

ARLINGTON PUBLIC SCHOOLS

PURCHASING OFFICE

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

March 4, 2015

LINCOLN RETIREMENT SERVICES COMPANY LLC

Attn: Sybill G. Wolff, Relationship Manager/ Retirement Services
PO Box 70842
Richmond, VA 23235-0842

SUBJECT: DEFINED CONTRIBUTION RETIREMENT PLANS – OPTION 1

RE: RFP #04FY15 – OPTION 1 - Award of Contract

Dear Ms. Wolff:

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

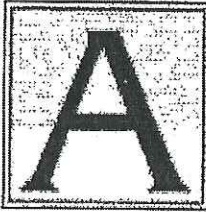


EXHIBIT A

AGREEMENT BETWEEN ARLINGTON PUBLIC SCHOOLS AND CONTRACTOR

Title: DEFINED CONTRIBUTION RETIREMENT PLANS - OPTION 1

This Contract #04FY15, entered into this 31ST day of March, 2015 by LINCOLN RETIREMENT SERVICES COMPANY 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
 - Employer Purchase and Recordkeeping Restated Service Agreement
- Request for Proposal Documents and Addenda
- Modifications issued after execution of this Agreement
- Custodial Account Agreement with Lincoln Financial Group Trust Company for the 403 (b) (7) Plan
- Governmental 457 (b)Trust Agreement with Lincoln Financial Group Trust Company

APS has also entered into separate Trust Agreements with Lincoln Financial Group Trust Company for the 403(b) and 457 plans respectively.

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.

January 21, 2016
Date

ARLINGTON PUBLIC SCHOOLS
By: [Signature]
Director / Purchasing Agent

LINCOLN RETIREMENT SERVICES COMPANY LLC

Corporation
Type of Business (Corporation, Partnership, Sole Proprietor)

IN
State of Organization/Incorporation

By: [Signature]
Signature
Michele Booth
Typed or Printed Name

01-14-16
Date

EXHIBIT B

SCOPE OF SERVICES

Lincoln Retirement Services Company 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. Provide all compliance and plan document services as required by the plan including all requirements based on current regulations.
4. Maintain and administer accounts providing participants statements on demand or no less frequently than each calendar quarter.
5. Provide a detailed list, including but not limited to, plan participants and contribution amounts, upon request.
6. 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, Lincoln shall edit and maintain the plan documents and/or services agreement as needed.
7. Keep APS abreast of changes in the regulations governing the programs.
8. Prepare communication material to be distributed to all eligible employees.
9. Inform employees when they pass a benchmark age and years of service requirement to increase their annual contribution limit, and offer employees the option of moving to the higher limit, but not move employees to the higher limit without their consent.
10. Maintain and archive all participant files and ensure strict confidentiality of all employee data, records, and files. Lincoln shall not make available to any outside vendor or sales/marketing organization, any records or information pertaining to APS employees. 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.
11. Meet all IRS requirements related to annual notices for employees "automatically enrolled" in the programs upon hire. Employees who do not opt-out on hire are automatically enrolled and monies defaulted into a fund that meets the IRS' definition of a "Qualified Default Investment Alternative." Provide, at a minimum, those items required of employers by the IRS regulations, to include annual notice of their rights to participants who have been automatically enrolled.
12. 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.
13. Pay surrender charges on fixed accounts for those individuals who elect to move to Lincoln, up to a maximum of \$50,000.
14. For transferred accounts with exiting loans from another provider, Lincoln will mirror the amortization schedule based on the original terms of the loan.

15. 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 (number of appointments and seminars held) review participation and to set goals for participation based upon data and benchmarks.
16. Customize website to reflect Lincoln's plan provisions and investment options. Website will provide full account access and transaction capabilities.
17. 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.
18. Provide third party advice through Morningstar Retirement Manager at no additional fee to participant or APS.
19. Provide managed accounts through the "Managed by Morningstar:" program, in which participants can elect this service at a fee of 0.45% of assets under Morningstar management. Such fee is to be automatically deducted from participant account.
20. Performance guarantees:
 - Enrollment and education
 - Contributions
 - Investment allocation changes
 - Participant statements
 - Plan level reporting
21. 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.
22. 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 bilingual representatives and materials
 - d. Provide retirement planning education
 - e. Maintain compliance with school sign-in and visitor procedures
 - f. 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.
 - g. Provide responsive and effective customer service for participants related to contribution posting, eligibility, account balance inquiry and investment changes.

- h. Ensure that customer service representatives respond to questions and resolve issues/problems directly with participants/employees rather than referring them back to APS.
 - i. Provide a secure website to participant accounts for both the Plan Sponsor and for plan participants.
- 23. Provide a single point of contact responsible for quality control, resolving problems and expediting services related to the overall performance of the contract.
- 24. Provide an organizational chart and list of contacts (with phone numbers, email, department and title) in relevant functional areas. Provide updates as changes occur.
- 25. Provide an administrative procedure manual to be used to administer the program, including necessary forms and instructions.
- 26. Maintain a toll-free customer service number for employees.
- 27. Guarantee that low-cost index style investment options shall be provided to plan participants. At a minimum, one index style investment within the fixed income asset class, one per market capitalization within domestic stock investments, and one within foreign/international stock investments are required.
- 28. 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 Lincoln and APS.
- 29. No information, reports, or other materials given to, prepared or assembled by Lincoln under the final contract shall be given or sold to any individual or organization.
- 30. No restrictions will be placed on the size of accounts accepted for voluntarily and directly transferred into the new plan (s).

ANNEX A TO SCOPE OF SERVICES – ORGANIZATION & OPERATIONS - LINCOLN

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.

1,205 employees support our retirement plan services business nationally.

Functional Area	Number of Employees
Client Service	141
Administrative Services	421
Marketing/Communication-Participant Experience	50
Product Management	37
Field Service	334
Sales	90
Information/Technology	104
Funds Management	20
Legal	8

Please describe the team that would deal directly with APS during the transition and on an ongoing basis, including field representatives. Specify the roles and responsibilities of each person, office location, years of service with your organization, other school systems/municipalities for which they serve, professional designations, and licenses. Please indicate if any of the individuals are contractors or agents who are not employees of your organization.

Lincoln takes a team approach to support Arlington Public Schools and their plan. The team's first priority is to understand Arlington Public Schools' culture, employee population, and retirement plan needs, to help plan participants achieve better retirement outcomes. The individuals listed below will serve as the lead contacts for Arlington Public Schools and will be backed by a full team of support personnel. The service team listed below may be subject to final adjustments so appropriate client/service team ratios can be maintained.

All team members servicing Arlington Public Schools are salaried employees of Lincoln Financial Group.

Joseph (Joe) Hofmann, Regional Director

Joe Hofmann is a regional director with Retirement Plan Services. In this role, he develops the regional business plan for Lincoln Financial Group to increase new client sales with the Institutional Retirement Distribution team. He is also responsible for direct calls on plan sponsors in targeted market segments, as well as on key consultants and other potential new business sources.

Joe has worked for Lincoln Financial for more than 13 years and has over 16 years of industry experience. Prior to joining Lincoln he worked as a communication associate and retirement

education specialist and manager for The Vanguard Group. Joe earned a bachelor's degree from the University of Delaware. He is FINRA series 6 and 63 registered, holds state insurance licenses, the Chartered Retirement Planning Counselor (CRPC®) designation and Accredited Investment Fiduciary (AIF®) designation. Joe is located in Exton, Pennsylvania. Joe does not have a specific caseload; however, he has vast experience working with school systems/municipalities.

Suja Joseph, Implementation Partner

Suja Joseph is an implementation partner for Retirement Plan Services. In this role, she manages the overall implementation process. While Lincoln is one of the current vendors of the Arlington Public Schools' 403(b) plan, some conversion processes may still be required to set-up and transfer information from the other vendors. She will participate in the implementation meeting to convey recordkeeping procedures and capabilities. Suja coordinates weekly status calls and conversion files and other pertinent plan information, enrollment materials and forms. She also facilitates the coordination of the updated payroll layouts and implements voice response once conversion reports are finalized and the plan is live. Suja will transfer her responsibilities to the account manager following implementation.

Suja joined Lincoln Financial in 2010 and has over 19 years of industry experience. Prior to joining Lincoln, she served as a senior implementation consultant for VALIC, a personal banker for JP Morgan Chase, and a financial advisor for Ameriprise Financial. She is FINRA Series 7 and 63 registered and ASPPA Retirement Plan Fundamentals certified. Suja is located in Spring, Texas. Suja does not have a specific caseload; however, she has vast experience implementing school systems/municipalities.

Suja will coordinate certain implementation tasks with several Lincoln subject matter experts, including the following:

- Data analyst

The data analyst assists with the data management process and helps coordinate implementation activities.

- Data engagement

Data engagement works closely with the programming team and handles any database needs related to payroll.

- Payroll implementation analyst

The payroll implementation analyst assists with payroll implementation as it relates to the data management process.

- Transaction processing manager

The transaction processing manager oversees the team that handles the day-to-day asset transfers, loan repayment transactions and paper enrollment processing.

Sybill Wolff, Relationship Manager

Sybill Wolff is a relationship manager for Retirement Plan Services. In this role, she will continue to serve as Arlington Public Schools' strategic partner and is accountable for Arlington Public Schools' complete satisfaction with Lincoln Financial Group. Sybill is the key contact and responsible for overall program management and the delivery of retirement plan services. Beginning with the initial needs assessment meeting, and continuing throughout enrollment, plan implementation, ongoing service, annual plan reviews, and communication and education, she ensures Arlington Public Schools' service expectations and performance standards are achieved in all aspects of the program.

Sybill joined Lincoln Financial in 2012 and has 31 years of industry experience. Prior to joining Lincoln she worked as a relationship manager in institutional trust (retirement services) for SunTrust Bank. She earned her AA- in Math from Schickhard Gymnasium in Germany. She is FINRA Series 6 and 63 registered and holds state insurance licenses. Sybill is located in Richmond, Virginia. Arlington Public Schools is currently the only public school system that Sybill is servicing; however, she has serviced numerous school systems in the past.

Les Nivens, Account Manager

Les Nivens is an account manager with Retirement Plan Services. In this role, he will continue to serve as Arlington Public Schools' single point of contact for administrative service requests and day-to-day inquiries. His responsibilities also include addressing clients' administrative needs and coordinating them across Lincoln's specialized areas to ensure we deliver on all service commitments.

Les joined Lincoln Financial in 2008 and has 14 years of industry experience. Prior to joining Lincoln he was a consultant and general manager in international sales and a financial advisor with Destiny Advisors in Fort Wayne, Indiana, and Shanghai, China. Les earned a bachelor's degree from Ball State University and a master's degree from Indiana Wesleyan University. He is FINRA Series 6 and 63 registered. Les is located in Fort Wayne, Indiana. Les is currently responsible for 6 other school systems/municipalities in addition to Arlington Public Schools.

Christopher (Chris) McCloy, Director - Communication Consultant Services

Chris McCloy is responsible for managing the communication consultant team and the affiliated services. He is also responsible for directing the overall strategic communication and education initiatives.

Chris joined Lincoln in 2013 and has over 20 years of experience at financial services firms including Fidelity, Prudential, and MetLife. His positions included managing creative services and communication consultant teams.

