

ORIGINAL

REQUEST FOR PROPOSAL
SERVICE CONSULTANT ROLE FOR 457 & 401(A) PLAN

For

CITY OF LAKELAND

R.F.P. NO. 0351



Submitted by:

BOLTON  PARTNERS

Michael Beczkowski

443-573-3901

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Bolton Partners Investment Consulting Group, Inc.



December 16, 2011

Mr. Mark D. Raiford, CPPB, FCPM, FCPA
Purchasing Manager
City of Lakeland
1140 East Parker Street
Lakeland, FL 33801-2066

Dear Mr. Raiford,

We appreciate the opportunity to respond to your Request for Proposal for Service Consultant Role for the City of Lakeland's 457 and 401(a) Plan (RFP # 0351).

Bolton Partners Investment Consulting Group, Inc. is a leading investment consulting firm in the public sector defined contribution marketplace. Since 1994, we have established a proven methodology for rigorously comparing defined contribution providers for public sector clients. As a result of our success, our clients will attest to the value we add to their program evaluations and the high quality of our work and due diligence.

We are confident that our firm can successfully help the City manage its RFP process to evaluate the responses to its 457 & 401(a) recordkeeper search. We believe we are qualified to provide the services requested for many reasons list below and which are also detailed in our response to your RFP.

- Our firm's public sector presence in Florida;
- The accessibility of our consultants;
- Our experience conducting recordkeeper search projects;
- Our recordkeeper search RFP questionnaire which includes over 300 questions to compare recordkeepers;
- Our ability to negotiate fee with recordkeepers;
- Our ability to achieve superior results and improve the overall experience for the Plan Sponsor and participants;
- Our ability to meet your Plan's implementation deadline of October 1, 2011; and
- Our competitive, one-time flat-fee fee schedule.

The City of Lakeland would be an important client to us and we will do what it takes to earn your business. We encourage you to call our references, as they will attest to our capabilities and our commitment to our clients. Should you have any questions, please feel free to contact me directly at 443-573-3901.

Sincerely,

A handwritten signature in black ink that reads "Michael P. Beczkowski".

Michael P. Beczkowski
Senior Consultant

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A. Please provide information about your company:

- 1) Please give a brief overview of your organization, location of your office(s), and ownership structure.**

Organizational Overview of Bolton Partners:

Bolton Partners is an employee benefits consulting firm with three practice areas and offices in multiple locations including Florida. We are headquartered in Baltimore, Maryland, and our investment consultants are based in this office. In addition to our Investment Consulting division, Bolton Partners Investment Consulting Group, Inc., we also provide Actuarial and Health & Welfare consulting services.

Bolton Partners Investment Consulting Group, Inc. is an independent investment consulting firm that specializes in providing defined contribution solutions to plan sponsors in the public sector. Bolton Partners Investment Consulting Group, Inc. is a registered investment advisor ("RIA"), and our Form ADV Part II is available upon request.

Bolton Partners is an employee-owned, equal opportunity employer. We have 86 employees, and approximately one third of our employees are women and/or minorities.

Bolton Partners Investment Consulting Group, Inc. is not affiliated, either directly or indirectly, with mutual funds, investment managers, or other associated businesses. We are independent. We serve as a co-fiduciary for our clients, and we are willing to commit to this contractually.

Years in Consulting Business:

Bolton Partners Investment Consulting Group, Inc. was established in 1994, and our sister company, Bolton Partners, Inc., was founded in 1981. We have been conducting vendor searches and have been providing investment performance monitoring services to defined contribution plans for 16 years.

Defined Contribution Experience:

Our references will attest to the depth of our experience with 457(b) and 401(a) plans for public sector clients. We have extensive experience working with municipalities on similar assignments to the ones described in RFP-0351.

