



ARLINGTON PUBLIC SCHOOLS

Purchasing Office

1426 N. Quincy St., Arlington, VA 22207 • Phone: (703) 228-2411 • Fax: (703) 228-2754
www.apsva.us

March 30, 2015

AXA ADVISORS, LLC

Attn: Claire Comerford
525 Washington Blvd. 29th Floor
Jersey City NJ 07310

SUBJECT: DEFINED CONTRIBUTION RETIREMENT PLANS – OPTION 2

RE: RFP #04FY15 – OPTION 2 - Award of Contract

Dear Ms. Comerford:

A contract is being offered for the RFP referenced above. Please have an officer of your firm review the proposed contract and if it is acceptable, acknowledge the acceptance by signing and dating the attached agreement. A signed copy of the contract award will be returned to you for your files.

All terms, conditions and responses to this solicitation are incorporated as part of the contract award.

Sincerely,

Frances A. Jones

Frances A. Jones
Senior Buyer
Arlington Public Schools
Purchasing Department

Cc: Steven R. Hanson
Vice President - Strategic and Product Development
PlanMember Services Corporation

EXHIBIT A

AGREEMENT BETWEEN ARLINGTON PUBLIC SCHOOLS AND CONTRACTOR

Title: DEFINED CONTRIBUTION RETIREMENT PLANS – OPTION 2

This Contract #04FY15, entered into this 2nd day of April ²⁰¹⁵, by AXA ADVISORS, LLC, hereinafter called "Contractor" and Arlington Public Schools, hereinafter called "APS".

The parties agree that, having given adequate consideration, the Contractor will perform all services to assist APS with DEFINED CONTRIBUTION RETIREMENT PLANS for Arlington Public Schools.

The Contract consists of the following documents:

- EXHIBIT A -Agreement between Arlington Public Schools and Contractor
- EXHIBIT B - Scope of Services
 - Annex A to Scope of Services - Organization & Operations
 - Annex B to Scope of Services - Participant Service/Participant Education
 - Annex C to Scope of Services - Investment Funds Structure Financial Statements
- EXHIBIT C -Investment Plans Costs
- EXHIBIT D - Non-Disclosure and Data Security Agreement (Contractor, Designee and all Key Employees, Agents or Sub-Contractors)
- EXHIBIT E - Terms & Conditions
- EXHIBIT F - Implementation Schedule
- Request for Proposal Documents and Addenda
- Modifications issued after execution of this Agreement

The services shall be provided in accordance with the above-referenced contract documents. This Contract is the complete agreement between the parties and may not be altered except by written amendment signed by the parties.

The signatures of the parties or their authorized representatives are set out below in acknowledgment of this Contract.

ARLINGTON PUBLIC SCHOOLS

April 02, 2015
Date

By: Dawn Webb
Director / Purchasing Agent

AXA ADVISORS, LLC

Limited liability corporation
Type of Business (Corporation, Partnership, Sole Proprietor)

3/30/15
Date

Delaware
State of Organization/Incorporation
By: Claire Comerford
Signature
Claire Comerford
Typed or Printed Name

EXHIBIT B

SCOPE OF SERVICES

AXA Advisors, LLC, agrees to:

1. Maintain plan and participant level records.
2. Turnaround participant requests in a timely fashion. This includes, but is not limited to, requests to local representative, fund transfer requests, distribution requests, loan requests, and fulfillment.
3. Maintain and administer accounts providing participants statements on demand or no less frequently than each calendar quarter.
4. Provide a detailed list, including but not limited to, plan participants and contribution amounts, upon request.
5. Provide a written services agreement for APS that is fully compliant with all IRS requirements and customized to fit the needs of APS. As the IRS modifies the regulations, AXA shall edit and maintain the plan documents and/or services agreement as needed.
6. Keep APS abreast of all pertinent legislative and regulatory changes, with communications at least four times per year.
7. Prepare communication material to be distributed to all eligible employees.
8. Maintain and archive all participant files and ensure strict confidentiality of all employee data, records, and files. AXA and PlanMember Services shall not make available to any outside vendor or sales/marketing organization, any records or information pertaining to APS employees absent written authorization from APS. All of the rights available under the various annuity contracts or custodial accounts are enforceable solely by the respective APS employees, by the employees' beneficiary, or by an authorized representative of the employees.
9. Meet with APS within fifteen (15) days after the contract award date to present the proposed communication material, and to jointly establish a preliminary implementation plan and plan education program and schedule. This meeting will include a needs assessment, goals, objectives and targeted participation level.
10. Pay surrender charges on fixed accounts for those individuals who elect to move to AXA, up to a maximum of \$50,000.
11. For transferred accounts with exiting loans from another provider, AXA will mirror the amortization schedule based on the original terms of the loan.
12. Meet with APS at least one time per year for a comprehensive plan review, to include analysis of funds' performance, changes in objectives, plan participation, deferral rates, asset allocation, etc. Services to APS will also be reviewed, using measurements that include participation rate, average deferral rate, average account balance, average number of investment options, on-site service and participant education activities (number of appointments and seminars held) review participation and to set goals for participation based upon data and benchmarks.
13. Customize website to reflect AXA's plan provisions and investment options. Website will provide full account access and transaction capabilities.

14. Furnish to each employee eligible for the plan information outlining and defining all plan features, vendor services, investment options and *all* fees (i.e. fund expenses, revenue sharing arrangements, mortality and expense, wrap fees and other fees). APS shall review and approve the information prior to distribution.
15. Performance guarantees:
 - Enrollment and education
 - Contributions
 - Investment allocation changes
 - Participant statements
 - Plan level reporting
16. Provide quarterly and cumulative year-to-date investment performance reports both gross and net of all related fees for all available investment options, to APS and all plan participants.
17. Provide and/or make available materials and personnel to communicate the features and benefits of the plans for retirement purposes, including, but not limited to:
 - a. On-site communication and education at specific locations at least two (2) times per year
 - b. Availability of one-on-one assistance for plan participants by appointment at any time.
 - c. Provide materials that are easy to understand
 - d. Provide bilingual representatives and materials
 - e. Provide retirement planning education
 - f. Maintain compliance with school sign-in and visitor procedures
 - g. Be willing to assist with group and/or one-on-one meetings for all eligible employees in an on-going manner, but especially during the pre-service week for teachers and new hire orientation.
 - h. Provide responsive and effective customer service for participants related to contribution posting, eligibility, account balance inquiry and investment changes.
 - i. Ensure that customer service representatives respond to questions and resolve issues/problems directly with participants/employees rather than referring them back to APS.
 - j. Provide a secure website to participant accounts for both the Plan Sponsor and for plan participants.
18. Provide a single point of contact responsible for quality control, resolving problems and expediting services related to the overall performance of the contract.
19. Provide an organizational chart and list of contacts (with phone numbers, email, department and title) in relevant functional areas. Provide updates as changes occur.
20. Provide an administrative procedure manual to be used to administer the program, including necessary forms and instructions.

21. Maintain a toll-free customer service number for employees.
22. At the end of the contract all required data and records necessary to administer the program shall be transferred to the new provider within thirty (30) days' notice of termination. Such transfer may be accomplished either by electronic format or by paper based upon the mutual agreement between AXA and APS.
23. No information, reports, or other materials given to, prepared or assembled by AXA under the final contract shall be given or sold to any individual or organization.
24. No restrictions will be placed on the size of accounts accepted for voluntarily and directly transferred into the new plan(s)
25. It is understand that certain of the above items may be contracted by AXA with PlanMember Services; this contract is separate and apart from any agreement with APS and AXA assumes full responsibility for carrying out all terms of the Scope of Services.

ANNEX A TO SCOPE OF SERVICES – ORGANIZATION & OPERATIONS – AXA

6 - Please provide information on the number of resources being devoted to service these plans as well as the experience or qualifications of representatives being assigned to these plans.

At the home office, the majority of the employees have their securities licensing and undergo training on a continual basis. The participant Service Center staff is securities licensed. They also receive eight weeks of training, including corporate training, industry training, department training, call shadowing, and being shadowed on calls. Service Center representatives are required to obtain a certain score prior to being placed on the phones without call coaching.

The distribution sales force all hold their securities licenses with PlanMember Securities Corporation. Although this sales force is independent, they are experienced, licensed and trained through a central source. PlanMember also has a well-defined recruiting and due diligence process whereby every incoming representative is thoroughly screened including an FBI background check, credit check and personal reference check. Their production, training, compliance, and supervisory responsibilities are all coordinated and directed through PlanMember, creating a strong knowledge base and a commitment to client service.

In addition, AXA Advisors is providing the assistance of five local financial professionals to provide financial education services to APS employees:

- Mark Toia
- (Steven) Tyler Tisdell
- Frank Elgin
- Lakeisha Wilson
- Alex Chisolm

AXA Advisors strives to be the leader in helping people plan for a secure and comfortable retirement. To meet the goal of having the most professional and trusted sales force, AXA Advisors has a dedicated support team for training and education.

All financial professionals are expected to hold the required FINRA licenses such as the Series 6, 7, 24, 63, and 65, as well as all the necessary state-specific licensing. In addition, many of the financial professionals have achieved various industry designations, including Certified Financial Planner™ (CFP®), Chartered Life Underwriter (CLU) and Chartered Financial Consultant (ChFC). They are also registered representatives of AXA Advisors, LLC and insurance agents of AXA Network, LLC and its affiliates.

Financial professionals receive a comprehensive core curriculum that gives them a solid foundation from which to help employees. During the first three years of employment they receive extensive training and obtain various certifications. In addition, financial professionals receive 20-30 hours of field training per week.

After completing the core curriculum, the financial professionals are expected to continue learning and receive the support to do so in several ways, which include on-site training sessions, online training, and regularly scheduled meetings.

The training provided to the financial professionals is unique, as AXA Advisors provides multi-level training in both the classroom and out in the field. Additionally, other AXA Advisors representatives

share with them their vast amounts of experience to help teach the professionals. Beyond the classroom, the financial professionals can quickly tap into a staff of fully dedicated trained professionals. They can call the helpdesk to ask questions about specific products, changes in retirement plan legislation, upcoming training, retirement plan materials, and more. Additionally, managers and financial professionals have 24-hour access to an extensive online library of training and retirement plan materials.

7 - Please provide information on your client retention statistics for each of the last three (3) years.

PlanMember Services has had an 84-90% retention rate over the last three years, with less than 3% leaving for service-related reasons.

9 - Will APS have one main contact for the daily administrative needs of this plan? If yes, how many client relationships does the contact currently manage? Where are they located? Years of service? What is the average turnover for this position? Also, please provide us with a list of other public school systems that our point-of-contact will also serve as their point-of-contact.

Two individuals will be assigned to assist APS with daily administrative needs. They are responsible for all of the public school plans PlanMember currently serves.

Jennifer Brittingham,
First Vice President, Retail Services
6187 Carpinteria Ave.
Carpinteria, CA 93013
(800) 874-6910x2590
12 years
Minimal turnover

Jennifer Hadjian
Employer Group Development Coordinator
6187 Carpinteria Ave.
Carpinteria, CA 93013
(800) 874-6910x2590
2 years
Minimal turnover (once per 15-17 years)

10 - APS may want to develop education plans specific to certain employee demographics. Please provide a list of all plan level and participant level reporting capabilities within your system.

A website interface tracks the individual characteristics of each employer's plan document, rules and policies/procedures, key contact information etc. This data tells PlanMember what requirements are necessary for each plan and they can ensure that paperwork is properly handled. This data is referenced prior to processing any requests to ensure compliance with the employer's plan and policies. The system will also allow for reporting capabilities so Employers/TPAs will be able to access updated current reports on activity within their plan such as contributions, loans, distributions, hardships etc. Information will be available at the plan level, participant level and rep level.

Resources are also available to assist the employer with educational programs to help inform employees about the basics of retirement planning, investment basics and other financial literacy topics. There are three financial literacy curriculums (non-product, non-sales oriented) that can be delivered in 20 – 25 minutes onsite through the financial professionals, or through the APS branded version of the Online Retirement Academy. This unique educational tool not only helps improve the financial literacy of district employees, it is designed to help increase the district's retirement plan participation rates.

The financial professionals can also host various educational seminars and have the ability to customize to customize education plans to fit APS employee demographics.

12 - Please provide a copy of your custodial trust agreement.

Please See Exhibits C & D, respectively, for PlanMember's Custodial Trust Agreements for 403b & 457b.

14 - APS requires that each Vendor carry errors/omissions liability insurance and coverage. Please describe your errors/omissions liability insurance and coverage. Also, describe the various types of insurance coverage and indemnification to protect clients, plan sponsors, and participants.

Registered representatives and employees who perform any sales activity are covered under the PlanMember Securities Corporation policy. The PlanMember Financial Corporation policy covers home office employees performing:

- 401k plan administration and consulting
- 403 (b), 457(b), and IRA retail client services
- back office support and operations for the above

Regarding fraud or dishonesty coverage, per FINRA requirements, PlanMember Securities Corporation carries a Fidelity Bond in the amount of \$1million covering (in part):

- forgery or alteration
- computer systems fraud
- voice initiated transfer
- telefacsimile transfer fraud
- computer virus
- unauthorized signatures
- destruction of data by virus or hacker
- credit, debit or charge card forgery

PlanMember Services would be happy to provide an E&O certificate naming APS as an insured party upon request.

In addition, AXA Advisors financial professionals carry individual errors/omissions liability insurance with coverage ranging from \$2,500,000.00 to \$5,000,000.00. Their coverage certificates are provided in Appendix D under Tab 1 – Title Sheet.

15 - APS requires that all Vendors maintain a privacy policy to protect the sharing of client and participant information with a third party. What is your privacy policy regarding sharing client or account information with a third party?

PlanMember Privacy Consumer Privacy Statement

PlanMember's Sources of Information About You

We collect personal information about you from:

- The information you provide on applications or other forms (such as your name, address and Social Security number)
- Your transactions with us
- Your registered representative (such as updated information pertaining to your account)

PlanMember's Use of Your Personal Information

We treat your information with respect and concern for your privacy. We may disclose information about you to our staff, affiliates, representatives, their affiliated businesses, and

nonaffiliated third parties who provide you with financial products and services. Nonaffiliated third parties may include retirement plan sponsors or third-party administrators, mutual fund companies, insurance companies and agencies, other broker-dealers, and clearing firms. Our privacy policy is the same for current, as well as former clients. If you close your account, in the process of transferring your investments we may share your information with the new broker-dealer or custodian that you or your representative selects. If our representative servicing your account leaves us to join another broker-dealer, the representative is permitted to retain copies of your information so that he or she can assist with the transfer of your account and continue to serve you at their new firm. The representatives continuing use of your information will be subject to the new firm's privacy policy.

We may disclose information such as your name, address, social security number, date of birth, transactional information or other financial information, when necessary for us to provide you with financial products and services or report on your account, or where disclosure is prescribed by law. For example, we report your tax related information to federal and state governments, and we may disclose information during the course of an audit or to law enforcement or regulatory agencies.

We do not disclose your information to nonaffiliated companies who intend to market their products to you. For example, we will not sell clients names and addresses to a catalogue or marketing company.

We may also disclose any or all information we have collected about you to entities that perform services on our behalf such as bank custodians, mutual fund transfer agents, clearing broker/dealers. We may also enter into an information sharing agreement with your employer or its contracted third party administrator.

We make this type of disclosure to better service your PlanMember account or to inform you about PlanMember products and services. Before disclosing your information, we require these companies to promise to keep it confidential and use it only for the transaction we request.

Information About PlanMember Websites

This consumer statement also applies to PlanMember's websites. If you have Internet access and want more information about our website privacy and security practices, click on the privacy link on www.planmember.com.

Opting-out of Third-Party Disclosures

If you do not want us to share your information (other than as prescribed by law) with any nonaffiliated third parties, including the registered representative servicing your account when he or she leaves us to join another firm, you may contact our Service Center by calling our toll-free number (800) 874-6910.

Securing Your Information

Our staff, affiliates and representatives who have access to your information are required to follow our procedures reasonably designed to keep your information secure and confidential. Our physical, electronic and procedural safeguards have been reasonably designed to protect your information.

PlanMember Companies Subject to this Policy

This policy applies to all PlanMember companies.

Questions

If you have any questions regarding this policy, please call us at (800) 874-6910.

Business Continuity Information Notice

At PlanMember Securities Corporation, we recognize how heavily our clients rely on our services. We also recognize that the unexpected can and does occur, from simple power outages to major incidents affecting multiple websites or locations. PlanMember Securities Corporation wants you to know that we have plans in place to help safeguard your assets and protect vital account information in the event of a business disruption.