Chris earned a bachelor's degree in science and journalism from West Virginia University. He is located in Radnor, Pennsylvania. Chris oversees the communication consultants and does not have a specific caseload; however, he has vast experience working with school systems/municipalities.

Joshua (Josh) Green, Director of Participant Engagement

Josh Green is a director of participant engagement with Retirement Plan Services. He leads the retirement consultants who provide enrollment and education services designed to engage participants and motivate them to save and plan for retirement. Along with our retirement consultants, he works with plan sponsors to deliver employee awareness campaigns that include education initiatives, group presentations, and individual employee consultations.

Josh has worked for Lincoln Financial for more than 9 years and has over 15 years of industry experience. Prior to joining Lincoln, he served as financial advisor with VALIC Financial Advisors.

Josh earned a bachelor's degree from the University of Florida. He is FINRA Series 6, 7, 63, and 65 registered, holds state insurance licenses, and has Chartered Retirement Planning Counselor (CRPC®) and Chartered Retirement Plans Specialist (CRPS®) designations. Josh is located in Jacksonville, Florida. Josh oversees the retirement consultants and does not have a specific caseload; however, he has vast experience working with school systems/municipalities.

Michael Knapp, Retirement Consultant

Michael Knapp is the on-site retirement consultant that currently services Arlington Public Schools. He meets one-on-one with participants and in group settings, delivering communication and education as part of the comprehensive *Lincoln InStep*® Participant Retirement Program. He is experienced and knowledgeable in helping employees get enrolled, save more, invest wisely, and step into retirement. He works closely with relationship managers, plan sponsor representatives, and other team members with a focus on supporting plan sponsors' commitment to drive better retirement outcomes.

Michael joined Lincoln Financial in 2008. Prior to joining Lincoln, he worked at Ernst & Young as a manager. Michael earned his bachelor's degree in business administration from Millersville University. He is FINRA Series 6 and 63 registered and holds the designation of Chartered Retirement Planning Counselor (CRPC®), as well as life and health state insurance licenses. Michael is located in Arlington, Virginia. Michael is currently responsible for 3 other school systems/municipalities in addition to Arlington Public Schools..

Carmen Bellacasa, Retirement Consultant

Carmen will join Michael Knapp as a dedicated retirement consultant for Arlington Public Schools. Her experience in the investment field will benefit Arlington Public School employees.

Carmen's past work experience include, Wunderlich Securities, Inc. as an Equity Research Assistant/Associate. While there, she assisted with analytical writing and data collection. She conducted extensive company research on mortgage REIT's, property REIT's and Business Development Companies. She created sector and index comparison charts to better forecast companies under coverage.

She also worked for US Equity Institutional Sales in London, UK where she assisted the CEO in the daily operations including general administration, client orders, and client relations. She acquired her FSA registration in order to perform all aspects of the position.

Carmen has her Series 7 & 63. She graduated from Virginia Polytechnic Institute and State University/Pamplin College of Business earning her Bachelor of Science in Finance w/Derivatives, with a Biology Concentration. She is bilingual in Spanish.

For field service representatives, please also include the following information:

- **The amount of time (per week) that will be devoted to servicing APS.**

We have included 80 on-site retirement consultant days in year 1 and 65 on-site retirement consultant days in years 2+. Michael Knapp will devote on a weekly basis the amount of time necessary to adequately service the participants of Arlington Public Schools.

- **List the other duties field representatives are responsible for while also serving as representative.**

Each retirement consultant at Lincoln Financial Group is completely dedicated to their assigned plan sponsors. This enables them to focus on that plan and its participants to achieve the best retirement outcomes. No additional duties are given to retirement consultants that are outside the scope of the retirement plan.

- **The manner in which field representatives are compensated, including any incentives, commissions, or bonuses.**

All on-site retirement consultants, including Michael Knapp, are salaried employees of Lincoln Financial Group. However, each employee is eligible for a bonus and that bonus is determined by their performance including participant/employer satisfaction.

- **How your organization assures that field representatives provide objective and unbiased product information.**

Lincoln Financial Group makes available an open architecture investment platform that allows the plan sponsor to determine its own investment choices. Retirement consultants have no incentives based on the investment options that are selected.

- **Whether or not the field representatives are authorized to give financial advice, or just provide information/education/guidance.**

Lincoln Financial Group's on-site retirement consultants will provide investment education, but do not make recommendations or offer advice. Our retirement consultants have access to several online tools that aid them in providing this education.

- **Whether or not the field representatives have bilingual or multi-lingual capabilities. If so, what languages they are fluent.**

Michael Knapp is not bilingual; however, we currently have 16 Spanish-speaking retirement consultants and a few retirement consultants that speak other languages that can assist participants.

Lincoln Financial Group offers several services in Spanish to help educate and serve our Spanish-speaking participants. We are happy to discuss any additional language needs.

Available multilingual services include:

- An educational brochure written in Spanish that supplements our standard enrollment kit. This brochure includes the same surveys and educational materials that are in the educational section of our standard enrollment package. It helps Spanish-speaking participants better understand the investment planning process.
- Spanish-speaking customer service representatives
- Spanish interactive voice response system
- On-site Spanish-speaking retirement consultants
- TeleInterpreters Language Line which provides translation services for over 200 languages

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

The numbers below represent the mutual fund-based retirement program only:

Year	Clients lost
2011	20
2012	23
2013	19

The above represents an average 96% retention rate over the last three years.

- **For those who left, please provide the reason for leaving.**

The losses we have experienced were primarily from plan consolidation and merger/acquisitions.

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.

Yes. Les Nivens, account manager, will continue to serve as Arlington Public Schools single point of contact for all daily administrative needs.

Les is currently responsible for 26 clients, including Arlington Public Schools, which are located throughout the Southeast, Northeast, and Midwest regions.

Les joined Lincoln Financial in 2008 and has 14 years of industry experience.

The average turnover for the account manager position is <3%.

Les is currently responsible for servicing 5 public school systems, including Arlington Public Schools.

- 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.**

We understand the importance of providing useful, timely information to both plan sponsors and participants. Following is a listing of some of the reports we furnish:

Plan Sponsor Reports

Lincoln's plan management system lets you view standard Lincoln reports or create your own customized reports.

Available reports include:

- Plan contributions or distributions
- Vesting status
- Excess deferrals
- Separation detail
- Plan loan status
- Plan forfeiture affiliate summary
- Payroll change notification
- Default participant report
- Asset allocation of balances by age
- Contribution rate by age
- Average account balance by age
- Fund investment elections report

A Website Reference Guide, which more fully describes our online reporting capabilities and the menu of reports that are available, is included as Attachment 10.

Comprehensive Plan Review

We provide plan sponsors a comprehensive plan review that presents metrics to measure the health of the plan and its participants. The review compares previous period results with current results and contains relevant benchmarking information. Below are some of the measurements in the review.

(We can track these metrics by location, department, age range, salary range, etc.)

- Participation rate
- Average deferral rate
- Average account balance
- Average number of investment options
- On-site service
 - Number and type of one-on-one appointments
 - Attendance at educational seminars

Audit Reports

Upon request, we will provide an audit package to assist with the plan sponsor's audit process. We provide all of the necessary information online with special login access available for six months.

In addition, the employer will receive an audited financial reports package that we prepare annually as part of our standard service. The financial reports package includes the following:

- Summary statements
- Gain and losses reports
- Detail purchase and sales
- Detail receipts and disbursements
- Form 5500 preparation

Participant Statement

For participants to gain the most value from their retirement plan they must understand the plan, their investment options, vesting, distributions, etc. During enrollment, we provide brochures and booklets that explain their retirement plan options. After enrollment, we provide quarterly account statements to ensure that participants remain up to date on the status of their investments. We mail statements to the participant's home address within 10 business days of the end of each calendar quarter. In addition, participants can generate customized statements online for any desired timeframe.

Quarterly participant statements include the following information:

- Summary of account
- Account activity
- Fund allocation profile
- Available loan summary
- Contribution history
- Shares/unit activity
- Rate of return

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

A copy of the trust/custodial agreement for Arlington Public Schools is included as Attachment 11.

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

Lincoln maintains a comprehensive insurance program appropriate for a company of its financial size, strength, and stability. Lincoln is committed to working with and satisfying the insurance needs and concerns of Arlington Public Schools. Lincoln maintains the following major insurance coverages:

- Insurance Company Professional Liability Insurance (Errors and Omissions Coverage)
- Fidelity Bonds
- Workers Compensation

- Cyber Insurance
- General Liability Insurance
- Umbrella
- Auto
- Director & Officers Liability Insurance
- Property

Lincoln can provide evidence of these coverages reflecting the limits upon request.

Lincoln Financial Group assumes all responsibility for proper administration of the plan(s) and provides broad indemnification for any liability due to our errors or omissions. However, the employer maintains fiduciary responsibility and Lincoln Financial Group will assist them with fulfilling that obligation.

In addition, following is the cross indemnification language that is used by Lincoln Financial Group in our service agreement:

Limitation of Liability – Cross Indemnification

In addition to any other remedies at law or in equity available to LRSC for breach of this Service Agreement by Employer, to the extent permitted pursuant to applicable law, Employer will indemnify Lincoln, its officers, employees and agents from and against any and all damages, losses, costs, judgments, fines and expenses (including attorneys' fees and disbursements) of any kind or nature (hereinafter in the aggregate the "Losses") imposed on or incurred by Lincoln, its officers, employees and agents by reason of its or their participation in this Service Agreement, including any Losses arising out of any threatened, pending, or completed claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative, to the extent such Losses are the result of Employer or [Plan's] intentional wrongdoing or its negligent actions or omissions.

As a condition of indemnification (i) LRSC shall give Employer timely notice in writing of any potential Losses promptly after LRSC becomes aware of them; (ii) Employer shall at its option have sole control of the defense of such Losses; and (iii) LRSC shall cooperate with Employer in the defense of such Losses. Employer shall not be responsible for the settlement of any claim, demand or lawsuit related to the Losses without Employer's written consent.

In addition to any other remedies at law or in equity available to the Employer for breach of this Service Agreement by Lincoln, LRSC will indemnify Employer, its officers, employees and agents from and against any Losses imposed on or incurred by Employer, its officers, employees and agents by reason of its or their participation in this Service Agreement, including any Losses arising out of any threatened, pending or completed claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative, to the extent such Losses are the result of LRSC's intentional wrongdoing or its negligent actions or omissions. In addition Lincoln will have no liability with respect to claims of breach of fiduciary duty for (i) the inclusion, exclusion, or deletion of mutual funds in the retirement program, (ii) monitoring of such funds after the Employer's selection of them as an investment option for the [Plan], or (iii) providing the Recordkeeping Services.

As a condition of indemnification and reimbursement, (i) Employer shall give LRSC timely notice in writing of any potential Losses promptly after Employer becomes aware of them; (ii) LRSC shall, at its option, have sole control of the defense of such Losses; and (iii) Employer shall cooperate with

LRSC in the defense of such Losses. LRSC shall not be responsible for the settlement of any claim, demand or lawsuit related to the Losses without LRSC's written consent.

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?**

Lincoln will only share client or account information with a third party if we receive written direction from the plan sponsor.