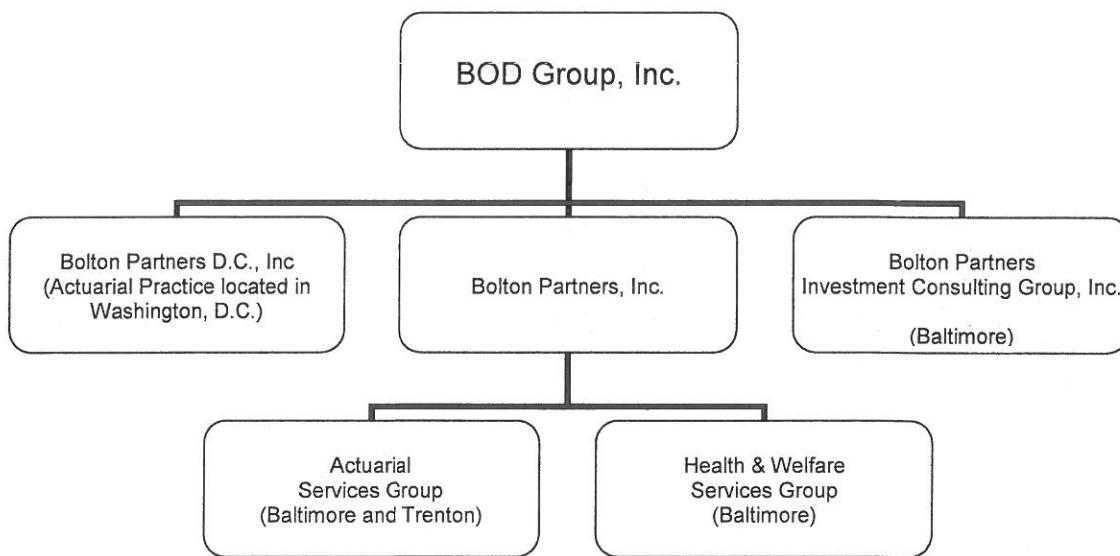
We have conducted approximately 30 vendor searches over the past three (3) years, and we currently monitor investment options for 36 clients with 60 plans (many of our clients have more than one plan).

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- 2) Does your firm have any subsidiaries or parent companies? If so, list all and explain the relationships.**

Bolton Partners Investment Consulting Group, Inc. and its sister companies, Bolton Partners, Inc. and Bolton Partners D.C., Inc., are owned by a holding company, BOD Group, Inc. BOD Group, Inc. is a statutory close corporation.

The firm was founded in 1981 by Robert G. Bolton, an actuary. The early structure of the firm included the Actuarial practice and the Health & Welfare practice. In 1994, the business was expanded to include an Investment Consulting practice, and Bolton Partners Investment Consulting Group, Inc. was founded as a separate company. The Investment Consulting group resides in our Baltimore headquarters office. Our Health & Welfare practice is also located in Baltimore. Our actuarial practice has offices in Baltimore, Washington, D.C., and Trenton, N.J. We also have a marketing office in Boca Raton, Florida.



Unless otherwise noted, Bolton Partners will refer to Bolton Partners Investment Consulting Group, Inc. throughout the remainder of this document.

- 3) Do you work through any related trading companies (clearing firms)? If so, please list all and explain all relationships.**

No. We do not work through any related trading companies (clearing firms), because we do not place any securities transactions for our clients. Some of our employees are registered representatives in order to facilitate the use of 12b-1 revenues by some of our clients. We do not retain any of this revenue. These

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revenues are used by our clients to pay their plan expenses. This process requires the use of an intermediary broker/dealer firm, and that firm (Capital Portfolio Management, Inc.) retains 5% of the revenue as payment for their services.

4) What percentage of your overall revenue is derived from investment and financial planning consulting services in comparison to commissions?

The majority of our revenue is derived from investment consulting services. The non-investment portion of our vendor search revenue accounts for the remainder of our revenue. This amount varies from year-to-year due to the project nature of this work. For the 2010 year, investment consulting services will represent between 90 and 95% of our revenues.

5) Please provide a copy of your Errors and Omissions insurance.

We are including a copy of our insurance certificate with our response to this RFP.

B. Please provide information on key employees and regulatory information:

1) How many employees does your firm currently have? Please give background of individuals who will be working on the plan.

Bolton Partners has 86 full time employees, including 6 investment consulting professionals, two of whom are CFA charterholders, and 80 employees in our Actuarial and Health & Welfare consulting practices. Several of the employees in the group of 80 employees also support the investment staff by providing IT and accounting support.

The key members of the team assigned to the plan would be:

- Carol Boykin, CFA;
- Michael Beczkowski, MSF; and
- Don Lybrook, MSF.

Mike would be the Project Manager on the vendor search project. Carol would oversee the project and ensure timely delivery. Don would be responsible for research.

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Tenure as of 2010			
Name	Title	Years with Bolton Partners	Years of Investment Experience
Carol Boykin, CFA	President	7	28
Mike Beczkowski, MSF	Senior Consultant Defined Contribution	15	19
Donald Lybrook, MSF	Director of Research & Senior Consultant	11	15

Carol Boykin, CFA

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

Ms. Boykin is a CFA charterholder, and holds a Masters in Finance from Loyola University Maryland and a BA in Economics from Emory University. Ms. Boykin is a former grader of the CFA examinations, and she is a Board member and Past President of the Baltimore CFA Society. She also serves on the Alumni Board of Calvert School.

