

**Volume I****A. COVER LETTER**

August 1, 2012

Los Angeles Unified School District  
Procurement Management Branch  
333 S. Beaudry Avenue, 22nd Floor, #22-209  
Los Angeles, CA 90017  
Attention: Anthony Silo, Contract Administration Analyst

**Re: Price Proposal Request for Proposal (RFP) NO.: 1095**  
**Investment Consulting Services on LAUSD's 403(b), 457(b), and PARS plans**

Dear Mr. Silo:

It is our pleasure at Buck Consultants, LLC (Buck) to present the Los Angeles Unified School District (LAUSD) with our proposal for Investment Consulting Services for LAUSD's 403(b), 457(b), and PARS plans. Per the instructions provide in the RFP for the cover letter, we provide the following information:

**1. Summary of Understanding**

It is our understanding that the LAUSD is seeking a qualified investment consulting firm to furnish all of the labor, materials, and other related items required for the engagement at a firm fixed price. We further understand that we will work as an advisor to the Chief Financial Officer, Chief Risk Officer and the Retirement Investment Advisory (RIA) Committee. These advisory services will include the implementation or revision of investment policy statements, plan documents, Committee bylaws and other documents. We will provide education and training to the RIA Committee on topics and issues as requested by the Committee.

We will be performing analyses of LAUSD's investment managers' performance, risk characteristics relative to benchmarks and peers as well as provide advice about their management structure. We will make recommendations, as appropriate, with respect to replacing managers. Buck will also provide analysis on subjects as requested by the CFO and RIA Committee, and we will provide assistance in the development of Request for Proposal relating to the plans as needed.

We will attend all monthly RIA Committee meetings. We will submit full spectrum 457(b) fund performance reports five days prior to the meetings, and we will submit semi-annual (or as requested) program administration reports.

## 2. Buck's Role and Qualifications

Buck Global Investments Advisors (BGIA) will provide all of the services requested by LAUSD in the RFP. BGIA is the investment consulting division within Buck Consultants and is a registered investment advisor under the 1940 Securities Act. We have been providing investment consulting advice to plan sponsors since 1977, and we are qualified to perform all of the services described in the Scope of Work section of the LAUSD RFP. Buck Consultants will act as a co-fiduciary with respect to the investment advice we provide to the LAUSD 403(b), 457(b), and PARS plans.

The two senior consultants proposed to work with LAUSD each have over 30 years of experience, and they both have advanced degrees. The contact information for the two BGIA senior consultants follows:

**Martha Spano - Principal**  
1801 Century Park East  
Suite 500  
Los Angeles, CA 90067  
Ph: 310.226.1421  
Fx: 310.282.0881  
[Martha.spano@buckconsultants.com](mailto:Martha.spano@buckconsultants.com)

**Al Scherlie - Principal**  
1801 Century Park East  
Suite 500  
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[Al.scherlie@buckconsultants.com](mailto:Al.scherlie@buckconsultants.com)

In addition to our technical consulting, we would like LAUSD to know of our commitment to the K-12 educational sector. Xerox is our parent with many resources that we can reach out to as necessary. For example, Tracie J. Weathers is the General Manager of K-12 Education and Local Government for the State of California for Xerox Corporation. She was appointed to this position on May 1, 1998. She is responsible for the development of strategies; programs, tools, and direction to help the field organization in California deliver Xerox products and services to the Education and Local Government Community.

## 3. Acceptance of Terms and Conditions

BGIA acknowledges acceptance of all terms and conditions of the District's Contract and insurance requirements except as noted in Appendices 7 and 8 of our submittal in Volume I.

## 4. Disclosure of Litigation:

Buck has not been a party to any compliance or regulatory reviews that will materially affect its ability to perform the services required by this RFP. However, in the normal course of operations, Buck becomes involved, from time to time, in business litigation or regulatory proceedings, either as a plaintiff or defendant. The number of cases is small and involves disputes on matters of payment, breach of contract, negligence, employment and similar issues common to employers doing business in the U.S. No pending cases are, in Buck Consultants' judgment, material or likely to have any adverse impact on Buck Consultants' ability to perform services under this RFP.

The ultimate parent corporation of Buck Consultants, Xerox Corp., is a publicly traded corporation whose shares are listed on the New York Stock Exchange. It discloses material business litigation or regulatory proceedings in its publicly available, SEC-filed reports available at [www.xerox.com](http://www.xerox.com) under Investors tab. We are unable to supplement that publicly

available information because of the prohibition on selective disclosure contained in the Federal securities laws. None of the business litigation, regulatory or legal proceedings, whether or not disclosed in SEC filings, individually or in the aggregate, will affect in any way the ability of Buck Consultants to perform the services that are the subject of the RFP.

##### **5. Conflict of Interest:**

BGIA has no known or perceived conflicts of interest with LAUSD including:

- A. Conducting business with or on behalf of LAUSD in a manner that would be reasonably known to create or lead to a perception of self-dealing,
- B. Conducting work on behalf of another client on a matter that would be reasonably seen as in conflict with work performed for LAUSD.

Only BGIA will provide services under this contract. Our parent company, Xerox, will not be providing any services to LAUSD under the contract, and BGIA does not have any subsidiaries or outside consultants that will provide services under this contract.

BGIA does not currently have nor do we have future business plans sell investment products.

BGIA certifies that it does not have any business/financial relationships or affiliations with the current plan providers, their subsidiaries and their consultants.

Clients have told us that they select Buck as their investment consultant based on our high level of subject matter expertise, as evidenced by our extensive consulting backgrounds and our flexibility in providing tailored, relevant advice. Buck understands our clients expect the highest level of consulting expertise, uncompromised by external relationships and with an eye solely on your plan's long-term success.

We look forward to the opportunity to meet with you and discuss these services.

Sincerely,



Martha Spano  
Principal



Al Scherlie  
Principal

**Volume I****B. MINIMUM QUALIFICATION PACKAGE**

**Proposer shall specify how compliance was achieved for each of the Minimum Qualifications requirements listed and if applicable submit documentation for evidence of compliance.**

- 1. The firm must have a minimum of three (3) years of experience in evaluating retirement plan providers from the public sector.**

Buck Consultants has been serving the public sector for over 100 years, and the City of New York has been a client since 1916. As a firm we have a dedicated public sector group which covers actuarial, investment and retirement plan design work. We have approximately 180 public sector clients across various types of benefit plans and consulting practices within Buck.

- 2. The Lead Consultant must have an MA/MBA with seven (7) years' experience working with 401(k), 403(b) and/or 457(b) plans.**

The proposed team members of senior consultants and co-leads (Martha Spano and Al Scherlie) have Masters Degrees, and the third member of the extended team has a law degree.

Below is a listing of the educational credentials of the team:

Name	Years of experience	Educational credentials
Martha Spano – Co-Lead	30	BS, MPA, MDR
Al Scherlie – Co-Lead	30	BS and MBA
Peter Gold	35	BA and JD

All the members of the team have over 7 years of experience working all types of defined contribution plans, including 401(k), 403(b), and 457(b) plans. Biographies of the three team members are contained in Volume 1 Section C.

**Volume I****C. QUALIFICATIONS AND EXPERIENCE OF FIRM AND PERSONNEL**

**The Proposer shall submit a Qualification Statement by addressing the firm's record of successful experience and technical capabilities to perform the services required by the Statement of Work. The qualification statement shall address the following:**

- 1. Discuss your firm's qualifications and experience in providing the requested services as delineated in the Statement of Work (SOW). Provide a brief history of the company, including date firm was established, financial status, and the present organizational structure of the firm describing the management organization and this project's coordination structure. Include the size of the firm, the number of employees, and the number of years the firm has provided the requested services. Proposer shall also identify the Lead Consultant.**

From its inception in 1916, Buck has been a leader in retirement plan consulting having designed and implemented the first actuarially funded public sector retirement plan, for the City of New York, which is still a client today. Buck has grown into a diversified global firm that provides a wide range of services in retirement and benefit consulting, investment consulting, benefit administration, communication consulting, and workforce management solutions. More information about our service offerings can be found at [www.buckconsultants.com](http://www.buckconsultants.com).

Buck Global Investments Advisors (BGIA) is the investment consulting division within Buck Consultants and is a registered investment advisor under the 1940 Securities Act. Please see Appendix 1 for a copy of our Form ADV

Since 1977, Buck has been providing investment consulting services to a wide range of clients. We do not buy or sell securities, and we do not act as a broker on any transactions. Our investment consulting group is focused on providing investment consulting advice to institutional investors, inclusive of retirement plans, public funds, higher educational institutions, and LAUSDs and endowments

In May 2005 Buck Consultants became a wholly owned subsidiary of Affiliated Computer Services, Inc. (ACS). On February 8, 2010, ACS was acquired by Xerox. Buck Consultants remains a wholly-owned subsidiary of ACS which is now a Xerox Company. We do not expect the acquisition to have any material effect on Buck Consultants' ability to deliver high-quality, on-time and customized solutions for our clients.

Xerox Corporation is a \$22 billion leading global enterprise for business process and document management. Through its broad portfolio of technology, service and outsourcing offerings, Xerox provides the essential back-office support that clears the way for clients to focus on what they do best.

Headquartered in Norwalk, Conn., Xerox provides leading-edge document technology, services, software and supplies for production and office environments of any size. Through ACS, A Xerox Company, which Xerox acquired in February 2010, Xerox also offers extensive business process outsourcing and information technology outsourcing services, including data processing, HR benefits management, finance support, and customer relationship management services for commercial and government

organizations worldwide. The 130,000 people of Xerox serve clients in more than 160 countries.

## **Personnel**

Because Buck's expertise extends to compensation and benefits, we understand what it takes to attract and retain the best talent in the industry. Our professional employees are competitively compensated, and tenure of 15 years or more is not unusual. Because our Knowledge Management group constantly updates our information on this area, we stay ahead of the curve in keeping our consultants' compensation packages competitive. Our top management has implemented firm wide HR strategies that are designed to not only attract but also retain the very best people.

We offer:

- Salaries that are competitive in the marketplace, along with potential to earn significant incentive rewards
- Competitive employee benefits
- Superior work-life programs
- A diversity policy that goes beyond government requirements

Buck's reward programs contribute greatly to our goal of continuing to attract and retain highly talented consultants. These programs are linked to our career model, so our HR goal-setting process drives the incentive piece of the rewards program.

This structure creates the potential for consultants to earn significant incentive rewards, which not only encourages higher levels of performance, but also raises retention levels. We recently expanded our reward process to include a mid-year bonus along with the annual bonus. Awards are based on firm results and individual contributions. Bonus targets vary, depending on level within the organization. In general, our bonus targets are higher than those for similar levels at our competitors.

Buck strongly supports career development through our Academic Program, Professional Credentials Support Program and other tuition assistance programs. Employees who achieve milestones in those programs are rewarded with base pay increases, special bonuses and promotions.

### **Ownership/structure of Consultant.**

Buck Consultants, LLC is a wholly owned subsidiary of Xerox Corporation (NYSE:XRX). Within the Xerox enterprise, there are four SEC registered entities which are; a brokerage firm, two transfer agencies, and an investment adviser firm. These entities conduct business that is unrelated to the services being offered by Buck to LAUSD.

### **Total qualified plan assets under management of the plan sponsors you serve**

As of June 30, 2011, Buck consults to approximately \$47 billion of qualified plan assets in the United States. The December 31, 2011 figures have yet to be compiled.

### **Proposed client service team**

Martha Spano and Al Scherlie will be co-consultants on this assignment. You may contact either of them for further information.

Their contact information is provided below:

**Martha Spano**  
Principal  
**Buck Global Investment Advisors**  
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Complete biographies for the team members are provided in the response to question 2 of this section beginning on page 34.

We have addressed the scope of services for each of the following:

#### **Overview of Defined Contribution services**

The following diagram more fully defines Buck's comprehensive capabilities specific to defined contribution plan services.

<b>Governance</b>					
<b>Strategy &amp; Plan Design</b>	<b>Administration &amp; Compliance</b>	<b>Fiduciary Responsibilities</b>	<b>Plan Management</b>	<b>Investment Consulting</b>	<b>Communication</b>
Plan Design/Total Rewards	Compliance Reviews	Plan Governance	Administrative Revenue Reviews (Fee Reviews)	Assessment of Target Maturity Offerings	Branding and Overall Communication Strategy Development
Plan Effectiveness/Benchmarking	Error Correction	Fiduciary Training and Reviews	Service Provider Searches	Assessment of Lifetime Income Products	Web-Based Retirement Modeling and Planning Tools
M&A Consulting	Domestic Relations Issues (DRO)s	Fiduciary Responsibilities with Company Stock	Vendor Management	Assessment of Managed Accounts	Surveys
Behavioral Finance	Document Drafting, Filings and Government Forms Preparation	Voluntary Fiduciary Corrections Procedures	Service Level Agreement Reviews	General Investment Consulting Services	General Communication Services
General Consulting	Administrative Training	Delinquent Filer Voluntary Compliance Program		"Funding" Issues for 403(b), 457 and Non-	

				Qualified	
	Employee Plans Compliance Resolution System (EPCRS) Filings			Performance monitoring Investment policy Manager searches	
	Compliance Testing			Plan benchmarking	
	General Administrative Consulting				

With the complexity of the investment industry, we believe that implementing a team approach provides the high level of expertise that you need in all areas of importance including defined contribution plan design, tax and legal consulting, plan compliance, investment consulting and communication. Buck's investment consultants have the expertise to evaluate all financial drivers and can do so in an integrated manner by reviewing the LAUSD's investment policy and guidelines.

#### **Investment policy development**

We believe the Investment Committee has a very important and critical role in determining investment policy and objects for their organization, and we believe the investment policy, processes and objectives should be codified in an investment policy statement (IPS). In addition, we think that one of our most important responsibilities is to work with the investment committee to assist them with the development and maintenance of an IPS.

The process of developing investment policy and objectives is an iterative process with the investment committee. We begin by reviewing your existing investment policies and objectives to develop an understanding of the ideal investment structure that best represents the needs the investment committee has defined for your organization. Based on this review, we will begin the design your investment structure, performance standards and acceptable risk characteristics. We will review our progress with the investment committee and solicit their input to complete the development of the IPS.

At a minimum, we believe that an Investment Policy Statement should:

- Document the Investment Committee's expectations regarding the investments;
- Define the fiduciary roles and responsibilities of all parties (i.e., investment committee, staff, consultants, etc.) involved with the LAUSD's investment program;
- Specify the asset allocation targets as well as the minimum and maximum allocations that are acceptable around the targets;
- Establish performance objectives, standards and guidelines for the investments;
- Define acceptable risk levels for the portfolio, managers and individual securities;
- Outline the process for retaining and terminating investment managers;
- Specify the procedures for the ongoing evaluation of the investment program.

The investment committee should periodically review their investment policies and objects to ensure that the policies remain consistent for the objectives of the LAUSD. At a minimum, we recommend the policies be reviewed once a year, and the review should be recorded in the minutes of the investment committee. More frequent review of the policies and objectives may be warranted if circumstances change for the LAUSD.

#### **Manager due diligence and manager search**

The co-lead consultants proposed for LAUSD have each completed 15 to 20 searches for their clients during the past three years. However, these searches were conducted before they joined Buck, and so are not shown here. These searches were primarily for DB and DC plans, although there were other categories of plans as well. These searches were for clients with between \$500 million and \$4 billion of plan assets and participant sizes up to and exceeding 10,000 employees..

The table below reflects searches conducted by Buck during the past three years. For confidentiality reasons, we cannot disclose the clients' names.

	Year			Total
	2008	2009	2010	
Total Searches	30	34	40	104
Plan Type				
401(k)	18	17	13	48
403(b)	3	3	9	15
457	0	0	4	4
Pension (DB)	6	10	10	26
Other	3	4	4	11
Plan Assets	\$26 million to \$1.6 billion	\$26 million to \$4.6 billion	\$9 million to \$3.3 billion	
Participants	This statistic is not kept for investment consulting clients			

Buck has extensive resources for assisting clients with their RFP process for finding and selecting investment managers. We have a dedicated group of manager researchers and every investment consultant at Buck conducts manager research. In addition to using a separate research group, we believe having experienced, direct client-facing consultants conduct searches allows your specific issues and needs to be considered from the outset. This helps to focus the search and produce the ideal candidates. As a large full-service firm we are able to share junior staff resources with other non-investment retirement teams. The six full-time research staff members support the investment staff at peak production periods, freeing our senior personnel to conduct research. All of these resources can be called on to assist LAUSD.