PlanMember Securities Corporation has developed corporate disaster recovery plans that include the ability to recover from various situations including, but not limited to, unplanned evacuations, power outages, fire, earthquake and facilities failures that may cause interruptions to our business. Our plans address the ability to recover critical functions according to their time criticality. In order to maintain secure and effective plans, PlanMember Securities Corporation does not provide the specific details in this notice, but you should be aware that PlanMember Securities Corporation's corporate disaster recovery planning includes the following:

- Back-up and recovery of critical information
- Identification and recovery of mission critical systems
- Alternate communications between PlanMember Securities Corporation and its customers
- Alternate communications with and physical location for its employees
- Regulatory reporting and communications
- Systems and telecommunications accessibility
- Review of financial and operational risks

Contacting Us

In the event of a significant business disruption where you cannot contact us as you normally would, you should contact our direct number at (800) 874-6910, or visit www.planmember.com. If the magnitude of the disruption prohibits you from contacting us using these methods, your next alternative is to contact the registered representative who appears on your current statement, or the mutual fund company or insurance company directly. Contact numbers for these mutual fund companies and insurance companies are available on the Internet or in the individual prospectus supplied to you.

Please note that the PlanMember Securities Corporation Business Continuity Plan is reviewed regularly to ensure that it accounts for technology, process and regulatory changes. Material changes to our plan will be reflected in an updated Business Continuity Information Notice, which will be posted on our website and delivered to customers when accounts are established. You may obtain a current written copy of this notice by contacting your PlanMember Securities Corporation registered representative or us directly at (800) 874-6910.

AXA Advisors

AXA Advisors is committed to keeping all personal information we have about you confidential and secure. This policy describes how we protect your privacy.

With Whom We Share Data

AXA Advisors may share personal information about you with:

- your financial professional

- companies whose products and services you purchase through us
- companies that have joint marketing agreements with us
- vendors that perform support services for us, including those who:
 - provide underwriting services
 - assist in managing claims
 - print and mail account statements
 - support our computer systems
 - clear and settle trades
 - help market our products and services to you

16 - APS requires all Vendors to monitor APS and Participant satisfaction. Please describe your procedures for monitoring and reporting:

a. client satisfaction and

Participant calls are randomly monitored and client satisfaction surveys are conducted on an annual basis. The Call Center Supervisor and Training Director provides coaching and monitoring assistance. A portion of the PlanMember Service Representatives' incentive program is based on the level of service, accuracy, and knowledge provided during the participant call.

Participants can also contact the Call Center between the hours of 9:00 a.m. and 8:00 p.m. Eastern Standard Time with any inquiries or complaints. They are dedicated to serving participants and will find the appropriate solution to any issue.

b. Participant satisfaction, including the ability to provide data specific to APS.

Regarding APS satisfaction and procedures for monitoring and reporting, legislative updates will be communicated through special bulletins or updates to plan sponsor participant materials, a minimum of six times annually. There are no unique procedures for monitoring satisfaction; however, the Employer Group Liaison is available for plan sponsor calls. They monitor and evaluate the completed employer implementation questionnaire to ensure that all proactive requests related to plan and savings analysis or financial literacy workshop availability is being fulfilled on.

Regarding participant satisfaction and procedures for monitoring and reporting, participants will be regularly polled and every incoming participant phone call is recorded to ensure customer satisfaction, update training programs and provide guidance on customer satisfaction skills. Call center recording reports are summarized for trends and training purposes. Of the PlanMember participants polled:

- 78% were invested in one of the five PlanMember Services Asset Allocation Portfolios, and of those participants, 89% valued the asset allocation services provided.
- 81% of respondents were satisfied with the number of investment choices available to them.
- 51% were very satisfied with the performance of their investment choices and 34% were satisfied with the performance, whereas only 15% were not very satisfied or not sure.
- A large number of participants also found communications from PlanMember to be satisfactory, with 71% feeling they received the right amount of information regarding their investments and 87% finding the newsletters and investment updates useful.
- 81% of participants had also visited the PlanMember Services website.

Regarding timeliness, 90% of participants who had contacted the Call Center were happy with the responsiveness on telephone inquiries and 82% of those who had received loan, distribution or contribution processing services were satisfied with the timeliness. As for the overall investments, service, and personnel, 88% of participants were happy with the quality of the PlanMember Services Program.

17 - APS requires periodic client service reviews. Please describe the typical agenda and frequency of a periodic client service review.

Surveys are conducted on an annual basis, and participants are able to provide feedback. An internal Service Plus campaign also reaches out to all internal PlanMember departments and provides incentives and motivation to all employees.

Participants are provided with a variety of ongoing education and support services that help them understand the strategies of successful retirement planning and keep them informed and actively involved in the plan. These services include employee educational seminars, 24-hour internet account access and planning tools, a toll free Service Center, quarterly consolidated statement with periodic Membership Newsletters, Market Outlook & Portfolio Strategy Update and other pertinent inserts, and a personalized PlanMember Services membership wallet card.

After enrollment, representatives create detailed investment advice using the Online Retirement Plan Review (ORPR), an online tool that analyzes current retirement objectives and recommends adjustments in savings needs, retirement date on an annual basis. Further, clients can request a form of progress report as they wish on an ad hoc basis using the Plan & Savings Analysis. The Plan & Savings Analysis provides a personalized recommendation for one of five professionally-managed Asset Allocation Portfolios managed by the investment professionals at PlanMember Securities, an SEC Registered Investment Advisor. Portfolios are rebalanced and reallocated on an ongoing basis. All Representatives have access to this TRAK software that provides the Plan & Savings analysis.

In addition, the AXA Advisors Relationship Manager assigned to APS, will be available as frequently as required to conduct on-site meetings with APS on topics such as plan statistical information /trends, and overall communication planning and results, fees, etc.

The meeting agenda will be jointly determined by APS and Mark Toia, and may include the following items:

- Legislative and regulatory changes that will affect the plan
- Changes to IRS plan regulations and requirements
- Changes and current happenings as they pertain to the retirement planning marketplace
- Any concerns APS may have regarding the plan

18 - APS requires performance service guarantees. Do you guarantee service performance? If so, please describe.

Whenever answering the telephone, it is the responsibility of the representative to demonstrate the following standards:

Client Support

Primary role is to service the needs of the client with

- 80% of the calls answered within the first 30 seconds.
- 24 hour follow up with 48-72 hour resolution on research requests
- Acceptable abandonment rate of 4%

Broker Support

- Primarily to support the general needs of existing and prospective advisors with 80% of the calls answered within the first 20 seconds.

- 24 hour follow up with 48-72 hour resolution on research requests
- Acceptable abandonment rate of 4%

Preferred Client Support

- Primary role is to service the needs of the preferred client with 90% of the calls answered within the first 10 seconds.
- Same day follow up with 48 hour resolution on research requests
- Acceptable abandonment rate of 2%

PlanMember Services prides itself on its ability to process all account activity in a timely fashion. All account activity is processed through the Operations Department within certain timing standards and is recorded in PlanMember's systems. A list of timing standards for general transactions is listed below.

Activity	Quality Standard (business days)
Contribution reconciliation and posting	1 day from receipt of payroll data
Withdrawals paid	4-5 days from receipt of form
Loans paid	4-5 days from receipt of form
Distributions paid	7-10 days from receipt of form
Issuance of Participant Statements	Within first 5 days after quarter end
Hardship Withdrawals	10-14 business days
Termination/Rollovers/Direct Transfers for Distribution	7-10 days
Fund Balance Transfers	7-10 days
Investment Election Requests	72 hours
Contribution Percentage Elections/Changes	Immediately
Transfers-in	1-2 days
Rollovers into the plan processed and invested	1 day
Transfers-out	5 days
Confirmations mailed	1 day

19 - APS requires that all plan transactions be conducted with oversight to ensure transactional integrity. Please provide a description of the checks and balances you have in place to ensure transactional integrity?

The quality control division monitors errors and correction processing. Their procedures are set up to identify and reconcile errors in a timely manner. Once errors are identified, an analysis is conducted and corrective actions are taken with the best interest of the client in mind. In any instance when a client is negatively impacted by an error made by PlanMember Services, they will ensure that the situation is rectified and clients are made whole.

20 - APS requires the Vendors to provide updates regarding regulatory and legislative changes associated with 403(b) and 457(b) plans. How will you keep APS informed and updated on any regulatory and legislative changes?

Legislative updates are provided on a quarterly basis. Additional updates are also produced and delivered on an as-needed basis given the frequency of changes in the industry. Conference calls and webinars on legislative changes are available and separate mailings can be produced if a matter requires immediate attention.

The AXA Advisors financial professionals will supplement these notices as necessary and will notify APS of any legislative and regulatory changes by mail or via on-site visits. If APS would like to conduct seminars to update its employees about the changes, the local financial professionals are available for that as well. If a participant has a major concern about these changes, they can speak with our financial professionals either onsite or they can set up an individual appointment, at no cost. Whenever appropriate, the meetings will be conducted with APS' benefit department and any other personnel involved with the management of the retirement plan.

21 - APS requires Vendors to maintain a document disaster recovery plan. Please describe your documented disaster recovery plan. How often is the system tested?

PlanMember maintains and reviews a comprehensive "Business Continuity Plan" that covers all of their disaster recovery processes and procedures. The plans address the ability to recover critical functions according to their time criticality. The disaster recovery planning includes: 1) Backup and recovery of critical information, 2) Identification and recovery of mission critical systems, 3) Alternate communications between PlanMember and its customers, 4) Alternate communications with and physical location for its employees, 5) Regulatory reporting and communications, 6) Systems and telecommunications accessibility, and 7) Review of financial and operational risks.

22 - APS requires secure transmission of data files. Please describe your procedure for ensuring secure transmission of data files and reports between your organization and APS and/or TPA.

PlanMember Services is happy to sign an Information Sharing Agreement with, and provide SPARK file reporting to, APS or its appointed Third Party Administrator. Further, ACH remittances and electronic data transmissions can be received directly from APS or a TPA. Currently, the employer is provided with a secure e-mail address through which the employer can attach and email the data to a secure website. In conjunction with the employer sending the data transmission, the employer can send the ACH remittance to the custodian Bank, UMB Bank, n.a. PlanMember receives same-day notification that an ACH is received into the bank and PlanMember matches it to the e-mail on the secure website. Electronic remittances are processed within 24 hours of receipt. As an extension to the current process, a plan sponsor/employer tool has been developed to allow an employer to access a secure PlanMember website to upload remittance information directly onto the website in lieu of sending an e-mail to the secure site.

23 - APS requires each Vendor to maintain procedures to protect client and participant data from unauthorized use/access. Please detail your Company's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks, and data.

Access to personal account information via the web is password protected. The initial password for each participant will be the last five digits of their social security number. Once they have entered the site for the first time, the system will prompt them to change their password. They can also call the Call Center with any password or login-related issues. Protection of information is accomplished by multiple network logins and "role based" access rights. Dedicated hardware firewalls are in place to protect PlanMember's systems and information from being accessed over the internet. For information delivered via the web sites, 128bit encryption is used.

Access is limited to customer information to employees with a legitimate business reason for such access. Physical, electronic, and procedural safeguards are also maintained to protect personal information from being accessed by unauthorized persons.

24 - APS requires that each Vendor have their internal controls and customer service be audited by an independent firm on at least an annual basis. Are internal controls of your system audited by an independent firm on an annual or more frequent basis? If so, please provide a copy of the most recent report.

Yes. Please see Exhibit E for PlanMember's most recent SAS 70 report.

ANNEX B TO SCOPE OF SERVICES - PARTICIPANT SERVICE/PARTICIPANT EDUCATION - AXA

11 - Please specify the types and amounts of written communication, as well as onsite and other types of participant support, you will provide during the initial implementation of the new contracts.

Four-Step System

At the core of the PlanMember Services Program is a unique planning system known as the PlanMember Services Retirement Planning System. Through this comprehensive 4-step system, program participants are provided with the same proven approach to retirement investing utilized by the nation's largest pension plans. This innovative planning system provides members with the ongoing personalized planning and investment guidance to help them design and maintain a suitable long-term savings and investment strategy. Members also receive a variety of ongoing communication services that keep them informed and actively involved in the plan. These valuable services take the guesswork out of retirement planning and provide members with the tools they need to achieve a financially secure retirement. Following is a brief description of each of the four components of the PlanMember Services Retirement Planning System.

Step 1: Plan & Savings Analysis

Based on their personal financial profile, prospective clients are provided with a free personalized retirement plan and savings analysis. As part of this analysis, each client receives a personal retirement plan that helps establish long-term savings goals and shows: Which retirement plan is most suitable; how much social security and/or state pension systems will provide; how much the client should save to meet retirement income goals; how the client should invest his or her savings.

Step 2: Professional Investment Recommendations

Based on an analysis of each participant's profile, the Personal Retirement Plan provides a recommendation for one of five professionally managed PlanMember Services Asset Allocation Portfolios. Each portfolio consists of a strategic blend of top-quality mutual funds and is actively managed to pursue a specific investment objective ranging from stability of principal and inflation protection to maximum long-term growth. PlanMember Services' Asset Allocation portfolios are managed using the same proven approach utilized by the nation's largest public and private pension plans. Based on a professional analysis and outlook of the economy and financial markets, asset classes that are expected to perform more favorably are identified. Following the selection of favorable asset classes, mutual funds that invest in the identified asset classes are selected. The funds are then allocated to the PlanMember Services portfolios according to each portfolio's stated investment objectives. Portfolios are rebalanced and reallocated on an ongoing basis per the Investment Team strategy and based on the market conditions, mutual fund performance, etc.

Step 3: Online Retirement Plan Review

Each year participants receive a personalized Online Retirement Plan Review that updates their Plan & Savings Analysis and helps them evaluate the progress of their account. Included in the Online Retirement Plan Review is a life cycle planning analysis that helps identify any necessary adjustments to his or her portfolio selection.

Step 4: Ongoing Education & Support

Participants are provided with a variety of ongoing education and support services that help them understand the strategies of successful retirement planning and keep them informed and actively involved in the plan. These services include employee educational seminars, 24-hour internet account access and planning tools, a toll free Service Center, quarterly consolidated statement with

periodic Membership Newsletters, Market Outlook & Portfolio Strategy Update and other pertinent inserts, and a personalized PlanMember Services membership wallet card.

The AXA Advisors financial professionals will work with APS and its plan participants throughout the implementation process.

12 - Is your organization willing to pay surrender charges on fixed accounts with other providers? If so, please explain the reimbursement process and how this will affect your pricing.

PlanMember is willing to discuss with APS the concept of reimbursing participants for surrender charges incurred on fixed accounts with other providers if exchanged into one of the new approved provider programs. We would need more information to determine how such a program would affect the overall pricing.

Generally speaking, clients would have a pre-defined window of opportunity to move their funds and be eligible for reimbursement. The asset-based fee for the entire plan would be increased for a specified period of time if such a program were to be implemented.

13 - How will you handle transfers of accounts with existing loans from another provider?

A website interface tracks the individual characteristics of each employer's plan document, rules and policies/procedures, key contact information etc. This data tells what requirements are necessary for each plan and can ensure that paperwork is properly handled. This data is referenced prior to processing any requests to ensure compliance with the employer's plan and policies. The system will also allow for reporting capabilities so Employers/TPAs will be able to access updated current reports on activity within their plan such as contributions, loans, distributions, hardships etc. Information will be available at the plan level, participant level and rep level.

14 - How do you monitor the success/effectiveness and quality of the conversion/implementation process and team?

PlanMember Services Corporation has been dedicated to delivering high quality and comprehensive retirement plan products to the education and nonprofit market for nearly three decades. As such they are committed to maintaining an informed, successful and effective employer relationship. Once an employer relationship has been established and fully implemented through the three phase implementation schedule previously outlined, there are several systems and people in place to ensure the successful implementation and integrity of the plan.

- First, a dedicated Employer Group Development Coordinator is assigned to the plan to ensure that day-to-day support is available. Jennifer Hadjian will provide this support for APS. She can be reached at (800) 874-6910 x2306 or by email at jhadjian@planmember.com. Any issues or requests are given individual attention and importance.
- Secondly, the appropriate home-office employees will be involved, depending upon the need. The Call Center is also available to plan sponsors to help with any questions they may have regarding the website or employee service requests. Due to the comprehensive database of all employer information, any person within the company can readily access this information in order to help the plan sponsor.
- Lastly, in addition to providing a dedicated Employer Group Development Coordinator, quality control will occur on a monthly basis to ensure that the plan, and plan rules are being

followed as per the plan document provision guidelines. Also, as additional measure, plan sponsors can access a customized PlanMember website, where all of the plan information required to be tracked under the current 403(b) plan legislation, as well as other plan information available for review and inspection. PlanMember follows strict guidelines with reference to its reporting (record keeping) processes. Following the review of the plan document and the establishment of policies and procedures with the plan administrator, PlanMember will establish checklists will be established to confirm and verify that all administrative forms are completed properly, accurately and in compliance with provisions of the plan. Should the forms not be completed properly will have been established with the administrator to properly correct any issues.