Michael P. Beczkowski, MSF

Mr. Beczkowski is a Senior Consultant focusing on defined contribution clients. He joined Bolton Partners in January 1996.

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

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

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

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Donald E. Lybrook, MSF

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

- 2) Which of your firm's employees will actually attend meetings, measure performance, and help in making selections of the money managers of the retirement plan?**

Meetings for the vendor search would be attended by Mike and Carol. Meetings related to money manager selections would be attended by Carol, Mike or Don.

- 3) Have the advisors who will be servicing this retirement plan ever been censored or fined for violations in the securities industry? If so, please explain.**

No.

- 4) Is your firm presently being, or has it within the past five years, been sued in a court of law for breach of fiduciary responsibility, or for errors and omissions, in the handling of client affairs? If so, please explain.**

No.

C. Please provide information on any potential conflicts of interest:

- 1) Does your firm, or any of its employees, have clients or associations that could present a conflict of interest should your firm be chosen to represent the City of Lakeland and its employees in the retirement plan?**

No. We do not have any potential conflicts of interests that would prevent our firm from servicing the City of Lakeland and its employees. Our Ethics Policy includes adherence to CFA Institute Code of Ethics and Standards of Professional Conduct. Our Ethics Policy is monitored and enforced by our Chief Compliance Officer. We require our staff to complete annual disclosure forms, acknowledging that they complied with the policy and that they did not receive any gifts. Additionally, we

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require "access person" staff to file a quarterly disclosure form for their investment transactions.

- 2) Are there any circumstances under which your firm or its representatives would receive any fees or payments from money managers, investment managers, or brokers (for database inclusion, commission arrangements, performance measurement, product development, seminars, or soft dollar arrangements, etc.) that you recommend, consider for recommendation, or otherwise mention for our consideration? If so, explain all fee relationships and agreements, including soft and hard dollar arrangements.**

No. We are an independent, fee-only based consulting firm.

- 3) Do you have any arrangement with your broker dealer that would compensate your firm or its representatives more for placement of our plan with one mutual fund provider, recordkeeper or any other service? If yes, please describe.**

No. We are an independent fee-only based consulting firm.

D. Please provide information on consultation duties to the City of Lakeland:

- 1) Describe how you view your firm's duties as a consultant to City of Lakeland in recommending the selection of the 457 & 401(a) Plan.**

As the consultant, we will assist the City with the Vendor Search RFP process as well as implementation and research related tasks. The RFP process will help the City to prudently select a recordkeeper for its plans. Our mission is to draft an RFP that will be used for the evaluation, assist with the distribution of the RFP, and evaluate and score each response. We will also assist with any finalist interviews, ongoing negotiations, and implementation of the program proposed by the selected vendor(s). Our report will include an evaluation of the proposed investment options to determine which options should be included in the program and include development or updating of an Investment Policy Statement. Finally, we could provide ongoing monitoring of the investment options (managers) in the program, and we would periodically recommend changes to those options.

Our goal is to educate the City about the strengths of each vendor's proposal, so that they can make an informed decision. We will ensure that the City and its participants obtain favorable terms and program features from the recordkeeper that is ultimately selected. We will also ensure that the initial fund line-up contains funds with strong track records, stable management teams, reasonable expenses and well-defined investment processes.

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As part of our review, we will evaluate both “unbundled” and “bundled” recordkeeping solutions. Currently, the City utilizes an unbundled approach, whereby two firms, Allen & Company and the Hartford, provide: administration, recordkeeping, investment, enrollment, and education services. Recently, many Plan Sponsors have begun to implement an institutional or “bundled” approach, whereby one firm provides all of these functions. As a result of bundling these plans, plan sponsors experience significant cost savings and a reduction in administrative concerns.

- 2) Registered Investment Advisors (RIAs) are required under the Investment Advisors Act of 1940 to put their clients' interest ahead of their own, whereas brokers do not have this same requirement. Is your firm (not clearing firm) and its representatives registered with the Securities and Exchange Commission as Registered Investment Advisors and Representatives? If not, please explain why.**

Yes. We are an independent Registered Investment Advisory firm with the SEC, and our Form ADV is available for your review. In our capacity as your co-fiduciary, our sole interest is the Plan and its participants.