At Buck, our due diligence process essentially fulfills the same functions as a request for proposal (RFP) process—namely, determining the fitness and suitability of candidates/prospects. We have a disciplined RFP process that we send to managers to

be considered for a client mandate. We delve deeply into the managers' organization and processes. A copy of the technical questionnaire, titled *Manager Search RFP Questionnaire*, can be found in Appendix 2. A summary of what we are looking for in a manager search RFP can be found in the following criteria:

- **People:** Notwithstanding advances in technology, people drive successful investment management. We look for long-term continuity among the professional investment staff. The best historical record becomes less meaningful if the firm no longer employs the people responsible for that record. By its record, an investment management team should demonstrate an ability to execute a successful strategy through a variety of market conditions. Often, short manager tenure or turnover among team members does not permit a continuous successful strategy.
- **Philosophy:** We want to know and verify the overall philosophy of the firm being evaluated. These are the core values of the firm that includes the types of investments they seek (e.g., core, growth, value, large cap) and how the firm believes in pursuing their investment strategy. However, philosophy also includes how the firm intends to operate and treat their staff. This is a level above the actual process described below.
- **Process:** Process is the other side of the people equation and keeps an organization from being totally dependent on one or two key investment professionals. Most investment organizations have access to similar information. Therefore, consistency in the flow of information through the organization, how it is analyzed, and how decisions are implemented is important.
- **Portfolio:** We look for a portfolio structure that is consistent with the manager's investment style and philosophy. For example, in a value manager screening, if one of the managers that surfaced had an excellent record marked by substantial investments in decidedly growth stocks, then that manager would be eliminated as a candidate, since adherence to the fund style was not maintained.
- **Performance:** While it is true that past performance does not predict future results, performance still remains an important screening criterion. In reviewing performance, we do not simply look for the firm with the best record. Rather, we look for firms with credible performance records over a relatively long period. In order to eliminate end point sensitivity and assure the record is not based on just one or two exceptional periods, we review the record over multiple time periods. We also look for performance records that are consistent with the manager's investment style.
- **Price:** Although the fees are probably the least important criterion in the screening process, it is nevertheless something that we consider as we review managers. If we think fund expense ratios are excessive when compared to their peer group, we will eliminate the firm from further consideration. As a particular search is narrowed to a few potential managers, expenses will weigh more heavily in the decision-making process.
- **Passion:** We have found that managers who have a driving passion for what they do often succeed. Although passion in and of itself does not predict success, the lack of passion warrants additional consideration.

Our evaluation process is very disciplined and we examine the response to our questionnaire both qualitatively and quantitatively using the evaluation criteria shown in

a synopsis of our checklist, which can be found in Appendix 3. A few sample pages from a search are also included in the Appendix 4.

### **Asset transfers**

Buck has extensive experience in asset transfers and fund transitions. The potential costs of a transition and the possible impact on markets from a portfolio transition are so significant that it is critical to have a well thought out and executed transition. After a firm or fund is selected during a manager search or if a major portfolio rebalancing is necessary, Buck will facilitate any contract/fee negotiations that are necessary, and facilitate the transition to the new manager/fund.

The transition of assets from one investment line-up to another is an event in which there is no room for error, given the grave impact on participant confidence and satisfaction that problems might bring about. Buck has participated in numerous such transitions in the past five years, and worked with many recordkeeping vendors in both changing the investments provided by a vendor, and in transitioning plan assets to or from another vendor's record-keeping platform and investment array. Fortunately, modern recordkeeping technology has progressed to the point where such transactions can be completed in a very short period of time, and with full financial data regarding asset status available immediately before and after conversion, allowing for quick confirmation of the transaction's accuracy. Buck stays in contact with recordkeeping firms throughout such transitions, receiving transaction reports as they are available and reviewing them for issues.

### **Mapping**

We have the expertise, experience, and personnel to assist our clients in mapping assets from the existing investment options in a plan to the new options if significant changes are made to the plan fund structure.. The mapping process is critical to ensure that the investment allocation or decisions made by plan participants remain relatively unchanged if significant changes are made to the investment line-up in the plan.

### **Custom Target Date Funds**

Buck has extensive experience in developing, reviewing and analyzing target date funds. We think of Target Date Funds (TDF) as an ever evolving service offering. In the beginning, plan sponsors were satisfied with the pre-packaged funds offered by the mutual fund companies. However, due to the lack of transparency in the underlying funds and the actual construction of the glide paths, plan fiduciaries became concerned that they were not fulfilling their governance and oversight duties.

There is a now a trend to customize a plan sponsor's TDFs to accommodate the demographics of their employee population and to consider the critical issues of construction, and to insure a proper review and control of the glide-path and the underlying funds in the development of the TDF. In addition, the next stage of TDF development will incorporate and consider the "to retirement" or "through retirement" issue, the replacement ratio needed at retirement and the impact of any existing defined benefit plan benefits on the accumulation phase of retirement funding.

Buck's approach to customizing the target date funds for our clients is a multi-phase project to construct a series of funds that will satisfy the current needs and will also lay

the visionary ground work for the target date funds of the future (10-15 years from now) for the client. The current framework for the TDF construction will include the critical components of DB plan benefits, replacement ratios and use of the collective trusts and multi-manager arrangements. In the next phase, the TDF's of the future will incorporate individual risk assessment, an annual determination of target replacement pay, and an annuity component.

Buck has invested significant time and expertise in building the models to customize target date funds for our clients.

### **Creating Custom TDF**

If the LAUSD would like to pursue a customized target date fund approach, we can assist. Buck has been creating custom target date funds for more than five years. Our framework would include the following scope of services:

- Formally articulate the objective, e.g., review the series of custom TDFs based on a robust risk management framework that specifically addresses the retirement income adequacy of the Target Retirement Portfolios
- Determine all projection assumptions and collect participant data
  - Population cohorts or segmentation, i.e., the different categories of employees and the units of sameness, by salary, managerial versus non-managerial, etc.
  - Required number of TDFs needed to achieve maximum level of customization while preserving logistical feasibility
  - Review of the potential asset classes that are included in the study
  - Capital market assumptions for the asset classes that are modeled
  - Asset class constraints, if any (e.g., maximum 80% equities at any given point along the glide path)
  - Risk metric(s) that are important to measure for the TDFs
  - Appropriate replacement ratio / benefit adequacy benchmarks for each cohort
  - Project accumulated wealth and salaries for each segmented cohort and construct a distribution that measures income replacement/benefit adequacy
  - Evaluate the optimization of the glide path asset allocation for each cohort in a risk/reward framework focused on the key metrics
  - Review the implementation plan for the underlying managers for the TDF funds
  - Assess and model any new managers/asset classes in relation to the existing plans
  - Review the rules governing ongoing monitoring of the glide paths, i.e., rebalancing
  - Review the current framework for glide path revision due to material changes in assumptions, demographics, market conditions, realized experience, etc.

Our ongoing implementation service includes the following:

- Annual Reassessment of Glide Path—Update original analysis using updated capital market assumptions, plan demographic information, investment options, etc. We also produce an updated income adequacy review each year which also serves as a benchmark for measuring glide path (and overall plan) success.
- Periodic Rebalancing—We will readdress the rebalancing needs of the target date portfolios based on the impact that market performance has on the overall asset allocation relative to predetermined rebalancing bands. We will also rebalance over time to maintain the asset allocation mandated by the glide path.
- Quarterly Performance Reporting—We will provide a quarterly performance and attribution update that includes universe and benchmark information.
- Annual Fund Review Committee Review—We can meet with the LAUSD on an annual basis to review performance, annual updates to the glide path, and our income adequacy study.

### **Evaluating Target Date Funds**

Our firm has extensive experience evaluating target retirement funds and in evaluating whether the glide path of both custom and off-the-shelf target date funds are appropriate for a particular plan's needs.

We suggest that clients conduct a periodic review (typically every two to three years) of their target retirement funds to determine their ongoing appropriateness for the individual client's participant base. Our approach is composed of two steps:

- Asset Class Evaluation—Review the efficiency of the Target Retirement Portfolios from a risk/return perspective. Part of the analysis will include efficient portfolio analysis to determine whether all the asset classes utilized in the Target Retirement Portfolios are necessary and whether additional asset classes should be included.
- Glide Path Analysis—Utilizing capital market assumptions, plan demographic information, and the retirement income needs approach, we will review the level and slope of the Target Retirement Portfolio's glide path. The team will perform a participant level analysis, aggregated by age group to determine what the desired amount of return that each age group needs to achieve retirement income adequacy and determine whether the existing Target Retirement Portfolios accomplish this objective.

The analysis will result in one of three outcomes:

1. Confirm that the existing Target Retirement Portfolios are composed of asset classes and a glide path that are appropriate
2. Suggest that alternative off-the-shelf target date funds may be more appropriate
3. Suggest that a different customized solution might be appropriate for the LAUSD participants.

### **Performance monitoring**

We believe the evaluation process should be tied to the goals and objectives of the Plans and help the plan sponsors meet their fiduciary responsibilities. As such, the evaluation process includes a review of each manager's compliance with investment guidelines and restrictions, progress toward long-term performance objectives, and consistency with the risk and return requirements of the Plans. Our reports are a combination of qualitative narrative and analysis based upon portfolio and manager evaluation. Buck uses a variety of data sources. For example, we buy data from eVestment Alliance for portfolio characteristics and performance data for U.S. and international managers; Mellon Analytics, Morningstar, and Lipper for mutual funds; and the Hueler Analytics GIC Pooled Fund Comparative Universe for stable value fund.

The manager data are differentiated by style and market capitalization for peer group evaluation of your funds and managers. In addition, we track most of the market indices for U.S. and non-U.S. securities in order to have appropriate benchmarks to create customized performance measurements.

Because fiduciaries need to look beyond the performance numbers to monitor investments, our performance evaluation reports are designed to answer three questions:

- 1) What was performance? This involves calculating the rates of returns on each fund.
- 2) Was performance good or bad? This assessment draws on our judgment and a comparison of the funds to market indices and peer groups of funds, if available. We generally put more reliance on benchmark comparisons, but we do want to know how a manager who is performing well (or not) relative to a benchmark is performing relative to his or her peers.
- 3) Why was performance good or bad? Our qualitative and quantitative analysis assesses fund performance to determine whether considerations of style, security selection, or some other characteristics added to or detracted from return. A combination of quantitative and qualitative analyses is conducted to evaluate the manager's performance. Buck does not rely solely on historical performance, as past success alone does not ensure good future performance.

Qualitative information such as the stability of the manager's organization, the compensation arrangements of the firm, and business goals are important guides in evaluating whether a manager can fulfill performance expectations. In terms of quantitative work, we have a variety of tools at our disposal to analyze funds. Style adherence of the equity managers is monitored. For example, we review the market capitalization and other characteristics of the fund for the purposes of determining guideline compliance and as part of an analysis of the portfolio's overall structure.

For managers or mutual funds with a sufficiently long track record, we may use return-based style analysis to measure style consistency. Portfolio risk is reviewed and should be within the limits understood and accepted by the client when the fund was selected. We measure a number of risk characteristics, such as the standard deviation of a portfolio, and its benchmark. Any significant discrepancies between the two would be occasion for us to investigate further. Such analysis sheds light on the consistency of risk-taking as it relates to the manager's style and the value added from taking such risk.

In the end, we provide a recommendation on each fund regarding its status in the plan based on our analysis.

Our system operates at the individual transaction level for that information entry. For assets, we aggregate the market values of the assets in a given segment and enter the total market values of the segment holdings as one number.

Our performance reviews are designed to provide clients with information on how well their investments are meeting objectives and an understanding of why each investment manager performed as it did (performance attribution). By design, the consultant responsible for the client relationship is actively involved in the analysis of performance, and is responsible for the commentary and recommendations made in each report. In addition to serving as a sound basis for decisions regarding investments, our reports provide clients with documentation of their investment responsibilities and oversight, including compliance with guidelines.

Buck's performance calculations do conform to GIPS which replaced the AIMR standards for reporting performance calculations. A sample performance report is provided in Appendix 5.

The Morningstar Direct system allows Buck to provide both returns based and holdings based manager attribution for U.S. and Non-U.S. equity. The returns based style attribution uses the Sharpe multi-regression methodology, and allows the Buck consultant to proxy asset classes with a choice of benchmarks. The attribution determines average style bets, historical style bets, active management value-added, and a style map over time.

There are a wide variety of risks that we can measure for our clients. One of the first discussions with you will be to determine the appropriate level of risk to be taken in the portfolios. We can measure risk on an asset only basis (i.e. volatility, efficiency such as information or Sharpe ratios, securities holding concentration, etc.).

Portfolio and manager performance attribution can be measured and analyzed in the following ways:

Style Analysis	Manager Skill Analytics
<ul style="list-style-type: none"> <li>• Holdings-Based</li> <li>• Returns-Based</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmark Fit</li> <li>• Manager Consistency</li> <li>• Information Ratio</li> <li>• Rolling and Cumulative Skill</li> <li>• Asset Growth Impact</li> <li>• Up/Down Market</li> </ul>
Return Analytics	Performance Risk Analytics
<ul style="list-style-type: none"> <li>• Periodic</li> <li>• Cumulative</li> <li>• Rolling Return and Risk</li> <li>• Correlations</li> <li>• Risk/Return</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Budgeting</li> <li>• Downside Risk</li> <li>• Target Shortfall</li> <li>• Value at Risk</li> </ul>
Attribution Analytics	Total Fund Analytics

<ul style="list-style-type: none"> <li>• Fundamental</li> <li>• Returns-Based</li> <li>• CAPM</li> </ul>	<ul style="list-style-type: none"> <li>• Return vs. Risk</li> <li>• Policy Return vs. Risk</li> <li>• Implementation Ret. vs. Risk</li> <li>• Expected Return vs. Risk</li> <li>• Universe Rankings</li> </ul>
<b>Universe Rankings</b>	
<ul style="list-style-type: none"> <li>• Total Return</li> <li>• Excess Return</li> <li>• Custom Criteria</li> </ul>	

The holdings based attribution module performs sector based buy/hold attribution, style based buy/hold attribution, and country based attribution for international portfolios. Active return attribution from stock selection, industry selection, risk indices, and market exposure are calculated, including contribution to return from various factors within each area. The module also calculates fundamental characteristics and top ten holdings and compares them with appropriate benchmarks.

We also monitor portfolio overlap at the security level as a regular part of our ongoing investment performance analysis. If we determine that manager holdings consistently are overlapping, we will make recommendations on appropriate actions.

### **Development of Benchmarks**

Asset class/fund/manager benchmarks are chosen based on the desired level or return and risk for the investment. The benchmark should be reflective of the sponsor/participant objective for the investment and should function as a target for selecting the manager/fund and evaluating fund/manager performance.

Benchmarks should represent an “investable” universe of securities, and be consistent with the fund or manager’s approach to investing within this universe (i.e., style and capitalization). Normally, widely used market benchmarks (such as the S&P 500, Russell 1000, Wilshire Large Value) are chosen as the primary benchmarks due to familiarity and widespread acceptance by both Plan Sponsors and investment managers. However, in many instances, customized benchmarks are developed to support specific investment goals, or to better measure the return/risk characteristics of a fund/manger. Additionally, Lipper universes as well as universes supplied by Morningstar Direct are utilized to evaluate management performance.

BGIA can create customized benchmarks by combining any of the market benchmarks available in our systems, in any proportion, or by evaluating a return series and identifying a “best fit” benchmark through return-based or holdings-based attribution. In this process, the best-fit benchmark is defined as that which has the lowest excess risk or tracking error, in theory best reflecting the fund/manager’s specific investment style.

Our evaluation process also reviews the appropriateness of the benchmark used to evaluate a fund/strategy. Our goal is to recommend a benchmark, or a blended benchmark that best represents the manager’s investment strategy. Performance benchmarks are generally determined by the investment policy. Manager benchmarks also are defined in the policy. If we feel that it is appropriate to change an individual

manager's benchmark, based on the underlying strategy of the fund, we will make this recommendation to the Committee.

### **Review of educational and communication materials**

At Buck, our goal is to devise and execute a communication strategy that achieves results—whether the objective is to change employees' health care utilization behaviors, drive enrollment in a new consumer-directed health care option and/or the use of online enrollment and decision-support tools, improve participation and investment allocations in a DC plan, or successfully implement other key HR-related initiatives.

Buck Communication consultants work closely with internal and client teams to craft messages specific to each organization. Our team of professional communicators is focused not only on delivering powerful and creative communications but, more important, ensuring that the approaches we take are effective and meaningful.

Here is an overview of the communication consulting capability Buck can offer to LAUSD.

**Total rewards communication** (delivering information about compensation and benefit plans to employees including annual enrollment, wellness, and SPDs)

**Change communication** (driving process and/or organizational change through client organization)

**Outsourcing communication** (assisting with information and education about new procedures and vendors)

**Employment branding** (clarifying values, ethics and culture – defining the employment experience)

**HR technology** (ensuring the HR messaging strategy leverages current and emerging technology in delivery of HR information)

**Employee/stakeholder research** (collecting information through a variety of tools including executive interviews, focus groups and surveys)

**Communication audits** (assessing current communication methods, strategy and efficiency)

**Merger/acquisition communication** (providing messaging strategy for new organization)

**Onboarding** (process by which new employees are brought into the organization)

**Work/life communication** (information on programs and procedures to aid employees in maintaining proper balance).

Our Communication practice has received international recognition for its creativity and talent from many prestigious professional organizations. Our consultants help our clients determine not only the most appropriate style, design and format to appeal to employees and satisfy objectives, but also the most appropriate delivery method, ranging from print, to CD-ROM to online approaches.

Buck's approach for creating effective communication starts with building a strategy that documents LAUSD's particular benefit objectives, audiences, internal and external stakeholders, and desired outcomes. This strategy can then serve as a useful blueprint

for aligning effort/input from multiple vendors, internal LAUSD communication resources, and Buck communication consultants.

Buck's proposed process would include the following:

A kick-off meeting to:

- Learn about your issues and discuss communication solutions, review previous successes and learnings, and identify opportunities for improvement
- Define scope and objectives to ensure communications are designed to achieve measurable results and meet your expectations
- Review communication materials to ensure we understand past communications, what works best (and what doesn't!), and what new and existing tools can be applied.

