

I. Specific Proposal Requirements

- a. Certification page, Insurance Checklist and the return of this completed RFP and any addenda, acknowledgments, signed and filled out as required.
 - The completed RFP is included under Tab I of this RFP response report.
 - The Certification page is included under Tab II of this RFP response report.
 - The Insurance Checklist and any addenda and acknowledgments are included under Tab III of this RFP response report.
- b. **Offerors understanding of the Scope of Service: The proposal should provide a statement of the Scope of Services in the Offeror's own words which demonstrate a complete understanding of the purpose and scope of the services requested in the RFP. The section should also include a statement as to why your firm should be considered for the services, and shall include the Offeror's capability and qualifications to meet the requirements outlined in the RFP.**

**Understanding of the Purpose and Scope of Services /
Knowledge of Benefits Laws, Federal Guidelines, and Regulations:**

Roanoke County Public Schools ("RCPS") is taking a proactive step toward compliance with the new 403(b) regulations by conducting a vendor search to ensure that RCPS is meeting its fiduciary responsibility by offering a prudent retirement plan to its participants.

Given the passage of the new 403(b) regulations, many school systems are re-evaluating their 403(b) programs. Since the new regulations will require school systems to take more responsibility with the selection and monitoring of these vendors, school systems will need to conduct a due diligence analysis of the programs offered to their participants.

The timeline and scope of services described in RFP # 0832 are virtually identical to the process we follow during a vendor search. The following text provides more detail about our process.

Stage I

Bolton Partners Investment Consulting Group, Inc. begins every 403(b) vendor search with a client meeting to identify the goals and objectives of the vendor search. After receiving feedback and data from the current vendors and RCPS, we will identify the Plan's overall demographics including: total assets; cash flow; active and non-active participants; number of locations, etc. This demographic information is included in the RFP.

Based upon our initial meeting with RCPS and the data request, we will draft an RFP to survey the 403(b) marketplaces so that we can identify the most competitive programs for RCPS to offer to its employees. Once the draft RFP has been approved, we will work with RCPS to finalize the specifications of the RFP. The RFP will also be sent to RCPS's approved Tax Sheltered Annuity ("TSA") providers.

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

Through our 12 years of evaluating 403(b) plans, we have found some significant differences among these programs. Some of the differentiating characteristics that the RFP focuses on include:

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

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

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

Reducing the Number of Vendors:

We recognize the possibility that RCPS may retain multiple vendors. As part of this review, RCPS may wish to explore the potential benefits, which can be generated via a reduction in the number of vendors. Over the past 5 years, many K-12 school systems have begun to reduce the number of providers and have explored single vendor solutions. Limiting the number of vendors may result in improved economies of scale in areas such as pricing.

Potential advantages of a single vendor solution:

- Lower participant fees via group program pricing vs. the individual level;
- Facilitate compliance with new 403(b) regulations;
- Access to more competitive investment options;
- Bundled TPA services;
- Elimination or reduction of surrender charges; and
- Higher participation via a focused communications campaign (salaried representatives vs. commission agents).

Several Virginia school systems have made the decision to go to a single vendor program including:

- Prince William County Public Schools;
- City of Manassas Public Schools;
- Richmond Public Schools;
- Henrico County Public Schools;
- Chesterfield County Public Schools; and
- Hanover County Public Schools.

Stage II

Once the responses have been evaluated by BPICG, we will meet with RCPS to review the results and decide on the structure of the program (single vs. multiple vendors) as well as select finalist vendors. When this is determined, a day of interviews can be scheduled with these vendors so that RCPS and BPICG can evaluate which vendor(s) best meet the needs of the program. BPICG can also negotiate contract terms with these vendors.

Stage III

Based upon the best and final offers made by the vendors, we will develop a comparison of the finalist proposals that focuses on several factors including but not limited to: the professional fee schedule, the number of investment options and availability of lifestyle or target date options, the number of representatives and the number of days of on-site support, credit ratings etc.