These system functions help to ensure that all plan guidelines are followed, and in cases where discrepancies arise, the Employer Group Development Coordinator and Quality Control personnel will work to take corrective actions in a timely manner. Once errors are identified, an analysis is conducted and corrective actions are taken with the best interest of the client in mind. Internal controls and administrative procedures are audited by Deloitte & Touche. Together, these controls have helped to ensure that a smooth and effective implementation of new and strong ongoing employer relationships.

15 - *Although not a requirement for consideration, what services (if any) does your organization provide that would help individual participants with financial planning beyond the 403(b)/457(b) plans, including:*

- a. *On-site individual counseling sessions.*

The AXA Advisors financial professionals will provide on-site individual counseling sessions to APS employees at a time that is convenient for them.

In addition, the financial professionals provide several asset allocation and investment education tools to help participants with retirement planning. The *Asset Allocation Risk Tolerance Questionnaire* plays a large part in helping an employee determine how to diversify their retirement assets.

Each participant can complete an *Asset Allocation Risk Tolerance Questionnaire* (a copy has been enclosed with our response). The questions asked are relevant to how much risk a participant is willing to take in order to obtain potentially higher rewards. Each question has several potential answers and the answer for each question is assigned a point value. Here is a sampling of the questions participants are asked to consider:

- **Risk Tolerance Score**
 - **Which of the following would you prefer for the savings in your retirement account?**
 - Small but steady returns with little risk
 - Average returns with some risk
 - Above average returns with above average risk
 - The potential for well above average returns with significant risk
 - Maximum returns with the highest risk
 - **I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns.**
 - Strongly disagree
 - Disagree
 - Agree

▪ **Your Time Horizon Score**

- **When do you expect to begin withdrawing money from this account?**
 - Less than 1 year
 - 1 to 2 years
 - 3 to 4 years
 - 5 to 7 years
 - 8 to 10 years
 - 11 years or more

In addition to the *Asset Allocation Risk Tolerance Questionnaire*, the AXA Advisors financial professionals assigned to APS can integrate all of a participant's personal financial information in one place, and review a participant's overall financial health. Once the AXA Advisors financial professionals meet with clients and are clear about each client's current financial situation and his or her goals, they utilize the industry's latest tools so they can work efficiently for their clients and help them attain their goals. One such tool is the NaviPlan Financial Freedom Series, where AXA Advisors financial professionals ask employees about their sources of income and assets, and future goals. Using this information, our AXA Advisor financial professionals will provide employees with a detailed summary of their financial standing and a needs analysis in view of their objectives.

Employees will also receive objectives and recommendations for improving their asset allocation, liquidity, growth, income or protection needs. This financial planning model provides clients with retirement accumulation and distribution planning, stock option analysis, enhanced estate planning, and probability analyses. Depending on the size of the portfolio, this report could run more than 160 pages.

b. Call center and/or field representatives trained to provide financial planning advice.

The PlanMember Call Center provides participants with accurate account information and exceptional service in a professional and timely manner. The PlanMember Service Representatives are all licensed and trained through the Securities Training Program. PlanMember requires a Bachelor's degree for new hires and then an eight-week basic training program after which they must pass the Series 6 and 63 within the first six months. PlanMember has four internal Series 7 registered brokers who handle stock trading and Pershing calls. The Service Center is responsible for handling all call inquiries and assists in resolving more complex inquiries and follow up until completion. PlanMember Service Representatives are dedicated and committed to providing exceptional service to both their Partners and Clients. It is available Monday through Friday from 9:00 a.m. to 8:00 p.m. EST at (800) 874-6910. PlanMember representatives are trained to provide education and guidance to participants to help them make educated choices for their individual situations; however, they do not provide investment advice and do not recommend or endorse any particular investment option.

Although AXA Advisors is not a fiduciary and the financial professionals cannot provide investment advice, Managed accounts are provided through PlanMember Securities Corporation, a registered investment advisor, which acts in a fiduciary capacity by selecting and monitoring funds, making asset allocation recommendations to participants based on their risk profile, and determining and periodically adjusting the asset class allocations of the various managed portfolios. The investment management process is more thoroughly described in Annex C, question 9.

c. Partnerships with outside companies for financial planning. If yes, please describe due diligence process for selecting and monitoring this relationship.

Not applicable.

d. Describe any electronic financial planning and/or investment education tools you provide, both software-based and web-based.

The PlanMember Online website structure provides for significant content customization on an individual site level basis. Account holders and prospective account holders can easily access information and related retirement planning tools to help design their lifestyle and make informed investment decisions.

Current tools available on the website are as follows:

- Account Information: Clients have access to their account summaries, statements, trade confirmations, and investment information.
- Online Retirement Plan Review: ORPR is a dynamic analysis of current retirement savings progress based on current account data and additional information provided by the client.
- Investment Information: Clients have access to the Market Outlook and their Portfolio Strategy, Portfolio Allocations, and Quarterly Performance.
- Articles and Information:
 - Membership News: is a periodic investment resource from PlanMember. This publication helps to educate and serve clients.
 - Money Matters is a periodic investment newsletter from PlanMember. This publication helps to educate and serve clients (topics include Dollar Cost Averaging, Current Plan Contribution Limits, etc.)
 - Investment Team Biographies: clients can access the qualifications, philosophy and background information of the investment managers associated with their retirement plan.
- PlanMember University: Clients learn about basic retirement plan and investment options, and how to determine savings needs, construct an investment portfolio and a variety of other important retirement and financial planning topics. They will be tested along the way and we keep track of their progress and score.
- Saved Reports: Clients can save their previous Annual Online Retirement Plan Reviews, Personal Plan & Savings Analyses, and others.
- Calculators & Tools: Clients have access to a variety of interactive planning tools, as follows: "How Will Retirement Affect My Expenses?", "Am I Saving Enough?", "Advantages To Increasing Savings", "What If I Underestimate My Expenses?", "How Much Effect Can Inflation Have?", "How Much Will Social Security Provide?", "How Do 401(k) Deductions Affect My Take-Home Pay?", "What is My Take-Home Pay As A Salaried Employee?", "What is My Take Home As An Hourly Employee?", "Home Buying", "Mortgage Refinancing", "Paying For College", and "Sources of College Financial Aid".

In addition, through www.axa.com, APS employees will have access to additional investment education tools and calculators as detailed in Question 25 below.

16 - APS requires Vendors to provide plan participants access to their account and the ability to manage their account(s) through on-line and voice resources. Please describe the services available through your self-service participant system (voice response and on-line).

Participants can perform the following functions through PlanMember's website:

- view account balances
- view fund balances
- view transaction history
- view loan information
- view/change beneficiary information

- view/change electronic delivery preferences
- change password
- change contribution investment elections
- exchange money between funds and rebalance their account

All phone calls are answered by live service representatives with whom participants can initiate all of the above activities in addition to initiating loan or distribution processes.

17 - APS requires that the Vendor develops and provides a website that is specific for APS employees to gain access to and education regarding their plan(s). Please describe your capabilities in developing a website specific to the APS plan(s).

A customized website will be provided for use exclusively by APS employees. Through this website, clients will be able to access program and financial education information and access their account. Account access functionality includes the ability to view balances, funds, transactions and other account details as well as the ability to research investment options, change investment allocations, exchange money between funds and rebalance their account.

The website provides information that can help clients and prospective clients improve their retirement planning and financial know-how. Calculators can help to crunch the numbers for retirement saving, college planning, and decisions about buying or renting a home. Secure Account information from statements, account activity and balance details to investment allocations, performance information, and more is available as well. Videos tell the story about how the financial needs of members across the nation are served. Further clients and prospective clients can request a Plan & Savings Analysis to help determine how much to save and how to invest your savings in order to achieve their retirement dreams.

18 - APS requires that all participant transactions be documented and confirmed. How are participant transactions processed? How are transactions documented? Are confirmations sent?

Participant transaction confirmations can be initiated online or through a service representative. All participant-initiated transactions are confirmed via electronic or paper communication (depending on the participant's electronic delivery preferences). In addition, quarterly participant statements list all transactions for the previous quarter.

19 - APS requires that, at a minimum, all plan account holders receive a quarterly statement. Please describe your standard participant level statements and documents (provide samples). Please also provide any information regarding the ability to request Statements on Demand for individualized time periods.

Quarterly participant statements include a client summary section showing all of the participant's accounts, and account summary, detail, and transaction sections for each participant account. Statements also include an "Important Information" section where information affecting the participant's account is communicated.

Although participants cannot currently request a "statement on demand," they can request a "holdings summary" that displays their current account value and holdings as of the current date. Participants can also view a history of their transactions for any time period on the participant website.

Please see Exhibit F for a copy of a Sample Client Statement.

20 - APS requires that representatives be trained prior to interacting with APS employees. What training is provided to toll-free service center representatives before they are allowed to handle incoming calls/chat/e-mails?

The PlanMember Service Representatives are all licensed and trained through the Securities Training Program. PlanMember requires a Bachelor's degree for new hires and then an eight-week basic training program after which they must pass the Series 6 and 63 within the first six months. PlanMember has four internal Series 7 registered brokers who handle stock trading and Pershing calls.

21 - APS requires that all incoming and outgoing calls/e-mails to APS employees be monitored, recorded, and maintained. Do you monitor and/or record calls/e-mails? How long are recorded calls/emails retained? If a call/email related issue arises, how do you handle the issue with the participant and with APS?

100% of all calls are recorded in the PlanMember Call Center. Calls are recorded and kept on file for 5 years in the home office. After this point, the recordings are moved to an offsite secure storage facility, but are available upon request of the Service Center.

Many steps are taken when receiving a complaint. Once an issue is identified, PlanMember will complete the necessary research, such as monitoring all calls related to that specific issue to determine where they have training deficiencies or what type of coaching needs to be performed. Once all pertinent facts are gathered, the manager will meet with the employee and coach appropriately. The manager will call all parties involved and apologize for any service issues. Service dissatisfaction is taken very seriously and all applicable departments will work in partnership to ensure that the appropriate training or coaching needs are addressed in a timely manner.

Employer complaints can be directed to Richard Ford, Chief Marketing Officer at (800) 874-6910 x2400 or Jennifer Hadjian, Employer Group Development Coordinator at (800) 874-6910 x2306. All complaints will be handled with individual attention and importance. The appropriate home-office employees will be involved in the resolution, depending upon the complaint.

22 - APS requires that access to VRS and on-line systems be secured and protected. Please describe how data is secured within the VRS and on-line systems (i.e., PIN, audit trail, confirmations).

A VRS system is not currently enabled as participants generally prefer to speak to a live Service Center Representative. However, a VRS will be made available the first quarter of 2015.

Access to personal account information via the web is password protected. The initial password for each participant will be the last five digits of their social security number. Once they have entered the site for the first time, the system will prompt them to change their password. They can also call the Call Center with any password or login-related issues. Protection of information is accomplished by multiple network logins and "role based" access rights. Dedicated hardware firewalls are in place to protect PlanMember's systems and information from being accessed over the internet. For information delivered via the web sites, 128bit encryption is used.

Access to customer information is limited to employees with a legitimate business reason for such access. In addition, physical, electronic, and procedural safeguards are maintained to protect personal information from being accessed by unauthorized persons.

23 - APS requires Vendors to provide full account access and transaction capabilities through the participant website. Please describe the account services and transaction capabilities available through your participant website.

PlanMember Online, located at www.planmember.com is focused on servicing plan participants and sponsors. Each Plan sponsor has their own website setup to service their participants plan sponsors can access all of the plan information required to be tracked under the ever changing 403(b) plan legislation, as well as other plan information. Participants can also access a suite of calculators designed to assist users in planning for retirement, saving for college, purchasing a home and cash flow planning. PlanMember's Investment Department also produces a Monthly Market Outlook and Quarterly Portfolio Strategy, Portfolio Allocations and Quarterly Performance which are also available to both sponsors and participants.

The website structure provides for significant content customization on an individual site level basis. Account holders and prospective account holders can easily access information and related retirement planning tools to help design their lifestyle and make informed investment decisions.

Current tools available on the website are as follows:

Account Information: Clients have access to their account summaries, statements, trade confirmations, and investment information.

Online Retirement Plan Review: ORPR is a dynamic analysis of current retirement savings progress based on current account data and additional information provided by the client.

Investment Information: Clients have access to the Market Outlook and their Portfolio Strategy, Portfolio Allocations, and Quarterly Performance.

Articles and Information:

Membership News: is a periodic investment resource from PlanMember. This publication helps to educate and serve clients.

Money Matters is a periodic investment newsletter from PlanMember Representatives. This publication helps to educate and serve clients (topics include Dollar Cost Averaging, Current Plan Contribution Limits, etc.)

Investment Team Biographies: clients can access the qualifications, philosophy, and background information of the investment managers associated with their retirement plan.

PlanMember Get Smart!: Clients learn about basic retirement plan and investment options, and how to determine savings needs, construct an investment portfolio and a variety of other important retirement and retirement planning topics. They can bookmark articles along the way and refer to favorites later.

Saved Reports: Clients can save their previous Annual Retirement Plan Reviews, and request a complimentary Plan & Savings Analysis.

Calculators & Tools: Clients have access to a variety of interactive planning tools, as follows:

- Should you Borrow From a 401(k) or 403(b)?
- Compare Investment Fees
- Savings Calculator

- How much do you owe?
- Investment Goal
- How Important is Social Security?
- Traditional IRA Calculator
- 401(k) Calculator
- 403(b) Calculator
- 457 Savings Calculator
- 72(t) Calculator
- Required Minimum Distribution (RMD)
- Retirement Savings

25 - APS requires that each Vendor provide them with a written and online communication and education program that is designed to provide investment and financial wellness education for plan participants. Please identify the standard elements of your written and online communication and education program.

Written Communication/Education

Upon award of the contract, the AXA Advisors financial professionals will reach out directly to APS, either in person or by phone.

AXA Advisors understands that not all employees learn the same way. As a result, the communication program includes in-print, in-person, and online resources that are available to both APS and its employees.

Our goal is to offer each employee a complete disclosure on how the plan works and the benefit of participating. In addition, the same education process is used for all employees, regardless of their age, years of service, or status within the organization.

The following educational materials are available to plan sponsors and participants:

- Asset Allocation Risk Tolerance Questionnaire
- Investing for Retirement / Now May Be a Good Time to Consider Equities.
- Changing Jobs or Retiring / Access Your Retirement Plan Assets
- Am I Saving Enough? / Retirement Planning Strategies
- The Family Love Letter
- Fund Fact Sheets.
- Retirement Plan Solutions / 403(b) Plan Compliance Guide
- Retirement Planning Calculator
- AXA Advisors Privacy Policy

Online Communication/Education

Participants may access www.axa.com, which contains several web-based Tools and Calculators to assist employees with financial planning. The site's simple navigation makes it easy for APS employees to find the information they need to make informed financial decisions; and to access in-depth information on their areas of interest, including:

- Explore Your Goals
- View Products
- About AXA
- Advice

- Retirement
- Life Insurance
- Investments
- Tools and Calculators

PlanMember has three additional financial literacy curriculums (non-product, non-sales oriented) that can be delivered in 20 – 25 minutes onsite at various worksite locations. Alternatively, or in addition to, they will provide APS with a branded version of the Online Retirement Academy. This unique educational tool not only helps improve the financial literacy of district employees, it is also designed to help increase the district's retirement plan participation rates. PlanMember will provide APS with a branded online Financial Literacy Retirement Academy at no cost that takes the three course curriculum and web enables them for viewing of their educational staff 24-7 helping to satisfy the "meaningful notice" requirement of the IRS for financial education.

Please refer to Exhibit H for an overview of the Retirement Academy and its benefits for APS and its valued employees. Also included in this Exhibit is a description of the three financial literacy workshops that can be delivered onsite. PlanMember has also prepared Study Hall curriculum (5 to 10 minutes in length) on various topics for delivery during staff, orientation, or in-service day meetings.

26 - APS requires Vendors to develop, implement, track, and maintain an annual education plan to ensure that plan participants are being educated on the benefits of the plan, being assisted with enrolling, and being assisted with asset allocation and diversification strategies. Please describe separately your initial and on-going communication and education program (including printed material, visits, training, etc.). If the program is tailored to a specific plan sponsor need, identify the critical issues to be determined in designing such a program.