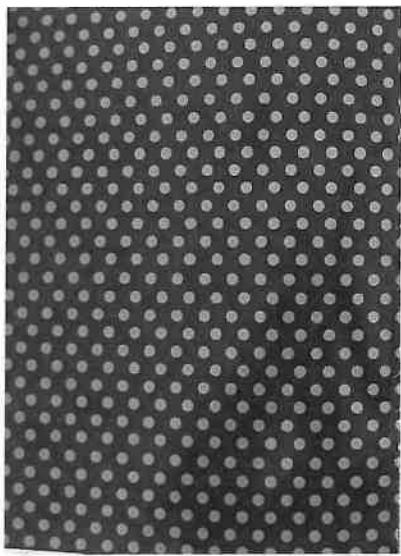
Crafting a ***communication strategy*** to address your specific challenges, to include:

- Project background and objectives
- Key stakeholder analysis
- Employee perceptions and key messages
- Branding/tagline
- Tactics and timeline
- Success measures
- Project management and next steps

Our communication group has a team of dedicated writers, graphic designers, production consultants, project managers, and consultants. We do not subcontract any creative work with the exception of some photography and illustration (stock or otherwise).

Following are two samples of art designs that are representative of the quality of our work.

## **Sample 1: United Companies Benefits Guide**



20M

**UniFlex is Back**

Welcome to the 1999 UniFlex Enrollment Guide. This booklet is your guide to on-time enrollment for your UniFlex benefits. • When you take the time to review your options and return your enrollment form, you preserve your freedom of choice! Don't procrastinate! Or you'll face a default package of benefits. • For employees re-enrolling in UniFlex in the fall of 1998, your enrollment deadline is November 13. If you are a new employee, your human resources department will tell you when you must return your enrollment form.

Here's the enrollment • 10

3. Constitutive and Regulatory Genes  
in Prokaryotes and Eukaryotes

That's it! UniFlex makes it easy to preserve your freedom of choice.

## **Challenges**

- United Companies, a financial services company, had a two-fold challenge: on-time enrollment was below 50% and they had a very limited budget.
  - HR worked overtime to get employees to enroll on time, and employees who failed to enroll on time complained about the default plan.
  - United Companies needed a solution that would appeal to their workforce of mostly high-school educated employees and encourage them to take action and enroll on time.

## Solution

- We created a brand—Uniflex—that combined the company name with the concept of flexible benefits. A comic book was a perfect vehicle. It grabbed the attention of employees and, true to a comic book, the text pages were printed with black ink on newsprint. The cover shows Action Woman throwing the “procrastinite” away from Uniflex Man and the anger on Dr. Default’s menacing face.

## Results

- On-time enrollment went from 46% to over 97% at a cost of only \$15,000!
  - This guide won an International Gold Quill of Excellence award.

## Sample 2: Tween Brands Benefits Guide

**from the editor**  
Sizing Up:  
Tween Brands Benefits

**Sweet Savings:**  
Using your Flexible Spending Account (FSA) can save you valuable coupons.

**Wardrobe Essentials:**  
Benefit coverage goes out of style.

**Stole a Kiss:**  
Benefit coverage.

**Tween Baby:**  
Meeting most of your maternity benefits.

**Ask Cindy:**  
Expert advice to help you fit.

**And more!**

**cinch stories**

**cinch spotlight**

**cinch trends**

**FOR LESS**

**THE SAME**

### Challenge

- Tween Brands existing enrollment guide was inappropriate for its demographic of a 28 year old female.
- The guide leveraged the company's external brand which showed pictures of 10 – 13 year old girls.
- Tween was introducing flexible spending accounts (FSAs) and wanted to increase awareness and enrollment in the high-deductible health plan with health savings account (HDHP/HSA).
- Tween also needed to increase awareness of its short-term disability (STD) plan. Many associates were not aware that STD helped to cover their salaries when on maternity leave. Because of this, unpaid maternity leave was common.
- Tween needed a guide that would engage associates, provide content in an easy-to-read format, and increase awareness of important benefits.

## Solution

- Buck created a compelling enrollment guide—modeled after a high-fashion magazine—to move away from the Tween external brand and explain benefits in fashion terms that were familiar to employees.
- We called the guide *cinch* to tie to Tween's industry and also emphasize that understanding benefits and enrolling can be easy.

## Results

- STD and FSA enrollment increased, as did participation in the HDHC/HSA plan.
- This guide won an International Gold Quill of Excellence award.

## **Education for the committee and review of fiduciary issues**

We conduct training for Committees and Boards and will develop new training materials if needed. We can develop and conduct training on almost any relevant subject in which a client has an interest. In the event LAUSD requests training that requires development work on our part, we will quote a fixed fee. This fixed fee covers all development costs.

Buck has extensive experience delivering customized fiduciary training. The proposed team's qualifications represent subject matter expertise from the areas of investment, defined contribution retirement plan design and tax and legal consulting. Working together, this team can address all issues related to fiduciary training and education for LAUSD.

Buck's comprehensive services and experience are focused in three areas, as defined below.

### **Development and implementation of a governance structure for plan oversight and management**

Fiduciaries have one primary obligation: plan oversight. Effective oversight requires ready access to information, clear lines of communication, an effective HR management structure, expert advisors and so on. Buck can create a retirement plan governance program to provide LAUSD with the right tools to develop effective oversight and prudence required of plan fiduciaries.

Retirement plan governance is simply how an organization manages the design, administration and operations of its retirement plans. The objective of retirement plan governance is to create a system of processes and controls that support LAUSD's objectives in maintaining its retirement plans. A well-conceived and properly implemented retirement plan governance structure will help an organization minimize the fiduciary risks inherent in maintaining those plans.

As we have done with other similar funds, Buck can help LAUSD establish oversight tools—specific roles and responsibilities, reporting protocols, and documentation requirements—related to your plan's key areas of operation. Using this process, LAUSD will establish the primary fiduciary oversight structure necessary to operate your plans in accordance with ERISA-like requirements. It will also provide you with a governance calendar of important oversight events such as committee meetings, investment reviews critical to effective performance as a fiduciary.

## Fiduciary training

Buck offers training for committees and other fiduciaries as it relates to their fiduciary responsibilities. We can work with LAUSD to develop a program that effectively supports oversight and management responsibilities relation to its plans. Our objective is to provide LAUSD, as fiduciary, with the knowledge and oversight framework to effectively meet its responsibilities toward your retirement program participants and beneficiaries—such as investment selection and monitoring and the avoidance of prohibited transactions. Even though your plan is not governed by ERISA, ERISA set the standards for retirement governance, and we would construct a training program based on ERISA-like processes where the decision-making process is as important as the decision itself.

Buck typically creates a discussion guide to walk through (briefly) the elements of appropriate governance and fiduciary management of the plan. We have tax and legal consultants available to comment on the considerations in assigning staff to the oversight committee and the issues around attempting to be a 404(c) compliant fund.

in

We focus on roles of the committee and other fiduciaries, proper delegation of authority, dealing with conflicts, business versus fiduciary obligations, review of plan investments, operations and compliance, use of independent advisors; all in accordance with ERISA-like standards. Buck offers both interactive training sessions and written presentations designed to educate fiduciaries about their fiduciary responsibility to the plans they oversee.

For each area, we identify the important plan functions, identify the fiduciary rule and discuss the roles and responsibilities, reporting and documentation requirements for each.

In addition to focused training, Buck also offers fiduciary compliance documentation intended to provide guidance to the fiduciaries in performing their duties and written evidence of meaningful deliberation and process in compliance with fiduciary requirements, including:

*Fiduciary calendars* – identifying periodic trustee meetings, pre-set meeting agendas and topics, fiduciary reporting timelines

*Document compendiums* – to maintain all important plan documentation, including plan documents, contracts, service agreements, reports, and financial reconciliations

*Fiduciary roles and responsibilities* – to identify and document fiduciary as well as management roles and responsibilities in fiduciary oversight of the plan.

## Fiduciary compliance

Fiduciary compliance generally centers on the avoidance of prohibited transactions. Parties-in-Interest are not permitted to engage in certain specifically defined transactions related to the plan. The Department of Labor regularly reviews plans for violation of these rules.

Buck can work with LAUSD to develop ongoing fiduciary compliance programs to mitigate the risks of violating these rules. In addition to the prohibited transaction rules,

there are others such as timing of asset transmissions to the plan that the Department of Labor regulates quite aggressively. We work with clients to protect against violation of these rules as well as the others that can cause a plan to violate ERISA-like standards.

If LAUSD wishes to assess its fiduciary practices for managing the plan in light of organizational objectives and legal requirements, Buck can:

- Benchmark current fiduciary processes against the requirements laid out in your plan document, Board resolutions and delegations, ERISA-like requirements, and best practices
- Outline any gaps and suggest what remediation, if any, for prior periods as well as suggest updated procedures going forward
- Make a presentation to the plan oversight committee on its fiduciary obligations and the core elements of a successful governance program
- Develop administration tools (process checklist, calendar) that LAUSD can rely upon on an ongoing basis
- Periodically review LAUSD's fiduciary procedures to assure continued compliance with its obligations as well as suggesting updates given changing circumstances (regulatory updates, plan changes, etc.).

## Governance

Investment fund management is an extremely important facet of an organization's fiduciary commitment to the effective operation of a qualified plan and other employee benefits. However, fiduciary obligations to your plan participants also include proactive monitoring and oversight of the systems, policies, and procedures in place to ensure that plan fiduciaries are meeting their obligations. There are several specific responsibilities that are included in the organization structure and system of controls known as plan governance.

Areas of Plan Governance	Responsibilities
<b>Plan Documentation</b>	<ul style="list-style-type: none"> <li>• Amending the plan document and trust agreements for regulatory, statutory and plan design changes</li> </ul>
<b>Operational Compliance</b>	<ul style="list-style-type: none"> <li>• Overseeing and acting on issues that arise from:           <ul style="list-style-type: none"> <li>◦ Compliance tests</li> <li>◦ Financial audits</li> <li>◦ Compliance reviews</li> <li>◦ Operational data for systemic operational compliance issues</li> </ul> </li> </ul>
<b>Administration (Day-To-Day)</b>	<ul style="list-style-type: none"> <li>• "Best practice" administration service model that leverages process design, technology, self-service, and outsourcing opportunities</li> <li>• Decision and documentation of routine administrative tasks and participant inquiry procedures within the context of customized and mechanized day-to-day</li> </ul>

Areas of Plan Governance	Responsibilities
	<p>administrative practices and methodologies</p> <ul style="list-style-type: none"> <li>• Standardization of work steps (both internal and external) with a focus on greater efficiencies to ensure better participant service at the organizational level with more consistent and routine processing of participant inquiries and transactions in compliance with IRS and DOL rules and regulations, as applicable</li> </ul>
<b>Plan Design</b>	<ul style="list-style-type: none"> <li>• Determining appropriate plan design to align with:           <ul style="list-style-type: none"> <li>◦ Organization objectives</li> <li>◦ Employee needs</li> <li>◦ Other benefit programs</li> <li>◦ Best practices and competitive pressures</li> </ul> </li> <li>• Understanding the impact of regulatory and statutory changes on the plan</li> <li>• Evaluating the cost and administrative implications of plan design options</li> </ul>
<b>Communications</b>	<ul style="list-style-type: none"> <li>• Developing strategies for delivering key messages</li> <li>• Ensuring compliance with required plan communications</li> <li>• Encouraging employee understanding and appreciation of the benefit programs</li> </ul>
<b>Staffing and Training</b>	<ul style="list-style-type: none"> <li>• Reviewing staffing levels necessary to support plan operations and executive oversight</li> </ul>
<b>Insurance and Bonding</b>	<ul style="list-style-type: none"> <li>• Complying with bonding and fiduciary insurance requirements, as applicable</li> </ul>

This is an extensive list of the duties associated with successful plan oversight. However, the initial objective of developing “best practices” in each of the governance areas above is to evaluate your organization’s approach to each of these areas in terms of:

- Allocation of roles and responsibilities (what things do you wish to do in-house versus outsource to a consultant or vendor?)
  - Establishment of reporting protocols that support control, oversight and monitoring
  - Documentation of current procedures and recommendations for improvement.
- Initially, we recommend outlining current LAUSD processes, procedures, and responsibilities. Next, compare these current standards to best practices and develop recommendations for change. For example:
- Documentation of current and proposed protocols
  - Recommendation for a governance structure that allocates the key responsibilities between LAUSD representatives and vendors

- Recommendation for governance reporting protocols and documentation that will provide the basis for ongoing monitoring and compliance with governance requirements

Identification of issues that will likely require additional attention and/or change.

This type of approach will help LAUSD and the Committee to better understand the entire spectrum of governance responsibilities and facilitate an evaluation of your internal capabilities to manage these governance responsibilities.

Should capabilities fall short in any area, for whatever reason, you will be able to make informed decisions to change the current state.

**The end result?** Buck's governance approach identifies the proper structure to reduce compliance, fiduciary, financial, and reputation risks for you and your management team regarding all aspects of these plan governance responsibilities.

### **Knowledge and Research and legislative review for 457 plans**

Our clients have a range of DC plans, and Buck has designed DC plans and conducted vendor searches for both bundled and unbundled DC approaches. For example, we've designed 403(b) plans (such as for the University of North Carolina system, \$2 billion), 457(b) plans (such as for the State of Maine, \$270 million), and corporate 401(k) plans (such as for CVS Caremark, \$2.9 billion).

Peter Gold, a key member of the team we have assembled to serve LAUSD, is Buck's leading expert on 457 plans. Peter has been deeply involved with 457 plans since these plans were introduced. Peter took the lead in educating our consultants and their clients about the specific features and requirements of these plans, by means of both live training and the publication of *For Your Information* bulletins containing analysis of applicable law. Peter is an active member of both the National Association of Public Pension Attorneys (NAPPA) and the National Association of Government Defined Contribution Administrators (NAGDCA).

Another valuable resource is our Washington, DC office, which keeps tabs on developments affecting defined contribution plans of all kinds.

Specific to 457(b) plans, we provide comprehensive investment consulting services as well as performing vendor searches and deliver fiduciary education and training sessions. Buck recently performed a recordkeeper search for a 457(b) plan in California with more than \$600 million in assets and has assisted with other funds' legislative issues material for plan participants.

Buck offers a truly comprehensive approach to defined contribution consulting that merges consulting expertise across the areas of investment consulting, retirement consulting, HR technology, and communication services. As client needs dictate, Buck will propose a seamless and coordinated team approach that addresses the spectrum of participant-directed-fund issues, including compliance, governance, fee reviews, vendor searches, manager searches, investment performance reporting, asset allocation reviews, investment policy review and design, and

LAUSD can call on Peter Gold, JD—Buck's expert on 457 plans. Peter's biography is provided elsewhere in this proposal.

The principal caveat regarding our role: Because Buck is not a law firm, we cannot provide legal advice. Instead, we provide guidance to clients and their counsel and are

happy to work directly with counsel if requested to do so. Many clients find this arrangement both satisfactory and

Buck has a centralized research unit for plan and regulatory information—the Research, Survey, and Knowledge Management (RSKM) Department—which facilitates development of our consultants' expertise on evolving trends in the marketplace and keeps clients up to date on matters relevant to their business needs. The department's staff of Ph.Ds. actuaries, attorneys and other specialists provides general information and analysis and also tailor searches to provide consultants and clients with insightful analysis and subject specific research results.

Buck also conducts research on a wide range of topics. RSKM has online access to the most recent court decisions, financial and business news and other reference resources. These resources include CD-ROM products and online services from many providers, such as Commerce Clearing House, Silver Platter, Dialog, Dow Jones, News, Lexis/Nexis, NewsNet, and BNA.

Also, if LAUSD selects Buck, we will provide an annual regulatory update that addresses issues faced by 457 plans in general and LAUSD's plan in particular.

### **Plan design and compliance issues**

As we note elsewhere, Buck is not a law firm and we do not provide legal advice to clients. However, we can provide drafts and guidance to the client and its counsel. We have attorneys and other professionals on staff who specialize in compliance issues. These experts are assigned to a consulting team to keep consultants and clients informed of the legal compliance aspects of court decisions, new and pending legislation, and regulations concerning employee benefits. Tax and legal consultants also can assist clients' counsel in preparing and reviewing employee benefit plans, trust documents, administrative forms, manuals, amendments, resolutions, government filings, vendor contracts, and special tax calculations.

Buck tax and legal consultants provide insight for clients regarding the application of federal laws governing the taxation of benefits and compliance with tax qualification requirements.

LAUSD's assigned tax and legal consultant, Peter Gold will work with the co-lead consultants and the other members of the Buck team to keep LAUSD informed about pending legislative and regulatory matters and any court decisions relevant to LAUSD's deferred compensation plan. Peter Gold has worked with 457(b) plans on a variety of issues related to state and federal law. Recently he worked with a state-sponsored 457(b) plan to amend the legislation governing the state's insurance guarantee fund to more clearly cover the insurance contracts held by the plan. He also monitors legislation to identify and address issues material to plan operations and has worked ad hoc with numerous governmental plans including 457(b) plans to address common questions, such as determining what qualifies as an unforeseeable emergency to allow a fund disbursement. He has also assisted with IRS problems and recently helped a client similar to LAUSD address specific audit issues and related IRS inquiries.

### **Fee benchmarking**

Buck's approach to fee benchmarking for recordkeeping and trustee services is predicated on obtaining "blind" fee quotes from several other leading providers. We believe that obtaining current provider quotes is the best assurance that the fees being paid are reasonable compared to marketplace standards for the services being received. We also rely on our experience benchmarking fees for similarly situated plan sponsors, due to the competitive nature and consolidation in the marketplace, fee quotes from the past two years may no longer apply.

Our method for performing these services typically involves the following steps:

**Collect data to develop detailed plan specifications.** These specifications will be the basis for the "blind quotes" we will be soliciting from competing vendors.

**Develop and distribute Request for Information (RFI)** to at least three service providers who typically serve plans similar to LAUSD's size and employee demographic make-up. The request is "blind" so LAUSD's confidentiality is assured. The information we obtain from the RFI enables us to benchmark the total costs charged, regardless of the manner in which revenue is generated and fees are paid by the plan.

