr. Ahrens was responsible for the following:

- Retirement Plan Board presentations
- Response to RFP's
- RFP Finalist Presentations
- Participant Education- Group and Individual Meetings
- Retirement Board Fiduciary Best Practices Presentations
- Review and help construct Investment Policy Statements
- Contract Negotiations
- Review of Plan Documents
- Overall relationship management with plan sponsor and retirement boards
- Presentation of Fund Performance Reviews
- Presentation of Annual Plan Reviews
- Management of over 30 employees in the Rocky Mountain Region

Prior to his employment with Great-West, Mr. Ahrens was a Retirement Plan Manager with ICMA-Retirement Corporation and was responsible for plan level relationship management and participant education for governmental plans in Northern Colorado, Wyoming and Montana.

During his tenure with ICMA-Retirement Corporation, Mr. Ahrens was responsible for the following:

- Group Participant Education Meeting
- Individual Participant retirement/investment counseling sessions-analysis of account diversification, individual risk tolerance, retirement readiness, and retirement income analysis
- Retirement Board Presentations- Annual Plan Reviews, Annual Strategic Marketing Plans, and Fund Performance Reviews

In 2008, Mr. Ahrens founded Ahrens and Associates, with the specific focus on providing retirement plan consulting and investment advisory services to governmental/public retirement plans within the State of Colorado. By creating an independent firm, Mr. Ahrens has the ability to provide services without any conflicts of interest and focus on the best interest of his clients. Services that Ahrens and Associates provide, include:

- Comprehensive on-going Investment Performance Review and recommendations

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- Benchmarking investment option portfolio statistics (standard deviation, beta, alpha, Sharpe Ratio and R-Squared)
- Creation and Review of Investment Policy Statements
- Retirement Board Education/Fiduciary Compliance Review
- 401(a) and 457 Plan Analysis
- Participant Group Meetings
- Participant Individual Meetings with Investment Advice
- Plan Document Review and Analysis
- Conduct Requests for Proposal Vendor Search

As a standard service model, all of the above services have been completed for the following clients within the last three years:

- Town of Granby
- City of Dacono
- Winter Park Water and Sanitation District
- City of Lakewood-City Manager
- Dental Lifeline Network

In addition, Mr. Ahrens has provided similar services to the following governmental clients over the past 20 years:

City of Arvada Civilian 401(a) and 457 Plans  
 City of Arvada Police 401(a) and 457 Plans  
 City of Billings, Mt. 457 Plan  
 City of Brighton Civilian 401(a) and 457 Plans  
 City of Brighton Police 457 Plan  
 City of Brush 401(a) and 457 Plans  
 City of Casper, WY 401(a) and 457 Plans  
 City of Cheyenne, WY 457 Plan  
 City of Commerce City Civilian 401(a) and 457 Plans  
 City of Commerce City Police 401(a) and 457 Plans  
 City of Dacono Civilian 401(a) and 457 Plans  
 City of Dacono Police 457 Plan  
 City of County of Denver Civilian 457 Plan  
 City and County of Denver Police/Fire 457 Plans  
 El Paso County 457 Plan  
 City of Federal Heights Civilian 401(a) and 457 Plans  
 City of Fort Collins Civilian 401(a) and 457 Plans  
 City of Fort Collins Police 401(a) and 457 Plans  
 City of Fountain Civilian 457 Plan  
 City of Fountain Police/Fire 401(a) Plan  
 Town of Granby Civilian 401(a) and 457 Plans  
 Town of Granby Police 401(a) and 457 Plans  
 City of Greenwood Village Civilian 401(a) and 401(k)/457 Plans  
 City of Greenwood Village Police 401(a) and 401(k)/457 Plans  
 City of Laramie, WY 401(a) and 457 Plans

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City of Lakewood Civilian 401(a) and 457 Plans  
City of Lakewood Police 457 Plan  
Lakewood Housing Authority 401(a) and 457 Plans  
City of Loveland Civilian 401(a) and 457 Plans  
City of Loveland Police/Fire 457 Plans  
City of Longmont Civilian 401(a) and 457 Plans  
City of Longmont Police/Fire 401(a) and 457 Plans  
Town of Parker Civilian 401(a) and 457 Plans  
Town of Parker Police 401(a) and 457 Plans  
Parker Water and Sanitation District 401(a) ad 457 Plans  
Platte River Power Authority 401(a) and 457 Plans  
Poudre Fire Authority 401(a) Plan  
City of Sterling 401(a) and 457 Plans  
State of Colorado 401(a) and 457 Plans  
City of Thornton Civilian 401(a) and 457 Plans  
City of Thornton Police 401(a) and 457 Plans  
City of Westminster Civilian 401(a) and 457 Plans  
City of Westminster Police/Fire 457 Plan  
City of Wichita, KS 457 Plan  
Town of Windsor 401(a) and 457 Plan  
Winter Park Water and Sanitation District 401(a) Pl

## **Provider Responsibilities**

- **Assist the Pension Board in the development of an investment Policy Statement.**

The general approach Ahrens and Associates takes in assisting retirement boards in the development of Investment Policy Statements (IPS) is to provide as much information as possible to the Board and walk the members of the Board through a checklist of necessary decisions in order to develop the IPS. Please see the attached IPS checklist.