- 3) Will your firm acknowledge in writing their fiduciary role to the City of Lakeland and its employees?**

Yes. We will acknowledge our fiduciary role to the City of Lakeland and its employees in writing. We will serve contractually as the City's co-fiduciary.

- 4) Managing the fiduciary responsibility of a plan with 2,000 employees is an extensive undertaking. What will you do to help the City of Lakeland manage its fiduciary obligations?**

We will ensure that the City understands its fiduciary obligations and will recommend various steps that should be taken to meet these responsibilities. This will include a kick-off meeting to ensure that we understand the City's objectives and to ensure that appropriate steps are taken to accomplish these goals. Specifically, our goal will be to generate cost savings and/or program enhancements at the conclusion of the vendor search. Additionally, we will ensure that the Investment Policy Statement is structured in a way to provide policies and guidelines that protect the plan and its participants. Finally, we will assist with the selection of managers and we can provide ongoing monitoring services. This will enable the fiduciaries to meet their fiduciary obligations by providing participants with a well-diversified line-up of reasonably priced options with strong track records.

- 5) Item #5 was not identified in the RFP**

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- 6) What is your strategy on the 457 & 401(a) Plan to increase employee participation? What types of things could be done to the plan to enhance value to the City and its participants?**

We can work with the City and the recordkeeper to design a successful communications plan to make participants aware of the potential costs of their retirement and the potential shortfalls in their current portfolios. This communication plan will include both group and individual meetings between the vendor and participants at different worksites.

One of our goals is to minimize participant fees, so that they will have more retirement savings at a later date. During the RFP process, we will negotiate investment management and administrative fees with potential recordkeepers. Our goal here is to select superior funds with lower expense ratios than category average.

Also, in order to avoid participant confusion, we will work with the selected recordkeeper to develop a manageable list of competitive investment options. Most studies have shown that participation begins to decrease if there are too many investment options offered to participants. Therefore, we would recommend a list of approximately 15 core investment options.

- 7) Describe your firm's process for the evaluation and recommendation of a recordkeeper selection for the City of Lakeland's 457 & 401(a) Plan. How would you help to monitor the performance of the recordkeeper and the service the recordkeeper provides?**

We have included a timeline for your review under Tab II. We are able to commit the resources required to enable the City to meet its implementation deadline of October 1, 2011.

A detailed description of our proposed Vendor Search and Evaluation process follows:

Our vendor searches may include, but are not limited to the following stages:

- Kickoff Meeting with the City;
- Drafting & Issuing the RFP to the Vendors;
- Evaluating RFP Responses;
- Selection of Finalists;
- Finalist Interviews & Negotiations;
- Selection of Vendor(s);
- Contract and Document Review;
- Investment Option Selection for Proposed Line-up(s); and

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- Vendor Implementation.

A detailed description of each stage in our vendor searches follows:

Kickoff Meeting

We begin every vendor search with a client meeting to identify the goals and objectives of the vendor search. Using feedback and data from the current vendors and the City, we will identify the Plans' overall demographics including: total assets, cash flow, active and non-active participants, number of locations, etc.

The kickoff meeting agenda would typically include:

- Review any changes in 457 and 401(a) regulations;
- Discussion of current program's strengths and weaknesses;
- Identification of characteristics and objectives that are unique to the City;
- Discussion of procurement logistics related to RFP issuance;
- Discussion of RFP scope; and
- Determination of any minimum criteria to be included in RFP.

Drafting & Issuing the RFP

Based upon our initial meeting with the City and the data request, we will draft an RFP to survey the 457/401(a) vendors in the marketplace, so that we can identify the most competitive programs for the City to offer to its employees.

Our RFPs are extremely thorough. We ask over 300 questions covering a broad variety of categories in order to be able to compare and contrast the vendors. Some of the categories that our RFPs focus on include:

- Defined contribution experience;
- Professional fee schedule;
- Accessibility to superior investment options;
- Credential and compensation schedule of proposed representatives;
- Number of days of on-site support for participants;
- Soundness of recordkeeping system;
- Credit rating analysis;
- Contractual provisions (death benefits; surrender charges, market value adjustments, etc); and
- Identification of any lawsuits or regulatory matters affecting the vendors.

Once the draft RFP has been approved, we will work with the City to finalize the specifications of the RFP.

We can assist the City in distributing the RFP to the appropriate vendors. For example, we can provide the City with a list of vendor contacts and addresses. The RFP is typically sent to vendors, who are likely to meet the criteria and/or the

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minimum qualifications of the City. The RFP is also typically sent to the City's incumbent providers.