The participant and sponsor relationship is a long-term, full-service commitment that only just begins upon enrollment: ongoing employee communication and education is the cornerstone of the service we will provide for APS and its employees. The financial professionals will work closely with participants well into their retirement, providing them with the same personalized service on the day they retire as on the day they first enrolled into the program. And, of course, they will always maintain a strong relationship with the APS administration.

The financial professionals will meet one-on-one with the primary contacts within APS' HR department to discuss:

- The plan's main objectives - e.g., increasing plan participation
- Ways in which those objectives can be accomplished. For example, if APS is seeking to increase plan participation, the financial professionals will work to meet that objective through a unique one-on-one educational programs and our ongoing services which include:
 - Integrating a High-Tech/High-Touch approach to servicing our clients – They will incorporate their highly-effective, one-on-one communication program with high-tech methods of managing the retirement plans, and providing participants with access to personnel and technology on a 24/7/365 basis
 - Providing seminars and one-on-one meetings
- To whom the educational programs will be addressed – new employees, current participants, part-time employees, and/or employees nearing retirement
- Approved scheduled visits per each location
- How APS will measure the results of the educational program – e.g., a noticeable increase in plan participation

Furthermore, the educational meetings can be tailored to discuss the specific topics APS would like to address. Then, on an ongoing basis, the assigned financial professionals will undertake a communication program designed to educate and enroll eligible employees using a variety of pre-approved methods of approach:

- Enrollment meetings (weekly or monthly)
- Educational seminars and meetings
- Regularly scheduled visits at designated locations (weekly, when preferred)
- Participant meetings at designated locations (where preferred, at the facilities or at home)
- Educational sessions for new employees

Regardless of the meeting setting for the enrollment process (one-on-one, small group, staff meeting), AXA's educational presentation reflects its philosophy and approach to saving for retirement, and discusses in detail the federal laws behind retirement plans, reasons for retirement planning, our company, accumulation, and distribution options, as detailed below:

- **Federal Law**
 - Describes the tax laws that help employees save for retirement
- **Reasons for Retirement Planning**
 - Outlines tax benefits of contributing to the program
 - Points out the convenience of regular payroll deduction
 - Discusses the advantages of tax-deferred growth on contributions
 - Describes how the program can supplement other retirement income, such as Social Security, when the employee retires
- **Distribution**
 - Outlines the availability of funds and any tax treatment of loans and withdrawals while the employee is working
 - Outlines the availability of withdrawals once the employee retires or leaves employment
 - Describes federal tax laws and any charges that affect the availability of withdrawals, and when these restrictions are waived.

Ongoing Education

Your financial professionals will undertake an ongoing communications program designed to keep eligible employees educated about the retirement program, regardless of whether they are an AXA client, or an employee who is not currently participating in a plan. This approach includes a variety of methods, such as:

- **Regular Site Visits** – Scheduled times to be on-site at each school to set up individual appointments and discuss the opportunities of the plan.
- **On-Site Seminars** – In addition to group meetings for enrollment education, the financial professionals also conduct reviews of the program, including information on benefits of which participants might not be aware.
- **Financial One-On-One Reviews** – Yearly one-on-one reviews are held to help participants evaluate their asset allocation and accumulation in the program. The reviews enable employees to monitor their progress and make decisions to help them meet their financial goals.

New Employees

The financial professionals will offer new employees ongoing seminars, at least weekly, and will provide detailed informational kits on the program. They will explain the savings benefits and tax advantages of participating in the program and will address all questions a new employee has about getting started in the retirement program.

Existing Employees

The AXA Advisors financial professionals will also make ongoing efforts to reach employees who have either never enrolled in the program or are considering making a change in the provider they use.

Employees can continue to learn more about financial topics from their financial professional throughout the year through regularly scheduled on-site informal visits, seminars, and individual appointments.

In addition, the financial professionals will also provide the following services to all program participants at no cost:

- **Maximum Limit Calculation for 403(b) Contributions** – They will calculate the maximum amount that can be contributed to a 403(b) plan in a given year. The financial professionals also inform participants of their ability to make additional contributions through the age 50 catch-up option, and the 15 years of service catch up option for the 403(b) plan
- **One-on-One Consultation** – All participants have the ability to schedule an appointment with their financial professional to assess their risk tolerances and answer all their questions.
- **Annual Review** – The financial professionals will offer participants the opportunity to review their account contribution levels and investment choices to determine if they continue to fit within their current risk profiles.

Employees Who Are Near Retirement or Ending Employment

Employees who are nearing retirement or planning to retire have a range of questions and decisions to make about this major life event. Special seminars and informational materials are available for these employees. The financial professionals also offer group sessions or one-on-one consultations to assist those employees who are retiring or leaving employment.

Additional Resources

PlanMember participants will receive a variety of ongoing education and support services that help them understand the strategies of successful retirement planning and keep them informed and actively involved in the plan. These services include employee educational seminars, 24-hour internet account access, planning tools (Plan & Savings Analysis and Online Retirement Plan Review), a toll free Service Center, quarterly consolidated statements with periodic Membership Newsletters, Market Outlook & Portfolio Strategy Update and other pertinent inserts, and a personalized PlanMember Services membership wallet card. The PlanMember.com website has numerous calculators, lifestyle information, market updates and a Get Smart section to continually enhance and support education and learning of Members.

27 - APS requires that the Vendor have the capabilities to customize education material. Can your material be customized? Please provide an example of customized material.

Yes. PlanMember communication materials can be customized at no cost. The plan will have access to introductory enrollment presentations and flyers that can be customized to the plan. All participants have access to online tools that can create personal financial saving and investment recommendations. Each website contains a suite of calculators designed to assist users in planning for retirement, saving for college, purchasing a home and cash flow planning. Money Matters Newsletters can also be customized to fit the participants' needs, including a variety of topics. As for incorporating particular logos and messages, PlanMember can accommodate the school upon request. There may be additional charges depending on how large the order is; however, this is rare. Further, PlanMember can co-brand an online Retirement Academy with APS. The Retirement Academy provides a suite of courses providing financial literacy and investment basics topics that

have a customizable call-to-action page which can show the districts or Third Party Administrator's contact information. This, also, is available at no charge and can prominently display the district logo. For a preview of the Retirement Academy, customized for Santa Barbara Unified School District, please visit <http://sbusd.retacademy.com>.

The local financial professionals will discuss a tailored communication and education program best suited for APS and its employees. The program will be available for no additional charge.

28 - APS employs individuals that maintain English as their second language; therefore, we require that Vendors provide communication and education material in foreign languages. Do you provide communication and education material in a foreign language? If so, what language(s) and what material?

Some enrollment materials have been adapted into Spanish, and the Call Center is also staffed with Spanish-speaking and Russian-speaking employees.

Please see Exhibit I for an example of the 'PlanMember Program Services' in Spanish.

29 - APS requires that a detailed implementation plan, including timeline and APS resources required be submitted as part of your proposal. Please assume the contract effective date of January 1, 2015 in your submittal. Although APS does not maintain a minimum standard associated with this request, data regarding your capabilities will be reviewed relative to other responders and will be considered as part of the overall scoring.

Upon selection as one of the investment providers, APS will be assigned a dedicated implementation team that includes representatives from both AXA Advisors and PlanMember Services Corporation. Overall leadership of the implementation project will be provided by a PlanMember employee.

Because the implementation does not include a mass transition of assets, the implementation should be less complex than others that PlanMember has completed in the past. The primary focus will be on employee communication and education to ensure that all employees understand the changes that are being made, their options under the new plan, the steps they must take to enroll and the timeline for doing so. To that end, one of the first steps in the implementation will be to meet with APS to define this process.

Please see the implementation timeline (Exhibit M) that shows the key milestones based on a hypothetical October 2015 decision date by APS.

30 - APS requires a dedicated implementation/conversion team. Please provide names and titles. Although APS does not maintain a minimum standard associated with this request, data regarding your capabilities will be reviewed relative to other responders and will be considered as part of the overall scoring.

Yes. The Operations team, headed by Jennifer Brittingham (First Vice President, Retail Services), is responsible for establishing the relationship with APS, including making sure that the proper documents are established and in place. An introductory call is made to the employer as well as ongoing support for any payroll or administrative issues. The day-to-day operations and execution of the plan as detailed by the employer, are implemented and enforced in the operations area.

Hamza Syed (First Vice President, Information Systems) is responsible for providing participant information and supporting the systems and databases required to support the plan document. He is responsible for setting up websites and secure employer links.

Steve Hanson (VP of Product Development and Business Systems) is responsible for group pricing and product support to ensure that the employer and employees needs are met. The Business Development Officer provides local support to the employer, the employee, and the local financial professionals.

Richard Ford's marketing team handles all marketing materials that will be used to introduce the PlanMember Program and any other subsequent plan sponsor and participant communications.

Jennifer Hadjian, the Employer Group Development Coordinator provides the day-to-day support to the employer. In addition, PlanMember has legal support as well as outside counsel.

31 - APS requires that the new contracts accept rollovers from previous Vendors. Please provide us with details regarding your standard procedure for rolling assets from legacy accounts to the new program(s)? What is your typical success rate? Although APS does not maintain a minimum standard associated with this request, data regarding your capabilities will be reviewed relative to other responders and will be considered as part of the overall scoring.

As long as the plan document and employer plan allows for plan to plan transfers and/or rollovers from another employer plan, the money will be accepted into a PlanMember account. The participant would need to complete the proper PlanMember paperwork which would include a new account application and a transfer form, obtain TPA sign off from the counterparty, and submit all completed paperwork to PlanMember. Once they receive the documentation and determine that all the paperwork is in good order, the Letter of Acceptance will be prepared and sent with the transfer paperwork to the counterparty. PlanMember will follow up with the counterparty every 7-10 days for a status and to ensure the request is in process. Once they receive the funds, they immediately invest the money per the instructions on the new account form.

PlanMember has a very high success rate with transferring / rolling over assets as long as the plan document allows for it.

ANNEX C TO SCOPE OF SERVICES – INVESTMENT FUNDS STRUCTURE FINANCIAL STATEMENTS - AXA

1 - Discuss your organization's ability to provide investment vehicles for defined contribution plans. Do you provide APS with the ability to include/replace/map investment options if directed?

PlanMember provides investment services for over 3,000 defined contribution plans. Through its participation in the National Securities Clearing Corporation (NSCC), PlanMember can offer APS and its participants nearly any mutual fund that is available for 403(b) and 457(b) plans. PlanMember's custodial agreement will allow APS the ability to include/replace/map investment options if needed.

4 - Describe your process for performing a quarterly investment review with APS and what criteria you would use for monitoring and replacing investment options.

As part of its commitment to providing timely and useful information to APS, PlanMember will provide the following investment communications on a quarterly (or as needed) basis:

- Quarterly Mutual Fund and Investment Portfolio Performance Update
- Quarterly Economic Talking Points
- Due Diligence Report
- Asset Allocation Bulletins (When allocation changes are made)

The Quarterly Mutual Fund and Investment Portfolio Performance Update details current portfolio performance, before and after fees, for the following time periods: 3 month, year-to-date, 1 year, 3 year, 5 year, 10 year and since inception. In addition, the performance of the individual mutual funds is also listed for the same time periods. This report also presents the performance of selected financial market benchmarks.

The Quarterly Economic Talking Points are designed to summarize the major economic themes that affect the PlanMember investment strategy. The Investment Department summarizes key factors and provides commentary when appropriate. The Talking Points also contains a brief overview of investment strategy along with identifying both major and minor portfolio changes.

The Mutual Fund Due Diligence Report documents the results of the review process relating to the mutual funds used in the PlanMember Services Program. This report is updated on a regular basis and is presented at the PlanMember Investment Committee Meeting as needed.

Asset Allocation Bulletins are created when a new set of portfolio allocations are implemented. This document contains a summary of the current portfolio strategy as well as a breakdown of the current allocations for each portfolio.

The PlanMember Services Program features a diversified universe of both actively and passively managed mutual funds. PlanMember analyzes each mutual fund selected from specific mutual fund companies for factors that are expected to produce above-average risk-adjusted long-term returns, including consistent historical performance, continuity in fund management and investment styles as well as a clear, consistently-applied investment process.

The objective of portfolio strategy and fund selection is to design well-diversified portfolios of mutual funds, with exposure to many asset classes, and to provide a higher risk-adjusted return over the long run than would be provided in an unmanaged portfolio of such mutual funds.

PlanMember has excluded certain types of mutual funds from consideration, such as asset allocation funds, hybrid or specialty funds and tax-exempt bond funds. These funds have been excluded because they either duplicate the objectives of one or more of the asset allocation portfolios, they are too risky because of insufficient diversification, or they invest in asset classes that are inappropriate for tax-deferred retirement accounts. However, PlanMember considers other asset classes when dictated by the economic or business environment, or as directed by APS.

The ongoing review of the mutual funds includes the following:

- Attendance at conferences and meetings sponsored by the mutual fund companies, at which investment strategists, economists, portfolio managers, and analysts discuss company events and investment strategy
- Participation in teleconference calls with fund managers
- Review of prospectuses, annual and semi-annual reports, press releases, and other relevant information provided by the mutual fund companies
- Review of external sources of fund evaluation, such as Morningstar®
- Analysis of fund investment characteristics
- Analysis of fund performance, including preparation and analysis of fund comparisons
- Analysis of fund risk characteristics, including correlation between funds
- Inputs and suggestions from Russell Investments

Active management of the portfolios may require removal of a specific fund occasionally. Funds may be removed for the following reasons:

- Unsatisfactory investment performance, either absolute or relative
- Change in investment objective
- Change in fund structure
- Change in portfolio manager or management team
- Portfolio assets or structure are not in agreement with the objectives of the fund
- Replacement in favor of a superior fund, with similar investment objective
- Fund closure
- Removal of fund family
- Removal of an asset class, based on the top-down analysis

When replacing or adding a fund, the following criteria are considered:

- Attractiveness of asset class
- Favorable historical relative investment performance and/or attractive risk characteristics
- Diversification among fixed-income or equity style classes
- For fixed-income funds, diversification among issuer type and/or time to maturity
- For equity funds, diversification among market capitalization and/or investment style
- Specific client requirements

5 - *For a stable value investment with guaranteed interest, describe the current and minimum interest rate guarantees, how interest is credited, and the frequency of rate changes. Furthermore, provide the make-up of the underlying portfolio including asset type, grade and percentage breakdown. For incumbent responders, please detail whether current rate guarantees will be honored with the new contract.*

Not Applicable. PlanMember is not offering a stable value alternative.

7 - Does your organization offer a self-directed brokerage window as a potential investment option? Please fully describe the service and fees associated with the administration of the brokerage accounts.

PlanMember does not offer a self-directed brokerage window because the primary benefit of the brokerage window (i.e., the ability to invest in individual stocks and bonds) is not applicable to 403(b) and 457(b) participants. Stocks and bonds are not eligible investment options in 403(b) and 457(b) plans, in accordance with IRC 403(b)(1), which permits annuity contracts, and IRC 403(b)(7) which permits domestically traded retail mutual funds held in a custodial account. Often times, providers of brokerage accounts are unable to build the proper fire walls into those accounts to avoid the use of ineligible investment options. Because of this, and because of the fact that PlanMember feels it provides a very broad and diverse menu of mutual fund offerings through the program, PlanMember feels that self-directed brokerage accounts in 403(b) and 457(b) plans introduce unnecessary complexity, questionable regulatory investment offering controls, and added expense to plan participants with low utilization.

8 - Describe any services that would help individual participants with investment guidance (i.e. specific recommendations regarding investment selection). Is there an additional cost for this service beyond your basic recordkeeping fee?

Aside from managed accounts (discussed in the next question), PlanMember does not provide any investment recommendations. However, participants who wish to direct their own investments have access to in-depth fund research resources through the participant website. The research tools are available at no additional charge. PlanMember's experience has shown that most participants either want to hand the investment management decisions off to a professional (through a managed account) or make their own investment decisions (through self-direction). PlanMember's investment program provides clients with both options.

9 - Does your organization offer "managed accounts" or personalized portfolio management? Is this service provided through a third party arrangement? What are the fees associated with this arrangement for plan participants? Explain the methodology used to develop investment allocations and please provide samples of participant communication materials available to participants.

Yes. PlanMember offers a series of risk-based managed portfolios that are managed by the investment team at PlanMember Securities Corporation. They currently manage over \$3 billion in participant assets.

An investment management fee applies for participants who select this option service:

- 0.50% for accounts up to \$100,000;
- 0.40% for accounts from \$100,000 up to \$250,000; and
- 0.30% for accounts of \$250,000 or more.

Each participant who elects this service will complete a risk tolerance questionnaire that will help them determine which managed portfolio is best for them. Participants can also choose to have their investment portfolio "downshift" in risk over time as they approach retirement.