**Prepare analysis and report.** Using the quotes we obtained, and any relevant experience we have working with similarly situated plans, we will document our findings assessing your current fees against the results of marketplace quotes and highlight any opportunities for improvement. If we believe fees are above current marketplace norms, proposed solutions can include recommendations to obtain a more favorable investment share class, if applicable, eliminating any share classes with 12-b1 fees, and if available, requesting the provider earmark revenue for an "ERISA-like budget" to pay certain plan expenses previously incurred by the plan or LAUSD. Even if the current fee level is appropriate, we will also make suggestions as needed on specific milestones that would trigger a lower fee level (e.g., average balances exceed a set amount per participant) rather than relying on your current provider to suggest changes based on their own initiative.

### **Transition Support**

The level of support needed varies from client-to-client. To assist in a seamless transition, your Buck team can support LAUSD by providing consulting, project management, and implementation oversight during the conversion to your new vendor. Pricing for this support can be quoted when the project scope is determined.

#### **Example: A Successful Recent Search Effort**

We recently finished assisting a client with the selection of a new bundled service provider for its 401(k) program. We also are assisting with the conversion and implementation. At the outset of the project, the client and Buck set aside time to 'hash out' the project—to fully understand the client's goals and objectives, to uncover any challenges, to develop a project plan, and to begin to draw a picture of the new program.

From that point, the joint project team began the process of selecting a new provider—taking an ill-suited savings facility and turning it into a new, state-of-the-art 401(k) program. Despite the fact that the current program was a bit untraditional, we were able to get top-name providers to consider bidding. One of the great successes of this 401(k)

search was the lowering of the plan's fees by almost 75%. Because transferring assets to the new program is voluntary to the employees—but critical to getting the new program off the ground for the employer—it was important to find a provider willing to make the necessary commitment to our client and its new program.

When we conduct these reviews, we often achieve lower total plan costs and higher service-level expectations. We have the skills, experience, and talent to transform a good plan into a superior plan.

We are currently selecting a recordkeeper for a large public 457(b) plan, which will ultimately result in substantially lower recordkeeping costs for participants based on bids that have been submitted.

Our RFP process asks prospective vendors to submit answers to more than 100 questions, and we then ask finalists to submit written answers to follow-up questions. Subsequently, we ask prospective vendors to visit for an interview, which provides an additional opportunity to clear up any uncertainties and establish service-level expectations. If retained, we will help you conduct an effective request for proposals.

This scope of work includes how Buck can help LAUSD negotiate the optimum combination of fees and services from LAUSD's chosen vendors. Specifically, you are looking for guidance in these areas:

- RFP development and critical evaluation process with associated summary comparison reporting
- Fee negotiation support
- Assistance with vendor transition.

Buck maintains an extensive internal database of RFPs, RFIs, and vendor responses from insurance companies, mutual fund companies, broker and bank affiliates, and independent record keeping administration firms. We have researched fees, plan structures, governance, regulatory and investment topics and are well prepared to assist LAUSD in identifying the right vendors to fit its plan management and operational needs.

### **Vendor Reviews and Searches**

With all the recent litigation and regulatory activity regarding the fees paid by defined contribution plan participants, plan fiduciaries want to ensure that the fees incurred for its programs are in line with industry standards for similarly situated organizations. Further, they recognize they may not have sufficient clarity about the actual costs being incurred and the profits being earned by the current provider(s) of recordkeeping services, investment consulting, and participant investment guidance. Finally, a prudent step to the appropriate level of monitoring and oversight, a vendor review periodically ensures the current services provided are appropriately priced and/or services might be now available from other service providers.

We are often asked by clients or prospective clients if they should put the recordkeeping out to bid. They are looking at their plan and they can't tell if they are getting a good deal or a bad deal. Although there are surveys that attempt to benchmark defined contribution plans, none are compelling. The only way to really benchmark your plan is to put it out to bid with a request for proposals that asks the right questions.

Asking the right questions is not always enough. The experience of working with dozens of clients in similar transitions is the crucial aspect. Our vendor-search process is investment-centric, which means we like to have finalists with a proven record of delivering customer satisfaction from the recordkeeping and administrative perspective, and then place emphasis on which of these firms provides the best investment platform at the lowest price. As a fiduciary, our interest is always aligned with that of the plan participants.

Typically, our clients want to create an arrangement in which a single organization provides recordkeeping, participant service, compliance, communication, and trustee services. As for plan investments, you would expect to have the ability to retain the current defined investment lineup rather than being restricted to the funds directly affiliated with your recordkeeper.

Our client-focused approach will consist of an accelerated evaluation methodology designed to identify associated service providers that are best suited to achieving your goals. Buck's approach to assist LAUSD will encompass the following steps:

- Initiate the outsourcing project and identify objectives
- Develop selection criteria and list of providers
- Evaluate potential service providers
- Assist with final selection of service providers.

An important aspect of our approach will be to ask each vendor to bid on the same lineup of investments. This should allow us to make the "apples to apples" comparison which is more difficult when each provider is offering completely different fund options.

We have been very successful at conducting RFP processes for our clients, and this has often resulted in substantially lower fees and increased service level commitments. Based on our understanding of your investment options and plan size we believe that you would be able to achieve substantial fee savings by conducting a recordkeeping RFP. Buck has performed vendor searches for many clients. Key steps in the process are:

- Meeting with decision-makers for the client to identify objectives, 'must-haves,' and 'deal-breakers'
- Tailoring an RFP that conforms to the items mentioned above, and vetting it with the client before distribution
- Identifying qualified responders and vetting the list with the client
- Agreeing with client on review/scoring of proposals before RFP distribution
- Holding a bidders' conference (in person or by teleconference) to disseminate information and allow for questions
- Negotiating contract details regarding services and fees.

We have substantial experience performing all of the tasks involved in an RFP search for a new investment provider. We do this more than ten times a year for clients. As a result of this process and our experience negotiating with record-keepers/administrators, we have a long history of improving the quality of investments available to participants and of reducing fees. The time-frame for vendor searches varies but in most cases the work is completed from start to finish in 6-8 weeks. This time line can be tightened if LAUSD wishes.

A sample deliverable (5 pages) of a vendor search document can be found in Appendix 6.

### **Assistance with audits and compliance reviews**

Generally speaking, everything we do in this area is done with a view to minimizing a client's "audit risk." This often takes the form of advising a client that "You could do this, but..." A good example is the catch-up contributions permitted under Section 403(b). At first glance, these contributions would not appear to pose any problems for a plan sponsor; in fact, however, the data required to perform the requisite calculations are usually impossible to obtain—making compliance impossible as well. We have helped clients avoid this kind of "trap for the unwary" on numerous occasions.

And, when an audit is conducted, we can provide a wide range of assistance to clients. For example, in serving the State of Maine during a recent audit, our assistance included:

- Identifying areas of concern
- Helping the State understand the specific demands of the IRS
- Advising the State on what material to supply to meet the IRS's demands
- Reviewing the IRS's findings in a three-party session
- Working with the State to help it implement IRS-mandated changes.

It's worth noting that we identified and brought to the attention of the IRS an error in its findings, which helped the State greatly by eliminating what would have been a time-consuming—and unnecessary—obligation.

In broad terms, the focus of Buck's compliance reviews is on the operational compliance of the plans under review and certain associated processes and procedures used to support such plans. As a result of the reviews, our clients obtain recommendations for correcting any issues uncovered (namely, where administration does not conform with the governing plan documents and/or laws) and for improving processes (such as documentation that is not clear, has not been properly maintained, or does not conform to industry best practices).

Buck's operational compliance reviews examine written procedure documents, process flow, and controls. We validate operational compliance principally through a detailed, results-oriented testing process. On completion of the review, we present our findings and recommendations at a meeting with clients and its external counsel.

Buck has worked with numerous organizations on diverse and complex compliance reviews of their employee benefit programs. We have a specialized compliance practice composed of lawyers, actuaries, and pension administration specialists, with extensive and specific experience in the operational management and compliance of qualified and nonqualified retirement plans, health and welfare plans, and executive benefits.

As part of our operational compliance reviews, we conduct interviews with those individuals at the client who have involvement with/responsibility for administering the plans and those individuals at any external vendors involved in the plan's administration, to determine their understanding of the procedures for administering the plan under review and details of any procedures that are not fully documented. The interviews also help us with our investigation of the administrative systems and help us to provide

recommendations related to changes that may or will impact the current processes/procedures.

Our approach to conducting compliance reviews is designed for minimal involvement from our clients' benefits departments, payroll departments and other staff. We are respectful of your time in planning interviews, information requests, and ongoing project work.

Given the possibility of litigation with respect to different interpretations of the facts and/or applicable laws related to the operation of benefit programs, Buck is typically engaged by external counsel to perform these compliance reviews. As such, on being formally engaged, Buck assists our clients in ensuring that:

- Any files that may be established for the compliance review will be segregated from all other files relating to any other matter and access to these files will be limited to only those personnel working on the matter.
- Any documents contained in the files of the client and Buck relating to the project will be stamped or otherwise labeled as 'privileged.'

All individuals at the client and any applicable vendors who will provide information in connection with this matter will be informed that such communication is being done in order for our client to obtain legal advice, that the information requested is within such individuals' scope of employment, and that the communications should be treated as strictly confidential and should be segregated from all other files relating to such plans.

Buck provides the following deliverables associated with our operational compliance reviews:

Final detailed project plan, including project team roles and contact information

Detailed request for data records/transactions to be gathered for purposes of our on-site reviews

On-site reviews and interviews

Meeting to report our findings, during which we will discuss inconsistencies with the procedures and the plan documents and/or applicable laws and including:

- Recommendations for corrections
- Suggested operational improvements (based on best practices)
- The areas of plan administration that are appropriate or with respect to which the recommended changes are minor
- Executive summary of key findings for purposes of senior management presentations.

Conducting compliance reviews is one of Buck's core competencies. The depth and breadth of our experience with compliance reviews provides our clients with thoughtful, practical, and tested correction processes.

Buck has developed a time-tested methodology to enable us to find and focus on the compliance areas of greatest material impact on our clients. It has been refined by completing hundreds of operational compliance reviews and assisting clients with audits by various regulators.

Typical operational defects we have found include (but are not limited to):

Errors in plan-eligible compensation and plan testing compensation

Errors in service determinations

Errors in benefit calculation methodologies

Errors and omissions in employee elections/notices.

- 2. Provide a resume of each member of the proposed key personnel. Describe specifically the proposed personnel's experience in the 403v/457b. Prove an organization chart and define their roles and responsibilities. Describe their experience in developing Request for Proposal and providing advice as Subject Matter Experts.**

Please see the resumes on the following pages.

## Martha A. Spano

---

### ***Principal and Investment Consultant***

Martha Spano is a Principal and Senior Investment Consultant in Buck Global Investment Advisors. Martha is responsible for all aspects of investment consulting inclusive of governance, investments, manager structure and selection, and performance monitoring. Martha works with other practices to develop a comprehensive consulting approach for defined benefit and defined contribution plans, as well as other pools of assets such as LAUSDs, endowments, and self-insured funds. In addition, Martha assists in new product offerings in the investment space.

### **Experience**

- Her expertise covers a range of investment issues affecting employer sponsored retirement plans, hospitals and non-profit trusts, and self-funded asset pools.
- Martha joined Buck Global Investment Advisors in 2011.
- Martha also has specific defined contribution experience, including vendor search and management, manager and portfolio construction, conversion from mutual fund platforms to separate accounts, retirement income solutions, and decumulation funds.
- Martha is a frequent speaker at industry conferences such as IFEB, Pension Bridge, IMN, OPAL, and the Western Pension & Benefits Conference.

### **Clients**

Martha's consulting clients have included:

- |  |   |
|--|---|
| ■ Amgen                                | ■ MultiCare Health System                       |
| ■ Anaheim Memorial Hospital            | ■ New Mexico Hospital Endowment                 |
| ■ Countrywide                          | ■ Public Employees' Retirement System of Nevada |
| ■ Employees Retirement System of Texas | ■ SACRS County organizations                    |
| ■ Henry Huntington Library LAUSD       | ■ St. Mary's Regional Hospital                  |
| ■ INL                                  | ■ Sutter Health                                 |
| ■ LLNS                                 | ■ Utah Retirement Systems                       |

### **Education & Achievements**

- B.S. in criminal justice from California State University, Long Beach
- Master's in public administration from California State University, Long Beach
- Master's in dispute resolution from Straus Institute of Law, Pepperdine University

## Al Scherlie

---

### ***Principal***

Al Scherlie is a Principal at Buck Global Investment Advisors. Al is responsible for all aspects of investment consulting services with his clients, including asset allocation and liability studies, risk budgeting analysis, manager evaluation, manager structure reviews, manager and custodial searches and performance monitoring. Al has over 30 years' experience in financial management and investment consulting. He has been responsible for treasury operations and the management of ERISA plans (defined benefit and defined contribution) while employed in corporations. His investment consulting experience has included working with corporate and public defined benefit and defined contribution plans, endowments and Foundations, and Taft-Hartley plans. In addition to Al's investment consulting responsibilities, he has had responsibility for directing investment research activities at two of his past employers, and he served on the advisory committees of private equity firms.

### **Experience**

- Al has 30 years of investment and investment related experience including 20 as an investment consultant.
- Al joined Buck Consultants in 2011.
- His expertise covers a range of issues affecting investment portfolios of all types of plan sponsors.
- Al has an extensive investment research background in both traditional and non-traditional assets.

### **Clients**

Al's consulting clients have included:

- AMR/EMSC
- California Department of Fish & Game
- City of Burbank, California
- Idaho National Laboratory
- Los Alamos & Lawrence Livermore National Laboratories
- Retirement Plan for Hospital Employees
- St. Joseph Health System
- University of Idaho

### **Education & Achievements**

- M.B.A. from the University of Denver
- B.S. in finance and economics from the Metropolitan State University, *summa cum laude*

## Peter A. Gold, JD

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### ***Principal, Tax and Legal Consulting***

Peter Gold is an attorney and Principal at Buck Consultants. Peter's areas of expertise include all aspects of plan design, compliance and administration for qualified and non-qualified retirement plans (e.g., 401(a), 401(k), 403(b) and 457(b) and 457(f) plans) for not-for-profit and governmental organizations.

### **Experience**

- As an attorney, Peter has more than 35 years of experience as a tax and legal consultant in the benefits area.
- Before joining Buck Consultants in 1984, Peter served as Employee Benefits Counsel at one of the United States' largest chemical and polymer companies, and as an associate in the benefits practice of two major New York City law firms.
- Peter is a frequent author and lecturer on various employee benefit topics. He has addressed groups including the Society of Actuaries Conference, the Western Pension & Benefits Conference and the Practicing Law Institute. His articles have appeared in journals including the *Journal of Compensation and Benefits*, *Benefits Quarterly*, and *Pension World* and he has been quoted in publications including *The New York Times*, *Smart Money*, *Business Insurance* and *HR Magazine*.
- Peter is a member of numerous professional organizations in the benefits area including the National Association of Public Pension Attorneys, the College and University Professional Association for Human Resources, the Association of Corporate Counsel, the Society for Human Resource Management and the Tax and Employee Benefit Sections of the New York State Bar Association.