If necessary, we can also assist with a pre-proposal conference.

Evaluating RFP Responses

The vendor responses to the RFP will enable Bolton Partners and the City to make an "apples-to-apples" comparison of several aspects of the vendors' programs including, but not limited to:

- Program fees;
- Investment performance;
- Financial soundness;
- Communications (including on-site support); and
- Recordkeeping.

These factors will be weighed by Bolton Partners' proprietary scoring system, resulting in a ranking of all of the vendors' responses. This scoring system will incorporate input from the City regarding the relative importance of each factor to the City, so that the final rankings reflect the vendors who are best able to meet the needs of the City.

There are many criteria which we consider when evaluating vendors, including their capabilities in the following four (4) categories: recordkeeping, communications, investment options and professional fee schedule. Our RFP questionnaire includes over 300 detailed questions and is based on several different factors, including but not limited to:

- 457(b) experience in the public sector marketplace;
- Ease of administration for the City;
- Credit ratings and financial stability of the vendor's firm;
- Professional fee schedule and transparency of fees;
- Ability to provide on-site communications (group and one-on-one meetings);
- Willingness to provide salaried representatives;
- Quality of communications materials (including participant statements) and participant website;
- Soundness of the recordkeeping system;
- Ability to offer high quality investment options;
- Inclusion of lifecycle (target date) and/or lifestyle funds (risk based);
- Material lawsuits or any potential conflicts of interest; and
- Surrender charges and other contractual provisions.

Most importantly, vendor selection is determined based upon weighting the criteria in accordance with what is important to the City. Bolton Partners uses a proprietary

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scoring system, which ranks all of the vendors' responses. This scoring system incorporates input from the City regarding the relative importance of each factor to the City, so that the final rankings reflect the vendors who are best able to meet the needs of the City.

Once we have evaluated the results, we will deliver a detailed written report and discuss the findings at a meeting with the City.

Selection of Finalists

We will meet with the evaluation committee and seek input on our report. Typically, finalists are selected during this meeting. The number of finalists depends upon the number of qualified responses.

Once finalists have been selected, a day of interviews can be scheduled with these vendors. Bolton Partners can assist with scheduling finalist presentations.

Finalist Interviews & Negotiations

Bolton Partners can attend finalist presentations and assist with evaluating the vendors to identify the one who best meet the needs of the City's program.

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

Selection of Successful Vendor

Negotiations typically confirm the selection of the successful vendor. Typically, we recommend delaying notification to unsuccessful vendors until the service agreement is signed.

Contract & Document Review

We can often assist with *contract review* to ensure that negotiated pricing and service guarantees are included in the service agreement.

Investment Option Selection for Proposed Line-up

Bolton Partners can assist with the selection of investment manager options. Bolton Partners is an SEC registered investment advisor. We can render an opinion regarding the prudence of the investment options for the program 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 the City determine whether the investment

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managers proposed by the vendor are prudent options. If not, we will work with the City and the vendor to identify other appropriate options. We can conduct a meeting with the City to review our findings.

Vendor Implementation

We can work with the City and the selected vendor to implement the new program. This may be accomplished via either a conference call or an in-person meeting with the City, Bolton Partners and the vendor. At this time, the vendor should review all of the administrative and communication assignments that need to be completed in order to get the new program operating by a certain date.

Additionally, we can act as a liaison between the City and the vendor on transition-related issues such as enrollment and mapping strategies.

8) Describe your firm's process you will use to recommend investment policies, objectives, and guidelines for the retirement plan.

Investment Policy Statement

The key to ensuring that the City's Investment Committee meets its fiduciary responsibility centers on developing, implementing, and following a sound Investment Policy Statement ("IPS").

In many cases, we find that the foundations of a client's current IPS are sound. In these cases, we would modify and update the current IPS rather than create a new one. Our approach normally involves a meeting with the client before drafting the policy to ensure that we understand their criteria.

The development or modification of the IPS is one of the Committee's most important fiduciary duties. Our Investment Policy Statements for defined contribution plans typically include the following sections:

- Mission statement;
- Background of plan;
- Roles and responsibilities of fiduciaries;
- Guidelines for diversification, liquidity, etc.;
- Manager monitoring, selection and termination guidelines; and
- Required frequency for reviewing the policy.

Bolton Partners will work with the Committee to develop and implement the IPS. On an ongoing basis, we review and evaluate the IPS documents for our clients in an effort to identify areas for enhancement and/or modification. In particular, our best practices focus will be on ensuring that the IPS addresses applicable changes in regulations, laws, and Internal Revenue Code requirement.