INVESTMENT METHODOLOGY

PlanMember utilizes strategic asset allocation based on a top-down economic approach. In the development of investment ideas PlanMember uses proprietary research and analysis, as well as analysis and support provided by outside firms, including Russell Investments, an experienced investment manager. Specifically, Russell Investments provides the following data:

Fixed-Income:

- Credit spreads
- Interest rate forecasts

Equities:

- Market valuations
- Equity asset class forecasts

Economic:

- Forecasts/Expectations
 1. GDP
 2. Inflation
 3. Corporate Profits
- Market Barometer (via RussellLink)

Using a traditional top-down economic approach, PlanMember's in-house process focuses on five major components:

1. The overall economy and expectations for economic growth
2. The outlook for inflation
3. The outlook for interest rates
4. The expectations for corporate profitability
5. The current valuation of equity securities

The goal of this process is to identify key emerging economic trends and quantify their potential impact on financial markets. The "Talking Points" memo is a quarterly written analysis of key factors affecting investments, and typically includes a discussion linking past economic and financial market events with current beliefs and observations. The "Talking Points" adds relevant supporting economic data and charts, as well as a section on investment strategy. The "Talking Points" and the five top-down components are the foundation for PlanMember's asset class return targets.

The primary asset classes utilized by the PlanMember Services Programs are money market, fixed-income, and equity investments. Within these primary categories, there are secondary asset classes that have varying reward/risk characteristics. PlanMember estimates future investment returns for each asset class based on the Economic Framework. Investment return estimates take into account both historical and recent asset class returns. Specifically, where these returns differ from prior return estimates, PlanMember makes a modification of future return expectations in the direction opposite to the recent under- or outperformance, unless there is an overriding economic consideration. The effect of this methodology is that the recommended portfolios tend to gradually move from the best performing asset classes into the weaker performing asset classes over time.

Investment decisions made by PlanMember are not tied to specific points in time, but rather are made as soon as possible when specific circumstances dictate. Under normal circumstances, the PlanMember Services Investment Committee holds a scheduled meeting once per quarter to review the current portfolio structure and ad hoc meetings when new allocations are recommended. When new portfolios have been approved, based on the Investment Committee's review for continuity and consistency, the information is provided to the appropriate Operations department personnel, who then forward this information to the mutual fund companies.

In the event that any new mutual funds are to be recommended, the Investments Department will notify the Operations Department in advance of a committee meeting to give them adequate time to setup new mutual funds. Should this advance notice fail to occur, there may be a delay in the rebalancing execution.

Elements of Strategic Rebalancing

Decisions to change portfolio weightings rely on Strategic Rebalancing Events (SREs). These events can be classified into the following categories but are not exclusive.

- **Economic Circumstances:** The Quarterly Economic Framework provides the basic overview of the economy and financial markets. This overview is updated on a continuous basis and focuses on recent events that might affect the current forecasts of key economic and market variables.
- **Financial Market Disparities:** Trends can have unusual effects on the normal relationships among financial asset classes. For example, growth stocks significantly outperformed value stocks in the late 1990s. This disparity was corrected in the early 2000s. Through analysis PlanMember makes portfolio weighting decisions that can take advantage of these disparities.
- **Drift-based Repositioning:** Over time, variable performance among individual mutual funds will cause funds to move away from their target weighting. When the drift materially changes the overall portfolio structure, decisions will be made as to either allow the drift to continue or to rebalance the portfolio. Because existing client portfolios will drift over time while the model allocations for new contributions and new clients will remain the same, the Investment Department monitors both sets of allocations in an effort to keep the structure of the PlanMember portfolios in line with their objectives. The Investment Department may update the model allocations to match the drift, which would cause new clients and new contributions to match the existing drifted portfolios.
- **Ad Hoc Repositioning:** Events affecting the unique character of individual mutual funds can trigger an SRE. Examples would be abnormal performance and changes in portfolio managers or objectives.

The Investment Department meets biweekly to ascertain the circumstances surrounding each of these inputs to determine if an SRE is to be recommended to the Investment Committee. Such recommendations could either be associated with one fund or with an entire fund grouping depending on the specific factors affecting such a recommendation.

12 - Please attach a schedule of all expenses associated with implementing the scope of services associated with the contract. Also, please identify if the expense is:

- a) one time or on-going
- b) performance adjustable charge
- c) breakpoint impacted
- d) discount oriented
- e) participant paid (direct or account adjustment)
- f) plan sponsor paid (billed and billing frequency)
- g) guaranteed (and length of guarantee)
- h) absorbed in determining daily investment share/unit value

Fee Description	Amount	One-time/ Ongoing	Performance or Adjustable Charge	Breakpoint Impacted	Discount Oriented	Participant Paid	Sponsor Paid	Guaranteed	Absorbed in daily share/unit values
Recordkeeping Fee	\$36 per participant per year	Ongoing	No	No	No	Yes	No	Yes. For initial term	No
Custodial Fee	0.10% per year	Ongoing	No	No	No	Yes	No	Yes. For initial term	No
Service Fee	0.25% per year	Ongoing	No	No	No	Yes	No	Yes. For initial term	No
Investment Management Fee*	0.50% up to 100k; 0.40% 100k up to 250k;	Ongoing	No	Yes (participant level)	No	Yes	No	Yes. For initial term	No

	0.30% 250k or more								
Loan Setup Fee	\$100 at loan initiation	One-time	No	No	No	Yes	No	Yes. For initial term	No
Account Termination Processing Fee	\$50 upon participant termination of account	One-time	No	No	No	Yes	No	Yes. For initial term	No
Transfer Out In-Kind Processing Fee	\$50 upon participant request for in-kind transfer	One-time	No	No	No	Yes	No	Yes. For initial term	No
Paper Statement and Confirmation Fee	\$2.50 per paper quarterly statement and \$1.00 per paper transaction confirm	Ongoing	No	No	No	Yes	No	Yes. For initial term	No
Insufficient Funds Fee	\$25 per instance for NSF loan payments	One-time	No	No	No	Yes	No	Yes. For initial term	No
Overnight Express Deliver Fee	\$25	One-time	No	No	No	Yes	No	Yes. For initial term	No

*Applies only to participants who select optional investment management (Managed Accounts) service.

13 - What are the start-up/conversion costs and the termination costs?

There are no start-up/conversion or termination costs.

16 - Are there additional charges made at the time of plan changes we initiate or legislated or regulated changes? Please address the differences should we use a prototype or individually designed plan.

PlanMember recommends that you utilize an IRS pre-approved plan document since use of a prototype will ensure that all plan amendments that may have been required in the past will automatically be corrected retroactively to January 1, 2010. Use of the pre-approved document will also ensure that any future amendments will be taken care of. PlanMember will notify you once the IRS has announced the approval of plan documents, and will make one available to you. (In the meantime, they will provide an interim plan document designed to meet the requirements of the Code and regulations). PlanMember anticipates that will occur sometime in 2016. The IRS had announced that they will not be issuing letters of determination (approvals) for individually designed plans; hence, if you choose to use one, it will not be an IRS approved document.

17 - Describe what plan or participant services are included with current pricing.

All of the services discussed in Annex A and Annex B, in addition to the investment services discussed in this section, are included in the current pricing.

19 - Please provide a list of any costs associated with the notification of fund changes, fee disclosure statements, etc. to plan participants and/or APS.

Such change notifications are typically handled through participant statement inserts and/or website notifications. There are no charges associated with these types of notifications. Ad-hoc notifications may be subject to postage charges.

23 - APS requires that you cover the per participant cost associated with the utilization of the TPA, do you agree to cover these costs?

Yes.



1.2. Please attach a schedule of all expenses associated with implementing the scope of services associated with the contract. Also, please identify if the expense is:

- one time or on-going
- performance adjustable charge
- breakpoint impacted
- discount oriented
- participant paid (direct or account adjustment)
- plan sponsor paid (billed and billing frequency)
- guaranteed (and length of guarantee)
- absorbed in determining daily investment share/unit value

Fee Description	Amount	One-time/ Ongoing	Performance or Adjustable Charge	Breakpoint Impacted	Discount Oriented	Participant Paid	Sponsor Paid	Guaranteed	Absorbed in daily share/unit values
Recordkeeping Fee	\$35 per participant per year	Ongoing	No	No	No	Yes	No	Yes, For initial term	No
Custodial Fee	0.10% per year	Ongoing	No	No	No	Yes	No	Yes, For initial term	No
Service Fee	0.25% per year	Ongoing	No	No	No	Yes	No	Yes, For initial term	No
Investment Management Fee*	0.50% up to 100k; 0.40% 100k up to 250k; 0.30% 250k or more	Ongoing	No	Yes (participant level)	No	Yes	No	Yes, For initial term	No
Loan Setup Fee	\$100 at loan initiation	One-time	No	No	No	Yes	No	Yes, For initial term	No
Account Termination Processing Fee	\$50 upon participant termination of account	One-time	No	No	No	Yes	No	Yes, For initial term	No
Transfer Out In-Kind Processing Fee	\$50 upon participant request for in-kind transfer	One-time	No	No	No	Yes	No	Yes, For initial term	No
Paper Statement and Confirmation Fee	\$2.50 per paper quarterly statement and \$1.00 per paper transaction confirm	Ongoing	No	No	No	Yes	No	Yes, For initial term	No
Insufficient Funds Fee	\$25 per instance for NSF loan payments	One-time	No	No	No	Yes	No	Yes, For initial term	No
Overnight Express Deliver Fee	\$25	One-time	No	No	No	Yes	No	Yes, For initial term	No

*Applies only to participants who select optional investment management (Managed Accounts) service.

13. What are the start-up/conversion costs and the termination costs?

There are no start-up/conversion or termination costs.

14. For how long will you guarantee specific expenses?

The fees listed above are guaranteed for the initial term of the contract.

15. What are the factors you consider in determining future increases and when they are to occur?

PlanMember constantly strives to provide the best value possible to its clients. Factors such as increases in TPA fees, increased regulatory requirements, and/or increased cost of providing investment options can affect the fees. Fees are adjusted on an as-needed basis—typically upon renewal of a services agreement to provide the client with the opportunity to assess whether they still believe the fees are in line with the services provided.

16. Are there additional charges made at the time of plan changes we initiate or legislated or regulated changes? Please address the differences should we use a prototype or individually designed plan.

PlanMember recommends that you utilize an IRS pre-approved plan document since use of a prototype will ensure that all plan amendments that may have been required in the past will automatically be corrected retroactively to January 1, 2010. Use of the pre-approved document will also ensure that any future amendments will be taken care of. PlanMember will notify you once the IRS has announced the approval of plan documents, and will make one available to you. (In the meantime, they will provide an interim plan document designed to meet the requirements of the Code and regulations). PlanMember anticipates that will occur sometime in 2016. The IRS had announced that they will not be issuing letters of determination (approvals) for individually designed plans; hence, if you choose to use one, it will not be an IRS approved document.

17. Describe what plan or participant services are included with current pricing.

All of the services discussed in Annex A and Annex B, in addition to the investment services discussed in this section, are included in the current pricing.

18. In addition to the expense schedule, please identify any other service or activity not covered on the "Service Activity" listing, i.e., postage, handling, supplies, servicing commissions, etc. Please be specific.

All such fees are covered in the table in Question 12 above.

19. Please provide a list of any costs associated with the notification of fund changes, fee disclosure statements, etc. to plan participants and/or APS.

Such change notifications are typically handled through participant statement inserts and/or website notifications. There are no charges associated with these types of notifications. Ad-hoc notifications may be subject to postage charges.

20. Please provide the annual hard dollar expense associated with each investment option, based on the assumption that a balance of \$1,000 is maintained within each option.

Please see Exhibit O for examples of a Managed and a Self-Directed option.

APS considers the following requests within this section to be mandatory and Vendors who are not able to meet them will have their proposal rejected as being non-responsive, and will not be considered for contract award.

21. APS requires that at least one investment option be a target date style option. Please provide us with list of your target date investment options and the costs associated with utilizing such option.

The Vanguard Target Retirement Series is included in the proposed fund lineups. Costs of investing in these funds include the internal expenses of the fund (average of 0.17%) plus the fees listed in Question 12. Details about these funds are provided in Question 4 above.

22. APS requires that low-cost index style investment options be provided to all participants. Please make this information regarding the index investment options you currently have available within your platform available to all plan participants. Please include information regarding index style target date funds.

The PlanMember platform offers several Vanguard index style funds in the Admiral Share class. The Vanguard funds were chosen due to their low fund expenses and their proven record of accurately tracking their stated indices. Vanguard launched the first index fund for individual investors in 1976, and has been fine-tuning both its benchmark selections and tracking skills ever since. Today, Vanguard has more than 60 unique funds that track indexes across the bond and stock markets, both U.S. and international, as well as sector-specific areas of the markets.

23. APS requires that you cover the per participant cost associated with the utilization of the TPA, do you agree to cover these costs?

Yes.

If the Selection Committee should conclude after its initial review of a submitted proposal that one or more of the mandatory requirements above are not met, the proposal will be considered non-responsive and will not be evaluated further.

Additional Questions for Tab 4:

Describe your firm's staffing ratios to include consulting, support, sales and administrative and other.

PlanMember has 111 employees. Of these employees:

- 3% are in consulting roles
- 17% are in support roles
- 19% are in sales roles
- 46% are in administrative roles
- 15% are in other roles

What other services does your firm provide? What percentage of your firm's business lines are professional services?

Retirement planning and education, investment management and financial service support including administration, recordkeeping, customer service, marketing, sales, and web development represent 100% of the services PlanMember provides to its clients.

EXHIBIT D

NON-DISCLOSURE AND DATA SECURITY AGREEMENT (CONTRACTOR DESIGNEE, AND ALL KEY EMPLOYEES, AGENTS OR SUBCONTRACTORS)

The undersigned, an authorized agent of the Contractor and on behalf of AXA Advisors, LLC (Contractor) hereby agree that the Contractor will hold APS provided Information, documents, data, images, records and the like (hereafter "Information") confidential and secure and to protect it against loss, misuse, alteration, destruction or disclosure. This includes but is not limited to the information of APS, all information pertaining to a student, employees, contractors, clients, taxpayers and property as well as Information that APS shares with the Contractor for the services provided under the project (the "Project") or which may be accessed through other APS owned or controlled databases (all of the above collectively referred to herein as "Information" or "APS Information").

In addition to the Data Security obligations set in the Project, the Contractor agrees that it will maintain the privacy and security of the APS Information, control and limit internal access and authorization for access to such Information and not divulge or allow or facilitate access to APS Information for any purpose or by anyone unless expressly authorized. This includes but is not limited to Information that in any manner describes, locates or indexes anything about an individual (which includes APS students), including, but not limited to, his/her (hereinafter "his") Personal Health Information, treatment, disability, services eligibility, services provided, investigations, real or personal property holdings, and his education, financial transactions, medical history, ancestry, religion, political ideology, criminal or employment record, social security number, tax status or payments, date of birth, address, phone number or that affords a basis of inferring personal characteristics, such as finger and voice prints, photographs, or things done by or to such individual, and the record of his presence, registration, or membership in an organization or activity, or admission to an institution (also collectively referred to herein as "Information" or "APS Information").

Contractor also agrees that it will not directly or indirectly use or facilitate the use or dissemination of Information (whether intentionally or by inadvertence, negligence or omission verbally, electronically, through paper transmission or otherwise) for any purpose other than that directly associated with its work under the Project. Contractor acknowledges that any unauthorized use, dissemination or disclosure of information is prohibited and may also constitute a violation of Virginia or federal laws, subjecting it or its employees to civil and/or criminal penalties.

The Contractor agrees that it will not divulge or otherwise facilitate the disclosure, dissemination or access to or by any unauthorized person, for any purpose, of any information obtained directly, or indirectly, as a result of its work on the Project. Contractor shall coordinate closely with the APS Project Officer to ensure that its authorization to its employees or approved subcontractors is appropriate, tightly controlled and that such person/s also maintain the security and privacy of information and the integrity of APS networked resources.

Contractor agrees to take strict security measures to ensure that Information is kept secure, properly stored, that if stored that it is encrypted as appropriate, stored in accordance with industry best practices and otherwise protected from retrieval or access by unauthorized persons or unauthorized purpose. Any device or media on which information is stored, even temporarily, will have strict security and access control. Any Information that is accessible will not leave the Contractor's work site or APS' physical facility, if working onsite, without written authorization of the APS Project Officer. If remote access or other media storage is authorized, Contractor is responsible for the security of such storage device or paper files.