### **Clients**

Peter's consulting clients have included:

- Adelphi University
- Armed Forces Benefits Association
- City of West Palm Beach
- Connecticut Community Care, Inc.
- Integris Health System
- Kentucky Teachers Retirement System
- Miami, Florida Firefighters
- New York City Office of the Actuary
- Pernod Ricard USA, LLC
- State of Maine

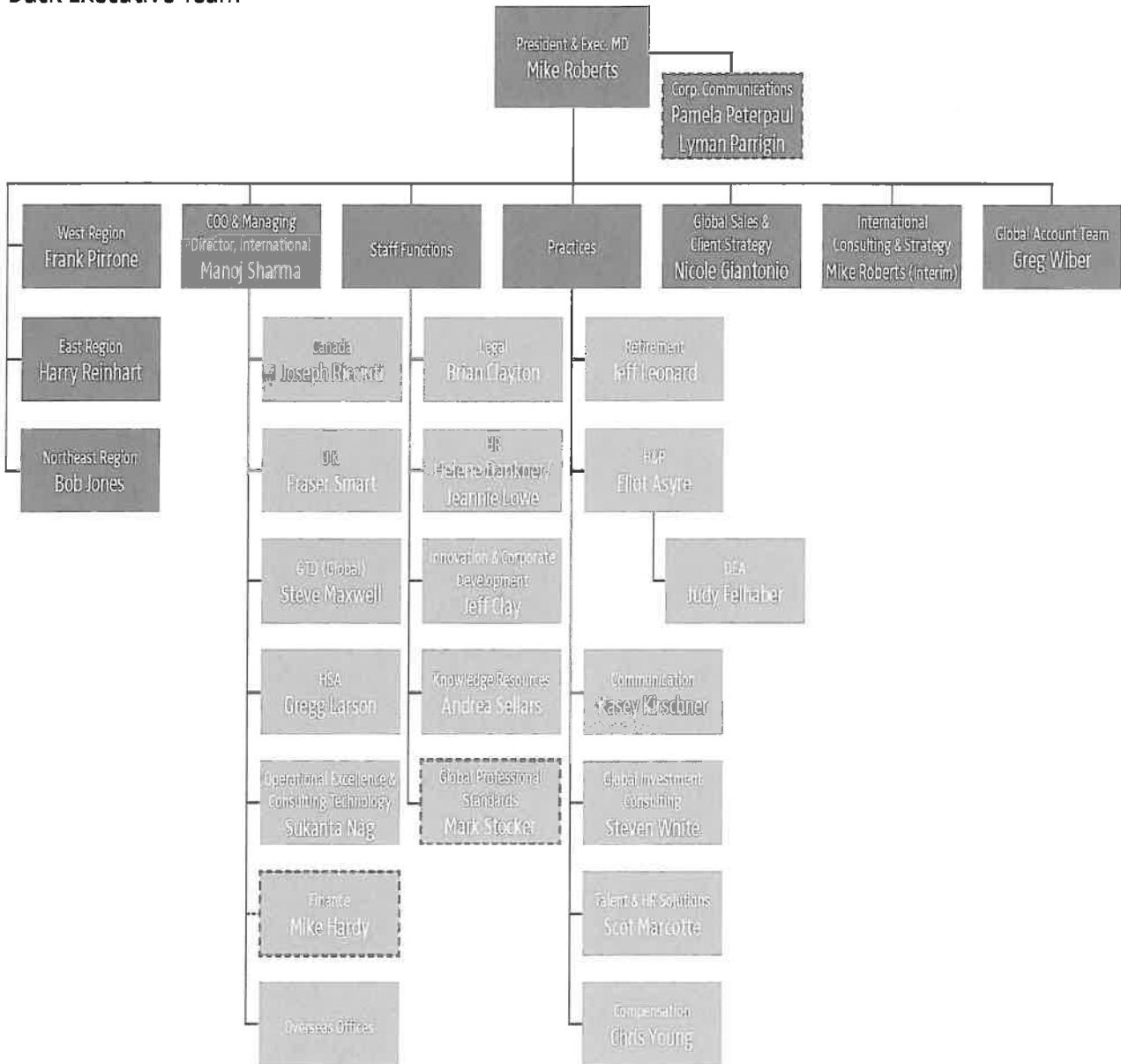
### **Education & Achievements**

- B.A. from Tufts University, *magna cum laude*
- J.D. from New York University

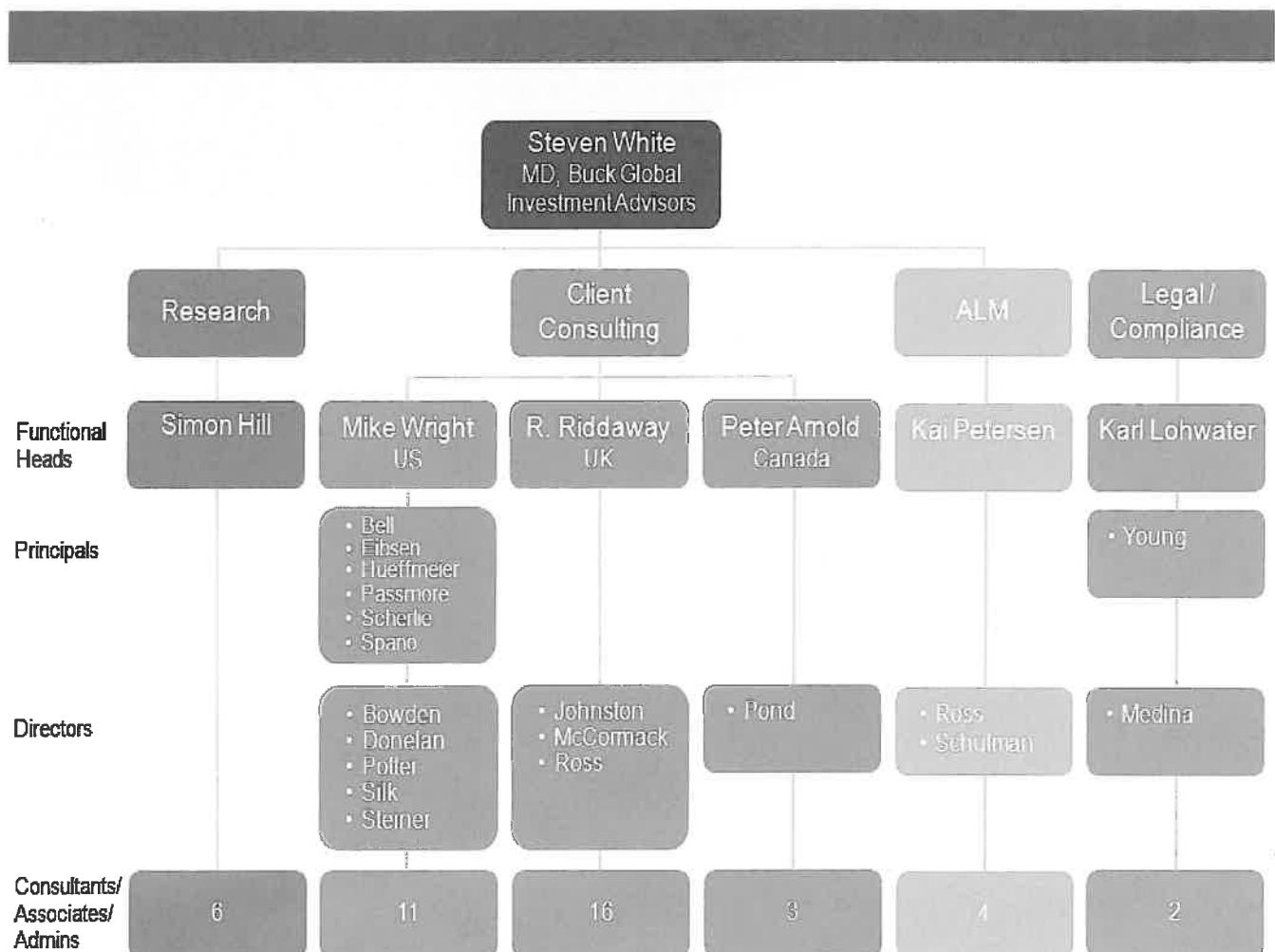
## Ownership and Organizational Structure

Buck is structured along regional and practice divisions, as well as having both strategic development and corporate support functions. The following organizational chart depicts the different leadership focus areas for Buck Consultants.

### Buck Executive Team



Additionally we have included an organizational chart of BGIA, the investment consulting practice within Buck:



1

buckconsultants

3. Discuss your firm's professional and K12 institutional knowledge and experience of the local environment, including legal, financial, education codes and California Insurance Code 770.3 and describe how they are likely to affect the District's 403b/457 plans. Provide your background and experience concerning compliance and legislative matters pertaining to the deferred compensation plan.

Generally, both Buck and Xerox have a solid understanding of the K-12 market and the legal framework for California, and are specifically aware of California Insurance Code 770.3 which substantially allows any vendor to gain access to LAUSD. The fact of the matter is however, that the open door policy is detrimental to the efficiency and effectiveness of the District's plans. According to LAUSD's own internal reports:

- Only about 43% of the District employees are familiar with the 403(b) plan
- Only about 31% invest in the 403(b), leaving almost 69% of those eligible not participating.
- Over 75% of the LAUSD's vendors are insurance companies and offer mostly annuities which are usually more expensive.
- Over 60% of LAUSD's employees in LAUSD's Benefits study think it is difficult to enroll in a 403(b) based on the current communication, education and processes in place.

These findings are in accordance with a national TIAA-CREF survey which indicated similar issues with states that have a statute similar to California 770.3 statute which permits an open door policy.

The study examined and compared "Open Access Management" to "Controlled Access Management" where there is competitive bidding to negotiate fee and administrative functions. The study found that the controlled access management:

1. Reduced fees and other costs such as loads and charges and reduced confusion over investment options which were streamlined in number and types and structured to parallel a risk reward range of alternates
2. Improved retirement outcomes, increased the flexibility of assets and enabled cost savings due to economies of scale.
3. Leveraged a competitive bidding system for increased transparency and reasonable governance and oversight of the limited number of providers.

We agree in concept that control access management is a better approach. However, given that California has adopted the open access rules, we think we could assist LAUSD in developing substantial criteria to create a more suitable list of providers and select those that offer the best options and administrative features.

Additionally to further describe our experience in compliance and legislative matters, we would like to describe some of the work done by Peter Gold, a Principal in our tax and legal department:

Peter Gold has worked with 457(b) plans on a variety of issues related to state and federal law. Recently he worked with a state-sponsored 457(b) plan to amend the legislation governing the state's insurance guarantee fund to more clearly cover the insurance contracts help by the plan. He also monitors legislation to identify and address issues material to plan operations and has worked ad hoc with numerous governmental plans including 457(b) plans to address common questions, such as determining what qualifies as an unforeseeable emergency to allow a fund disbursement. He also has assisted with IRS problems and recently helped a similar client to address specific audit issues and related IRS inquiries.

Lastly, we would like to showcase our commitment to the K-12 space. As mentioned in the cover letter, Xerox has a specific dedicated group for the K-12 market. This group has been instrumental in capturing some innovative ideas for the K-12 market such as leveraging digital content to improve learning, making color more affordable for teaching and instruction materials, transforming the and outsourcing document and content management to Xerox to give schools and teachers a better way to collaborate and take

advantage of 21<sup>st</sup> century technology, and developing the high resolution camera systems on school buses to capture violations of safety as children exit and enter the school bus. Several of these case studies are illustrated in the attached brochures appended the proposal.

We believe that we can offer LAUSD both the experience and expertise to make your plans more effective and efficient.

## Volume I

### D. CAPABILITY OF PERFORMING WORK

1. **Discuss at least three (3) projects that are either on-going or have been performed within the last five (5) years, that demonstrate the capability of the firm to perform work similar in scope required by the District. List the most current projects first.**

#### **Example 1: City of San Jose Recordkeeping Search**

In 2011, the City of San Jose requested that we conduct a recordkeeping search for their defined contribution plan. Including the incumbent, we sent RFPs to seven vendors identified as having the resources to service the City. Our search included examining the Vendors' Qualifications such as their history, experience, rating, experience with plans of similar size, transition timeline, fiduciary status, relationship management, references, etc. We also examined the vendors for their participant education and support services, administration, recordkeeping and custodial services. Finally, we conducted in-depth analyses of their stable value funds as well as all their investment products and fees.

We prepared a detailed report for the City that provided an easy to understand rating system of all the elements of our evaluation.

The results for the City of this search were remarkable:

- Reduced administrator's fees for the City from 17bps to 8bps
- Achieved total open-architecture flexibility to select non-proprietary investment options in every category including target date and stable value
- Expended vendor's performance guarantees. A specific amount of vendor's fees are placed at risk if they fail to meet specific quantifiable performance metrics

#### **Example 2: State of Connecticut 457 and 403(b) Plans**

We have had a long standing relationship with the State of Connecticut, and a team from our New York office began working with the State of Connecticut to review its Section 457 plan. The State was dissatisfied with several aspects of the plan. In particular, the plan was being run by four insurance providers with minimal recognition of the State's sponsorship among participants. The investment options were subpar and expensive, and the communication of the plan provisions and investment options was limited and confusing. The State's goals in the review were:

- Give the plan a State identity
- Reduce and revise the number and types of investment options
- Adopt an investment policy and offer investment products that complied with the policy
- Provide consistent communication materials
- Conduct seminars for participants that addressed plan provisions and investment education

- Address compliance issues
- Review the State's role in the administration of the plan
- Reduce investment management and administrative fees.

To accomplish the State's goals, we were retained as the limited-scope third party administrator. We worked with the State and its providers to develop a formal investment policy outlining the investment options to be provided and the performance standards for each asset class offering. Based on the investment policy, the number of investment options was reduced, a revised investment lineup was introduced, and investment management and administrative fees were reduced. We continue to provide ongoing monitoring of the performance of each investment option. We work with the State and the providers when funds do not meet the investment objective criteria outlined in the investment policy.

Members of our tax and legal consulting group reviewed the plan document, procedures with regard to domestic relation orders and unforeseen financial hardship emergencies, and the administrative forms. We prepared a revised plan document that included all the Internal Revenue Service requirements, and we continue to keep the plan document in compliance with legislative changes such as EGTRRA. In addition, we revised the comprehensive unforeseen emergency hardship package, QDRO procedures, and administrative forms.

We then revised the communication materials that were previously distributed by the State. Newly hired eligible employees now receive a brochure that explains the provisions of the plan along with information on the importance of saving and investment education fundamentals. Each quarter, eligible employees receive a newsletter that discusses a current topic and includes the investment performance and expenses for each investment option.

We now conduct seminars for eligible employees during a two-day period each month (except for July and August). The purpose is to explain the plan provisions, the importance of saving for retirement, and investment education basics. The seminar lasts about one hour, and it has been well received by both the State and its eligible employees.

Although this example outside the five years requested by LASUD. We thought it was appropriate to use because membership has increased to 30,238—a 26% increase in participation since the start of the project, and because of the significant success of this project Connecticut has reached out to us for other DC work.

For example, based on our work on the 457 plan, the State of Connecticut asked us to provide similar services for its 403(b) program. The team and services were basically the same as those for the 457 plan with one significant exception. The challenge for the 403(b) program was that there were more than 60 providers—which the State sought to reduce to a more manageable number. Included in this project was the issuance of an RFP to all existing providers. Based on the analyses of the responses to the RFP, the number of providers was reduced to six. Both the State and the unions were very pleased with the outcome.

### Example 3: County of Contra Costa (California) 457 Plan

We recently completed an assignment for the County of Contra Costa. The County has a Section 457 plan with assets of approximately \$220 million and more than 6,000 participants. The assignment included:

- Meeting with the County's 457 Plan Advisory Committee to discuss issues and formulate objectives (including discussions regarding bundled versus unbundled services and employing a single provider of administrative services as opposed to two or more providers)
- Developing an investment policy
- Developing an RFP for bundled services
- Conducting the RFP (including a teleconference to field questions from bidders)
- Analyzing proposals (17 bidders)
- Coordinating finalist presentations
- Assisting in finalist selection
- Conducting contract negotiations with selected providers.

Prior to issuance of the Contra Costa RFP, plan participants were receiving interest on their fixed-interest option (a total of approximately \$100 million invested in an insurance company's general account) at an annual rate of 4.15%. In addition, the County was being reimbursed under a fee-sharing arrangement with the service provider. The reimbursement was used to credit each plan participant with an annual "participation credit" of \$25. As an outcome of the RFP process, County 457 plan participants received:

- An interest rate of 5.00% on their fixed-interest investments for 2003
- An interest rate of 5.10% on their fixed-interest investments for 2004
- An interest rate on their fixed-interest investments for 2005 and 2006 that is based on a contract formula
- An annual "participation credit" of \$50.

Based on the plan's asset size and participant population, County 457 plan participants experienced increased investment returns of approximately \$1 million (in aggregate) per year for years 2003 through 2006. Furthermore, the contract has a defined term and plan assets are entirely portable on contract conclusion—in other words, the provider has no right to enforce any "market value" adjustments or retain any assets beyond contract termination.

2. **Provide two samples of Program Administration Reports that you have prepared and submitted for two different clients with comparable 457b plan preferably from large public sectors.**

Please see Appendix 7 for two sample Program Administration Reports.

- 3. Provide at least three (3) references that the Proposer has provided the type of services as requested in the SOW. References shall be verified by the District. Provide the contact person, job title, phone number and email address**

Reference 1	Reference 2	Reference 3
Charles R. Owens Voluntary Benefits Coordinator State of Maine Division of Employee Health and Benefits Office Phone (207) 287-3126 Office Fax (207) 287-6796 Email: <a href="mailto:charles.owens@maine.gov">charles.owens@maine.gov</a>	Kelly Wright, IPMA-CP City of San José - Human Resources Deferred Compensation 200 E. Santa Clara Street, Wing 2 <sup>nd</sup> Floor San José, CA 95113-1905 Main: 408.975.1465 Direct: 408.975.1434 Email: <a href="mailto:kelly.wright@sanjoseca.gov">kelly.wright@sanjoseca.gov</a>	Christine Penkala Benefits Manager Contra Costa County 651 Pine Street, 5 <sup>th</sup> Floor Martinez, CA 94553 Office 925-335-1747 <a href="mailto:Christine.penkala@hrd.cccounty.us">Christine.penkala@hrd.cccounty.us</a>

**Volume I****E. AVAILABILITY**

- 1. Discuss the firm's capacity by providing the percentage of firm's resources such as Lead Consultant and supporting staff's time that is currently devoted to on-going projects and backlog. Discuss plan for availability at short notice to answer questions and attend meetings regarding issues related to the 403b/457b/PARS plan.**

Buck and the lead consultants have sufficient capacity to service LAUSD at the level LAUSD expects and deserves. Buck adds to staff in advance of needs so that we can properly service our clients.

The lead consultants proposed for LAUSD have been with Buck for a little over a year and are not at capacity, with each servicing one client. The number of clients that a consultant can work with is predicated on the size and complexity of the client. In the case of clients such as LAUSD we generally limit the number of clients per consultant to no more than about six clients. This allows our consultants to be highly responsive to our clients' needs.

The co-lead consultants will be available on short notice to respond to LAUSD's questions. A key reason for having two senior consultants on the relationship is to allow a high degree of responsiveness even if one consultant is not available. We monitor our e-mails and phone messages regularly throughout the day when not in the office allowing us to quickly respond to your requests.

- 2. Describe your commitment to attend monthly meetings of the RIA Committee and the ability to provide uninterrupted service.**

Both Martha and Ai are committed to attending monthly meetings with the RIA Committee, and we are fully committed to providing uninterrupted service to LAUSD. In addition, our offices are only a short drive from the LAUSD offices making it easy for us to attend ad hoc meetings on short notice.