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

a. Client satisfaction

The relationship manager, Sybill Wolff, monitors client satisfaction through interactions directly with Arlington Public Schools, as well as by meeting internally with the Lincoln Financial Group servicing team. Sybill meets weekly with her internal management team to provide feedback and strategic analysis on the overall health of the relationship.

It is our standard practice to solicit feedback from clients. Annually, we ask plan sponsors to respond to a third party survey regarding their experiences with the program. Recent survey results show our client satisfaction scores exceeded the industry benchmark in all nine "overall impression" attributes. Sybill will present feedback, in addition to information regarding other plan activity, at an annual meeting with Arlington Public Schools. At this meeting, we will discuss the success of the plan and any changes that should be implemented in the future.

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

All calls received by the customer service center are recorded for quality assurance and stored for seven years. Any dissatisfaction that is mentioned during a telephone call or noted in an email is documented and responded to promptly. Lincoln's management team reviews all responses prior to communication. Data is compiled periodically and discussed with CSRs to uncover areas that may require improvement or a change in process.

Lincoln's management and training personnel frequently monitor a portion of toll-free calls (an average of 6 per CSR per month) and use those records to provide additional training.

Additionally, we use third party surveys to gauge participant satisfaction. Recent survey results show participant satisfaction with their on-site services as "best in class."

The above information can be tracked and provided specifically for Arlington Public Schools.

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

We meet with each client at least annually, during a comprehensive plan review meeting, to evaluate the plan's investment options. This review includes an analysis of the funds' performance relative to category averages and respective benchmarks. In addition to fund performance information, we also discuss any changes in the funds' objectives, changes in management style or the managers themselves, style drift, etc. We discuss this information to help the employer determine whether any fund changes are appropriate.

In addition to fund-related information, we provide reports and analysis on plan participation, deferral rates, asset allocation, etc. We will also review our services over the past year — what's gone well, what needs improvement, etc. — and establish goals and objectives for the upcoming year. If performance or events warrant attention, we will work with Arlington Public Schools to determine an appropriate course of action.

The review compares previous period results with current results and contains relevant benchmarking information. Below are some of the measurements in the review. (We can track these metrics by location, department, age range, salary range, etc.)

- Participation rate
- Average deferral rate
- Average account balance
- Average number of investment options
- On-site service
 - Number and type of one-on-one appointments
 - Attendance at educational seminars

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

Yes. Lincoln Financial Group is willing to enter into an agreement to guarantee service performance. The agreement is individually structured based on the deliverable benchmarks established by the plan sponsor and agreed upon by Lincoln Financial Group. All standards listed below assume data is received in good order. This guarantee will become a part of the contract between Lincoln Financial Group and Arlington Public Schools.

- Enrollment and education
 - Customized to the specific goals of the plan sponsor.
- Contributions, including rollovers and contract exchanges
 - Same business day
- Deferral changes
 - Same business day
- Investment allocation changes
 - Same business day
- Fund transfers
 - Same business day
- Distributions/withdrawals
 - Same business day. Checks are mailed the next business day.
- QDROs

Same business day. Beneficiary accounts are established or distributed within five business days.

- Loans

Same business day. Checks are mailed the next business day.

- Participant statements

Mailed within 10 business days after the close of each calendar quarter

- Plan level reporting

Ad hoc reporting is immediate via the plan sponsor website. Monthly reporting packages are available within five business days. Quarterly reporting packages are available within 10 business days and annual reporting packages are available within 25 business days.

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?

Lincoln Financial Group assures plan administration integrity and accuracy through the following steps:

- We set up the recordkeeping system based on the employer's plan document. This ensures that all transactions conform to the plan document, rules and restrictions.
- We integrate a systematic balancing and reconciliation process with the core recordkeeping system.
- We reconcile the trust accounting with the recordkeeping system daily, and resolve any reconciled items immediately
- We confirm all transactions directly with the participant.

In addition to our ongoing reconciliation procedures, our internal audit division performs periodic control testing to verify that all controls are functioning effectively.

Lastly, an outside auditing firm completes monthly audits of our processes and procedures in order to complete our annual SOC-1 report.

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?

Lincoln Financial Group has highly expert technical and compliance personnel dedicated to our retirement plan business. These professionals closely follow emerging and ongoing retirement plan issues and continually monitor legislative and regulatory changes that influence plan compliance and administration. We will inform plan sponsors of legal and regulatory changes impacting retirement plans via letters, the internet, face-to-face meetings, or Lincoln Financial Group's employer newsletter.

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

There is an extensive disaster recovery plan that includes recovery time objectives, data mirroring capabilities, and recovery exercises, both internal and external. The Winchester Data Center is the primary facility for a majority of the data processing infrastructure. An alternate data center is also maintained, commonly referred to as the Recovery Center. The Recovery Center is a fully redundant backup recovery site located in St. Louis, Missouri, approximately 250 miles from the Winchester Data Center. The Recovery Center is equipped with the hardware and software designed to achieve certain Recovery Time Objectives ("RTO") and Recovery Point Objectives ("RPO") if a disaster disables the Winchester Data Center. RTOs begin if a disaster is declared at the Winchester Data Center. The specific RTO and RPO depend on the application being recovered.

An executive summary of the disaster recovery plan has been provided below.

Initial response to emergency situations

Winchester Data Center personnel take action designed to protect employees and organizational assets. They evaluate the emergency and make a preliminary estimate of damages and downtime. The Recovery Center is placed on alert and the following information is then provided to the Winchester Incident Management Team (IMT):

- Time disaster occurred
- Location of disaster
- Type of disaster
- Injuries
- Estimate of damage
- Estimate of downtime
- Recommendation to declare a disaster or repair

Declaration of disaster

After the IMT determines the situation warrants declaration of a disaster, they declare a disaster and initiate the following actions under the direction of the IMT:

- Notify the Recovery Center to begin recovery operations.
- Execute manual or automated associate notification procedures.
- Activate the Winchester conference bridge for IMT and Recovery Management Team members.
- Communicate with clients and associates following internal guidelines.
- Provide status reports as defined at declaration.

Upon declaration, primary data processing may be run from the Recovery Center for an extended period.

Winchester Data Center and Disaster Recovery Data Center

The Winchester Data Center and Recovery Data Center are located approximately 250 miles apart in urban business parks near Kansas City (Winchester) and St. Louis (Recovery Center). Both facilities have the ability to monitor the other facility's energy systems, environment systems, data systems, security systems, and personnel at all times. The Winchester Data Center and the

Recovery Center have dedicated personnel supporting data processing functions and equipment available at all times. Winchester and the Recovery Center each contain approximately 70,000 square feet of raised computer floor. Each data center is physically separated from adjacent buildings by roadways, parking areas, or fields. Both facilities' primary structures are made with poured-in-place concrete. The Winchester Data Center and the Recovery Center facilities undergo weekly, monthly, quarterly, and annual maintenance.

Network recovery

There is a multiple-carrier solution for data connectivity to the Recovery Data Center. AT&T, MCI and Qwest provide diverse fiber connections between the Winchester Data Center and the Recovery Centers. This network design allows for redundant connectivity to mirror and backup application data. This is accomplished by using high-speed channel extension and IP technology.

Telecommunications

The data centers use redundant circuits between facilities, redundant support equipment, redundant Point of Presence (POP)/Central Office (CO) connections and diverse paths within the buildings for data and voice systems. Data center UPS supports data and voice equipment during an outage.

Client connectivity

Client connectivity is recovered at the Recovery Center according to the following processes:

- Supported connectivity

The Wide Area Network (WAN) is designed to allow the redirection of client connections from Winchester to the Recovery Center. They accomplish this through established commands and network vendor-initiated scripts.

- Client-provided

A secured network infrastructure was implemented at the Recovery Center, which allows client-provided connectivity. Customers who provide their own network connectivity to Winchester are responsible for providing connectivity into the Recovery Center.

Recovery information

Lincoln uses various forms of data back-up and recovery, designed to meet product RTO and RPO. The data and systems are backed-up and recovered according to contracted product availability.

Recovery programs consist of the following types of exercises and are scheduled four times per year (two internal without client participation and two external with client participation permitted):

- Internal exercises: These exercises provide us additional opportunities to validate recovery objectives.
- External exercises: These exercises provide clients an opportunity to view, manipulate and use recovered products according to their pre-defined recovery objectives, including network.

Both programs alternate internal and external exercises throughout the year. These exercises are scheduled for the upcoming year, approximately three months before year end.

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.

Our recordkeeping system gives us substantial flexibility to receive and process payroll data. If a plan sponsor uses certain formats and codes (including variations for multiple locations), we can develop a program key/legend to interpret this data. We can program our system to accept the current — or agreed upon — formats and automatically translate them based on administrative parameters. Plan sponsors can submit payroll via the Internet or through direct transmission from a number of payroll providers. Payrolls may be funded by wire or ACH.

Data transmissions from the core recordkeeping system use our standard method, Network Data Mover (NDM). We can support an automated transfer. However, Lincoln Financial Group does not consider FTP a secure protocol even with PGP encrypted files due to the clear text nature of the credentials being transmitted. Our preference would be SFTP. With SFTP we can support but do not require PGP. If FTP/PGP is the only option we accommodate that option with a granted security exception from our security team. Our preference is a "push/push" transfer (i.e., Arlington Public Schools sends to us, and we send to Arlington Public Schools).

Clients can encrypt data transmission lines using router-to-router encryption or software-based host-to-host encryption. Router-to-router encryption uses IPSEC encryption. Host-to-host encryption uses an NDM add-on product (Secure Plus) that uses public/private key pairs. Secure Plus encrypts data before it leaves the mainframe onto the network path and remains encrypted until it is on the receiving mainframe. (This requires the receiving processor to have NDM Secure Plus.)

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.

Multi-Level Security System:

There is a multi-level security system to provide protection to client data contained on our mainframe. By using this approach, we can tailor the system to meet or exceed our clients' requirements in the information security area. Within each level of security, there are different methods used to ensure the integrity of the data. A brief overview of the levels of information security is given below.

Files and Data Access

The standards for file access require that each file be prefixed with assigned system identification. Within each file, records are segregated by key values such as plan and participant.

For DB2, IBMGroups are defined to DB2 objects and the Information Security department manages the individuals assigned to these IBMGroups in CA-Top Secret. For Datacom/DB, the started task is secured as a resource and the datasets are secured at the index/table area by CA-Top Secret. In addition, management-level security is established for batch processing through Top Secret. Every time a job is submitted, a subroutine executes to validate the input parameters and selection criteria

against the management company and Top Secret rules to ensure the access is authorized, before processing continues.

Network Access Security

The computer system can only be entered through dedicated terminals, dial-up terminals, or JES remotes. Unless a terminal or JES remote is defined in one of the legal pathways, that terminal/JES remote cannot communicate with the mainframe. This would prevent an unauthorized terminal from accessing any client data. Dedicated terminals must be specifically defined to the network. A proprietary program, Virtual Interactive Product Switch (VIPS), presents an initial menu screen of authorized applications on all terminals. The Information Security Administration Department is responsible for administering VIPS and controlling the applications that may appear on any given terminal. Each application access has to be granted by the "owner" of that data prior to allowing access by a user. A VPN session may be established using RSA Security's SecurID. SecurID uses "smart card" technology. A credit card-sized card or key fob that displays LCD readout is issued to the remote user. This card generates a unique number every 60 seconds, which is synchronized with the front-end hardware of the SecurID system. A valid user must be in possession of this card and the corresponding PIN number in order to access the system.