Contractor will ensure that any laptops, PDAs, netbooks, tablets, thumb drives or other media storage devices, as approved by APS, and connected to the APS network are secure and free of all computer viruses, or running the latest version of an industry standard virus protection program. Contractor will ensure that all passwords used by its employees or subcontractors are robust, protected and not shared. No Information may be downloaded except as agreed to by the parties and then only onto an APS approved device. Downloading onto a personally owned device is prohibited. Contractor agrees that it will notify the APS Project Officer immediately upon discovery, becoming aware or suspicious of any unauthorized disclosure of information, security breach, hacking or other breach of this Project, APS policy, Contractor's security policies, or any other breach of Project protocols. The Contractor will

fully cooperate with APS to regain possession of any Information and to prevent its further disclosure, use or dissemination. The Contractor also agrees, if requested, to promptly notify others of a suspected or actual breach.

Contractor agrees that all duties and obligations enumerated in this Agreement also extend to its employees, agents or subcontractors who are given access to APS Information. Breach of any of the above conditions by Contractor's employees, agents or subcontractors shall be treated as a breach by Contractor. Contractor agrees that it shall take all reasonable measures to ensure its employees, agents and subcontractors are aware of and abide by the terms and conditions of this Agreement and related data security provisions.

It is the intent of this *Non-Disclosure and Data Security Agreement* to ensure that the Contractor has the highest level of administrative safeguards, disaster recovery and best practices are in place to ensure confidentiality, protection, privacy and security of APS Information and APS networked resources and to ensure compliance with all applicable local, state and federal law or regulatory requirements. Therefore, to the extent that this *Non-Disclosure and Data Security Agreement* conflicts with any applicable local, state, or federal law, regulation or provision, the more stringent requirement, law, regulation or provision shall control.

At the conclusion of the Project, Contractor agrees to return all APS Information to the APS Project Officer. These obligations remain in full force and effect throughout the Project and shall survive any termination of the County Agreement.

Authorized Signature: Claire Comerford

Printed Name and Title: Claire Comerford DIRECTOR

Date: 3/30/15

TERMS AND CONDITIONS - EXHIBIT E

The Contract with the successful Offeror ("Contractor") will contain the following contract terms and conditions, with incomplete information to be added based upon the final negotiations between APS and the successful Offeror. Offerors who propose to use additional or modified language must include such language with their proposal. Arlington Public Schools is referred to herein as "APS". NON-NEGOTIABLE, MANDATORY PROVISIONS REQUIRED BY VIRGINIA LAW OR THE ARLINGTON PUBLIC SCHOOLS PURCHASING RESOLUTION ARE INDICATED BY AN ASTERISK ("*"). The final agreement is subject to review by the APS Attorney prior to being submitted to the successful Offeror for signature.

1. CONTRACT DOCUMENTS

The Contract consists of the following documents:

- EXHIBIT A -Agreement between Arlington Public Schools and Contractor
- EXHIBIT B - Scope of Services
 - Annex A to Scope of Services - Organization & Operations
 - Annex B to Scope of Services - Participant Service/Participant Education
 - Annex C to Scope of Services - Investment Funds Structure Financial Statements
- EXHIBIT C -Investment Plans Costs
- EXHIBIT D - Non-Disclosure and Data Security Agreement (Contractor, Designee and all Key Employees, Agents or Sub-Contractors)
- EXHIBIT E - Terms & Conditions
- EXHIBIT F - Implementation Schedule
- Request for Proposal Documents and Addenda
- Modifications issued after execution of this Agreement

Where the terms and provisions of this Agreement vary from the terms and provisions of the other Contract Documents, the terms and provisions of this Agreement shall prevail over the other Contract Documents.

The Contract Documents set forth the entire Agreement between APS and the Contractor. APS and the Contractor agree that no representative or agent of either of them has made any representation or promise with respect to this Agreement which is not contained in the Contract Documents. The Contract Documents may be referred to herein below as the "Contract" or "Agreement."

2. SCOPE OF WORK

The Contractor agrees to perform the services described in the Contract Documents (hereinafter the "Work"). The primary purpose of the Work is to obtain the services of a qualified Contractor to assist APS. The Scope of Work is more fully described in Exhibit A. The Contract Documents set forth the minimum work estimated by APS and the Contractor to be necessary to complete the Work. It shall be the Contractor's responsibility, at the Contractor's sole cost, to provide the specific services set forth in the Contract Documents and sufficient services to fulfill the purposes of the Work. Nothing in the Contract Documents shall be construed to limit the Contractor's responsibility to manage the details and execution of its Work. The end result of the project will be provision of DEFINED CONTRIBUTION RETIREMENT PLANS for Arlington Public Schools.

3. STANDARD OF CARE

In the performance or furnishing of services hereunder, the Contractor and all its agents, shall exercise the highest degree of skill and care normally accepted as practices and procedures by members of the same profession for provision of DEFINED CONTRIBUTION RETIREMENT PLANS for Arlington Public Schools.

4. RESPONSIBILITY OF THE CONTRACTOR

The Contractor shall be responsible for the quality, technical accuracy, and the coordination of all deliverables and other services furnished by the Contractor under this Agreement. The Contractor shall, without additional

compensation, correct, or revise any errors or deficiencies that significantly affect the production environment, as determined by the Project Officer, which are discovered within a twelve-month period of final completion of Work.

5. RESPONSIBILITY FOR CLAIMS AND LIABILITIES

APS' review, approval, or acceptance of, or payment for, any services or deliverables required under this Contract shall not be construed to operate as a waiver by APS of any rights or of any cause of action arising out of the Contract. The Contractor shall be and remains liable to APS for the accuracy and competency of deliverables, plans, specifications, or other documents.

6. CONTRACT TERM

Time is of the essence. Work under this Agreement will commence with the signing of the contract agreement between the APS and the Contractor. Participant services will begin on July 1, 2015 and end June 30, 2020. The contract term shall be for five (5) years with a maximum of five (5) one (1) year renewals upon the mutual agreement of both parties.

7. INVESTMENT PLAN COSTS

Refer to EXHIBIT C of Contract Documents.

8. PAYMENT

TSA Consulting Group is the APS contracted Third Party Administrator. They are paid a required monthly fee directly by the Contractor. This fee may be not passed on to the participants. The fee will vary accordingly with participation level by employees and may vary on a month to month basis depending on the number of participants. The current fee is \$1.75 per participant paid to the Third Party Administrator by the awarded vendor.

9. PROJECT OFFICER

The performance of the Contractor is subject to the review and approval of the APS Project Officer ("Project Officer") who shall be appointed by the Director of the Arlington APS department requesting the work under this Contract. However, it shall be the responsibility of the Contractor to manage the details of the execution and performance of its work under the Contract Documents.

10. ADJUSTMENTS FOR CHANGE IN SCOPE

APS may order changes in the Work within the general scope of the work consisting of additions, deletions or other revisions. No claim may be made by the Contractor that the scope of the project or of the Contractor's services has been changed requiring adjustments to the amount of compensation due the Contractor unless such adjustments have been made by a written amendment to the Contract signed by APS and the Contractor. If the Contractor believes that any particular work is not within the scope of the Project or is a material change or otherwise will call for more compensation to the Contractor, the Contractor must immediately notify the Project Officer after the change or event occurs and within ten (10) calendar days thereafter must provide written notice to the Project Officer. The Contractor's notice must provide to the Project Officer the amount of additional compensation claimed, together with the basis therefore and supportive documentation for the amount. The Contractor will not be compensated for performing any work unless a proposal complying with this paragraph has been submitted in the time specified above and a written amendment has been signed by APS and the Contractor and an APS purchase order is issued covering the cost of the services to be provided under the amendment.

11. ADDITIONAL SERVICES

The Contractor shall not be compensated for any goods or services provided except those included in the Contract Documents and included in the Contract Amount unless those goods or services are covered by a written amendment to this Agreement signed by APS and the Contractor and an APS purchase order is issued covering the expected cost of such services.

APS may determine the need for additional work by the Contractor. Upon a request from APS, the Contractor shall prepare a cost proposal for any such work. No Additional Services shall be performed unless a written amendment to this Agreement has been executed by both parties.

12. REIMBURSABLE EXPENSES –

APS shall not approve any request for reimbursement submitted by the Contractor.

13. REIMBURSABLE TRAVEL-RELATED EXPENSES –

APS shall not approve any request for reimbursement of travel-related expenses submitted by the Contractor.

14. NON-APPROPRIATION*

All funds for payments by APS under this Contract are subject to the availability of an annual appropriation for this purpose by APS School Board. In the event of non-appropriation of funds by APS School Board for the goods or services provided under this Contract or substitutes for such goods or services which are as advanced or more advanced in their technology, APS will terminate the Contract, without termination charge or other liability to APS, on the last day of the then current fiscal year or when the appropriation made for the then current year for the services covered by this Contract is spent, whichever event occurs first. If funds are not appropriated at any time for the continuation of this Contract, cancellation will be accepted by the Contractor on thirty (30) calendar days prior written notice, but failure to give such notice shall be of no effect and APS shall not be obligated under this Contract beyond the date of termination specified in APS's written notice.

15. APS PURCHASE ORDER REQUIREMENT*

APS purchases are authorized only if an APS Purchase Order is issued in advance of the transaction, indicating that the ordering school or department has sufficient funds available to pay for the purchase. Such a Purchase Order is to be provided to the Contractor by the order agency. APS will not be liable for payment for any purchases made by its employees without appropriate purchase authorization issued by APS Purchasing Agent. Contractors providing goods or services without a signed APS Purchase Order do so at their own risk and expense.

16. REPLACEMENT OR AUGMENTATION OF KEY PERSONNEL AND SUBCONTRACTORS

The key personnel and sub-contractors submitted by the Contractor in its Proposal and thereafter accepted by APS are considered essential to the Contractor's qualifications. The Contractor may not replace, substitute or augment any key personnel or sub-contractor without prior written approval of APS. A request to replace or substitute any key personnel or sub-contractor for any reason, shall be provided to the APS Project Officer at least fifteen (15) calendar days in advance of such proposed replacement or substitution and the request shall contain sufficient justification, including identification of the proposed replacement or substitute and their qualifications, in sufficient detail to permit evaluation by APS.

Additionally, the Contractor shall not remove or replace the approved Project Manager without written approval of APS. In cases of the approved Project Manager's prolonged illness or other extended leave of absence, Contractor shall provide an interim Project Manager whose continued work on the project shall be subject to approval by APS.

In the event of the Project Manager's resignation or termination from the Contractor's employment, the Contractor shall replace the Project Manager with an individual with similar qualifications and experience and only with APS' prior written approval.

17. PROJECT STAFF

APS has the right of reasonable rejection and approval of staff or subcontractors assigned to the project by the Contractor. If APS reasonably rejects staff or subcontractors, the Contractor must provide replacement staff or subcontractors satisfactory to APS in a timely manner and at no additional cost to APS. The day-to-day supervision and control of the Contractor's employees, and employees of any of its subcontractors, shall be the sole responsibility of the Contractor.

18. SUPERVISION BY CONTRACTOR

The Contractor shall at all times enforce strict discipline and good order among the workers performing under this Contract, and shall only employ on the work persons reasonably proficient in the work assigned.

19. EMPLOYMENT DISCRIMINATION BY CONTRACTOR PROHIBITED*

During the performance of this Contract, the Contractor agrees as follows:

- A. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability or any other basis prohibited by state law related to discrimination in employment except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an Equal Opportunity Employer.
- C. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
- D. The Contractor will comply with the provisions of the Americans with Disabilities Act of 1990 which prohibits discrimination against individuals with disabilities in employment and mandates their full participation in both publicly and privately provided services and activities.
- E. The Contractor will include the provisions of the foregoing paragraphs in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontract or vendor.

20. EMPLOYMENT OF UNAUTHORIZED ALIENS PROHIBITED*

In accordance with §2.2-4311.1 of the Virginia Code, the Contractor acknowledges that it does not, and shall not during the performance of this Contract for goods and/or services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

21. DRUG-FREE WORKPLACE TO BE MAINTAINED BY CONTRACTOR*

During the performance of the work pursuant to this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a Contractor by APS in accordance with the APS Purchasing Resolution, the employees of which Contractor are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

22. TERMINATION FOR CAUSE, INCLUDING BREACH AND DEFAULT; CURE

The Contract shall remain in force for the Initial Contract Term or any Subsequent Contract Term(s) and until APS determines that all of the following requirements and conditions have been satisfactorily met: APS has accepted the Work, and thereafter until the Contractor has met all requirements and conditions relating to the Work under the Contract Documents, including warranty and guarantee periods. However, APS shall have the right to terminate this Contract sooner if the Contractor is in breach or default or has failed to perform satisfactorily the Work required, as determined by APS in its discretion.

If APS determines that the Contractor has failed to perform satisfactorily, then APS will give the Contractor written notice of such failure(s) and the opportunity to cure such failure(s) within at least fifteen (15) days before termination of the Contract takes effect ("Cure Period"). If the Contractor fails to cure within the Cure Period or as otherwise specified in the notice, the Contract may be terminated for the Contractor's failure to provide satisfactory Contract performance. Upon such termination, the Contractor may apply for compensation for Contract services satisfactorily performed by the Contractor, allocable to the Contract and accepted by APS prior to such termination unless otherwise barred by the Contract ("Termination Costs"). In order to be considered, such request for Termination Costs, with all supporting documentation, must be submitted to APS Project Officer within fifteen (15) calendar days after the expiration of the Cure Period. APS may accept or reject, in whole or in part, the application for Termination Costs and notify the Contractor of same within a reasonable time thereafter.

If APS terminates the Contract for default or breach of any Contract provision or condition, then the termination shall be immediate after notice from APS to the Contractor (unless APS in its discretion provides for an opportunity to cure) and the Contractor shall not be permitted to seek Termination Costs.

Upon any termination pursuant to this section, the Contractor shall be liable to APS for all costs incurred by APS after the effective date of termination, including costs required to be expended by APS to complete the Work covered by the Contract, including costs of delay in completing the Work or the cost of repairing or correcting any unsatisfactory or non-compliant work performed or provided by the Contractor or its subcontractors. Such costs shall be either deducted from any amount due the Contractor or shall be promptly paid by the Contractor to APS upon demand by APS. Additionally, and notwithstanding any provision in this Contract to the contrary, the Contractor is liable to APS, and APS shall be entitled to recover, all damages to which APS is entitled by this Contract or by law, including, and without limitation, direct damages, indirect damages, consequential damages, delay damages, replacement costs, refund of all sums paid by APS to the Contractor under the Contract and all attorney fees and costs incurred by APS to enforce any provision of this Contract.

Except as otherwise directed by APS in the notice, the Contractor shall stop work on the date of receipt of notice of the termination or other date specified in the notice, place no further orders or subcontracts for materials, services, or facilities except as are necessary for the completion of such portion of the Work not terminated, and terminate all vendors and subcontracts and settle all outstanding liabilities and claims. Any purchases after the date of termination contained in the notice shall be the sole responsibility of the Contractor.

In the event any termination for cause, default, or breach shall be found to be improper or invalid by any court of competent jurisdiction then such termination shall be deemed to have been a termination for convenience.

23. TERMINATION FOR THE CONVENIENCE OF APS

The performance of work under this Contract may be terminated by the Purchasing Agent in whole or in part whenever the Purchasing Agent shall determine that such termination is in APS' best interest. Any such termination shall be effected by the delivery to the Contractor of a written notice of termination at least fifteen (15) calendar days before the date of termination, specifying the extent to which performance of the work under this Contract is terminated and the date upon which such termination becomes effective. The Contractor will be entitled to receive compensation for all Contract services satisfactorily performed by the Contractor and allocable to the Contract and accepted by APS prior to such termination and any other termination costs as negotiated by the parties, but no amount shall be allowed for anticipatory profits.

After receipt of a notice of termination and except as otherwise directed, the Contractor shall stop all work on the date of receipt of the notice of termination or other date specified in the notice; place no further orders or subcontracts for materials, services or facilities except as are necessary for the completion of such portion of the work not terminated; immediately transfer all documentation and paperwork for terminated work to APS; and terminate all vendors and subcontracts and settle all outstanding liabilities and claims.

24. INDEMNIFICATION* (NOTE: Virginia does not permit the indemnification of others; cross indemnity provisions are not acceptable)

The Contractor covenants for itself, its employees, and subcontractor to save, defend, hold harmless, and indemnify APS, and all of their elected and appointed officials, officers, current and former employees, agents, departments, agencies, boards, and commissions (collectively the "APS" for purposes of this section) from and against any and all claims made by third parties or by APS for any and all losses, damages, injuries, fines, penalties, costs (including court costs and attorney's fees), charges, liability, demands or exposure, however caused, resulting from, arising out of, or in any way connected with the Contractor's acts or omissions or errors in performance or nonperformance of its work called for by the Contract Documents, whether such act or omission or error is attributable to Contractor, subcontractor, any material supplier, or anyone directly or indirectly employed by them, called for by the Contract Documents. This duty to save, defend, hold harmless and indemnify shall survive the termination of this Contract.