- 3. Provide at least three (3) references that the Proposer has provided the type of services as requested in the SOW. References shall be verified by the District. Provide the contact person, job title, phone number and email address**

Reference 1	Reference 2	Reference 3
Charles R. Owens Voluntary Benefits Coordinator State of Maine Division of Employee Health and Benefits Office Phone (207) 287-3126 Office Fax (207) 287-6796 Email: <a href="mailto:charles.owens@maine.gov">charles.owens@maine.gov</a>	Kelly Wright, IPMA-CP City of San José - Human Resources Deferred Compensation 200 E. Santa Clara Street, Wing 2 <sup>nd</sup> Floor San José, CA 95113-1905 Main: 408.975.1465 Direct: 408.975.1434 Email: <a href="mailto:kelly.wright@sanjoseca.gov">kelly.wright@sanjoseca.gov</a>	Christine Penkala Benefits Manager Contra Costa County 651 Pine Street, 5 <sup>th</sup> Floor Martinez, CA 94553 Office 925-335-1747 <a href="mailto:Christine.penkala@hrd.cccounty.us">Christine.penkala@hrd.cccounty.us</a>

**Proposal to  
Los Angeles Unified School District**

**RFP NO.: 1095**

**Investment Consulting Services**

**Volume III  
Price Proposal**

**August 24, 2012**

August 24, 2012

Los Angeles Unified School District  
Procurement Management Branch  
333 S. Beaudry Avenue, 22nd Floor, #22-209  
Los Angeles, CA 90017  
Attention: Anthony Silo, Contract Administration Analyst

**Re: Price Proposal Request for Proposal (RFP) NO.: 1095**  
**Investment Consulting Services on LAUSD's 403(b), 457(b), and PARS plans**

Dear Mr. Silo:

Buck Consultants LLC is presenting this Best and Final Offer price proposal to the Los Angeles Unified School district ( LAUSD). It would be our pleasure to work for you. Enclosed is a revised Form PSD-for the above referenced RFP No. : 1095.

Our fee quote encompasses all the services requested in LAUSD's RFP No. : 1095. The fee covers vendor and manager searches, education of the Committee and participants and the oversight of transition among providers. In addition we shared with you in our call the enhanced services that we provide as part of the base fee in Communications best practices and addressing the Code 770.3 concerns.

We look forward to having an opportunity to work with the LAUSD.

Please let us know if you have any questions.

Sincerely,



Michael C. Wright  
Principal, US Practice Leader  
**Buck Global Investment Advisors**  
245 Park Avenue  
New York, NY 10167  
Ph: 212.330.1173  
Fx: 212.330.1042  
[michael.c.wright@buckconsultants.com](mailto:michael.c.wright@buckconsultants.com)

<b>Company Name</b> Buck Global Investment Advisors		<b>Print Name and Title</b> Michael Wright, Principal Martha Spano, Principal	
<b>Address</b> 1801 Century Park East, Suite 500 Los Angeles, CA 91381		<b>Signature/Date</b> August 24, 2012	
<b>Services to be Performed</b> <u>Investment Consulting Services</u>		<b>Total Proposal Amount Per Year</b> \$106,690	
<b>Detailed Description of Cost Elements</b>			
<b>1. Direct Labor (Specify Labor Category)</b>	<b>Name of Team Member</b>	<b>Estimated Hours</b>	<b>Rate/Hour</b>
Principal	Martha Spano	55	\$570
Principal	Al Scherlie	55	\$570
Analyst	To be Named	150	\$192
Admin	To be Named	70	\$120
<b>Total Direct Labor</b>		\$ 99,900	
<b>2. Labor Overhead</b>	O.H. Rate	X Base =	
These costs are in Item 1			
<b>Total Labor Overhead</b>			
<b>3. Travel*</b>			
a. Transportation			
b. Per Diem or Subsistence			
<b>Total Travel</b>			800
<b>4. Subcontractors/Supplies**</b>			
No subcontractors used			
Supply costs are accounted for in Item 1			
<b>Total Subcontractors/Suppliers</b>			0
<b>5. Other Direct Costs*</b>			
These costs are accounted for in Item 1			
<b>6. General &amp; Admin. Expense ( 6 % of Item Nos. 1 )</b>	5,994		
<b>7. Fee/Profit</b>			
<b>TOTAL ESTIMATED COST PER YEAR</b>			\$ 106,690

\* Itemize on second page of "Form PSD-1"

\*\* Attach LAUSD "Form PSD-1" for all proposed subcontractors



## PRICE PROPOSAL SUBSTANTIATION

Per the Price Proposal and Instructions contained in the LAUSD Request for Proposal, we are providing the substantiation for our pricing in the table below. If hours exceed these estimates, LAUSD is not billed more. The hours budgeted are based on our experience working with other clients.

Labor Category	Work Activity	Estimated Annual Hours	Hourly Rate	Total \$
Principal	Attend monthly meetings	55 hours – based on preparation and attendance per monthly meeting of one Principal	570	31,350
Principal	Direct and oversight analyst preparation performance reports	20 hours for quarterly reports 23 hours for monthly reports	570	24,510
Principal	Responding to LAUSD questions	12 hours ( 1 hour per month)	570	6,840
<b>Total Principal</b>		<b>110 hours</b>	<b>570</b>	<b>62,700</b>
Analyst	Preparation of performance reports	50 hours for quarterly reports 75 hours for monthly reports	192	24,000
Analyst	Responding to LAUSD questions	25 hours (2.0 per month)	192	4,800
<b>Total Analyst</b>		<b>150 hours</b>	<b>192</b>	<b>28,800</b>
Administrative	Report production	28 hours (7 hours per qtr.) 24 hours (2 hours per month)	120	6,240
Administrative	Production of Ad Hoc material	18 hours (1.5 hours per month)	120	2,160
<b>Total Admin</b>		<b>70 hours</b>	<b>120</b>	<b>8400</b>
<b>Grand Total</b>				<b>99,900</b>

## Martha A. Spano

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| ■ Employees Retirement System of Texas | ■ SACRS County organizations                    |
| ■ Henry Huntington Library LAUSD       | ■ St. Mary's Regional Hospital                  |
| ■ INL                                  | ■ Sutter Health                                 |
| ■ LLNS                                 | ■ Utah Retirement Systems                       |

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- Al joined Buck Consultants in 2011.
- His expertise covers a range of issues affecting investment portfolios of all types of plan sponsors.
- Al has an extensive investment research background in both traditional and non-traditional assets.

### **Clients**

Al's consulting clients have included:

- AMR/EMSC
- California Department of Fish & Game
- City of Burbank, California
- Idaho National Laboratory
- Los Alamos & Lawrence Livermore National Laboratories
- Retirement Plan for Hospital Employees
- St. Joseph Health System
- University of Idaho

### **Education & Achievements**

- M.B.A. from the University of Denver
- B.S. in finance and economics from the Metropolitan State University, *summa cum laude*

## Peter A. Gold, JD

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### ***Principal, Tax and Legal Consulting***

Peter Gold is an attorney and Principal at Buck Consultants. Peter's areas of expertise include all aspects of plan design, compliance and administration for qualified and non-qualified retirement plans (e.g., 401(a), 401(k), 403(b) and 457(b) and 457(f) plans) for not-for-profit and governmental organizations.

### **Experience**

- As an attorney, Peter has more than 35 years of experience as a tax and legal consultant in the benefits area.
- Before joining Buck Consultants in 1984, Peter served as Employee Benefits Counsel at one of the United States' largest chemical and polymer companies, and as an associate in the benefits practice of two major New York City law firms.
- Peter is a frequent author and lecturer on various employee benefit topics. He has addressed groups including the Society of Actuaries Conference, the Western Pension & Benefits Conference and the Practicing Law Institute. His articles have appeared in journals including the *Journal of Compensation and Benefits*, *Benefits Quarterly*, and *Pension World* and he has been quoted in publications including *The New York Times*, *Smart Money*, *Business Insurance* and *HR Magazine*.
- Peter is a member of numerous professional organizations in the benefits area including the National Association of Public Pension Attorneys, the College and University Professional Association for Human Resources, the Association of Corporate Counsel, the Society for Human Resource Management and the Tax and Employee Benefit Sections of the New York State Bar Association.

### **Clients**

Peter's consulting clients have included:

- Adelphi University
- Armed Forces Benefits Association
- City of West Palm Beach
- Connecticut Community Care, Inc.
- Integris Health System
- Kentucky Teachers Retirement System
- Miami, Florida Firefighters
- New York City Office of the Actuary
- Pernod Ricard USA, LLC
- State of Maine

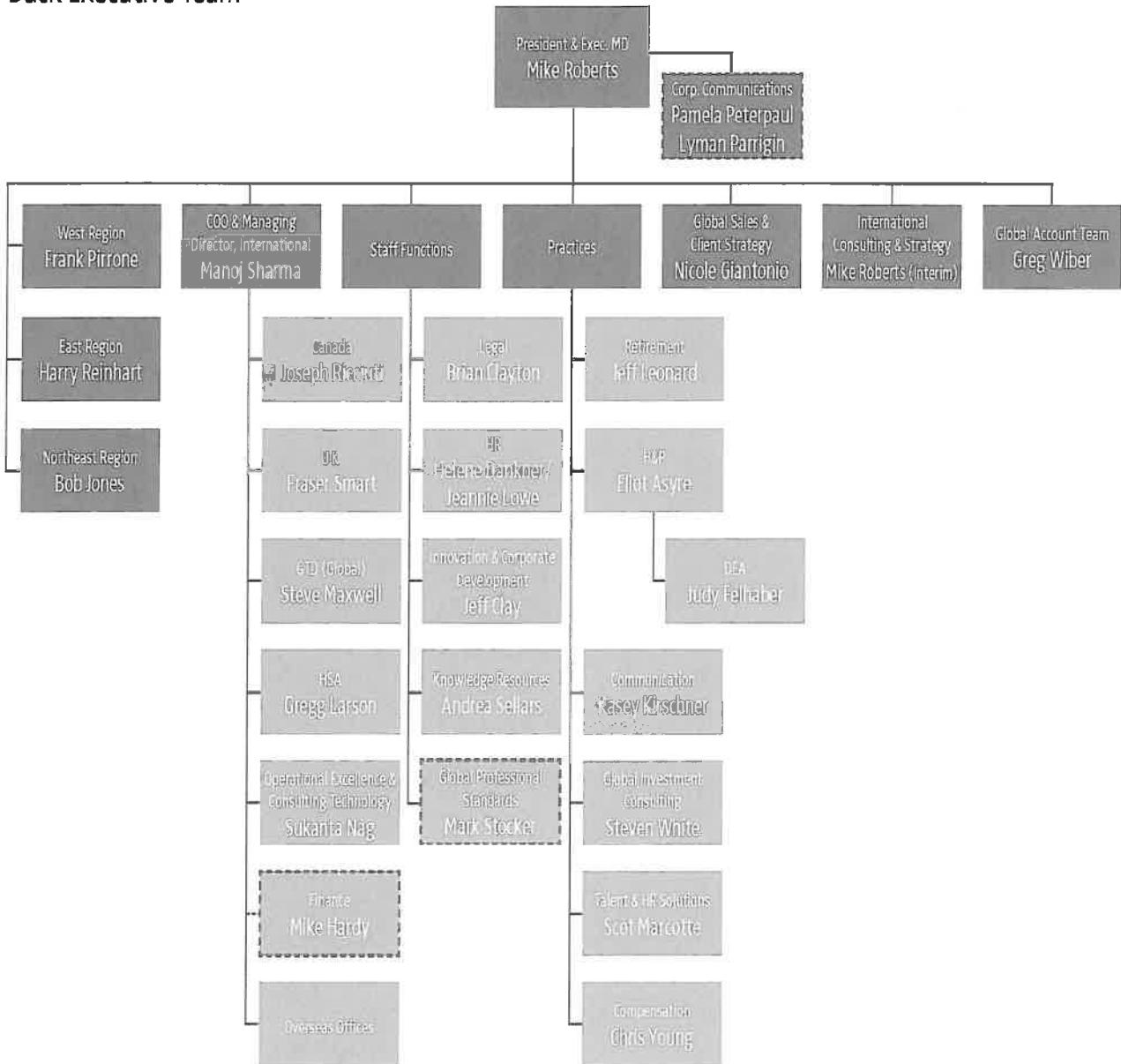
### **Education & Achievements**

- B.A. from Tufts University, *magna cum laude*
- J.D. from New York University

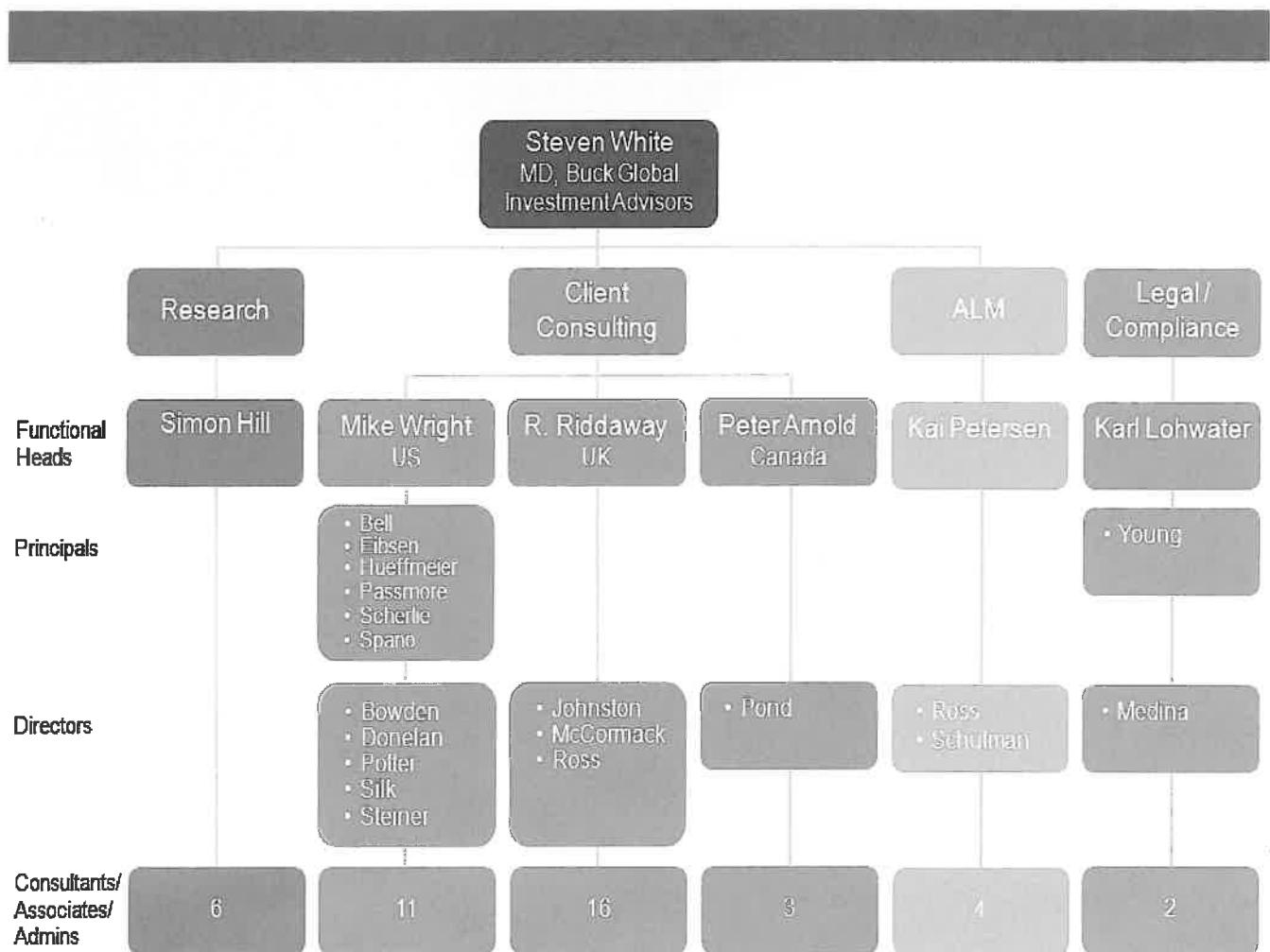
## Ownership and Organizational Structure

Buck is structured along regional and practice divisions, as well as having both strategic development and corporate support functions. The following organizational chart depicts the different leadership focus areas for Buck Consultants.

### Buck Executive Team



Additionally we have included an organizational chart of BGIA, the investment consulting practice within Buck:



1

buckconsultants

3. Discuss your firm's professional and K12 institutional knowledge and experience of the local environment, including legal, financial, education codes and California Insurance Code 770.3 and describe how they are likely to affect the District's 403b/457 plans. Provide your background and experience concerning compliance and legislative matters pertaining to the deferred compensation plan.

Generally, both Buck and Xerox have a solid understanding of the K-12 market and the legal framework for California, and are specifically aware of California Insurance Code 770.3 which substantially allows any vendor to gain access to LAUSD. The fact of the matter is however, that the open door policy is detrimental to the efficiency and effectiveness of the District's plans. According to LAUSD's own internal reports:

**Proposal to  
Los Angeles Unified School District**

**RFP NO.: 1095  
Investment Consulting Services**

**Volume II  
Certification Forms**

**August 1, 2012**

**LOS ANGELES UNIFIED SCHOOL DISTRICT  
SECTION II - CERTIFICATIONS  
II-B1 - PROPOSAL LETTER/CERTIFICATE OF ACCEPTANCE**

PROPOSER Buck Global Investment Advisors

D-U-N-S Number (if applicable) \_\_\_\_\_

In response to the Request for Proposal (RFP) No. 1095, we the undersigned hereby declare that we have carefully read and examined the RFP documents, acknowledge receipt of Addendum No(s). 1, and hereby propose to perform the Statement of Work as required in the RFP.