Stage IV

Should a single vendor solution be selected, BPICG will assist with the selection of investment manager options. Furthermore, we will conduct an investment education meeting for the Committee. BPICG is an SEC registered investment advisor, which allows it to render an opinion regarding the prudence of these investment options for RCPS and its participants. Our opinion is based on several factors including but not limited to a review of each manager's performance versus benchmarks and peer groups, investment process, portfolio management team, and ability to generate competitive returns in the future. We will help RCPS determine whether the investment managers proposed by the vendors are prudent options. If not, we will work with RCPS and the vendor(s) to identify other appropriate options. We will conduct a meeting with RCPS to review our findings.

Stage V

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

Since the upcoming changes may be unfamiliar to RCPS employees, BPICG can conduct seminars to discuss the changes. Employees are also encouraged to ask questions pertaining to the 403(b) plans as well as general investment topics. Our clients have found these seminars to be extremely useful formats to communicate changes to the Plan.

Stage VI

As part of our consulting services, we can provide ongoing monitoring services on a quarterly basis. The goal of the monitoring report is to deliver an independent evaluation of the investment performance of the investment managers in the 403(b) plan. BPICG can also help the Committee develop an Investment Policy Statement and develop criteria to help them decide whether to retain or replace the fund managers. Our evaluation of managers may include, but is not limited to:

- People: Evaluation of portfolio management team and firm;
- Process: Consistency of or deviation from stated investment style;
- Performance: Measurement of absolute performance as well as performance relative to pertinent style benchmarks and appropriate peer groups; and
- Expenses: Comparison of expense ratios for each fund to the industry average.

Why Bolton Partners:

Bolton Partners Investment Consulting Group, Inc. ("BPICG") is an independent investment consulting firm that specializes in assisting school systems with the evaluation of their 403(b) programs. We have helped many school systems in Virginia with similar projects to the one requested in RFP # 0832 for 403(b) Consulting Services.

We believe that we have a competitive advantage over other consulting firms for several reasons including, but not limited to:

- Our 12 years of experience working with school systems, particularly in Virginia on this same type of project;
- Our independence and our ability to act as your co-fiduciary;
- Our knowledge of the 403(b) marketplace and ability to obtain best terms from your vendors;
- Our willingness and ability to work on a flat-fee schedule;
- Our access to leading 403(b) attorneys and industry experts; and
- Our proactive approach to addressing the new 403(b) regulations (we recently advised RCPS on the new 90-24 transfer change).

***Capability and Qualifications /
Specialized Experience or Technical Expertise:***

We were one of the early investment consultants in the 403(b) field. As a result, we have developed a depth of expertise in this specialized arena. Many of our clients are public school systems, so we are able to lend on this experience and provide RCPS with comparisons to peers. Each client has a unique set of circumstances, and our experience in developing solutions to these varying situations over time has been beneficial to our clients.

We understand that this assignment may include two types of work. Initially, RCPS will conduct a vendor search, and that may be followed by a need for performance monitoring of the investment options in the program. We possess specialized expertise in both of these areas.

We have conducted approximately 20 vendor searches over the past 3 years. Consequently, we also have experience with reducing the number of vendors and related issues ranging from bundled vs. unbundled solutions to grandfathering of incumbent vendors.

In addition to performing vendor searches, we have experience with audits for public school systems. In the mid-1990's we helped our clients respond to IRS audits on contribution limits, catch-up provisions, and the like. We also helped our clients implement standardized hold harmless agreements and salary reduction agreements. In 2002, we assisted many of our school system 403(b) clients in adding 457(b) plans to their defined contribution programs as a result of the passage of EGTRRA. With the recent introduction of the new 403(b) regulations, we recognize that RCPS will be facing new administrative burdens, and we are guiding our clients to ensure compliance. Finally, we are also experts in analysis of 403(b) and 457(b) contractual provisions including, but not limited to, fees, features and terms.

- c. **The proposal should specify the individual(s) who would be assigned to the contract, the level of their experience including credentials, related experience, training, and education of the personnel.**

The key members assigned to this project would be:

- Carol Boykin, CFA, Managing Director;
- Michael P. Beczkowski, MSF, Senior Defined Contribution Consultant; and
- Donald Lybrook, MSF, Director of Research and Senior Consultant.