Over the past several years Andrew Ahrens has assisted numerous retirement/pension boards in the development and implementation of an Investment Policy Statements. Typically the IPS can be developed over the course of two board meetings. The first meetings is to help walk the Board through “big picture” items in the IPS, such as objective of the plan, fund selection process, number of fund options to be offered, and on-going fund monitoring. The second board meeting can then focus on the discussion of specific assets classes/styles to be offered in the IPS. The most common issues experienced in the creation of an IPS occurs when the Board is discussing the “big-picture” items within the IPS.

Typical areas of debate are:

- Offering Self-Directed Brokerage Options
- Offering Socially responsible Options
- Specific asset class/style funds such as Real Estate, Commodity, Target-Date
- Number of Options to be offered

While differences of opinion are common within retirement board members regarding these areas, once healthy discussion has occurred and pros/cons discussed regarding each issue, Boards will come to a consensus.

- **Assist the Pension Boards in developing and performing reviews for benchmarking fund performance, diversification, and fees and charges**

When Andrew Ahrens founded Ahrens and Associates, he determined that it was in the best interest of his clients to outsource the data collection formatting to a third-party. By outsourcing this function to a third-party, Mr. Ahrens could focus his time and effort reviewing the analysis and formulating recommendations. After conducting a comprehensive search and due diligence on third –party firms to perform the function of data collection and formatting investment analysis, Mr. Ahrens selected fi360 as his partner.

Fi360 is leader in investment performance analysis and benchmarking and provides a robust menu of tools to provide analysis.

Please see the attached sample Fund Performance Review from fi360.

Mr. Ahrens general approach to on-going investment performance analysis and benchmarking is to focus on longer term results, 5 and 10 year statistics. Mr. Ahrens also prefers to screen funds that have a manageable amount of assets under management and tends to avoid funds that have



become “bloated” with a huge amounts of assets to manage and can hinder flexibility in managing a portfolio.

- Assist in the review of plan documents and recommendations for changes or revisions based upon Pension Board input.

Mr. Ahrens has assisted numerous plan sponsors in reviewing their plan documents. While plan documents may appear to be “standard” by nature, there are several components of a plan document that can have a significant impact for plan sponsors and participants.

Example of critical areas to review in a Plan Document:

- Compensation “includible” for retirement plan contribution
- Vesting Schedule
- Allowable uses of Forfeiture Balances
- Beneficiary Designation Rules

Typically a review of the plan document can be handled within one board meeting, with a checklist provided to the Board with pertinent discussion items.

- Monitor compliance with fiduciary responsibilities, advise the Pension Boards of best practices, and communicate emerging issues in pension fund management.

Mr. Ahrens likes to incorporate Fiduciary Education for retirement board within each Board meeting, presenting a relevant topic for discussion for review as well as provide an annual fiduciary training meeting for the Board.

Typical topics of discussion for Fiduciary Compliance include:

- Communicate legal and regulatory changes and trends
- Review industry product and service trends, specifically offering not available in the Town of Avon’s 401(a) Plans.
- Illustrate and communicate big picture economic and specific asset class trends.

Mr. Ahrens will periodically bring outside experts, such as investment representatives or attorneys to provide information for the Board.

- Attend periodic Pension Board Meetings, Town of Avon employee meetings, and individual participant meetings.

One of Mr. Ahrens’ greatest passions is communicating to participants regarding their employer sponsored retirement plan and helping them achieve successful retirement outcome. With the emergence of defined contributions plans over defined benefit plans over the past twenty years, it is critical that participants have a full understanding of their retirement plan, the investment choices available in the plan, an understanding of how much money they will need to retire successfully, and how much money they should be saving in order to reach their goals.

Sample employee Group Presentation topics include:

- Retirement Plan Investment Strategies
- Retirement Distributions
- Investing in Turbulent Times
- Understanding Your Social Security benefit

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- Understanding Your 401(a) Plan
- 457 Plan Basics

## References

Ms. Tami Fischer, Executive Director  
MetroWest Housing Solutions  
575 Union Blvd.  
Lakewood, CO. 80228  
(720) 214-8124

Mr. Ken Milano, Employee Relations Director  
City of Lakewood  
480 S. Allison Parkway  
Lakewood, CO. 80226  
(303) 987-7701

Ms. Sharon Spurlin, Finance Director  
Town of Granby  
Zero Jasper Avenue  
Granby, CO. 80446  
(970) 887-2501

Many more references available upon request.