The undersigned acknowledges that any contract that results from the undersigned's proposal need not be exclusive. The District expressly reserves the right to contract for the performance of services such as those described herein through other contractors.

The undersigned agrees to perform the Statement of Work at the costs indicated in its Price Proposal if its proposal is accepted within 120 days from the date specified in the RFP for receipt of proposals.

The undersigned has reviewed the lobbyist registration program information included in the RFP (Attachment E).

The undersigned has reviewed the sample contract terms and conditions included in the RFP documents and agrees to accept all such terms and conditions unless otherwise noted in the proposal response. If recommended for contract award, the undersigned agrees to execute a contract that will be prepared by the District for execution, within 7 calendar days following the undersigned receipt from the District of a Notification of Intent to Award. The District will fully execute the contract subject to resolution of protest filings, if any, and approval by the District's Board of Education, if required.

The undersigned represents that the following person is authorized to negotiate on its behalf with the District in connection with this RFP:

Martha Spano Principal 310-226-1421  
(Name) (Title) (Phone)

Email Address:  
Martha.Spano@Buckconsultants.com

The undersigned certifies that it has examined and is fully familiar with all of the provisions of the RFP documents and associated addenda. The undersigned hereby agrees that the District will not be responsible for any errors or omissions in these RFP documents and addenda.

BY:

Martha Spano Martha.Spano@Buckconsultants.com  
(Signature) (Email)

Martha Spano 310-226-1421

(Type or Print Name) (Phone)

Principal 310-282-0881

(Title) (Fax)

1081 Century Park East, Suite 500, Los Angeles, CA 90067

(Address)

NAME OF ORGANIZATION: Buck Global Investment Advisors	LAUSD VENDOR ID#:	LAUSD VENDOR SINCE:
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**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
**Section II.– Certifications**  
**II.B2 - Compliance with LAUSD Ethics and Integrity Standards**

Every Contractor and its Representatives must abide by LAUSD's Contractor Code of Conduct. A "Contractor" is any individual, organization, corporation, sole proprietorship, partnership, nonprofit, joint venture, association, or any combination thereof that is pursuing or conducting business with and/or on behalf of LAUSD, including, without limitation, consultants, suppliers, manufacturers, and any other vendors, bidders or proposers. A Contractor's "Representative" is broadly defined to include any subcontractor, employee, agent, or any other entity acting on a Contractor's behalf.

If a Contractor or its Representative is not knowledgeable about the necessary ethical requirements for establishing a business relationship with LAUSD, he or she shall visit the LAUSD Ethics Office website at: [www.lausd.net/ethics](http://www.lausd.net/ethics), or refer any questions to the designated contracting official. Failure to meet LAUSD's ethics standards and requirements could result in sanctions including, but not limited to, voidance of any current or future contracts. LAUSD reserves the right to disqualify any bid or proposal as non-responsive, if this certification is not submitted in whole by the deadline required.

**1. ETHICS AGREEMENT**

I, THE UNDERSIGNED AFFIRM, UNDER PENALTY OF PERJURY BY THE LAWS OF THE STATE OF CALIFORNIA, THAT I AM AUTHORIZED, AS THE SENIOR EXECUTIVE RESPONSIBLE FOR MY ORGANIZATION'S ETHICAL CONDUCT, TO EXECUTE THIS CERTIFICATION ON BEHALF OF MY ORGANIZATION AND OUR REPRESENTATIVES\* AND TO ENSURE THAT EACH AND EVERY REPRESENTATIVE ABIDES BY LAUSD'S ETHICS AND INTEGRITY STANDARDS IN ACCORDANCE WITH LAUSD'S CONTRACTOR CODE OF CONDUCT WHICH I HAVE REVIEWED IN FULL. I DECLARE THAT ALL REPRESENTATIONS MADE IN THIS CERTIFICATION ARE TRUE, CORRECT AND IN GOOD FAITH, AND I COMMIT TO PROVIDING AN UPDATED FORM WITHIN 10 BUSINESS DAYS WHENEVER THERE IS A MATERIAL CHANGE TO THE INFORMATION I HAVE PROVIDED DURING THE TERM OF OUR CONTRACT WITH LAUSD.

\* You will need to attach a list of all known representatives who will conduct LAUSD work on your behalf (see Section 7).

SENIOR EXECUTIVE RESPONSIBLE FOR YOUR ORGANIZATION'S ETHICS AND INTEGRITY:			
NAME OF RESPONSIBLE SENIOR OFFICER	POSITION TITLE	PHONE NUMBER	
Martha Spano	Principal	310-226-1421	
	8-1-12	Martha.Spano@buckconsultants.com	E-MAIL ADDRESS
SIGNATURE OF RESPONSIBLE SENIOR OFFICER	DATE		

**2. ETHICAL MANAGEMENT (PLEASE COMPLETE EACH LINE BELOW):**

A.	MY ORGANIZATION TAKES RESPONSIBILITY FOR ENSURING THAT EACH OF OUR REPRESENTATIVES, REGARDLESS OF POSITION, UNDERSTANDS AND COMPLIES WITH THE DUTIES AND REQUIREMENTS OUTLINED IN LAUSD'S CONTRACTOR CODE OF CONDUCT AND FOR ENSURING THAT WE ADHERE TO THE HIGHEST STANDARDS OF HONESTY AND INTEGRITY IN ALL OUR DEALINGS WITH AND/OR ON BEHALF OF LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
B.	MY ORGANIZATION HAS AN EFFECTIVE MANAGEMENT PROCESS IN PLACE TO ENSURE THAT THE BEHAVIOR, DECISIONS, AND ACTIONS OF OUR REPRESENTATIVES DEMONSTRATE THE LETTER AND SPIRIT OF LAUSD'S ETHICS AND INTEGRITY AND STANDARDS IN ALL PHASES OF ANY RELATIONSHIP WITH LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
C.	DESCRIBE BRIEFLY THE SCOPE OF YOUR ORGANIZATION'S EFFORTS TO MANAGE FOR AND ASSURE ETHICAL CONDUCT, ATTACH AN ADDITIONAL SHEET OF PAPER IF NECESSARY:  Buck Consultants' Ethics Policies and Program is managed in conjunction with our parent corporation, Xerox. An overview of our program is disclosed on our public website:  <u><a href="http://www.xerox.com/downloads/usa/en/e/ethics_office_overview.pdf">http://www.xerox.com/downloads/usa/en/e/ethics_office_overview.pdf</a></u>		
D.	BY INITIALING HERE, I CERTIFY THAT MY ORGANIZATION AND OUR REPRESENTATIVES WILL EXERCISE CAUTION AT ALL TIMES TO ENSURE THAT OUR CONDUCT AVOIDS EVEN THE APPEARANCE OF IMPROPRIETY OR MISREPRESENTATION. WE WILL BE PROACTIVE IN ASKING QUESTIONS AND SEEK FORMAL GUIDANCE FROM LAUSD WHENEVER THERE IS A DOUBT ABOUT HOW TO PROCEED IN AN ETHICAL MANNER.		

### 3. CONTRACTOR RESPONSIBILITY (PLEASE COMPLETE EACH LINE BELOW):

For each "No" answer below, attach an additional sheet of paper with the heading "Contractor Responsibility" and provide an explanation that is brief, concise, and to the point which gives: 1) a detailed description of the issue and its cause, 2) the actions taken or being implemented to ensure that the issue will not occur again, 3) the name, position, and contact info for the individual in your organization charged with ensuring the issue will not be repeated, and 4) the impact, if any, the issue will have on the products or services you have proposed to LAUSD for this contract.

A.	MY ORGANIZATION AND OUR REPRESENTATIVES DEMONSTRATE A RECORD OF INTEGRITY AND BUSINESS ETHICS IN ACCORDANCE WITH ALL LOCAL, STATE AND FEDERAL LAWS, ORDINANCES, DIRECTIVES AND REGULATIONS AS WELL AS THE POLICIES AND REQUIREMENTS ESTABLISHED BY LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
B.	MY ORGANIZATION, INCLUDING ANY PRINCIPAL, OWNER, OFFICER, PARTNER, MAJOR STOCKHOLDER, SUBSIDIARY, AND ALL OTHER REPRESENTATIVES ACTING ON OUR BEHALF, HAS NOT BEEN THE SUBJECT OF A CRIMINAL INVESTIGATION, INDICTMENT, CONVICTION, JUDGMENT, INJUNCTION, OR A GRANT OF IMMUNITY, INCLUDING PENDING ACTIONS, FOR BRIBERY, EMBEZZLEMENT, EXTORTION, FALSIFICATION, FORGERY, MAKING FALSE STATEMENTS OR, ANY OTHER BUSINESS OR ETHICS RELATED CONDUCT CONSTITUTING A CRIMINAL OFFENSE UNDER FEDERAL, STATE OR LOCAL LAW WITHIN THE LAST SEVEN (7) YEARS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
C.	MY ORGANIZATION, INCLUDING ANY PRINCIPAL, OWNER, OFFICER, PARTNER, MAJOR STOCKHOLDER, SUBSIDIARY, AND ALL OTHER REPRESENTATIVES ACTING ON OUR BEHALF, HAS NOT BEEN THE SUBJECT OF A FEDERAL, STATE, LOCAL GOVERNMENT, OR LAUSD SUSPENSION, DEBARMENT, ADMINISTRATIVE AGREEMENT, DENIAL OF CONTRACT AWARD, DECLARATION OF INELIGIBILITY, OR BID REJECTION, INCLUDING PENDING ACTIONS, FOR NON-RESPONSIBILITY WITHIN THE LAST SEVEN (7) YEARS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
D.	MY ORGANIZATION, INCLUDING ANY PRINCIPAL, OWNER, OFFICER, PARTNER, MAJOR STOCKHOLDER, SUBSIDIARY, AND ALL OTHER REPRESENTATIVES ACTING ON OUR BEHALF, HAS NOT BEEN THE SUBJECT OF A FEDERAL, STATE, LOCAL GOVERNMENT, OR LAUSD ADMINISTRATIVE PROCEEDING OR CIVIL ACTION SEEKING SPECIFIC PERFORMANCE, RESTITUTION, CONTRACT SUSPENSION, OR TERMINATION FOR CAUSE, INCLUDING PENDING ACTIONS WITHIN THE LAST SEVEN (7) YEARS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
E.	MY ORGANIZATION, INCLUDING ANY SUBSIDIARY OR PREDECESSOR COMPANY OR ENTITY UNDER A DIFFERENT BUSINESS NAME, HAS NOT BEEN THE SUBJECT OF A BANKRUPTCY PROCEEDING, INCLUDING ANY PENDING BANKRUPTCY PROCEEDINGS WITHIN THE PAST SEVEN (7) YEARS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
F.	MY ORGANIZATION HAS THE FINANCIAL RESOURCES AND MANAGEMENT CAPACITY NECESSARY TO FULFILL THE REQUIREMENTS OF OUR PROPOSED CONTRACT WITH LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
G.	MY ORGANIZATION, INCLUDING ANY PRINCIPAL, OWNER, OFFICER, PARTNER, MAJOR STOCKHOLDER, SUBSIDIARY, AND ALL OTHER REPRESENTATIVES ACTING ON OUR BEHALF, HAS NOT, TO OUR KNOWLEDGE, BEEN THE SUBJECT OF A POOR PERFORMANCE COMPLAINT, CONFLICT OF INTEREST CONCERN, OR OTHER ETHICS INQUIRY AT LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
H.	BY INITIALING HERE, I CERTIFY THAT MY ORGANIZATION AND OUR REPRESENTATIVES WILL BE PROACTIVE IN DISCLOSING TO LAUSD ANY ISSUES CONCERNING OUR RESPONSIBILITY, SO THAT THE APPROPRIATE ACTIONS CAN BE TAKEN TO AVOID IMPACT TO THE PRODUCTS OR SERVICES WE WILL DELIVER TO LAUSD.		

**4. CONTRACTING EXCELLENCE (PLEASE COMPLETE EACH LINE BELOW):**

A.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL MAINTAIN A CONE OF SILENCE AND AVOID ALL PROHIBITED COMMUNICATIONS WITH LAUSD OFFICIALS DURING THE REQUIRED TIMES OF LAUSD'S CONTRACTING PROCESS. WE WILL NOT REQUEST OR ACCEPT – EITHER DIRECTLY OR INDIRECTLY – ANY PROTECTED INFORMATION REGARDING PRESENT OR FUTURE CONTRACTS BEFORE THE INFORMATION IS MADE PUBLICLY AVAILABLE AT THE SAME TIME AND IN THE SAME FORM TO ALL OTHER POTENTIAL BIDDERS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
B.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL PROTECT THE CONFIDENTIALITY OF ALL INFORMATION GARNERED THROUGH THE CONTRACTING PROCESS AND OUR WORK WITH LAUSD. WE UNDERSTAND THAT USING SUCH INFORMATION, DIRECTLY OR INDIRECTLY, FOR PERSONAL, FINANCIAL OR OTHER PRIVATE INTERESTS IS STRICTLY PROHIBITED.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
C.	MY ORGANIZATION, INCLUDING ANY PRINCIPAL, OWNER, OFFICER, PARTNER, MAJOR STOCKHOLDER, SUBSIDIARY, AND ALL OTHER REPRESENTATIVES ACTING ON OUR BEHALF, HAS NOT PARTICIPATED IN <u>ANY</u> ASPECT OF DEVELOPING THE SCOPE OF WORK, SOLICITATION DOCUMENTS, TECHNICAL SPECIFICATIONS, EVALUATION CRITERIA, PROCUREMENT CONSIDERATIONS, OR OTHER CONTRACTUAL INSTRUMENTS FOR THIS CONTRACT.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
D.	MY ORGANIZATION AND OUR REPRESENTATIVES KNOW OF NO LAUSD OFFICIAL WITH AN ECONOMIC INTEREST IN OUR ORGANIZATION OR OUR REPRESENTATIVES WHO HAS PARTICIPATED IN <u>ANY</u> ASPECT OF THIS CONTRACT. WE KNOW THAT AN ECONOMIC INTEREST EXISTS WHENEVER AN OFFICIAL, HIS OR HER SPOUSE, AND ANY DEPENDENT CHILDREN HAS A DIRECT OR INDIRECT FINANCIAL INTEREST OR LIABILITY IN EXCESS OF \$1000 IN AN ENTITY; HAS RECEIVED INCOME WITHIN THE PAST 12 MONTHS FROM THE ENTITY; HAS SERVED AS AN OFFICER, DIRECTOR, COMMITTEE MEMBER OR AN EMPLOYEE OF THE ENTITY (EVEN IN AN UNPAID CAPACITY); OR HAS RECEIVED A GIFT FROM AN ENTITY OVER LAUSD'S GIFT LIMIT.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
E.	BY INITIALING HERE, I CERTIFY THAT MY ORGANIZATION AND OUR REPRESENTATIVES WILL ABIDE BY ALL THE INTEGRITY REQUIREMENTS OF LAUSD'S CONTRACTING PROCESS. WE WILL BE CAUTIOUS TO AVOID ANY ACTIONS THAT COULD BE SAID TO INTERFERE WITH AN OPEN AND UNIFORM CONTRACTING PROCESS.		

**5. CONFLICTS OF INTEREST (PLEASE COMPLETE EACH LINE BELOW):**

A.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT CONDUCT BUSINESS WITH OR ON BEHALF OF LAUSD IN A MANNER THAT WOULD BE REASONABLY KNOWN TO CREATE OR LEAD TO A PERCEPTION OF SELF-DEALING.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
B.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT CONDUCT BUSINESS WITH ANY LAUSD OFFICIAL* WHO HAS AN ECONOMIC INTEREST IN OUR ORGANIZATION OR OUR REPRESENTATIVES. WE UNDERSTAND THAT DOING SO COULD VIOLATE GOVERNMENT CODE SECTION 1090 AND RESULT IN A VOID CONTRACT IN WHICH WE MAY OWE RESTITUTION TO LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
C.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT MAKE OR PARTICIPATE IN THE MAKING OF LAUSD DECISIONS WHEN OUR PERSONAL FINANCIAL INTERESTS CAN BE AFFECTED.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
D.	MY ORGANIZATION WILL NOT ALLOW ANY OF OUR REPRESENTATIVES TO CONDUCT BUSINESS DIRECTLY WITH ANY LAUSD OFFICIAL WHO IS A CLOSE RELATIVE OR COHABITANT, OR WITH WHOM THERE IS A CLOSE ECONOMIC ASSOCIATION. WE UNDERSTAND THAT ANY TIME THERE IS A CLOSE FAMILY OR PERSONAL RELATIONSHIP INVOLVED BETWEEN OUR REPRESENTATIVES AND AN LAUSD OFFICIAL WHO IS INVOLVED IN THIS WORK OR WHO HAS OVERSIGHT, WE MUST WORK WITH LAUSD TO IMPLEMENT THE NECESSARY SAFEGUARDS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
E.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT CONDUCT WORK ON BEHALF OF ANOTHER CLIENT ON A MATTER THAT WOULD BE REASONABLY SEEN AS IN CONFLICT WITH WORK PERFORMED FOR LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
F.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT BEGIN ANY PROSPECTIVE EMPLOYMENT OR CONSULTING DISCUSSIONS WITH ANY CURRENT LAUSD OFFICIAL WITHOUT IMPLEMENTING THE NECESSARY SAFEGUARDS ESTABLISHED BY STATE LAW AND LAUSD SINCE AN OFFER OF COMPENSATION CAN CREATE A CONFLICT.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
G.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT GIVE ANY GIFTS OR PERSONAL BENEFITS A) TO ANY LAUSD PROCUREMENT OFFICIAL, B) TO ANY LAUSD OFFICIAL IN EXCESS OF LAUSD'S ESTABLISHED GIFT LIMIT, OR C) TO ANY LAUSD OFFICIAL WITHOUT THE REQUIRED DISCLOSURE, IF DISCLOSURE IS REQUIRED.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
H.	BY INITIALING HERE, I CERTIFY THAT MY ORGANIZATION AND OUR REPRESENTATIVES WILL BE PROACTIVE IN DISCLOSING IN WRITING ALL POTENTIAL OR ACTUAL CONFLICTS, ON AN ONGOING BASIS, TO THE LAUSD OFFICIALS DESIGNATED IN THE CODE, SO THAT ANY CONFLICTS CAN BE APPROPRIATELY REMEDIED.		