SecurID authority is tightly controlled and is limited to internal personnel and is specifically not available to clients.

JES Remote

Many clients submit batch jobs via JES remote workstations (RJE) and nodes (NJE). This link may be accomplished through dedicated or dial-up communication lines. Both access methods are restricted by JES passwords, and dedicated lines are additionally protected by line passwords. The responsibility for initiating periodic JES password changes lies entirely with the client. Additionally, RJE's and NJE's must be defined to Top Secret, the system access control software. Top Secret also restricts the files and programs that these batch jobs may access.

Sign-on Security

System users must have a valid access ID and password before they can enter or "sign-on" to any application on the VIPS menu. There are two types of sign on IDs: Top Secret IDs and application IDs.

The Top Secret software package is used to restrict sign on privileges to TSO, batch and several production and test on-line applications. When a Top Secret accessor ID is authorized for TSO and batch, Top Secret restricts user access to files, programs, and other resources. When a Top Secret accessor ID is authorized for an online application, Top Secret restricts user access to CICS transactions but access to files and other resources is controlled by application security. The Information Security Administration Department administers Top Secret.

Data Transfer Security:

Mainframe

Data transfers from the mainframe are sent via a dedicated line, which can be encrypted through the use of router-to-router encryption or software based host-to-host encryption. Router-to-router encryption is done using IPSEC encryption. Host-to-host encryption is accomplished with the use of

an NDM add-on product call Secure Plus that uses public/private key pairs and encrypts data before it leaves the mainframe onto the network path and remains encrypted until it is on the receiving mainframe. This requires the receiving processor to have NDMSecure Plus in their shop.

Client to Server

Data transferred to a client server for the Desktop is accomplished via a dedicated line, which can be encrypted as described above.

Server to Internal Host

Data transferred via the internal network has a multi-layer security approach with both internal and external Firewalls and dedicated layer three switches. The internal network takes advantage of both logical and physical separation. Because of these controls we do not require encryption across our internal network.

Server to External Host

Data transferred to an external host is accomplished either by a dedicated line using the encryption described above, or by a 128-bit SSL across the Internet. Two application firewalls screen all incoming packets before they are passed to the web servers. This ensures that all inquiries are valid and have been approved and are passed to the appropriate device within the FAN network. For security purposes, this screening process takes place outside of the internal network.

Email

Secure Sockets Layer/Transport Layer Security (SSL/TLS) protocol is used for sending and receiving encrypted email. This solution works only if the recipient's email gateway also uses the SSL/TLS protocol. To protect and encrypt sensitive information sent in emails to domains not able to support the SSL/TLS protocol, a secure email messaging product called Voltage has been deployed. Voltage delivers Internet emails in a secure fashion, preventing the message from being transmitted publicly through the Internet. Instead, the message is routed to a secure Voltage server internally. The email recipient receives a link to the Voltage server through a web browser to retrieve the information. The email containing sensitive information is viewed through an SSL-encrypted tunnel.

System Auditing and Reporting:

Audit trails and logs are generated at every level of the enterprise. A variety of monitoring and retrieval tools to review, analyze, and assess the data collected are employed. Monitoring tools are configured to immediately notify an associate if data is detected that falls outside a predetermined criterion. Audit trails generated from a suite of monitoring tools for hardware, network, system, and application provide a complete picture of activities enabling the Incident Response Team to have complete and accurate data for timely action.

Audit trails are retained for varying lengths of time as dictated by regulatory requirements and value to later investigation. All logs and audit trails are stored securely. Each audit trail captures specific data and may contain confidential or authentication data. Exceptions are identified and reviewed in a timely manner. Under Top Secret, all security administration activities are logged and reviewed daily by a member of the Information Security department for our third party software products as well as for user activity on the administrative platform. Several operator security audit reports are available

to clients daily or on request that detail the access that each user has on the system, as well as any changes that have been made to user access. Reports are also available that detail all activity at the operator level, including transactions processed. Our solution lets reports be written to CD or transmitted to the client for long-term storage if desired. Unauthorized access attempts are also tracked as part of the CICS online access logs. Within the application all transactions are logged to an independent log server. Application level logs are summarized on a daily basis and reviewed in detail when necessary.

Computer and communications systems handling client information must securely log all security related events, such as invalid password attempts, invalid data access attempts, addition or removal of logon ID, modifications to production application software, modifications to system software, changes to user privileges, and changes to logging subsystems. Logs containing computer or communications system security related events must be retained for at least six (6) months. During this period, logs must be secured to ensure that they cannot be modified and that only authorized persons can read them.

Patch Management:

Formal risk assessment is performed for standard production upgrades as well as PTFs and patches. When implementing upgrades to the production environment, changes are evaluated and approved by several layers of management. Each change is evaluated to ensure there is a sound reason for the change. There are formal processes to determine when upgrades, PTFs, or patches need to be applied to our systems. These processes are in place for the mainframe and open systems environment and include several different tasks. We have very good relationships with our vendors and many send email alerts with information about patches and PTFs. Additionally, we have associates dedicated to reviewing vendor websites in order to stay alerted to newly released patches. The individuals are responsible for identifying any changes that need to be applied to our systems. We have teams of associates who ensure the patches are delivered, tested, and rolled into production via our standard implementation schedule. The teams are responsible for identifying the criticality of change and determining whether a fix or patch requires immediate, or fast track, implementation. Once the decision has been made to apply an upgrade or patch, it is installed to one test system at a time, and then has staggered installations when it is rolled out to production systems.

Vulnerability Testing:

There is an independent third party involved to conduct web assessments on our Internet facing applications. These are done on an annual basis. There are two phases to these assessments. The first phase consists of trying to penetrate the application as an outsider. The second phase consists of looking for vulnerabilities within the applications as a valid user of the applications. All high or medium vulnerabilities are addressed as soon as possible by the application development and support teams.

Intrusion Detection and Firewalls:

Proventia G400 units, along with Real Secure software in our Wide Area Network and Internet infrastructure for intrusion detection are used. The Ecommerce Operations team, as well as our Data Security team, monitors these services for anomalies.

In addition to intrusion detection, implementation of a firewalled extranet design ensures your traffic remains isolated and secure from other network environments (for example, internal system access and Internet).

The Frame Relay network is structured so that each individual Permanent Virtual Circuit (PVC) is designed with separate sub-interfaces. This prevents access from one PVC to another.

All TCP/IP traffic is firewalled at the data centers to ensure only authorized customer addresses will be allowed access to the host systems. TN3270 access will be filtered via access lists so that only authorized customer addresses will be allowed access to the host.

All SNA/DLC traffic utilizes Data Link Switching (DLSw). This creates a definition comparable to a switched major node, which requires an XID or Physical Unit address defined in the mainframes for access.

Firewall Management:

The Security group within the Enterprise Network Team (ENT) controls authorized access to the firewall management infrastructure. Firewall configuration changes and Access Controls are executed by separate groups within the ENT team for audit and Quality Assurance purposes.

Firewalls are managed according to several established policies, such as the Network Design and Operations Guide, Technical Advisory Bulletin, Network Security Standards, Policies and Procedures, and Corporate Information Security Policy documents in an effort to ensure compliance with standards and a host of external industry best practices and government regulations. These documents are updated regularly on an as needed basis by the Network Services personnel using the Zavanta policy and documentation tool or by Corporate Information Security. Network Services Security and Firewall teams meet with Corporate Information Security weekly to review updates to policy and security project status. Network Services and Corporate Information Security each maintain a website providing information on corporate and network security guidelines, policies, and configuration standards.

Virus Protection:

The primary host for the primary administration platform data is an IBM mainframe system. There is no antivirus software on that platform. However, McAfee antivirus software is deployed on all of our desktops, laptops, and Windows servers. We check for DAT updates every two hours and push any updates immediately. We use Trend Micro on our mail gateway and the Associate Internet gateway proxy server. We monitor updates on the Internet gateway every hour and on the mail gateway every five minutes.

Virtual Tape Storage:

Currently back data is stored in IBM Virtual Tape Servers. These are installed in the Winchester, St. Louis, and Poindexter data centers. These are closed robotic systems that are peers to each other. Data is written to the Winchester library. After the job has written the data to the Winchester library, it electronically makes a copy of that same data to the other two libraries across our network. This prevents the need for any tape rotation or tapes physically leaving the closed robotic system. These tapes are not encrypted in place but don't leave the closed system or the raised floor space. There

are still a few clients that will request physical tapes. These are shipped encrypted to them. We have been working with those clients to change to an electronic solution which has been well received.

For DB2, IBMGroups are defined to DB2 objects and the Information Security department manages the individuals assigned to these IBMGroups in CA-Top Secret. For Datacom/DB, the started task is secured as a resource and the datasets are secured at the index/table area by CA-Top Secret.

- 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. Our system is audited by Ernst & Young, an independent accounting firm, on a monthly basis. An annual SOC-1 report is created based on the results of those audits.

A copy of our most current SOC-1 report is included as Attachment 12.

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

- 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.

The foundation of our communication and education offering is the comprehensive *Lincoln InStep*[®] Participant Retirement Program. Each part of the program delivers information about a specific area of retirement planning, from pre-enrollment through retirement. All components of the *InStep* program are tailored to Arlington Public Schools' culture, investment philosophy, and participant population.

Initial communications

To kick off Arlington Public Schools' engagement process, we conduct a needs assessment to determine the theme, timing, locations, and required resources for participant communications. We identify goals and objectives and target the desired participation levels, and asset allocation and diversification requirements. From there, we design a tailored participant communications strategy that includes one-on-one assistance from a dedicated, on-site Lincoln retirement consultant, group meetings, seminars, traditional print collateral, web resources, and the Lincoln call center.

Key components of our conversion communications include:

- A newsletter that introduces Lincoln Financial Group
- A letter that explains conversion details
- A series of emails that include reminders of key dates and instructions for web registration
- Group meetings to help participants get started in the new plan
- One-on-one meetings for participants who request further assistance
- A wide range of print materials that promote awareness of the new plan and encourage web registration

• Enrollment strategy

Specific components of the initial and ongoing enrollment strategy include:

Pre-enrollment Awareness Campaign: We partner with Arlington Public Schools' benefits staff to develop and implement innovative campaigns that generate interest, excitement, and high attendance at enrollment meetings.

Enrollment: After conducting group presentations, we initiate one-on-one help for participants who request additional assistance. Our process features an efficient, paperless e-enrollment.

Investment guidance: To make it easier to decide how to invest, the enrollment kit guides participants to choose one of three investment paths, depending on the offerings of Arlington Public Schools' plan:

Make It Easy: For those who want a single, all-in-one diversified investment such as a target-date fund

Do It Myself: For those who prefer to manage their own plan portfolios

Manage For Me: For those who are more comfortable turning their plan portfolios over to a professional manager through a managed account program

Enrollment kits are customized to the specific offerings of Arlington Public Schools' plan and also include:

A paper-based retirement calculator

Investor profile quiz to help participants assess individual risk tolerance

- ⊗ **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.**

Yes, we are willing to pay up to \$50,000 in surrender charges on fixed accounts with other providers. We anticipate that the expected increase in asset transfers into the Lincoln program will compensate for the upfront cost that we must absorb for the reimbursement of these surrender charges.