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9) Will you draft the initial investment policy statement for approval by the City's 457 and 401(a) Committee?

Yes. We will draft the initial investment policy statement for the Committee.

10) Will you be responsible for the investment policy statement and update the policy at least annually for approval by the committee?

Yes. We will be responsible for the investment policy statement and the annual update of the investment policy.

11) Describe your firm's process for the evaluation and recommendation of investment managers for the retirement plan. How do you monitor each manager's performance?

Evaluating Investment Options

At the outset of a monitoring assignment and/or at the conclusion of a vendor search, we are often asked to evaluate the options in a program to determine whether they should be retained, replaced and/or eliminated.

We typically recommend retention of a manager if the people, process and performance are sound. Additionally, retention recommendations may be hinged upon whether or not there is redundancy in the vendor's line-up in a given style category (ex. large cap growth style category). In some cases, we will recommend elimination of an option if another superior option is present in that vendor's line-up in the same style category.

We may recommend replacement of an option if performance is poor or if we have concerns over the people (ex. change in lead portfolio manager) or if we have concerns over the process (ex. style drift).

Selecting Investment Options / Manager Search

When a fund is deemed to be deficient or a new investment style category is desired, we will begin our due diligence process to identify the most competitive options which best meet the criteria for the search. We will work with the program's vendor to identify replacement options, which are available on their recordkeeping platform.

As part of our due diligence process, we evaluate both quantitative and qualitative factors which are critical to determine the likelihood of whether a manager will be able to repeat their past success. In addition to looking at a manager's past performance against peers and benchmarks, our process focuses on an evaluation of a manager's investment process (buy and sell discipline), style purity and consistency, depth of investment staff, and management fees. We subscribe to two

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data bases to assist with the screening process: Morningstar and eVestment Alliance.

Once our research has narrowed the list to three or four options, we will follow up with the City to discuss our findings and recommendations. This is typically discussed at a meeting with a senior consultant, while reviewing our written report. The result of the meeting is usually the identification of the replacement manager. Once the new manager has been selected, we will work with the City and the vendor to determine the next steps to implement and communicate the changes.

Monitoring Investment Options

Our primary method for monitoring investment options is by preparing and delivering a quarterly report, containing our findings and recommendations along with performance results for each option. Typically, these reports are delivered in person by a senior consultant at a meeting with the client.

The goal of our investment monitoring reporting is to issue a fiduciary opinion on the prudence of each investment option (mutual fund). In addition to comparing each investment manager's performance to relevant benchmarks and peer groups, we consider factors, which contribute to performance such as:

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

Our reports may include, but are not limited to:

- Economic section, summarizing status and changes in leading indicators, both graphically and in text;
- Benchmark summary, providing returns for benchmarks for all asset classes utilized by the program on a 3-month and a 1, 3, 5 and 10-year basis;
- Asset allocation report, showing dollar amount and percentage of total plan assets invested in each investment manager relative to targets and ranges;
- Review of each manager's absolute performance for 3 months and 1, 3, 5 and 10-years (to the extent that data is available);
- Review of each manager's relative performance (against both peers and benchmarks) for 3 months and 1, 3, 5 and 10-years (to the extent that data is available);
- Summary of expense ratios for each manager compared to the category average for that manager's style (ex. large cap growth);

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- Summary of compliance (or lack thereof) by each investment manager with the Investment Policy Statement guidelines and criteria;
- Notes of Interest section, summarizing recent changes to each investment manager's team and process as well as other key factors influencing recent performance results for each manager. This section includes a recommendation, when necessary to place a manager on Watch List or to terminate a manager.

12)Please describe your back office support. What strengths does your back office lend to the service/selection of the 457 & 401(a) Plan?

Our experienced consultants have worked with the selection of defined contribution plan (457, 401(a), 403(b), and 401(k)) providers since 1994. Our greatest strengths are our public sector recordkeeper selection experience and our 457/401(a) product and marketplace knowledge expertise. Additionally, one of our strengths is our ability to make our findings and recommendations understandable to the City.

Finally, the results we have achieved for our clients are also one of our strengths. Since 1994, we've conducted numerous searches which have achieved several of the following:

- A significant Plan cost savings in the form of reduction in participant and plan fees;
- Successful comparison of "unbundled" vs. "bundled" solutions;
- An increase in on-site education support from the recordkeeper;
- Higher rates of plan participation;
- Implementation of easy-to-understand communications material for participants;
- Greater fee transparency;
- The replacement of inferior investment options;
- Introduction of the Roth 401(k) and Roth 403(b) options;
- Successful oversight of the monitoring program.