\* Note that an LAUSD official is broadly defined to include "any board member, employee, consultant or advisory member of LAUSD" who is involved in making recommendations or decisions for LAUSD.

## 6. REVOLVING DOOR RESTRICTIONS (PLEASE COMPLETE EACH LINE BELOW):

For each "No" answer below, attach an additional sheet of paper with the heading "Revolving Door Restrictions" and provide an explanation that is brief, concise, and to the point which gives: 1) a description of the situation and the full name of the current or former LAUSD official(s) involved, 2) employment dates with LAUSD, 3) LAUSD position title(s) held with department(s) worked, 4) position title(s) held for your organization, 5) a detailed scope of responsibilities and services being performed for your organization, and 6) time period(s) your organization or representatives has compensated the official.

A.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT COMPENSATE ANY CURRENT LAUSD OFFICIAL TO LOBBY LAUSD, NOR WILL WE COMPENSATE ANY FORMER LAUSD OFFICIAL TO LOBBY LAUSD BEFORE A ONE (1) YEAR PERIOD HAS ELAPSED FROM THAT OFFICIAL'S LAST DATE OF EMPLOYMENT WITH LAUSD. WE UNDERSTAND THAT LOBBYING INCLUDES ANY ACTION TAKEN WITH THE PRINCIPAL PURPOSE OF INFLUENCING A POLICY, PROGRAM, CONTRACT, AWARD OR OTHER LAUSD DECISION-MAKING, INCLUDING MARKETING EFFORTS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
B.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT COMPENSATE ANY CURRENT OR FORMER LAUSD OFFICIAL TO WORK ON A MATTER THAT THE OFFICIAL HAS BEEN PERSONALLY AND SUBSTANTIALLY INVOLVED WITHIN THE PRECEDING 12 MONTHS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
C.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT COMPENSATE ANY CURRENT OR FORMER LAUSD OFFICIAL TO PERFORM ANY SERVICES ON A CONTRACT THAT THE OFFICIAL HAS SUBSTANTIALLY PARTICIPATED IN WITHIN THE PRECEDING TWO (2) YEARS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
D.	MY ORGANIZATION WILL ENSURE THAT ANY REPRESENTATIVE WHO IS CONTRACTED TO ACT IN THE CAPACITY OF AN LAUSD OFFICIAL WILL DISQUALIFY HIMSELF OR HERSELF FROM MAKING ANY GOVERNMENTAL DECISIONS FOR LAUSD RELATING TO A PRIVATE SECTOR INTEREST, INCLUDING MATTERS INVOLVING OUR ORGANIZATION, UNTIL A ONE (1) YEAR PERIOD HAS ELAPSED FROM THE TIME THE INTEREST HAS BEEN DISPOSED OR SEVERED.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
E.	DESCRIBE BRIEFLY THE INTERNAL SAFEGUARDS YOUR ORGANIZATION HAS PUT IN PLACE TO PRESERVE LAUSD'S COOLING PERIOD RESTRICTIONS:  Legal requirements relative to public sector customers prescribe business practices that vary significantly (generally stricter) from the way we do business with commercial customers. In general, we never offer employment to any public official involved in the purchasing process. Similarly, we never offer gifts, entertainment, incentives or improper payments to public officials. The applicable laws for doing business with public sector customers vary but we are accountable for knowing these legal requirements and their impact on our work. Our business groups work closely with the Office of General Counsel on these matters.		
F.	BY INITIALING HERE, I CERTIFY THAT MY ORGANIZATION AND OUR REPRESENTATIVES WILL UPHOLD ALL THE PROVISIONS OF LAUSD'S REVOLVING DOOR COOLING PERIOD RESTRICTIONS. WE RESPECT THE NEED FOR PUBLIC AGENCIES TO ENSURE THAT NO UNFAIR COMPETITIVE ADVANTAGE IS EXTENDED DUE TO THE HIRING OF CURRENT OR FORMER PUBLIC OFFICIALS.		

**7. DISCLOSURE OBLIGATIONS (PLEASE COMPLETE EACH LINE BELOW):**

<b>Disclosure of Your Representatives</b>			
Please attach an additional sheet of paper with the heading "Our Representatives" and provide the following: 1) the full name of all subcontractors, employees, agents and anyone else who will act on your organization's behalf for this LAUSD contract, 2) each individual's position title, and 3) each individual's organizational affiliation.			
<b>Disclosure Relating to Current &amp; Former LAUSD Officials</b>			
For each "No" answer below, attach an additional sheet of paper with the heading "Disclosure Obligations – Current & Former LAUSD Officials" and provide the following: 1) the full name of the current or former LAUSD official(s) involved, 2) the official's employment dates with LAUSD, 3) the official's final three-year history of LAUSD position title(s) held with department(s) worked, 4) position title(s) held for your organization, 5) a detailed scope of the responsibilities and services being performed for your organization, and 6) the time period(s) for which your organization or representative has compensated the official. Note: Public agencies are exempt from this requirement and may indicate so on their attachment.			
A.	MY ORGANIZATION AND OUR REPRESENTATIVES ARE <u>NOT</u> COMPENSATING ANY CURRENT LAUSD OFFICIALS. WE KNOW THAT AN LAUSD OFFICIAL IS BROADLY DEFINED TO INCLUDE "ANY BOARD MEMBER, EMPLOYEE, CONSULTANT OR ADVISORY MEMBER OF LAUSD" WHO IS INVOLVED IN MAKING RECOMMENDATIONS OR DECISIONS FOR LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
B.	MY ORGANIZATION AND OUR REPRESENTATIVES ARE <u>NOT</u> COMPENSATING ANY INDIVIDUALS WHO HAVE BEEN FORMER LAUSD OFFICIALS WITHIN THE LAST THREE (3) YEARS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
For each "No" answer below, attach an additional sheet of paper with the heading "Disclosure Obligations – Other Affiliations" and provide the following: 1) the full name of the LAUSD official(s) involved, 2) the official's current LAUSD position title held and department worked, and 3) the details of the official's relationship or affiliation with your organization or representatives.			
C.	MY ORGANIZATION AND OUR REPRESENTATIVES ARE NOT COMPENSATING THE FAMILY MEMBERS OF ANY LAUSD OFFICIALS WHO ARE INVOLVED WITH THIS CONTRACT OR OUR WORK FOR LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
D.	MY ORGANIZATION AND OUR REPRESENTATIVES HAVE NO KNOWLEDGE OF ANY FORMER EMPLOYEES OF OURS WHO ARE PRESENTLY EMPLOYED BY LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Lobbying Disclosure</b>			
E.	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT ENGAGE IN ANY LAUSD LOBBYING ACTIVITIES WITHOUT THE APPROPRIATE REGISTRATION AND DISCLOSURE THROUGH LAUSD'S ETHICS OFFICE WEBSITE ( <a href="http://WWW.LAUSD.NET/ETHICS">WWW.LAUSD.NET/ETHICS</a> ). WE UNDERSTAND THAT UNDER LAUSD'S LOBBYING DISCLOSURE CODE, REGISTRATION IS REQUIRED IF WE ARE PAID BY A CLIENT TO LOBBY LAUSD, OR IF WE WILL SPEND MORE THAN \$10,000 THIS YEAR TO LOBBY LAUSD ON OUR OWN BEHALF. WE KNOW THAT LOBBYING INCLUDES ANY ACTION TAKEN WITH THE PRINCIPAL PURPOSE OF INFLUENCING A POLICY, PROGRAM, CONTRACT, AWARD OR OTHER LAUSD DECISION, INCLUDING MARKETING AND PROMOTIONAL EFFORTS.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**State-Mandated Statement of Economic Interests**

(for professional services contracts only)

<b>F.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL ABIDE BY THE FINANCIAL DISCLOSURE REQUIREMENTS OF CALIFORNIA'S POLITICAL REFORM ACT WHICH REQUIRES INDIVIDUAL CONTRACTORS AND THEIR REPRESENTATIVES TO DISCLOSE ECONOMIC INTERESTS THAT COULD BE FORESEEABLY AFFECTED BY THEIR EXERCISE OF CONTRACTUAL DUTIES.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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If the answer is "No" below, attach an additional sheet of paper with the heading "State-Mandated Statement of Economic Interests" and provide the following: 1) the full name of each of your representatives who will make governmental decisions or participate in the making of governmental decisions for LAUSD in this contract, 2) a detailed scope of the responsibilities and services each individual will provide to LAUSD, and 3) a valid e-mail address for each representative. Before a contract is executed, these individuals will have to complete a Statement of Economic Interests which can be downloaded from: [www.lausd.net/ethics](http://www.lausd.net/ethics).

<b>G.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL <u>NOT</u> BE INVOLVED IN PERFORMING ANY ACTIVITIES OR DECISION-MAKING FOR LAUSD IN THIS CONTRACT SUCH AS: OBLIGATING LAUSD TO A COURSE OF ACTION; APPROVING PLANS, DESIGNS, REPORTS OR STUDIES FOR LAUSD; ADOPTING POLICIES, STANDARDS AND GUIDELINES FOR ANY SUBDIVISION OF LAUSD; AUTHORIZING LAUSD TO ENTER INTO, MODIFY, OR RENEW A CONTRACT; NEGOTIATING ON BEHALF OF LAUSD; ADVISING OR MAKING RECOMMENDATIONS TO LAUSD DECISION-MAKERS; CONDUCTING RESEARCH OR INVESTIGATIONS FOR LAUSD; PREPARING A REPORT OR ANALYSIS THAT REQUIRES AN EXERCISE IN JUDGMENT OR PERFORMING DUTIES SIMILAR TO AN LAUSD STAFF POSITION WHICH IS ALREADY DESIGNATED AS A FILER POSITION IN LAUSD's CONFLICT OF INTEREST CODE.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>H.</b>	BY INITIALING HERE, I CERTIFY THAT MY ORGANIZATION AND OUR REPRESENTATIVES WILL UPHOLD ALL OUR PUBLIC DISCLOSURE OBLIGATIONS WITH LAUSD. WE UNDERSTAND THAT PROVIDING TRANSPARENCY HELPS TO ENSURE GREATER ACCOUNTABILITY AND PUBLIC TRUST.		

*To ensure your compliance with LAUSD's disclosure obligations, please verify that all necessary attachments are included.*

**8. TRUST-BUILDING PRACTICES (PLEASE COMPLETE EACH LINE BELOW):**

<b>A.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL ADVISE LAUSD OF ANY CHANGE IN THE OWNERSHIP OR OPERATIONAL AND MANAGERIAL CONTROL OF OUR ORGANIZATION WITHIN 10 BUSINESS DAYS OF SUCH CHANGE.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>B.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT ENGAGE IN POLITICAL SUPPORT AND ACTIVITIES ON LAUSD TIME OR WITH LAUSD RESOURCES UNLESS WE HAVE BEEN RETAINED BY LAUSD TO SPECIFICALLY ENGAGE IN THOSE ACTIVITIES. WE UNDERSTAND THAT LAUSD RESOURCES INCLUDE: TIME, PROPERTY, SUPPLIES, SERVICES, CONSUMABLES, EQUIPMENT, TECHNOLOGY, INTELLECTUAL PROPERTY, AND INFORMATION	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>C.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT SUBMIT ANY FALSE CLAIMS FOR PAYMENT TO LAUSD, AND WE WILL NOT MAKE ANY SUBSTITUTION FOR GOODS, SERVICES OR TALENT THAT DO NOT MEET CONTRACT SPECIFICATIONS WITHOUT PRIOR WRITTEN APPROVAL BY LAUSD.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>D.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT USE LAUSD ASSETS AND RESOURCES FOR PURPOSES WHICH DO NOT SUPPORT LAUSD'S WORK. WE UNDERSTAND THAT LAUSD ASSETS INCLUDE: TIME, PROPERTY, SUPPLIES, SERVICES, CONSUMABLES, EQUIPMENT, TECHNOLOGY, INTELLECTUAL PROPERTY, AND INFORMATION.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>E.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT USE LAUSD NAMES AND MARKS, OR SUGGEST ANY LAUSD ENDORSEMENT IN ANY WAY, WITHOUT THE APPROPRIATE WRITTEN LAUSD APPROVAL.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>F.</b>	MY ORGANIZATION AND OUR REPRESENTATIVES WILL NOT LET ANY SUSPECTED VIOLATIONS OF LAUSD's CONTRACTOR CODE OF CONDUCT GO UNADDRESSED. WE UNDERSTAND THAT GOOD FAITH REPORTING OF SUSPECTED VIOLATIONS TO LAUSD'S OFFICE OF THE INSPECTOR GENERAL IS ENCOURAGED.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>G.</b>	BY INITIALING HERE, I CERTIFY THAT MY ORGANIZATION AND OUR REPRESENTATIVES WILL ENSURE ETHICAL AND RESPONSIBLE USE OF PUBLIC TAX DOLLARS FOR MAXIMUM STUDENT BENEFIT BY COMMITTING TO TRUST-BUILDING PRACTICES AND BY PROVIDING EXCELLENCE, HIGH QUALITY, INNOVATION AND COST EFFECTIVENESS IN THE PRODUCTS AND SERVICES WE WILL DELIVER TO LAUSD.		

*Thank you for your commitment to helping LAUSD ensure ethical conduct public integrity and responsible use of scarce tax dollars.*

## **Section II-B3 - INSURANCE REQUIREMENTS**

**The Proposer shall submit with its Proposal evidence that it has or can obtain insurance prior to Contract award. The following coverages are required:**

- A. Commercial General Liability Insurance, including both bodily injury and property damage, with limits as follows:
  - \$1,000,000 per occurrence
  - \$ 100,000 fire damage
  - \$ 5,000 med expenses
  - \$1,000,000 personal & adv. injury
  - \$3,000,000 general aggregate
  - \$3,000,000 products/completed operations aggregate
- B. Business Auto Liability Insurance for owned, scheduled, non-owned or hired automobiles with a combined single limit of no less than \$1 million per occurrence. If no owned autos, then non-owned/hired coverage can be accepted.
- C. Workers' Compensation, or alternative plans outside of California, and Employers Liability Insurance in a form and amount covering Contractor's full liability under the California Workers' Compensation Insurance and Safety Act and in accordance with applicable state and federal laws.

### **Part A – Statutory Limits**

Part B - \$1,000,000/\$1,000,000/\$1,000,000 Employers Liability

\*If the Contractor is a sole proprietor with no employees, proof of Workers' Compensation and Employers' Liability insurance coverage will not be required. However, Contractor must provide the District with a signed Workers' Compensation Statement. Please contact the Contract Analyst via email at anthony.silo@lausd.net to obtain the Workers' Compensation Statement.

- D. Errors & Omissions (Professional Liability) coverage
  - \$3,000,000 per occurrence claim / \$3,000,000 aggregate

- E. Any deductibles or Self-Insured Retentions (SIR) shall be declared in writing; deductibles and retentions above \$100,000 require the Office of Risk Management and Insurance Service's pre-approval.

- F. Contractor, upon execution of the contract and periodically thereafter upon request, shall furnish the District with certificates of insurance evidencing such coverage. The certificate of insurance shall include a ten (10) day non-renewal/ cancellation notice provision. The Commercial General Liability and Business Auto Liability policies of insurance providing the coverages referred to in clauses A and B above shall name the District and the Board of Education for the City of Los Angeles as additional insured for claims wherein Contractor has agreed to indemnify such additional insured under this agreement. Premiums on all insurance policies shall be paid by Contractor and shall be deemed included in Contractor's obligations under the contract at no additional charge.



**LOS ANGELES UNIFIED SCHOOL DISTRICT  
SMALL BUSINESS ENTERPRISE PROGRAM  
SBE UTILIZATION REPORT**

The Los Angeles Unified School District encourages participation by Small Business Enterprise (SBE) firms in procurement activity. Proposers/bidders including SBE firms in their responses must execute a copy of this Report and include it with their RFP/IFB response. Firms which do not return this report may be determined to have no SBE participation. Bidders/proposers that are SBE firms shall check the first box on the form. Majority firms responding to the SBE program will list SBE sub-contractors/partners or attach their annual small business contracting report (SF-295, Dept of Agriculture SBE report, etc.) Size standards, which define SBE status, are available at:  
<http://www.sba.gov/services/contractingopportunities/sizestandardstopics/index.html>

**Firm Name** Buck Consultants      **RFP#** 1095

**SBE STATUS (check one)**

Our firm(s) meet the qualification for SBE status as defined in the Small Business Administration size standards, or is certified by a government or third party entity.

Our firm utilizes SBE subcontractors. (List SBE firms utilized and the percentage)

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Our firm participates in a Federal agency small business utilization program. (Attach report)

- No SBE utilization
- Non-Profit organization
- Educational institution
- Government agency

By signing below, bidders/proposers represent that this is an accurate representation of the SBE status or utilization for the firm(s) participating in this contract.

Representative \_\_\_\_\_ Title \_\_\_\_\_ Principal \_\_\_\_\_

Date August 1, 2012 Telephone 310-226-1421