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

We will request participant loan details from the prior recordkeeper to be provided to Lincoln Financial Group via an electronic file. Lincoln reviews total balances outstanding to ensure consistency between the electronic file and output reports. We mirror the amortization schedules on our system based on the original terms of the loan, and then review loan detail for loans that are past due or in default. Finally, we load the "scrubbed," or cleansed, data into our system.

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

Lincoln continuously monitors the effectiveness of our services and makes improvements wherever needed. To verify success and identify issues, we hire an independent third party firm to conduct post-implementation surveys. Recent survey results reflect "Best in Class" scores in 28 of 30 categories, including "overall satisfaction with implementation personnel" and "overall management of implementation."

- ⊗ **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.**
- ⊗ b. **Call center and/or field representatives trained to provide financial planning advice.**
- ⊗ c. **Partnerships with outside companies for financial planning. If yes, please describe due diligence process for selecting and monitoring this relationship.**
- ⊗ d. **Describe any electronic financial planning and/or investment education tools you provide, both software-based and web-based.**

Financial planning services are available through Lincoln Financial Advisors for services not related to the plan. Services include a three-pronged approach ranging from investment education to a customized retirement income planning approach to a more comprehensive customized wealth management financial plan.

In addition, our on-site retirement consultants can provide valuable information regarding financial planning services within the plan such as; one-on-one education and group meetings, and a wide range of resources, from traditional printed materials to sophisticated online tools.

These web-based tools can be included on Arlington Public Schools' website for use by participants:

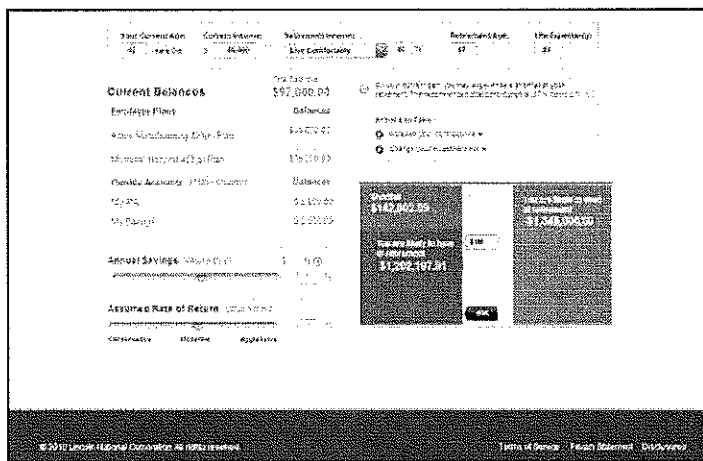
Risk tolerance questionnaire: An easy quiz that helps participants determine an approach to portfolio construction based on where they fall in the risk-tolerance spectrum.

Morningstar® Retirement ManagerSM: We make available advice and account management from industry leader Morningstar®. The Morningstar® "Managed by You" service is available for self-directed investors who prefer to make their own decisions. At no additional cost, participants gain access to Morningstar® resources and guidance, but are responsible for their own account management. "Managed by MorningstarSM" managed accounts are available for participants who want to have their accounts professionally managed. For a charge of 0.45% of a participant's account balance, a Morningstar® professional makes discretionary investment decisions for those who enroll in the program.

Retirement Income Illustrator (RII) provides participants with superior retirement income services that can help them develop a retirement income strategy. Used with the guidance of a financial professional, this tool allows participants to explore possible retirement scenarios and evaluate different options for meeting their retirement income goals. RII can help participants at all stages of retirement planning answer questions they may have about retirement income.

Income Positioning System software: This income needs-gathering and planning tool is available through retirement consultants. It allows participants to stop worrying about the unknown of retirement, and feel comfortable knowing they have covered their basic needs and can focus on enjoying the next stage of life.

My Retirement Outlook is a convenient web-based tool which lets participants quickly assess their retirement readiness. Below is a screen shot of the new participant retirement readiness calculator that is available on the website.



Presentations: A wide range of PowerPoint seminars also are available, all designed to fit within 30- to 45-minute time frames. We also offer more than two-dozen mini-presentations—easily distributed via Arlington Public Schools' website—that span the same wide spectrum of topics as the longer presentations, but in short formats of one to two minutes.

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).**

Interactive Voice Response (IVR)

Lincoln Financial Group offers participant services through our interactive voice response (IVR) system. Our IVR is available 24 hours a day, seven days a week.

The IVR features the following functionalities:

Inquiry

- Portfolio balance
- Price/Yield
- Personalized performance information
- Loan modeling
- Plan asset allocation portfolios
- Current investment elections

Withdrawal information

- Loan information
- Transaction history

Maintenance

- Activate Internet PIN
- Change PIN

Transactions

- Enrollment
- Exchanges
- Change investment elections
- Reallocation
- Automatic rebalancing for plan portfolios
- Change contribution percent or dollar amount
- Submit loan request
- Loan request
- Pending transactions

Electronic communication

- Request hard-copy statement
- Request distribution packets

Other options

- Natural language speech recognition
- Spanish language
- Immediate emergency messages
- Voice verification
- Call transfer local representative
- Call transfer to customer service representative, pass call Information (computer telephony integration)

Website

Participants have instant access to retirement account information via the Lincoln website. The following table shows some of the services available online, 24 hours a day, seven days a week:

Information/Transactions	
Request enrollment form	Personal Rate of Return
Participant enrollment	Year-to-date contributions
Retirement plan calculators	Dates of most recent contributions
Plan summary highlights	Share or unit prices on the contribution posting date
Investment fund descriptions	Summary of account activity
Investment fund historical returns	Hardship withdrawal information
Current unit value or share prices	Hardship withdrawal form request
Current investment direction	In-service withdrawal form request (non-hardship)
Account balances by source	Termination distribution form request
Account balances by fund	Request form for rollover or transfer into plan
Current allocations by fund	Request a PIN change or replace a lost PIN
Vested percentage	Change voluntary deferral rates
Change investment allocation for future contributions	Request a statement for any time period
Change investment allocation for balances	Request a statement as of today
Request forms to stop / reinstate contributions	Email questions to a CSR & receive an Email response
Stop / reinstate contributions	Request prospectuses or other literature
Check the status of pending transactions	Request Email transmission of forms & SPD
Loan information & amount available	Request Email transmission of prospectuses
Request loan forms	Request beneficiary form
Loan modeling	Change beneficiary information

Loan request & initiation	Fund performance
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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).**

We customize our website to reflect each plan's provisions and investment options. We also allow additional customization, but that service may incur additional costs depending on the level of customization required.

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

Transactions implemented via the internet site are integrated with the recordkeeping system on a real-time basis. Electronic confirmations are presented immediately upon submission of transactions, and pending transactions can be reviewed on a real-time basis. If requested, a hard copy confirmation is mailed within three business days of the request and is reflected on the quarterly participant statement.

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.**

We distribute participant statements quarterly to ensure that participants remain up to date on the status of their investments. We mail statements to the participant's home address within 10 business days following the end of each calendar quarter, unless participants actively select to receive electronic statements only, by selecting e-delivery preferences on their account profile. In addition, participants can generate customized statements online for any desired timeframe.

Quarterly participant statements include the following information:

- Summary of account
- Account activity
- Fund allocation profile
- Available loan summary
- Contribution history
- Shares/unit activity
- Rate of return
- Projected retirement income illustration

Participants may generate customized statements online for any desired timeframe. These statements "on demand" include the following information:

- Summary of account changes
- Account activity
- Contribution election
- Investment activity
- Fund allocation profile
- Shares/unit activity

Contribution history
Detail activity
Reporting for any timeframe from inception of plan to current date

A sample quarterly participant statement is included in Attachment 16.

- * **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?**

Before they work on client accounts, Lincoln Financial Group's customer service representatives (CSRs) complete at least 240 classroom hours taught by members of our retirement plan services training team. All of our trainers are degreed individuals with experience in the teaching field. Upon completion of the required classroom hours, new CSRs spend four weeks in the Intensive Coaching Unit where they will take live calls and receive support and immediate feedback from the training staff and management. Prior to being released from the Intensive Coaching Unit, CSRs must be certified by the trainer, quality coach, manager, and team lead. During the entire training process, our trainers use various tools and techniques to evaluate and ensure the level of client service we provide.

Our CSRs keep their skills current through an internal training program. This program focuses on client service, call coaching, product knowledge, rules and regulations, and various lines of business training. We recruit individuals that have a strong client service orientation, and a college degree or equivalent work experience.

All of our CSRs have completed training courses in:

Technology
Defined contribution plans
New regulations
Distribution options
Delivering outstanding client service
FINRA Series 6 registration (depending on market/product serviced) and annual continuing education requirements
Investments, markets and products

In addition to the above training, CSRs are encouraged to obtain applicable industry designations.

Prior to enrollment, CSRs are provided access to new plan information.

- * **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?**

Yes. All calls to Lincoln's call center/ and all emails are recorded, monitored, and stored for seven years. Additionally, management and training personnel frequently monitor a portion of toll-free calls and use those records to provide additional training.

Lincoln Financial Group has a formal process that requires any complaint — from an employer or a participant — be recorded and receive a prompt response. We dedicate specific staff to the quick response, and resolution of, all complaints. The response and any follow up activity require management review. We compile quarterly reports on complaints and review the results to identify any trends that highlight the need for additional training or technology improvements.

- 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).**

Interactive Voice Response (IVR)

Participants can access our interactive voice response (IVR) system by Social Security Number (SSN) and PIN. We store PINs and passwords in encrypted tables behind the firewall within the recordkeeping system. Initial access to the IVR is obtained with the participant's SSN and a default PIN that we will assign. Users then have access to only those plans in which they are a participant.

For additional security, we can force participants to customize their PIN to replace the default value. Participants can change their PIN using the IVR or they can speak with a customer service representative to update their PIN. Customer service representatives never see the participant's PIN and can only restore the default or enable a new PIN.

After the participant accesses the IVR for the first time, the system supports verification of the participant's identity through the participant's voice rather than a PIN.

We record all PIN changes in the IVR system's history and generate a confirmation for the participant to help us verify that they made the change.

Website

Within our website, Lincoln protects client information, account data, and transactions by using two independent security protocols: data encryption and a verifiable PIN.

We store PINs and passwords on encrypted tables behind a firewall within the recordkeeping system. Initial access to the website is based on Social Security number and password. Default passwords are comprised of the last four digits of a SSN or the participant's birth date.

For additional security, our website forces a participant to customize their Username and password during the registration process. Only during a participant's initial registration on our website is a participant asked to enter their Social Security Number. Following their registration, participants must enter their non-SSN Username. Users then have access to only those plans in which they are a participant.

Participants may reset their passwords by correctly responding to challenge questions. Lincoln controls how many failed attempts are permitted before the participant must contact a service representative for password reset. Customer service representatives never see the participant's password and can only restore the default or enable a unique one. Lincoln records all password changes in maintenance history and generates a confirmation to the participant.

- 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.