Mike would be the lead on this assignment. Carol would oversee the project and ensure timely delivery. Carol and Mike would share the responsibility for the defined contribution research related to this project. Don would conduct the research related to the investment options.

We have reviewed the proposed timeline, and our proposed team has the capacity to perform the work within a reasonable time, taking into consideration their current and anticipated workload.

Michael P. Beczkowski, MSF is the Senior Consultant in charge of Bolton Partners' defined contribution clients. He is responsible for vendor searches as well as client service related to the ongoing performance monitoring of mutual funds.

Mr. Beczkowski has over 12 years of experience in the financial service industry, and 9 years of institutional investment consulting experience. Prior to joining Bolton Partners in 1996, Mike spent 4 years at T. Rowe Price, where he served as a Senior Account Executive for the Investment Services Group. In 1993, he was named "Employee of the Year" of the Baltimore Investment Services Division of T. Rowe Price.

Mike is a member of the National Tax Sheltered Annuity Association, and he holds multiple NASD licenses including Series 7, 24, 63, and 65. He received a Bachelor of Arts from Loyola College in 1991, and he received a Master in the Science of Finance ("MSF") from Loyola College in 1995.

Mike is considered an expert in the area of defined contribution plans and has been quoted in several well-known publications including *Forbes*, *U.S. News and World Report*, and *Kiplinger's*.

Carol Boykin, CFA is the Managing Director of Bolton Partners Investment Consulting, Inc. Ms. Boykin has 25 years of investment experience and focuses on advising Defined Benefit and Defined Contribution plans. Prior to joining Bolton Partners in 2004, Carol held senior positions with several large pension plans. She was Chief Investment Officer of the Maryland State Retirement System, Deputy Chief Investment Officer of Lucent Asset Management, and Securities Investment Officer (head of the investment division) of the New York State Teachers' Retirement System. Prior to that, she spent 9 years with the investment division of an insurance company.

Carol is a CFA charter holder, and holds a Masters in Finance from Loyola College and a BA in Economics from Emory University. She is a Board member, Education Chair, and Past President of the Baltimore CFA Society. Carol is a member of the Washington Association of Money Managers and CFA Institute. She is also a Standard Setter for Levels I & II of CFA Examinations.

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

- d. **The experience of the Offeror relative to the performance of this contract should be described. The proposal should specify all of the Offeror's experience with similar projects, preferably Governmental and School. The Offeror shall provide reference letters from at least two (2) County and two (2) Schools for which the Offeror has provided services which directly relate to the Scope of Services herein.**

We are experienced in assisting school systems with the evaluation of their 403(b) programs. We have helped many school systems in Virginia with similar projects to the one requested in RFP # 0832 for 403(b) Consulting Services. We have a long list of references, who will attest to our experience in this area. Our references will attest to the quality of our work as well as our timeliness and cost control (reasonableness of fees).

We conducted nine 403(b) vendor searches and reviews over the past two years. We have conducted 403(b) vendor searches and reviews for a broad base of public school system clients in Virginia. Subsequent to completing their searches and/or reviews, several of these plans have retained BPICG to perform ongoing investment manager monitoring.

We would like to stress that BPICG is one of the few consulting firms with experience assisting Virginia K-12 jurisdictions explore both single vendor and multi-vendor solutions. For example, four public school systems in Virginia engaged us to assess their multi-vendor plans. Prince William County Public Schools, City of Richmond Public Schools and City of Manassas Public Schools shifted to a single vendor as their primary 403(b) vehicle. Hanover County Public Schools, however, stayed with a multi-vendor solution, and they are now re-assessing that decision.

We recognize that your evaluation criteria focuses on our ability to deliver quality work in a timely manner, and we encourage you to call our references to verify this.

We have completed your reference sheets, and they appear under Tab IV of this RFP response report.

- e. Offeror shall provide verification that they are licensed for this type of services as required by the Code of Virginia.**

Yes, we are licensed for this type of service as required by the Code of Virginia. We are including related documentation under Tab V of this RFP response report. Our Corp ID # is F143242-8. The Registered Agent is James C. Brincefield Jr. (526 King Street; Alexander, VA. 23314)

- f. Provide the location of the office that will have the responsibility for providing services, and any other factors related to response capability.**

All of the services will be completed by staff in our Baltimore, Maryland headquarters. This office handles all investment consulting work and services clients from several states.