### **Conflicts of Interest**

Ahrens and Associates does not have any conflicts of interest regarding retirement consulting services for the Town of Avon Civilian and Police employees.

Andrew Ahrens, and all employees of Ahrens and Associates, have no current or previous business relationships which may pose a conflict of interest, with Wells Fargo Institutional Trust Group, the Town of Avon, and with Heizer, Paul LLP and its partners, Dean C. Heizer and Kevin C. Paul.

To prevent possible conflicts of interest, it is the policy of Ahrens and Associates not to accept gifts from public sector employee benefit marketplace providers. All employees are required to abide by the National Association of Governmental Defined Contribution Administrators (NAGDCA) Code of Ethics.

## **Costs**

### **Scope of Services**

- Assist the Pension Boards in development of an investment policy statement.
- Assist the Pension Boards in developing and performing reviews for benchmarking fund performance, diversification, and fees and charges.
- Assist in the review of plan documents and recommendations for changes or revisions based upon Pension Board input.
- Monitor compliance with fiduciary responsibilities, advise the Pension Boards of best practices, and communicate emerging issues in pension fund management.
- Attend periodic Pension Board meetings, Town of Avon group employee meetings, and individual participant meetings

Based upon the scope of services required, the annual fee schedule for Ahrens and Associates would be as follows:

Fixed-Price Fee: \$24,000

Hybrid Asset Based Fee: 15 basis points, with a fee cap of \$28,000 annually

### **Guaranteed Service Levels**

Ahrens and Associates guarantee's the following service levels for the Town of Avon:

- Ten days of on-site service annually, to include Pension Board meeting attendance, employee individual meeting, employee group meetings, and any other activities desire by the Boards.
- Quarterly fund performance benchmarking report, to be provided to Pension Board within sixty days of quarter-end.

Failure in performance guarantees will result in the Town of Avon being authorized to immediately terminate contract with Ahrens and Associates. Additionally, Ahrens and Associates will forfeit fees associated with the underperformance of the guarantee. For example, if only five on-site service days were fulfilled within a given contract year, Ahrens and Associates would forfeit 50% of that years fee revenue.

### **Proposed Mechanism for Fee Payment**

The retirement plan consulting fee can be paid from a combination of different sources and methods.

Potential sources and methods of fee payment can include:

- Payment from plan forfeiture account, if allowed by plan document.
- Payment directly from Plan Sponsor, Town of Avon
- Asset based fee assessed to participant accounts.
- Flat fee assessed to participant accounts.
- Revenue reimbursement from retirement plan record-keeper

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Typically, a review of the contract with the plans record-keeper, will provide a starting point on how to proceed with methods of how the consulting fee should be paid. If the current record-keeping contract is priced “out-of market,” a new contract can be negotiated to reduce fees and provide revenue to pay plan expenses, including consulting services. If the current contract is due for renewal in the near future, the Plan can issue an RFI to obtain information on alternative record-keeping platforms and corresponding fees.

Ahrens and Associates favors a record-keeping fee model which provides a required-revenue commitment from the provider with all revenue received from plan investment options reimbursed back to plan to off-set plan expenses. We feel strongly that providers should be compensated fairly for their services, however, that compensation should be stated and all revenue generated by plan investment options, such as 12b-1 fees, fund re-allowances and fund reimbursements, should credited back to the plan to pay necessary expenses. The result of such an arrangement typically results in substantial fee reductions and provides a more transparent plan.

Based upon the high average participant balance, \$98,500, in the Civilian and Police plans, the plans are very attractive and will receive very favorable pricing from record-keepers. Once a review of the current contracts of the plans has been completed the Board can then determine additional sources and methods, if necessary, to pay the retirement consulting fee.

### **Insurance and Bonding**

Andrew Ahrens maintains and Errors and Omissions Liability Insurance Policy through Continental Casualty Company.

The limits of the coverage, inclusive of defense costs, are as follows:

- \$2,000,000 each Claim
- \$2,000,000 Aggregate each Registered Representative
- \$25,000,000 Policy Aggregate

Activities related to Fiduciary capacity are covered by the policy.

Please see Certificate of Liability Insurance on page .

Our research indicates that Fiduciary Liability Insurance is intended for individuals acting in a fiduciary capacity for a specific retirement board and coverage is based upon assets in that particular plan. For example, Town of Avon Civilian and Police Pension Board members may be covered by Fiduciary Liability Insurance specific to their duties as Pension Board Members of the Plan. Civilian Pension Board members may elect to purchase coverage based upon acting as a fiduciary for a \$15 million dollar plan.

If the Town of Avon requires Fiduciary Liability Insurance specific for Andrew Ahrens fiduciary activities on the Civilian and Police Money Purchase plans those policies cannot be placed until the engagement as plan consultant has begun. Ahrens and Associates reserves the right to adjust required fees for services based upon the cost of Fiduciary Liability Insurance.