Participants have instant access to retirement account information via the Lincoln website. The following table shows some of the services available online, 24 hours a day, seven days a week:

Information/Transactions	
Request enrollment form	Personal Rate of Return
Participant enrollment	Year-to-date contributions
Retirement plan calculators	Dates of most recent contributions
Plan summary highlights	Share or unit prices on the contribution posting date
Investment fund descriptions	Summary of account activity
Investment fund historical returns	Hardship withdrawal information
Current unit value or share prices	Hardship withdrawal form request
Current investment direction	In-service withdrawal form request (non-hardship)
Account balances by source	Termination distribution form request
Account balances by fund	Request form for rollover or transfer into plan
Current allocations by fund	Request a PIN change or replace a lost PIN
Vested percentage	Change voluntary deferral rates
Change investment allocation for future contributions	Request a statement for any time period
Change investment allocation for balances	Request a statement as of today
Request forms to stop / reinstate contributions	Email questions to a CSR & receive an Email response
Stop / reinstate contributions	Request prospectuses or other literature
Check the status of pending transactions	Request Email transmission of forms & SPD
Loan information & amount available	Request Email transmission of prospectuses
Request loan forms	Request beneficiary form
Loan modeling	Change beneficiary information
Loan request & initiation	Fund performance

- 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.

Personal attention is key to driving retirement readiness

Face-to-face personal attention is at the heart of the *Lincoln InStep*[®] program. We recognize that no two individuals are alike and that their personal financial circumstances are as unique as they are. This is why we provide a local, on-site retirement consultant for participants, dedicated exclusively to retirement planning and education.

Delivery through multiple channels to enhance participant engagement

The *InStep*[®] program uses multiple communication channels to help participants build investment knowledge. In addition to in-person guidance, these channels include online and mobile tools and resources, print material, social media, and knowledgeable phone associates. Communications are tailored to a range of attitudes, behaviors, knowledge, and levels of engagement, depending on the needs of the participant population. All materials use plain, straightforward language and supportive visuals to help increase engagement and maximize clarity.

Education targeting each step on the path to retirement

InStep[®] provides engaging, motivating education designed to drive better outcomes along the path from enrollment to retirement.

1. **Get started**—Helps eligible individuals enroll, learn the fundamentals of investing, and explore their investment options
2. **Save more**—Helps participants understand what a big difference increased contributions can make, and shows them how to find opportunities to save more
3. **Invest wisely**—Helps integrate retirement savings into an overall financial strategy and shows participants how to save for multiple goals
4. **Step into retirement**—Helps participants who are nearing retirement make informed decisions and build retirement income strategies
5. **Manage life events**—Helps motivate individuals to continue saving for retirement throughout life's many opportunities and challenges

Key elements of our award-winning, dynamic approach to participant education:

An expedited enrollment approach including group seminars, webcasts, personal guidance, and time-saving paperless sign-up

A welcome program to familiarize new participants with their Lincoln retirement plan

Worksite seminars on a wide range of investment and retirement planning topics

Annual one-on-one reviews

Brochures, online articles and fliers on timely topics

The Morningstar[®] Retirement ManagerSM planning tool

Lincoln also assigns a dedicated communications consultant to work collaboratively with Arlington Public Schools to develop a comprehensive participant communication and education strategy using the Lincoln *SharedSteps* Planning Process. This proven process allows the communications consultant to:

1. Analyze plan-level goals and objectives.
2. Develop a strategy to address specific participant behaviors.
3. Execute the plan through targeted campaigns.
4. Evaluate results using our business intelligence tool, and benchmark those results against published industry rankings. This last step creates the strategy for the subsequent plan year.

This strategic approach provides context, support, and measurement for on-site activities, benefits fairs, and other Arlington Public Schools events.

Whether it is a brochure, online tool, enrollment kit, participant statement, or any other access point, it is important that Lincoln's approach meets Arlington Public Schools' needs. We are ready to help address even the most complex challenges with a solution tailored to the organization's culture, goals, and participant population.

A custom communication and education strategy created for Arlington Public Schools is included as Attachment 15.

- 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 foundation of our communication and education offering is the comprehensive *Lincoln InStep*[®] Participant Retirement Program. Each part of the program delivers information about a specific area of retirement planning, from pre-enrollment through retirement. All components of the *InStep* program are tailored to Arlington Public Schools' culture, investment philosophy, and participant population.

Initial communications

To kick off Arlington Public Schools' engagement process, we conduct a needs assessment to determine the theme, timing, locations, and required resources for participant communications. We identify goals and objectives and target the desired participation levels, and asset allocation and diversification requirements. From there, we design a tailored participant communications strategy that includes one-on-one assistance from a dedicated, on-site Lincoln retirement consultant, group meetings, seminars, traditional print collateral, web resources, and the Lincoln call center.

Key components of our conversion communications include:

A newsletter that introduces Lincoln Financial Group

A letter that explains conversion details

A series of emails that include reminders of key dates and instructions for web registration

Group meetings to help participants get started in the new plan

One-on-one meetings for participants who request further assistance

A wide range of print materials that promote awareness of the new plan and encourage web registration

• **Enrollment strategy**

Specific components of the initial and ongoing enrollment strategy include:

Pre-enrollment Awareness Campaign: We partner with Arlington Public Schools' benefits staff to develop and implement innovative campaigns that generate interest, excitement, and high attendance at enrollment meetings.

Enrollment: After conducting group presentations, we initiate one-on-one help for participants who request additional assistance. Our process features an efficient, paperless e-enrollment.

Investment guidance: To make it easier to decide how to invest, the enrollment kit guides participants to choose one of three investment paths, depending on the offerings of Arlington Public Schools' plan:

Make It Easy: For those who want a single, all-in-one diversified investment such as a target-date fund

Do It Myself: For those who prefer to manage their own plan portfolios

Manage For Me: For those who are more comfortable turning their plan portfolios over to a professional manager through a managed account program

Enrollment kits are customized to the specific offerings of Arlington Public Schools' plan and also include:

A paper-based retirement calculator

Investor profile quiz to help participants assess individual risk tolerance

• **Ongoing Education and Communication**

The *Lincoln InStep*[®] Participant Retirement Program provides outcome-focused communication that can be targeted by age and/or by areas of retirement planning that may need attention, such as enrolling in the plan, increasing deferral rates, or diversifying assets. Each section of the program delivers information about a specific component of retirement planning, from pre-enrollment through retirement.

One-on-one attention and a comprehensive strategy are key to driving better outcomes

Face-to-face personal attention is at the heart of the *Lincoln InStep*[®] program. We recognize that no two individuals are alike and that their personal financial circumstances are as unique as they are. This attention is provided by an on-site retirement consultant, who is dedicated exclusively to retirement planning and education.

This strategic approach provides context, support and measurement for on-site activities, benefits fairs, and other Arlington Public Schools' events.

Targeted messages for retirement planning

Lincoln InStep[®] provides engaging, motivating education designed to drive better outcomes for participants.

- **Get started**—Helps eligible individuals enroll, learn the fundamentals of investing, and explore their investment options
- **Save more**—Helps participants understand what a big difference increased contributions can make, and shows them how to find opportunities to save more
- **Invest wisely**—Helps integrate retirement savings into an overall financial strategy and shows participants how to save for multiple goals
- **Step into retirement**—Helps participants who are nearing retirement make informed decisions and build retirement income strategies
- **Manage life events**—Helps motivate individuals to continue saving for retirement throughout life's many opportunities and challenges

Delivery through multiple channels to enhance participant engagement

We believe individuals learn best when they are able to choose the tools that match their learning preferences. For this reason, the *Lincoln InStep*[®] program uses multiple communication channels to help participants build investment knowledge.

In addition to individual meetings with the on-site retirement consultant, these channels include:

Online and mobile tools and resources

Print material

Social media

Knowledgeable phone associates

Communications are tailored to a range of attitudes, behaviors, knowledge, and levels of engagement, depending on the needs of Arlington Public Schools' participant population. All materials use plain, straightforward language and supportive visuals to help increase engagement and maximize clarity.

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. We can customize Arlington Public Schools' communication and education materials. The type of customization is determined at the discretion of Arlington Public Schools. Whether the materials are customized to reflect the look and feel of Arlington Public Schools' brand or we leverage the *Lincoln InStep*[®] Participant Retirement Program under the Lincoln Financial Group brand, a strategic approach to deploying the program is developed as part of the *SharedSteps* planning process.

Sample customized communication and education materials are reflected in the communication and education strategy included as Attachment 15.

- ⊛ **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?**

Yes. Lincoln Financial Group offers several services in Spanish to help educate and serve our Spanish-speaking participants. We are happy to discuss any additional language needs.

Available multilingual services include:

An educational brochure written in Spanish that supplements our standard enrollment kit. This brochure includes the same surveys and educational materials that are in the educational section of our standard enrollment package. It helps Spanish-speaking participants better understand the investment planning process.

Spanish-speaking customer service representatives

Spanish interactive voice response system

On-site Spanish-speaking retirement consultants

TeleInterpreters Language Line which provides translation services for over 200 languages

- ⊛ **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.**

A detailed implementation timeline is included as Attachment 17.

- ⊛ **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.**

For every client, we assign a dedicated implementation/conversion team whose sole responsibility is transitioning clients to this program. Our proactive approach handles all aspects of the implementation, including:

Conducting a plan review and analysis

Discussing mapping options and scheduling all activities

Preparing a customized administration manual, as well as employee education and communication material

Setting up payroll, web, IVR, and call center

Setting up trustee/custodian

Completing conversion and reconciliation from the prior recordkeeper

Suja Joseph, Implementation Partner

Suja Joseph will be Arlington Public Schools' single point of contact and is responsible for managing the overall implementation process. In this role, she will manage the implementation of the plan to the new platform. She will participate in the implementation meeting to convey recordkeeping procedures and capabilities. Weekly status calls are established to discuss the conversion, pertinent plan information, enrollment materials, and forms. She facilitates the coordination of the updated payroll layouts and implements the voice response once conversion reports are finalized and the plan is live.

The implementation partner coordinates certain implementation tasks with several Lincoln subject matter experts, including the following:

Data analyst

The data analyst assists with the data management process and helps coordinate implementation activities.

Data engagement

Data engagement works closely with the programming team and handles any database needs related to payroll.

Payroll implementation analyst

The payroll implementation analyst assists with payroll implementation as it relates to the data management process.

Transaction processing manager

The transaction processing manager oversees the team that handles the day-to-day asset transfers, loan repayment transactions and paper enrollment processing.

Sybill Wolff, Relationship Manager

Sybill Wolff is a relationship manager for Retirement Plan Services. In this role, she will continue to serve as Arlington Public Schools' strategic partner and is accountable for Arlington Public Schools' complete satisfaction with Lincoln Financial Group. Sybill is the key contact and responsible for overall program management and the delivery of retirement plan services. Beginning with the initial needs assessment meeting, and continuing throughout enrollment, plan implementation, ongoing service, annual plan reviews, and communication and education, she ensures Arlington Public Schools' service expectations and performance standards are achieved in all aspects of the program.

– **Les Nivens, Account Manager**

Les Nivens is an account manager with Retirement Plan Services. In this role, he will continue to serve as Arlington Public Schools' single point of contact for administrative service requests and day-to-day inquiries. His responsibilities also include addressing clients' administrative needs and coordinating them across Lincoln's specialized areas to ensure we deliver on all service commitments.

Joshua (Josh) Green, Director of Participant Engagement

Josh Green is a director of participant engagement with Retirement Plan Services. He leads the retirement consultants who provide enrollment and education services designed to engage participants and motivate them to save and plan for retirement. Along with our retirement consultants, he works with plan sponsors to deliver employee awareness campaigns that include education initiatives, group presentations, and individual employee consultations.