- g. Offeror shall provide a detailed statement describing any special terms and condition of this service, and shall acknowledge acceptance of the RFP inclusive of the terms and conditions, or clearly state exception to specific areas of the RFP in this section of their response, identifying the section exception is taken to, the reason for the exception, and any proposed language in place of the exception.**

We are enclosing the RCPS Signature Form under Tab VI of this RFP response report. See attached signed form. We have not requested any special terms, conditions or exceptions.

- h. Offeror shall provide sample documents and/or reports, which shall include, but not be limited to Work Plan, Strategic Planning Report, Claims Experience, Audit Report, etc.**

We are able to follow the Work Plan, which was outlined in the Timeline & Services section of this RFP. We are happy to provide any additional specific information upon request.

REQUEST FOR PROPOSAL – 0832
403(b) CONSULTING SERVICES
FEE FOR SERVICES

Optional Years:

Service	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Development of RFP & Selection of Vendor(s) for 403(b) Plan	\$30,000	N/A	N/A	N/A	N/A	N/A
Annual Consulting Service	\$6,000-\$6,000+ \$500/Option Per Reporting Cycle	\$6,000-\$6,000+ \$500/Option Per Reporting Cycle	\$6,000-\$6,000+ \$500/Option Per Reporting Cycle	\$6,000-\$6,000+ \$500/Option Per Reporting Cycle	\$6,000-\$6,000+ \$500/Option Per Reporting Cycle	\$6,000-\$6,000+ \$500/Option Per Reporting Cycle

Hourly Rates For Additional Services:

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Principal	\$350	\$350	\$350	\$350	\$350	\$350
Manager	\$225	\$225	\$225	\$225	\$225	\$225
Staff	\$75	\$75	\$75	\$75	\$75	\$75

Company Bolton Partners Investment Consulting Group, Inc. **Telephone** 443-573-3901

By Michael P. Beczkowski

Fax 410-547-1152

Title Senior Consultant

Email mbeczkowski@boltonpartners.com

References

Provide a list of four (4) clients preferably two (2) government and two (2) schools for whom similar services have been provided and dates when the service was provided. Included client name, telephone number, email address, description of type of services performed, and per the County/Schools may contact.

Government:

Client Name James City County Government
Address 101 Mounts Bay Road
Williamsburg, VA 23187

Contact's Name Ms. Carol Luckam, Director of Human Resources
Telephone 757-253-6680 **Email** cluckam@James-city.va.us

Description of Services Performed and year(s)

Conducted 457(b) vendor search in 2006/2007.

Government:

Client Name Hanover County Government
Address 7497 County Complex Road, Suite 201
Hanover, VA 23069

Contact' Name Mr. James Taylor, Director of Human Resources
Telephone 804-365-6072 **Email** JPTAYLOR@co.hanover.va.us

Description of Services Performed and year(s)

Conducted 457(b) vendor search in 2002; Retained for ongoing monitoring.

References

Provide a list of four (4) clients preferably two (2) government and two (2) schools for whom similar services have been provided and dates when the service was provided. Include client name, address, telephone number, email address, description of type of service performed, and person the County/Schools may contact.

Schools:

Client Name Richmond Public Schools
Address 1004 Mosby Street, Round A
Richmond, VA 23223

Contact's Name Mr. Trent Jones, Manager of Benefits
Telephone 804-780-8235 **Email** TJONES2@richmond.k12.va.us

Description of Services Performed and year(s)

Conducted 403(b) and 457(b) search in 2005; Retained for ongoing investment monitoring services.

Schools:

Client Name City of Manassas Public Schools
Address 9000 Tudor Lane
Manassas, VA 20110

Contact's Name Ms. Susan Bowers, Benefits Analyst
Telephone 703-257-8823 **Email** Sbowers@mail.manassas.k12.va.us

Description of Services Performed and year(s)

Conducted 403(b) search in 1999/2000 and conducted 403(b) and 457(b) search in 2004/2005. Retained for ongoing investment monitoring services.