If any action or proceeding relating to the indemnification required by this Section is brought against APS, then upon written notice from APS to the Contractor, Contractor shall at Contractor's expense, resist or defend such action or proceeding by counsel approved by APS in writing, such approval not to be unreasonably withheld, but no approval of counsel shall be required where the cause of action is resisted or defended by counsel of any insurance carrier obligated to resist or defend same.

If, after Notice by APS, the Contractor fails or refuses to save, defend, hold harmless and/or indemnify APS, the Contractor shall be liable for and reimburse APS for any and all expenses, including but not limited to, reasonable attorney's fees incurred and settlements or payments made. The Contractor shall pay such expenses upon demand by APS and failure to do so may result in such amounts being withheld from any amounts due to Contractor under this Contract.

Contractor understands and agrees that it is Contractor's responsibility to provide indemnification to APS pursuant to this section. The provision of insurance, while anticipated to provide a funding source for this indemnification, is in addition to any indemnification requirements and the failure of Contractor's insurance to fully fund any indemnification shall not relieve the Contractor of any obligation assumed under this indemnification.

25. INTELLECTUAL PROPERTY INDEMNIFICATION*

The Contractor warrants and guarantees that no intellectual property rights (including, but not limited to, copyright, patent, mask rights and trademark) of third parties are infringed or in any manner involved in or related to the services provided hereunder.

The Contractor further covenants for itself, its employees, and subcontractors to save, defend, hold harmless, and indemnify APS, and all of its officers, officials, departments, agencies, agents, and employees from and against any and all claims, losses, damages, injuries, fines, penalties, costs (including court costs and attorney's fees), charges, liability, or exposure, however caused, for or on account of any trademark, copyright, patented or unpatented invention, process, or article manufactured or used in the performance of this Contract, including its use by APS. If the Contractor, or any of its employees or subcontractors, uses any design, device, work, or materials covered by letters patent or copyright, it is mutually agreed and understood, without exception, that the Contract Amount includes all royalties, licensing fees, and any other costs arising from the use of such design, device, work, or materials in any way involved with the Work. This duty to save, defend, hold harmless and indemnify shall survive the termination of this Contract. If, after Notice by APS, the Contractor fails or refuses to fulfill its obligations contained in this section, the Contractor shall be liable for and reimburse APS for any and all expenses, including but not limited to, reasonable attorney's fees incurred and any settlements or

payments made. The Contractor shall pay such expenses upon demand by APS and failure to do so may result in such amounts being withheld from any amounts due to Contractor under this Contract.

26. COPYRIGHT

The Contractor hereby irrevocably transfers, assigns, sets over and conveys to APS all right, title and interest, including the sole exclusive and complete copyright interest, in any and all copyrightable works created pursuant to this Agreement. The Contractor further agrees to execute such documents as APS may request to affect such transfer or assignment.

Further, the Contractor agrees that the rights granted to APS by this paragraph are irrevocable. Notwithstanding anything else in this Agreement, the Contractor's remedy in the event of termination of or dispute over the terms of this Agreement shall not include any right to rescind, terminate or otherwise revoke or invalidate in any way the rights conferred pursuant to the provisions of this paragraph. Similarly, no termination of this Agreement shall have the effect of rescinding, terminating or otherwise invalidating the rights acquired pursuant to the provisions of this "Copyright" paragraph.

The use of subcontractors or third parties in developing or creating input into any copyrightable materials produced as a part of this Agreement is prohibited unless APS approves the use of such subcontractors or third parties in advance and such subcontractors or third parties agree to include the provisions of this paragraph as part of any contract they enter into with the Contractor for work related to work pursuant to this Agreement.

27. OWNERSHIP AND RETURN OF RECORDS

This Contract confers no ownership rights to the Contractor nor any rights or interests to use or disclose APS' data or inputs.

The Contractor agrees that all drawings, specifications, blueprints, data, information, findings, memoranda, correspondence, documents or records of any type, whether written or oral or electronic, and all documents generated by the Contractor or its subcontractors as a result of APS' request for services under this Contract, are the exclusive property of APS ("Record" or "Records"), and all such Records shall be provided to and/or returned to APS upon completion, termination, or cancellation of this Contract. The Contractor shall not use, willingly allow, or cause such materials to be used for any other purpose other than performance of all obligations under the Contract without the written consent of APS. Additionally, the Contractor agrees that the Records are confidential records and neither the Records nor their contents shall be released by the Contractor, its subcontractors, or other third parties; nor shall their contents be disclosed to any person other than the Project Officer or his or her designee. The Contractor agrees that all oral or written inquiries from any person or entity regarding the status of any Record generated as a result of the existence of this Contract shall be referred to the Project Officer or his or her designee for response. At APS' request, the Contractor shall deliver all Records to the Project Officer, including "hard copies" of computer records, and at APS's request, shall destroy all computer records created as a result of APS' request for services pursuant to this Contract.

The Contractor agrees to include the provisions of this section as part of any contract or agreement the Contractor enters into with subcontractors or other third parties for work related to work pursuant to this Contract. No termination of this Contract shall have the effect of rescinding, terminating or otherwise invalidating this section of the Contract.

28. CONFIDENTIAL INFORMATION

The Contractor, and its employees, agents, and subcontractors, hereby agree to hold as confidential all APS information obtained as a result of its Work under this Contract. Confidential information includes, but is not limited to, nonpublic personal information, personally identifiable health information, social security numbers, proprietary systems, addresses, dates of birth, other contact information or medical information about a person, information pertaining to products, operations, systems, customers, prospective customers, techniques, intentions, processes, plans, expertise and any information entrusted to any affiliate of the parties. The Contractor shall take reasonable measures to ensure that all of its employees, agents, and subcontractors are informed of, and abide by, this requirement.

29. DATA SECURITY

The Contractor agrees that it shall hold all APS data obtained or accessed as a result of its work under this Contract confidential in accordance with the Nondisclosure and Data Security Agreement attached hereto. If individual employees or subcontractors of the Contractor are performing work under this Contract on APS-owned property, then such individual employees or subcontractors shall be required to sign a separate Nondisclosure and Data Security Agreement, which shall be incorporated by reference into this Contract, prior to performing any work or being allowed access to APS data.

The Contractor shall hold APS Information in the strictest confidence and comply with all applicable APS security and network resources policies as well as all local, state and federal laws or regulatory requirements concerning data privacy and security. The Contractor shall develop, implement, maintain, continually monitor and use appropriate administrative, technical and physical security measures to preserve the confidentiality, privacy, integrity and availability of all electronically maintained or transmitted APS Information received from, created or maintained on behalf of APS and strictly control access to APS Information. For purposes of this provision, and as more fully described in this Contract and APS's Non-Disclosure and Data Security Agreement (NDA), "APS Information" (also referred to as "APS Data" or "data") includes, but is not limited to, electronic information, documents, data, images, and records including, but not limited to, financial records, personally identifiable information, Personal Health Information (PHI), personnel, educational, voting, registration, tax or assessment records, information related to public safety, APS networked resources, and APS databases, software and security measures which is created, maintained, transmitted or accessed to perform the work under this Contract.

- (a) APS' Non-Disclosure and Data Security Agreement (NDA). The Contractor shall require that an authorized Contractor designee, and all key employees, agents or subcontractors working on-site at APS facilities or otherwise performing non-incident work under this Contract, sign the NDA (attached as an Exhibit hereto) prior to performing any work or permitting access to APS networked resources, application systems or databases under this Contract. A copy of the signed NDAs shall be available to APS Project Officer upon request.
- (b) Use of Data. The Contractor shall ensure that the use, distribution, disclosure or access ("use") to APS Information and APS networked resources shall not occur in an unauthorized manner. Use of APS Information for other than as specifically outlined in this Contract is strictly prohibited, unless such other use is agreed to in writing by the parties. The Contractor will be solely responsible for any unauthorized use, reuse, distribution, transmission, manipulation, copying, modification, access or disclosure of APS Information and any non-compliance with this DATA SECURITY AND PROTECTION provision or any NDA.
- (c) Data Protection. The Contractor agrees that it will protect APS Information according to standards established by the National Institute of Standards and Technology, including 201 CMR 17.00, Standards for the Protection of Personal Information of Residents of the Commonwealth and the Payment Card Industry Data Security Standard (PCI DSS), as applicable, and no less rigorously than it protects its own data, proprietary and/or confidential information. The Contractor shall provide to APS a copy of its data security policy and procedures for securing APS Information and a copy of its disaster recovery plan/s. The Contractor shall provide, if requested by APS, on an annual basis, results of an internal Information Security Risk Assessment provided by an outside firm.
- (d) Data Sharing. Except as otherwise specifically provided for in this Contract, the Contractor agrees that it shall not share, disclosure, sell or grant access to APS Information to any third party without the express written authorization of the APS Chief Information Security Officer or designee.
- (e) Security Requirements. The Contractor shall maintain the most up to date anti-virus, industry accepted firewalls and/or other protections on its systems and networking equipment. The Contractor certifies that all systems and networking equipment that support, interact or store APS Information meet the above standards and industry best practices for physical, network and system security requirements. Printers, copiers or fax machines that store APS Data into hard drives must provide data

at rest encryption. Significant deviation from these standards must be approved by the APS Chief Information Security Officer or designee, the downloading of APS information onto laptops or other portable storage medium is prohibited without the express written authorization of the APS Chief Information Security Officer or designee.

- (f) Data Protection Upon Conclusion of Contract. Upon termination, cancellation, expiration or other conclusion of this Contract, the Contractor shall return all APS Information to APS unless APS requests that such data be destroyed. This provision shall also apply to all APS Information that is in the possession of subcontractors or agents of the Contractor. The Contractor shall complete such return or destruction not less than thirty (30) calendar days after the conclusion of this Agreement and shall certify completion of this task, in writing, to APS Project Officer.
- (g) Notification of Security Incidents. The Contractor agrees to notify the APS Chief Information Officer and APS Project Officer within twenty-four (24) hours of the discovery of any unintended access to, use or disclosure of APS Information.
- (h) Subcontractors. To the extent the use of subcontractors is permitted under this Contract, the requirements of this entire section shall be incorporated into any subcontractor agreement entered into by the Contractor and any data sharing shall be compliant with these security and protection requirements and the NDA. In the event of data sharing, subcontractors shall provide to the Contractor a copy of their data security policy and procedures for securing APS Information and a copy of their disaster recovery plans.

30. ETHICS IN PUBLIC CONTRACTING*

This Contract incorporates by reference Article 9 of the APS Purchasing Resolution, as well as any state or federal law related to ethics, conflicts of interest, or bribery, including by way of illustration and not limitation, the Virginia State and Local Government Conflict of Interests Act (Code of Virginia § 2.2-3100 et seq.), the Virginia Governmental Frauds Act (Code of Virginia § 18.2-498.1 et seq., and Articles 2 and 3 of Chapter 10 of Title 18.2 of the Code of Virginia, as amended (§ 18.2-438 et seq.)). The Contractor certifies that its offer is made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer, or subcontractor and that it has not conferred on any public employee having official responsibility for this purchase any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised unless consideration of substantially equal or greater value was exchanged.

31. APS EMPLOYEES*

No employee of Arlington Public Schools, Virginia, shall be admitted to any share in any part of this Contract or to any benefit that may arise there from which is not available to the general public.

32. FORCE MAJEURE

The Contractor shall not be held responsible for failure to perform the duties and responsibilities imposed by this Contract if such failure is due to fires, riots, rebellions, natural disasters, wars, acts of terrorism, or an act of God beyond control of the Contractor, and outside and beyond the scope of the Contractor's then current, by industry standards, disaster plan, that make performance impossible or illegal, unless otherwise specified in the Contract.

APS shall not be held responsible for failure to perform its duties and responsibilities imposed by the Contract if such failure is due to fires, riots, rebellions, natural disasters, wars, acts of terrorism, or an act of God beyond control of APS that make performance impossible or illegal, unless otherwise specified in the Contract.

33. AUTHORITY TO TRANSACT BUSINESS*

The Contractor shall pursuant to Code of Virginia §2.2-4311.2, be and remain authorized to transact business in the Commonwealth of Virginia during the Initial Term and any Subsequent Contract Term(s) of this Contract. A contract entered into by a Contractor in violation of this requirement is voidable, without any cost or expense, at the sole option of APS.

34. RELATION TO APS*

The Contractor will be legally considered as an independent contractor and neither the Contractor nor its employees will, under any circumstances, be considered employees, servants or agents of APS. APS will not be legally responsible for any negligence or other wrongdoing by the Contractor, its employees, servants or agents. APS will not withhold payments to the Contractor for any federal or state unemployment taxes, federal or state income taxes, Social Security tax, or any other amounts for benefits to the Contractor. Furthermore, APS will not provide to the Contractor any insurance coverage or other benefits, including workers' compensation, normally provided by APS for its employees.

35. ANTITRUST

By entering into this Contract, the Contractor conveys, sells, assigns and transfers to APS all rights, title, and interest in and to all causes of action the Contractor may now have or hereafter acquire under the antitrust laws of the United States or the Commonwealth of Virginia, relating to the goods or services purchased or acquired by APS under this Contract.

36. REPORT STANDARDS

Reports or written material prepared by the Contractor in response to the requirements of this Contract or request of the Project Officer shall, unless otherwise provided for in the Contract, meet standards of professional writing established for the type of report or written material provided, shall be thoroughly researched for accuracy of content, shall be grammatically correct and not contain spelling errors, shall be submitted in a format approved in advance by the Project Officer, and shall be submitted for advance review and comment by the Project Officer. The cost of correcting grammatical errors, correcting report data, or other revisions required to bring the report or written material into compliance with these requirements shall be borne by the Contractor.

When submitting documents to APS, The Contractor shall comply with the following guidelines:

- All submittals and copies shall be printed on **at least thirty percent (30%) recycled-content** and/or tree-free paper;
- All copies shall be double-sided;
- Report covers or binders shall be recyclable, made from recycled materials, and/or easily removable to allow for recycling of report pages (reports with glued bindings that meet all other requirements are acceptable);
- Unnecessary attachments or documents not specifically asked for should not be submitted, and superfluous use of paper should be avoided.

37. AUDIT

The Contractor agrees to retain all books, records and other documents related to this Contract for at least five (5) years after final payment. APS or its authorized agents shall have full access to and the right to examine any of the above documents during this period and during the Initial Contract Term or any Subsequent Contract Term. If the Contractor wishes to destroy or dispose of records (including confidential records to which APS does not have ready access) within five (5) years after final payment, the Contractor shall notify APS at least thirty (30) days prior to such disposal, and if APS objects, shall not dispose of the records.

38. ASSIGNMENT

The Contractor shall not assign, transfer, convey, sublet, or otherwise dispose of any award, or any or all of its rights, obligations, or interests under this Contract, without the prior written consent of APS.

39. AMENDMENTS

This Contract shall not be modified except by written amendment executed by persons duly authorized to bind the Contractor and APS.

40. ARLINGTON PUBLIC SCHOOLS PURCHASING RESOLUTION AND APS POLICIES*

Notwithstanding any provision to the contrary herein, no provision of the Arlington Public Schools Purchasing Resolution or any applicable APS policy is waived in whole or in part.

41. DISPUTE RESOLUTION*

All disputes arising under this Agreement, or its interpretation, whether involving law or fact, or extra work, or extra compensation or time, and all claims for alleged breach of Contract shall be submitted to the Project Officer for decision at the time of the occurrence or beginning of the work upon which the claim is based, whichever occurs first. Such claims shall state the facts surrounding it in sufficient detail to identify it together with its character and scope. Claims denied by the Project Officer may be submitted to APS Superintendent or designee in writing no later than sixty (60) days after final payment in accordance with the Arlington Public Schools Purchasing Resolution.

The time limit for final written decision by APS Superintendent or designee in the event of a contractual dispute, as that term is defined in the Arlington Public Schools Purchasing Resolution, is thirty (30) days. Procedures for considering contractual claims, disputes, administrative appeals, and protests are contained in the Arlington Public Schools Purchasing Resolution, incorporated herein by reference. A copy of the Arlington Public Schools Purchasing Resolution is available upon request from the Office of the Purchasing Agent. The Contractor shall not cause a delay in the Work pending a decision of the Project Officer, APS Superintendent or designee, School Board, or a court of competent jurisdiction.

42. APPLICABLE LAW, FORUM, VENUE AND JURISDICTION*

This Contract and the work performed hereunder shall be governed in all respects by the laws of the Commonwealth of Virginia and the jurisdiction, forum, and venue for any litigation with respect thereto shall be in the Circuit Court for Arlington County, Virginia, and in no other court. In performing the Work under this Contract, the Contractor shall comply with applicable federal, state, and local laws, ordinances and regulations.