- * **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.**

Because not all participants may benefit from transferring their account into the Lincoln Financial Group retirement program, we believe the best approach is for individuals to meet one-on-one with Arlington Public Schools' on-site retirement consultant. The consultant will discuss their specific goals and situation and assist with the transfer if it is in the participant's best interest. To aid in the decision-making process, the consultant also uses interactive multi-media software that provides the most innovative retirement and financial planning tools in the industry. Our success rate statistics for transferring legacy accounts are valid only in an exclusive vendor scenario.

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

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?

Lincoln Financial Group has provided retirement planning services, including investment vehicles, for more than 60 years. We make available the Lincoln Stable Value Account through internal managers and mutual fund investments via internal and external managers.

Lincoln Financial Group makes available an open architecture investment platform that provides access to more than 10,000 mutual funds with no proprietary fund requirement. Lincoln Financial Advisors, the retirement program's broker/dealer, currently has selling agreements with approximately 150 of these fund families and may establish selling agreements with additional mutual fund companies upon request.

In our continued efforts to provide consultants and plan sponsors maximum flexibility in offering effective retirement strategies, Lincoln Financial Group utilizes the services of Ibbotson Associates, Inc. (Ibbotson) an independent registered investment advisor (RIA) and a wholly owned subsidiary of Morningstar, Inc. Ibbotson will act as a discretionary investment manager for the following services:

Ibbotson Insight Series line-ups – providing plan sponsors with discretionary fiduciary coverage on plan investment line-ups, and
Ibbotson *LifeSpan*[®] - developing, implementing, and monitoring custom portfolios with fiduciary coverage on all custom portfolio assets.

Ibbotson Insight Series

The Ibbotson Insight Series of investment line-ups is designed to meet the needs of varying workforce populations and to help plan sponsors meet their fiduciary responsibilities.

Each line-up under the program is comprised of a hand-picked selection of investment options that have undergone a rigorous review process. Sponsors also have access to quarterly investment and watch list summaries, a customized investment policy statement, and Ibbotson methodology documents. Ibbotson workforce line-ups are designed to meet the specific needs of varying workforce populations while providing fiduciary support.

Since no single line-up is right for every plan, Ibbotson builds mutual fund line-ups that differ by complexity and investment preference. Fund line-ups are distinguished from one another by the number of investment options, percentage of equity options, number of alternative strategies, and investment mandates.

Understanding that many plan sponsors prefer to delegate the day-to-day decision-making of investment options for their plan and allow for an independent investment professional to fulfill this role, plan sponsors are provided with a Workforce Profile Questionnaire. Plan sponsors complete the questionnaire that is then reviewed and scored by Ibbotson. Ibbotson will direct the plan into the

appropriate line-up as is the role of an appointed investment manager. Thereafter, Ibbotson will monitor the line-up and make changes as required.

Unlike many other fiduciary line-up services, the Ibbotson Insight Service allows for context to be placed on the mapping of the appropriate line-up by Ibbotson for plan sponsors by utilizing "Workforce profiles." Workforce profiles are used to help determine the investment line-up that best fits the plan's employee workforce characteristics. Workforce profile characteristics include:

- Financial literacy
- Investment experience
- Plan sponsor-driven education efforts
- Participant engagement
- Time horizon
- Investment preferences

Lastly, the line-ups made available under the program include:

Fundamental line-up - The line-up provides access to those investment options that are primarily core in nature and can meet the needs of an employer that seeks to simplify investment choices.

Standard line-up - The line-up provides access to core asset classes in addition to several alternative asset classes. This line-up can meet the needs of an employer with a diverse workforce with various needs.

Index Oriented line-up - This line-up can meet the needs of an employer with a diverse workforce that prefers low-cost, passively managed investments.

Socially Responsible line-up - This line-up can meet the needs of an employer with a diverse workforce that prefers investment options that incorporate socially conscious or ethical considerations.

Expanded line-up - Can meet the needs of an employer with a workforce that is knowledgeable about investments and that has extensive experience with a self-directed retirement plan.

Ibbotson LifeSpan[®] (Customized Plan Level Portfolios)

The Ibbotson *LifeSpan[®]* service is an industry-unique offering that affords plan sponsors complete fiduciary coverage on custom portfolios using the funds from the plan's line-up. The investment management coverage provided by Ibbotson allows the portfolios to be used as the plan's QDIA. Furthermore, even portfolios not used as the plan's QDIA are afforded Ibbotson's investment management coverage.

Each set of model portfolios are developed using the plan's line-up allowing for a customized approach. Additionally, each fund within the plan's line-up is thoroughly reviewed by Ibbotson. This offering remains unique among all providers and affords tremendous flexibility by offering varying custom portfolio types including:

Combination Target-date/risk portfolios offering participants a choice among three glidepaths depending on their risk tolerance and time horizon until retirement. Conservative, Moderate, and Aggressive glidepaths are available for participants and a brief risk tolerance questionnaire is provided to assist participants in selecting the appropriate glidepath.

Target Date custom portfolios with one glidepath, or

Target-risk (risk-based) custom portfolios

The investment management coverage assumed by Ibbotson allows for a robust review of each investment option and its underlying holdings allowing for maximum diversification and asset allocation for the portfolios. A team of Ibbotson investment analysts reviews and builds the portfolios that ensure consistent practice and precision. This arrangement allows plan sponsors to delegate the day-to-day decision-making of the model portfolio allocations to an independent and renowned third party: Ibbotson Associates.

The custom portfolios are rebalanced quarterly to ensure the portfolios maintain their intended allocation targets. On an annual basis, the portfolios are adjusted by Ibbotson in accordance with the portfolio's glidepath - a reduction in equity investments and greater allocation toward fixed income and stable value assets making the portfolios more conservative over time. This approach addresses participant inertia by utilizing Ibbotson's ongoing fiduciary oversight. With three glidepaths available for selection, this structure provides participants with choice based on their risk tolerance along with meeting the needs of their investment time horizon.

The program also provides the flexibility to easily substitute, add, or delete funds from the plan.

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

Lincoln Financial Group can provide quarterly reports to Arlington Public Schools and their consultant to keep them abreast of plan assets and growth, as well as, to provide investment performance. We will also perform an annual review meeting with Arlington Public Schools to discuss, in addition to the above information, plan demographics and participant communication and education efforts and results.

Lincoln does not act as a fiduciary for the selection of investments. The criteria for monitoring and the replacement of funds are outlined in the Arlington Public Schools Investment Policy. Arlington Public Schools engages the services of Raymond Gay for investment selection, monitoring, etc.

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.

The Lincoln Stable Value Account's method of crediting interest is a blended rate with a formula tied to an external index. The external index is based on the Barclays Capital Intermediate Government/Credit Index Yield, minus a declared margin of basis points. This rate applies to new deposits as well as current investments in the account. A new rate is declared prior to the beginning of each calendar quarter.

Lincoln guarantees that the interest credited will never fall below the current contract minimum of 1.75%.

Asset Mix	% of Total
US Treasury / Agency	1.6%

Public Domestic Bonds	46.6%
Private Domestic Bonds	16.1%
BIG EMD	0.1%
Other Foreign Bonds	16.6%
ABS	1.8%
CDO	0.3%
MBS	4.1%
CMBS	0.7%
Other Cash	0.0%
Collateral Held	1.3%
Preferred Stock	0.3%
Common Stock	0.3%
Mortgages	8.1%
Real Estate	0.0%
Other LT Inv.	1.4%
COLI Fund	0.7%

Portfolio Quality

Other Cash	0.0%
Collateral Held	1.3%
AAA	8.1%
AA	9.1%
A	34.6%
BBB	41.7%
BB	3.1%
B	0.5%
CCC	0.6%
CC	0.2%
C	0.1%
Default	0.7%
Not Rated	0.0%

Lincoln is willing to continue to offer the 1.75% GMIR.

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.

Yes. We make available a self-directed brokerage account (SDBA) option through TD Ameritrade, which allows for investment choices outside the core fund lineup. Over 13,000 mutual funds are available through TD Ameritrade, including more than 2,500 no-transaction-fee (NTF) mutual funds.

We apply the following fees when appropriate:

Trading fees – More than 2,500 well-known funds are available free of trading charges. For funds outside the NTF mutual fund group, we charge a \$25 per-transaction trading fee.

Mutual fund loads – While many no-load funds are available in the SDBA, some mutual fund companies may assess a front- and/or back-end charge. We provide participants with details on these charges in the SDBA new account kit.

Arlington Public Schools should discuss offering an SDBA with its legal counsel. Please be aware that the SDBA may be considered a competing fund.

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?

Lincoln Financial Group makes available the services of Morningstar[®] Associates, LLC (an independent third party) to provide Morningstar[®] Retirement ManagerSM, an online solution that helps participants manage their retirement account.

Guidance

Managed by You offers participants free access to resources and information they can use to manage their account. The benefits of Managed by You include:

Portfolio strategy scenarios
Asset allocation recommendations
Research and education

Investment Advice

Third party advice is made available through Morningstar[®] Retirement ManagerSM, an interactive, web-based software program that evaluates a participant's retirement situation and gives specific advice on the defined contribution retirement plan investments. The underlying methodology was developed and is provided by Morningstar[®] Associates, LLC, a registered investment advisor based in Chicago, Illinois. All of the participant data available on the recordkeeping system will be automatically populated into Morningstar[®] Retirement ManagerSM.

There is no fee to the participant or plan sponsor for this service.

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. Through our partnership with Morningstar[®] Associates, LLC, we make available the **Managed by Morningstar[®]** managed account service. The service offers participants all the benefits of professional investment management for their retirement account. Morningstar[®] Associates, LLC accepts fiduciary responsibility for the investment management it provides.

The Managed by Morningstar[®] service is provided through an interactive, web-based program that evaluates a participant's retirement situation and gives specific advice on their retirement plan investments. The underlying methodology was developed and is provided by Morningstar[®] Associates, LLC. All of the participant data available on the Lincoln recordkeeping system is automatically populated into the program.

The benefits of Managed by Morningstar[®] include:

Portfolios tailored to participants' personal circumstances
Expert investment selection and ongoing professional oversight
Regular investment updates
Detailed reports

Participants who elect this service are charged 0.45% of their retirement plan account balance and the fee is automatically deducted from their account.

A Morningstar[®] brochure is included as Attachment 18.

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

Conversion costs

There are no costs associated with start-up or conversion.

Termination costs

There are no contract level charges associated with termination of the Lincoln program. However, if Arlington Public Schools chooses to terminate the Lincoln program, withdrawals from the Lincoln Stable Value Account can be processed as follows:

Full contract value paid in a lump sum within 12 months of the termination provided the employer gives us 12-month advance notice of termination, or
Full contract value in six installments over a 5-year period, or
Full contract value less a market value adjustment paid at contract termination.

• **Redemption Fees:**

Some mutual fund companies may assess a contingent deferred sales charge (CDSC) or redemption fee if the fund is removed from the plan within a certain time period.

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.

No. If Lincoln Financial Group's plan document is utilized, there will be no charge for amendments for plan changes, regardless of the reason. If Lincoln Financial Group's plan document is not utilized, amendments must be completed by the plan's legal counsel or outside vendor responsible for preparing the document.