13)With plans of this size, administrative issues will occur from time to time. What types of things will you do in order to minimize administrative issues and promote solutions?

Our commitment to superior client service and clear communications is the best way to minimize any disruptions from an administrative standpoint. From time to time, there may be an administrative or service related issue on the part of the record keeper. Given the leverage we have with vendors in the defined contribution marketplace, we'll gladly assist to resolve these issues. We encourage you to contact your lead consultant, Mike Beczkowski, to find viable solutions to handle the situation. Mike has vast experience handling plan issues and will provide the pros and cons of viable solutions.

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14) Please describe how you will keep the City of Lakeland informed of legislative updates.

We will keep the City abreast of all major relevant legislative changes. We have a number of resources which enable us to do this. We retain the services of attorneys who focus on retirement plans, and we also belong to other professional groups such as NAGDCA (National Association of Deferred Compensation Administrators), which provides updates on trends in the 457/401(a) marketplace.

E. Please provide information on your consultation and education duties to the employees of the City of Lakeland:

1) Service to and education of our employees is of extreme importance to the City of Lakeland. Please describe your strategy for employee education.

The initial and ongoing education of Plan participants is one of the most important elements to the success of the Plan. Traditionally, the responsibility for educating participants has been delegated to the vendor/recordkeeper who can provide highly qualified individuals to meet them at the City's worksite. These individuals can provide on-going guidance on a variety of investment issues, including but not limited, to asset allocation, investment selection and income replacement. These meetings can be provided in both group and individual meetings.

As your consultant, we will make a comparison of each recordkeeper's educational program. In addition to the content in each recordkeeper's communication campaign, we'll focus on each representative's overall experience and credentials. We'll also identify the number of meeting days that each firm proposes and review the representative's compensation structure to identify any potential conflicts of interest. Finally, our review process will ensure that the recordkeeper's representatives will not solicit any products other than the 457 and 401(a) programs.

2) Please describe in detail how you will achieve the above strategy including use of technology, seminars, meetings, etc. to achieve your goals.

Please see the response in the answer above. We recommend that the vendor be the provider of communication services in a bundled scenario. Additionally, we recommend including service guarantees and penalties in the service agreement to ensure satisfactory completion of these services.

3) Please describe in detail your understanding of the benefits programs at the City of Lakeland.

The City provides three retirement plans - a 457(b) plan, a 457 OBRA plan and the 401(a) plan for its employees. Only full time employees are allowed to participants in

**City of Lakeland Request for Proposal
Service Consultant Role for 457 & 401(a) Plan**

the 457 plan, whereas participation is mandatory for all other employees in the 457 OBRA Plan. Participation in the 401(a) plan is limited.

F. Fees and expenses:

- 1) Fees and expenses are important to the City of Lakeland. These fees are not just associated with how much the advisor consultant is to receive, but also how much we pay in fees and expenses with mutual funds, record keeping arrangements, third-party administrators, etc. How will you monitor fees and expenses, disclose to the City these fees and expenses, and help us negotiate fees with other service providers that assist us with the plan (i.e. TPA, recordkeeper, money manager, etc).**

One of the goals of the recordkeeper search RFP is to make all program and investment management fees transparent to the City and its participants. Additionally, we want to identify the annual revenue from the investment funds that each record keeper requires to administer the plan and determine the amount of revenue generated by the proposed fund options. Based on each record keeper's proposed response, we will also determine if the plan qualifies for less expensive share classes of the investment options.

- 2) Please tell us as an advisor consultant how you will be compensated, where those fees & commissions will be paid from, and what your compensation will be?**

We charge flat fees for our services. In most of these cases, the Plan Sponsor pays the recordkeeper search fees.

Our fee for this recordkeeper search project (Phase 2) is \$28,000. Should the City request additional ongoing monitoring services, we can provide a professional fee schedule for that service.

- 3) What is the total annual revenue you would require as a percentage of plan assets?**

Our fee is based on a flat-fee basis and not on a percentage under assets.

- 4) Please also provide a fee schedule for any services related to financial planning, Certified Financial Planning (CFP) meetings or in-person investment advice.**

Our firm does not provide financial planning services to individuals in the plan. The selected record keeper should be able to provide representatives to meet with

City of Lakeland Request for Proposal Service Consultant Role for 457 & 401(a) Plan

participants to provide them with financial planning services. The City can make this one of the criteria in the RFP for selecting a record keeper.