43. ARBITRATION

It is expressly agreed that nothing under the Contract shall be subject to arbitration, and any references to arbitration are expressly deleted from the Contract.

44. NONEXCLUSIVITY OF REMEDIES

All remedies available to APS under this Contract are cumulative, and no such remedy shall be exclusive of any other remedy available to APS at law or in equity.

45. NO WAIVER

The failure of either party to exercise in any respect a right provided for in this Contract shall not be deemed to be a subsequent waiver of the same right or any other right.

46. SEVERABILITY

The sections, paragraphs, sentences, clauses and phrases of this Contract are severable, and if any phrase, clause, sentence, paragraph or section of this Contract shall be declared invalid by the valid judgment or decree of a court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Contract.

47. NO WAIVER OF SOVEREIGN IMMUNITY*

Notwithstanding any other provision of this Contract, nothing in this Contract or any action taken by APS pursuant to this Contract shall constitute or be construed as a waiver of either the sovereign or governmental immunity of APS. The parties intend for this provision to be read as broadly as possible.

48. SURVIVAL OF TERMS

In addition to any numbered section in this Agreement which specifically state that the term or paragraph survives the expiration of termination of this Contract, the following sections if included in this Contract also survive: INDEMNIFICATION; RELATION TO APS; OWNERSHIP AND RETURN OF RECORDS; AUDIT; COPYRIGHT; INTELLECTUAL PROPERTY INDEMNIFICATION; CONFIDENTIAL INFORMATION, AND DATA SECURITY AND PROTECTION.

49. HEADINGS

The section headings in this Contract are inserted only for convenience and are not to be construed as part of this contract or a limitation on the scope of the particular section to which the heading refers.

50. AMBIGUITIES

Each party and its counsel have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

51. NOTICES

Unless otherwise provided herein, all notices and other communications hereunder shall be deemed to have been given when made in writing and either (a) delivered in person, (b) delivered to an agent, such as an overnight or similar delivery service, or (c) deposited in the United States mail, postage prepaid, certified or registered, addressed as follows:

TO THE CONTRACTOR:

TO APS:

Ellen Kennedy
Director, Employee Relations
Arlington Public Schools
1426 N. Quincy St.
Arlington, Virginia 22207

AND

David J. Webb, C.P.M.
Purchasing Agent
Arlington Public Schools
1426 N. Quincy Street,
Arlington, Virginia 22207

52. NON-DISCRIMINATION NOTICE*

APS does not discriminate against faith-based organizations.

53. INSURANCE REQUIREMENTS

The Contractor shall provide to the APS Purchasing Agent a Certificate of Insurance indicating that the Contractor has in force the coverage below prior to the start of any Work under this Contract and upon any contract extension. The Contractor agrees to maintain such insurance until the completion of this Contract or as otherwise stated in the Contract Documents. All required insurance coverage's must be acquired from insurers authorized to do business in the Commonwealth of Virginia, rating of "A-" or better and a financial size of

"Class VII" or better in the latest edition of A.M. Best Co., and acceptable to APS. The minimum insurance coverage shall be:

- a. Workers Compensation - Virginia Statutory Workers Compensation (W/C) coverage including Virginia benefits and employers liability with limits of \$100,000/100,000/500,000. APS will not accept W/C coverage issued by the Injured Worker's Insurance Fund, Towson, MD.
- b. Professional and/or/Miscellaneous Errors and Omissions - The Contractor shall carry Professional/and/or/Miscellaneous Errors and Omissions insurance which will pay for damages arising out of errors or omissions in the rendering, or failure to render professional services under the contract, in the amount shown in the Insurance Checklist.
- c. Commercial General Liability - \$1,000,000 combined single limit coverage with \$2,000,000 general aggregate covering all premises and operations and including Personal Injury, Completed Operations, Contractual Liability, Independent Contractors, and Products Liability. The general aggregate limit shall apply to this Contract. Evidence of Contractual Liability coverage shall be typed on the certificate.
- d. Business Automobile Liability - \$1,000,000 Combined Single Limit (Owned, non-owned and hired).
- e. Arlington Public Schools, its officers, elected and appointed officials, employees and agents, are to be named as additional insureds under all coverages except Workers' Compensation, Errors and Omissions, and Automobile Liability, and the certificate of insurance, or the certified policy, if requested, must so state. Coverage afforded under this paragraph shall be primary as respects APS, its officers, elected and appointed officials, agents and employees. The following definition of the term "APS" applies to all policies issued under the Contract:
"APS School Board and any affiliated or subsidiary Board, Authority, Committee, or Independent Agency (including those newly constituted), provided that such affiliated or subsidiary Board, Authority, Committee, or Independent Agency is either a Body Politic created by the School Board of Arlington Public Schools, Virginia, or one in which controlling interest is vested in Arlington Public Schools"
- f. Cancellation - All insurance policies required by this Contract shall be endorsed to include the following provision: "It is agreed that this policy is not subject to cancellation or non-renewal until thirty (30) days prior written notice has been given to the Purchasing Agent, Arlington Public Schools, Virginia." If there is a material change or reduction in coverage the Contractor shall notify the Purchasing Agent immediately upon Contractor's notification from the insurer. Any policy on which the Contractor has received notification from an insurer that the policy has or will be cancelled or materially changed or reduced must be replaced with another policy consistent with the terms of this Contract, and APS notified of the replacement, in such a manner that there is no lapse in coverage. Not having the required insurance throughout the Contract Term is grounds for termination of the Contract.
- g. Any insurance coverage that is placed as a "claims made" policy must remain valid and in force, or the Contractor must obtain an extended reporting endorsement consistent with the terms of this Contract, until the applicable statute of limitations has expired, such date as determined to begin running from the date of the Contractor's receipt of final payment.
- h. Contract Identification - The insurance certificate shall state this Contract's number and title.
- i. Intellectual Property Infringement Insurance.

The Contractor must disclose the amount of any deductible or self-insurance component applicable to the General Liability, Automobile Liability, Professional Liability, Intellectual Property or any other policies required herein, if any. APS reserves the right to request additional information to determine if the Contractor has the financial capacity to meet its obligations under a deductible. Thereafter, at its option, APS may require a lower deductible, funds equal to the deductible be placed in escrow, a certificate of self-insurance, collateral, or other mechanism in the amount of the deductible to ensure protection for APS.

The Contractor shall require all subcontractors to maintain during the term of this Contract, Commercial General Liability insurance, Business Automobile Liability insurance, and Workers' Compensation insurance in the same form and manner as specified for the Contractor. The Contractor shall furnish subcontractors' certificates of insurance to APS immediately upon request by APS.

No acceptance or approval of any insurance by APS shall be construed as relieving or excusing the Contractor from any liability or obligation imposed upon the Contractor by the provisions of the Contract Documents.

The Contractor shall be responsible for the work performed under the Contract Documents and every part thereof, and for all materials, tools, equipment, appliances, and property of any description used in connection with the work. The Contractor assumes all risks for direct and indirect damage or injury to the property or persons used or employed on or in connection with the Work contracted for, and of all damage or injury to any person or property wherever located, resulting from any action, omission, commission or operation under the Contract, or in connection in any way whatsoever with the contracted work.

The Contractor shall be as fully responsible to APS for the acts and omissions of its subcontractors and of persons employed by them as it is for acts and omissions of persons directly employed by it.

Notwithstanding any of the above, the Contractor may satisfy its obligations under this section by means of self-insurance for all or any part of the insurance required, provided that the Contractor can demonstrate financial capacity and the alternative coverage's are submitted to and acceptable to APS. The Contractor must also provide its most recent actuarial report and provide a copy of its self-insurance resolution to determine the adequacy of the insurance funding.

54. ACCESSIBILITY OF WEB SITE*

If any work performed under this Contract results in design, development, maintenance or responsibility for content and/or format of any APS websites, or APS' presence on other party websites, the Contractor shall perform such work in compliance with the requirements set forth in the U.S. Department of Justice document entitled "Accessibility of State and Local Government Websites to People with Disabilities." The document is located at: <http://www.ada.gov/websites2.htm>.

56. ARLINGTON COUNTY BUSINESS LICENSE

The Contractor must comply with the provisions of Chapter 11 (Business Licenses) of the Arlington County Code. For further information on the provisions of this chapter and its applicability to this contract, contact the Arlington County Business License Division, Commissioner of the Revenue of Arlington, Virginia, Telephone Number (703) 228-3060.

57. FAILURE TO DELIVER

In case of failure to deliver goods or services in accordance with the contract terms and conditions, APS, after due oral or written notice, may procure the goods or services from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which APS may have; provided that if public necessity requires the use of materials or supplies not conforming to the specifications, they may be accepted and payment therefore shall be made at a reduction in price to be determined solely by APS.

58. SUBCONTRACTS

The Contractor shall not enter into any subcontract with any subcontractor who has been suspended or debarred from participating in contracting programs by any agency of the United States Government or of the State in which the work under this contract is to be performed.

The Contractor shall be as fully responsible for the acts or omissions of its subcontractors, and of persons either directly or indirectly employed by them as for the acts or omissions of persons directly employed by the Contractor.

The Contractor shall insert appropriate clauses in all subcontracts to bind subcontractors to the terms and conditions of this contract insofar as they are applicable to the work of subcontractors.

Nothing contained in this contract shall create any contractual relationship between any subcontractor and APS.

59. CONTRACTOR AND EMPLOYEE CERTIFICATION REGARDING CRIMINAL CONVICTIONS

- a. The Contractor agrees to comply with Virginia Code §22.1-296.1.
- b. By signing this Contract, the Contractor agrees that neither the Contractor nor any employee of the Contractor who will have contact with students has been convicted of a felony or any offense involving the sexual molestation or physical or sexual abuse or rape of a child. (See Attachment A and B).
- c. The Contractor further agrees that if an employee who has not previously submitted a certification is assigned to the work under the Contract, that the employee signed certification will be kept with the Contractor and provided to APS, upon demand.

Proposed Implementation Process – Arlington Public Schools

Implementation of the transition to the new investment program for Arlington Public Schools can be broken into three tracks that will run in parallel, as defined below. The implementation plan has been designed to meet the following objectives, as stated by the consultant to the plan:

- | | |
|----------------------------------|---|
| April 1, 2015 to
May 31, 2015 | <ul style="list-style-type: none"> • Providers conduct on-site and web-based employee education meetings • Employees can establish new accounts with new providers • APS collects new Salary Reduction Agreements |
| June 1, 2015 | <ul style="list-style-type: none"> • Deadline for submitting Salary Reduction Agreements for new programs |
| July 1, 2015 | <ul style="list-style-type: none"> • Contributions cease to legacy programs • Contributions begin to flow to new programs • Employee contributions transfer to their default provider (if no option chosen during April 1 to June 1 timeframe) |

Track I – Plan Level Agreements / Implementation Items- AXA Internal

1. Collectively define the agreements that are required between AXA Advisors/PlanMember, APS and/or TSA Consulting (2/20/15 to 2/28/15)

In our experience, these documents typically include:

- **Recordkeeping Services Agreement** – typically provided by the employer and/or TPA. Defines the responsibilities of the plan record keeper (PlanMember).
- **Custodial Agreements** – PlanMember will provide group custodial agreements for the 403(b) and 457(b) plans. These agreements will be signed by APS and by PlanMember
- **Investment Advisory Agreement** – This agreement covers PlanMember's responsibilities with respect to fund selection and monitoring, as well as construction and management of managed investment portfolios for plan participants.
- **Information Sharing Agreement** – This is a tri-party (AXA, PlanMember, and APS) agreement that permits the parties to share information about district employees for the purposes of facilitating the implementation of the new investment program.

2. Finalize investment lineup (2/2/15 to 2/28/15)
3. Provide agreements to counter parties for review and signature (2/23/15 to 3/6/15)

After finalizing the agreements required, the creator of the agreement provides templates to the counter party for review/signature

4. Legal review and signing of agreements (3/9/15 to 3/27/15)

It has been our experience in the past that it typically takes up to one month for employers to review and sign all agreements. From our perspective, this timeline could be accelerated if APS is able to review agreements more quickly.

Track II – Employee Communication and Enrollment

1. Meeting with vendors to discuss plans for announcing changes (3/13/15)

APS has set this meeting to discuss the rollout planning. Representatives from AXA and PlanMember will be in attendance.

2. Communication from employer to all employees (3/16/15)

The communication should describe the changes in the plan at high level, introduce the new product providers and provide employees with a description of resources and/or opportunities for getting more information about the new programs. It can also set the stage for upcoming communications from the product providers. We can provide sample communications that other employers have created upon request

3. Communication from PlanMember/AXA to clients of existing AXA clients (3/27/15)

AXA/PlanMember can communicate with all existing AXA clients to explain the new AXA/PlanMember program and inform them that if they do nothing, their salary deferrals will be automatically re-directed to the new program in a default fund. AXA/PlanMember would need permission from APS to map the clients over to the new program and would require instruction on the default investment option (typically a target-date fund). The communication would reinforce the fact that participants that do not want to be directed to the new program would have the option of changing to the other provider or stopping salary deferrals prior to the first payroll after the effective date.

We would presume that APS will instruct Lincoln to follow a similar procedure for its existing clients, assuming that a product change is involved.

4. Communication from employer to existing clients of de-selected providers (3/27/15)

This communication is a follow-up to the initial communication sent to all employees by the district. It would inform clients of de-selected providers that they will no longer be able to contribute to their existing provider after the implementation date and that they will need to select one of the remaining providers for their contributions. Clients should be informed that if they do not make choice during the 4/1/15 to 6/1/15 timeframe, their contributions will be moved to the default provider (Lincoln). Clients should be informed that they will receive further information from the default provider.

5. In-person and web-based meetings with employees (4/1/15 to 5/31/15)

The most important aspect of the transition to the new program is to ensure that all employees have ample opportunity to learn about their new investment programs and make an informed decision. Therefore, we think it is important to give all employees the opportunity to hear from the new providers throughout the month of March.

Our financial professionals can be available for seminars and/or one-on-one meetings both in the lead-up to the implementation date, as well as on a regular basis going forward. The meetings could be conducted separately by each provider or jointly, depending on the needs of APS.

6. Ongoing enrollments to the new programs (4/1/15 and after)

Beginning 4/1/15, clients will be able to enroll in the new investment programs. AXA/PlanMember will be able to accommodate enrollments by existing AXA client, participants currently contributing to another provider, or employees who are not currently contributing during this period. Accounts will be established as-received and all new clients will receive a welcome communication from PlanMember.

7. Welcome communication to all AXA/PlanMember clients who are being converted to the new program (6/15/15)

Upon completion of the notification and enrollment period, all employees who will be converted to the new AXA/PlanMember program after the 7/1/15 transition date (i.e. existing AXA clients who did not make a new choice during the notification/enrollment period) will receive a welcome communication from PlanMember. This communication will include contact information for their AXA financial professional and details on how to access their account through the APS Optifund Online website (samples letters can be provided if needed).

Track III – Operational Implementation

1. Coordination with Third Party Administrator (3/2/15 to 3/31/15)

PlanMember will coordinate with TSA Consulting to ensure that all details with respect to payroll processing, data sharing and participant transactions are agreed upon. PlanMember has a strong working relationship with TSA consulting and works with them on many plans throughout the country.

2. Establishment of Participant Website (2/3/15 to 3/13/15)

PlanMember will create an OPTIFUND Online participant website specifically for employees of APS. From this site, participants will be able to learn about program details, research investment options and access their account information.

3. Establishment of converted Participant Accounts (6/15/15)

PlanMember will establish participant accounts on its recordkeeping system for all clients who are being automatically moved to the new program. Note: accounts for clients that submit new account paperwork during the education/enrollment period will be set up as they are received.

4. Initial payroll processing for converted participants (first payroll after 7/1/2015)

All existing AXA clients who do not choose a new investment option will have salary deferrals re-directed to the new AXA/PlanMember program beginning on this date.

Confirmation of Plan Policies

Please confirm our understanding of the plan policies during and after the transition period. Some to our assumptions are based on our experience with other similar transitions, so please let us know if any of our assumptions need to be modified.

- April 1, 2015 is the date which we need to be prepared to establish new accounts for the new program.
- July 1, 2015, is the date which we need to be prepared to process contributions for the new program.
- All contributions prior to July 1, 2015 will continue to go to the old programs.
- All contributions (defined as any monies received from the employer) will go to the new program beginning July 1, 2015
- Non-employer monies (ex: rollovers from other plans and lump-sum payments from the state retirement system—if applicable) will continue to be allowed to go into the old programs after July 1, 2015