G. Other

1) Please tell us why you think your firm should win this RFP? What separates your firm from other firms?

Unlike many brokers or other consulting firms, we are specialists in the defined contribution and public sector marketplace with a client base that ranges from Miami Beach to New Hampshire. Our firm's clients also include several public sector clients in Florida, including but not limited to:

- The City of Fort Lauderdale,
- City of Pompano Beach,
- City of Palm Beach Gardens,
- City of North Miami Beach,
- City of Sarasota,
- Jacksonville Transportation Authority,
- City of Naples, and
- North Fort Myers.

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

Our references will attest to the depth of our experience with 457(b) and 401(a) plans for public sector clients. We have extensive experience working with public employers on similar assignments to the ones described in RFP-0351. Some other aspects which makes our firm unique include:

- Our firm's public sector presence in Florida;
- The accessibility of our consultants;
- Our experience conducting recordkeeper search projects;
- Our recordkeeper search RFP questionnaire, which includes over 300 questions to compare recordkeepers;
- Our ability to negotiate fee with vendors;
- Our ability to achieve superior results and improve the overall experience for the Plan Sponsor and participants;
- Our ability to meet your Plan's implementation deadline of October 1, 2011; and
- Our competitive one-time flat-fee fee schedule.

PROPOSAL SHEET CONTINUED:
SERVICE CONSULTANT ROLE FOR 457 & 401(A) PLAN
For
CITY OF LAKELAND

November 23, 2010
R.F.P. NO. 0351

- D. Please list references from firms receiving similar equipment, materials or services to that requested in this request for proposal. This List shall be Specifically Prepared for this Proposal Submittal and Should Include the Name of the Entity and the Name and Telephone Number of a Responsible Individual Qualified to Respond to Questions Concerning Your Company's Abilities, Costs, Schedules, Etc. Note: Prior successful accomplishment of such equal work will be a consideration in determining whether the Respondent is qualified to perform the work specified herein.

	<u>Client Organization</u>	<u>Contact Person / Position</u>	<u>Telephone No.</u>
1.	Frederick County Government	Tracy Lobuts/ Assistant Director of Human Resources	301-600-1786
2.	Hanover County Public Schools	Charla Cordle/ Assistant Superintendent of Human Resources	804-365-4585
3.	Prince William County Public Schools	Deborah Sparks/ Director of Benefit & Retirement Services	703-791-8726
4.	Space Coast Health Foundation	Marchita H. Marino/ Director of Human Resources	321-636-2211

- E. Please State the Name, Address and Telephone Number of the Branch Office that Serves the Lakeland, Florida Area and where Technical Expertise is Available:

<u>Name</u>	<u>Address</u>	<u>Telephone</u>
Bolton Partners Investment Consulting Group, Inc.	100 Light Street, 9th Floor Baltimore MD	410-547-0500

PROPOSAL SHEET CONTINUED:

SERVICE CONSULTANT ROLE FOR 457 & 401(A) PLAN
For
CITY OF LAKELAND

November 23, 2010

R.F.P. NO. 0351

H. Schedule

Work can be started in 1 calendar day(s) after Notification of Award.

Terms of Payment \$28,000, payable in 4 installments over 12 months

Note: Payment shall be made within forty-five (45) days of receipt of invoice in accordance with Florida Statute §218.74, the Local Government Prompt Payment Act.

"I hereby certify that I understand and am aware that the City of Lakeland at its sole discretion reserves the right to waive technicalities or irregularities, to reject any or all submittals, and/or to accept that submittal which is in the best interest of the City. The award of this submittal, if made, may be based on various considerations, including without limitation; Respondent's experience and/or qualifications, past experience, administrative cost, standardization, technical evaluation and oral and/or written presentations as required. The City reserves the right to accept all or part, or to decline the whole, and to award this submittal to one (1) or more Respondents. The submittals will be in the judgment of the City the most responsive to the City's needs. The City of Lakeland encourages the use of minority and women-owned businesses as subcontractors or in joint venture arrangements. The City is authorized by Resolution No. 3634 to give preference to local persons, firms or corporations, in an amount of two percent (2%) not to exceed \$10,000 of the proposal price. Any Respondent sent three (3) or more requests for proposal or invitations to bid and fails to respond may be removed from the City bid list."

Bolton Partners Investment Consulting Group, Inc.

Company Name



Authorized Signature

Carol Boykin

Name of Contact for Questions
(Please Print or Type)

12-16-2010

Date Signed

443-573-3903

Telephone No. of Contact