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

Lincoln Financial Group offers a complete range of support services that reduces Arlington Public Schools' burden during the process and helps maximize participant satisfaction. We bring a full menu of valuable services in one package, including the experience and technical expertise necessary to deliver innovative services.

Employer Administrative Services

• **Daily Recordkeeping and Valuation**

We perform all key administrative functions for the plan daily. Some key functions include:

Valuation of accounts
Transaction processing
Contribution processing
Fund transfers
Trustee services

The trustee/custodial services include the purchase, liquidation, and custody of mutual funds shares on behalf of the plan(s). This also includes activities involving the stable value options.

• **Compliance**

We continually monitor and react to legislative changes that influence the administration of qualified plans. We constantly modify and enhance our systems to address the multitude of enacted changes, and we will continue to do so.

Our compliance services include:

Refund calculations
Monitoring salary deferral limits
Section 415 limit tests
Eligibility tracking
Monitoring age 70½ minimum distributions
Vesting
Summary plan descriptions
Summary annual reports
Plan documents
Plan review and consultation

- **Plan Design**

We help employers and plan administrators with design changes and emerging changes in plan regulation and legislation. We will furnish prototype plan documents to help with the employer's plan document needs.

- **Administration Manual**

We offer an easy-to-use administration manual as a resource for administering the employer's plan(s). We develop this manual, with the help of the employer's staff, to ensure that we include all aspects of the plan(s).

- **Reporting**

This program provides annual plan-level reporting to help the employer manage the plans. Additionally, each year, your Lincoln Financial Group relationship manager will meet with Arlington Public Schools to review the plans. The review includes vital plan statistics, economic overview, and mutual fund performance and statistical data. During these meetings, we feel it is important to measure the success of the preceding year and establish new goals for the upcoming plan year.

- **Employer Internet Access**

Our website provides employer access to participant information, plan-level reports, and statistical information.

- **Quarterly Employer Newsletter**

Our quarterly employer newsletter focuses on industry-related issues that influence employer-sponsored retirement plans.

- **Dedicated Service**

Our priority is to establish a strong relationship with the employer and the employees. The relationship manager, Sybill Wolff, will coordinate all plan reviews and be the primary Lincoln Financial Group contact.

Participant Administrative Services

- **On-site Service**

Our salaried retirement consultants will routinely be on-site to assist employees with enrollment, education, and services such as account reviews, withdrawals, asset allocation changes, etc.

- **Enrollment Booklet and Educational Brochure**

We will design the enrollment booklet and educational brochure to the plan's specifications and include all of the information participants need to make knowledgeable decisions about the plan, including:

Plan highlights that provide an overview of the plan

A questionnaire to assess risk tolerance

Fund sheets that explain the objective, risk, and performance of each investment option in the plan

Forms and step-by-step instructions for enrollment

- **Interactive Voice Response System and Website**

Our interactive voice response system and website provide access to account and plan information, as well as investment data. Participants can also conduct transactions including fund-to-fund transfers and allocation changes.

- **Quarterly Account Statements**

We mail quarterly account statements directly to the participants' homes (unless they have opted for electronic statement delivery). These customized statements give participants a clear picture of their retirement accounts. The statements are easy to read and include all of the information needed for participants to manage their retirement plan assets intelligently.

- ***LifeSpan*[®] Portfolios**

To provide participants an easy-to-understand investment strategy, plan sponsors can offer *LifeSpan*[®] portfolios managed by Ibbotson Associates or other registered investment advisors. Customized portfolios at the plan level are created using the plan's core fund line-up.

Ibbotson Associates acts as the plan sponsor's investment manager, with discretionary authority for all assets in the portfolios. This innovative, low cost approach is truly unique in the industry as it allows plan sponsors to transfer their fiduciary risk to Ibbotson Associates, a renowned financial research organization and registered investment advisor.

Ibbotson's *LifeSpan*[®] portfolios provide an easy-to-understand investment strategy. The portfolios are also available as the qualified default investment alternative (QDIA). Based on the demographics of the participants — such as age and income levels — the plan can offer the appropriate portfolio(s) for the QDIA comprised of funds in the existing line-up.

Ibbotson analyzes the funds in the line-up to determine the allocation in each of the portfolio. Their rigorous review process ensures appropriate asset class diversification. With this approach, participants have the following custom *LifeSpan*[®] portfolios:

Combination target date/risk-based portfolios that provide employees time-based portfolios with the opportunity to incorporate their risk tolerance

Risk-based portfolios

Retirement income portfolios (typically intended for employees within five years of retirement)

All of these portfolios allow participants to view their options in conservative, moderate, and aggressive portfolios.

- **Automatic Fund Rebalancing**

The automatic fund rebalancing feature allows participants to balance their account automatically to a certain investment mix at a frequency of their choice.

- **Seminars**

We provide a series of educational seminars and video presentations that cover all of the basics of investment and retirement planning. We designed the seminar series as a progressive curriculum.

- **Online Retirement Planning Tool**

This program offers Morningstar® Retirement ManagerSM, which provides education, research, guidance, and optional managed account services.

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The Retirement Income Illustrator (RII) is our newest interactive retirement income analysis tool. RII provides clients and participants superior retirement income services and can be used to help participants develop a retirement income strategy.

Guided by a financial professional, the tool allows participants to explore possible retirement scenarios and evaluate different options that may help them meet their retirement income goals. RII also provides a personalized report that presents actions participants may want to consider, including increasing contributions, reallocating investment portfolios, and investigating additional sources of retirement income.

RII can help participants at all stages of saving answer questions they may have about retirement income, including:

Will I be able to maintain my current lifestyle in retirement?

Will I have sustainable sources of income in retirement to meet my basic needs?

Will I have enough income to last throughout my retirement?

Will my retirement income be protected from unexpected events?

- **Participant Engagement Team**

The Participant Engagement Team can review the plan distribution choices. A consultant is available to discuss the advantages and disadvantages of each distribution option, potential tax consequences and how to work with a local financial professional, if applicable and requested.

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.

Lincoln Financial Group will prepare and mail the required notices and disclosures at no additional cost.

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.

Breakdown of Total Required Revenue

Outside Assets Transferred*	Required Revenue (Total)	Required Revenue for Administration / Recordkeeping	Required Revenue for Plan Account Payment to the TPA
At least \$5 million from outside vendors	0.29%	0.22%	0.07%
At least \$10 million from outside vendors	0.27%	0.21%	0.06%
At least \$15 million from outside vendors	0.25%	0.19%	0.06%
At least \$20 million from outside vendors	0.23%	0.18%	0.05%
At least \$25 million from outside vendors	0.21%	0.16%	0.05%

*Pricing assumes Lincoln will retain the \$52 million we currently maintain and receive the additional amount within 12 months of implementation outlined in the chart above.

Specific assumptions include:

- Plans: 1 – 403(b) plan and 1 – 457 plan
- Assets transferred in year 1: Outlined in the chart above
- Annual contributions: \$13.7 million
- Eligible employees: 6,474
- On-site support: 80 days year 1; 65 days years 2+; Additional days are available at \$750 per day per retirement consultant
- There will not be more than two providers going forward
- Lincoln will retain the \$52 million in assets we currently maintain
- A plan account has been included for purposes of managing revenue and Lincoln will direct \$1.75 per month per participant with a balance on our recordkeeping system to the plan account for the TPA.
- Lincoln Stable Value Account Guaranteed Minimum Interest Rate (GMIR): 1.75%
- Price guarantee: 5 years

Optional Charges:

Loans

Loan setup fee: \$75

Annual loan maintenance fee: Waived

Morningstar® Retirement Manager

Managed account services are offered for a fee of 0.45% of assets for participants utilizing the service.

SDBA

SDBA trading fee: More than 2,500 well-known funds are available free of trading charges. We charge a \$25 per-transaction trading fee to participants selecting funds outside of the NTF mutual fund group.

Mutual Fund Loads: While many no load funds are available in the SDBA, some mutual fund companies may assess a front- and/or back-end charge. We provide participants with details on these charges in the SDBA new account kit.

Termination Fees

There are no contract level charges associated with termination of the retirement program.

However, if Arlington Public Schools chooses to terminate this program, they can process withdrawals from the Lincoln Stable Value Account in one of these ways:

- Full contract value paid in a lump sum within 12 months of the termination provided the employer gives us 12-month advance notice of termination, or
- Full contract value in six installments over a 5-year period, or
- Full contract value less a market value adjustment paid at contract termination.

Redemption Fees

Some mutual fund companies may assess a CDSC or redemption fee if the fund is removed from the plan within a certain time period.

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

Conversion costs

There are no costs associated with start-up or conversion.

Termination costs

There are no contract level charges associated with termination of the Lincoln program. However, if Arlington Public Schools chooses to terminate the Lincoln program, withdrawals from the Lincoln Stable Value Account can be processed as follows:

- Full contract value paid in a lump sum within 12 months of the termination provided the employer gives us 12-month advance notice of termination, or
- Full contract value in six installments over a 5-year period, or
- Full contract value less a market value adjustment paid at contract termination.

Redemption Fees:

Some mutual fund companies may assess a contingent deferred sales charge (CDSC) or redemption fee if the fund is removed from the plan within a certain time period.

14. For how long will you guarantee specific expenses?

This proposal is guaranteed for 120 days after which time Lincoln Financial Group reserves the right to reconsider its initial proposal. Upon selection of Lincoln Financial Group as the exclusive provider, the fees will be guaranteed for five years.

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

As we approach the end of a specific contract term, the relationship manager, Sybill Wolff, will work with our pricing team to reassess pricing based upon the most recent market data, which includes Lincoln Financial Group's current book of business, the last 18 months of new business activity, and the updated specifics regarding the plan. Number of participants, number of plans, cash flow, compliance testing frequency, fund changes, and number of payrolls are a few of the items that may impact pricing.

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.

No. If Lincoln Financial Group's plan document is utilized, there will be no charge for amendments for plan changes, regardless of the reason. If Lincoln Financial Group's plan document is not utilized, amendments must be completed by the plan's legal counsel or outside vendor responsible for preparing the document.

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

Lincoln Financial Group offers a complete range of support services that reduces Arlington Public Schools' burden during the process and helps maximize participant satisfaction. We bring a full menu of valuable services in one package, including the experience and technical expertise necessary to deliver innovative services.

Employer Administrative Services

Daily Recordkeeping and Valuation

We perform all key administrative functions for the plan daily. Some key functions include:

- Valuation of accounts
- Transaction processing
- Contribution processing
- Fund transfers
- Trustee services

The trustee/custodial services include the purchase, liquidation, and custody of mutual funds shares on behalf of the plan(s). This also includes activities involving the stable value options.

Compliance

We continually monitor and react to legislative changes that influence the administration of qualified plans. We constantly modify and enhance our systems to address the multitude of enacted changes, and we will continue to do so.

Our compliance services include:

- Refund calculations
- Monitoring salary deferral limits
- Section 415 limit tests
- Eligibility tracking
- Monitoring age 70½ minimum distributions
- Vesting
- Summary plan descriptions
- Summary annual reports
- Plan documents
- Plan review and consultation

Plan Design

We help employers and plan administrators with design changes and emerging changes in plan regulation and legislation. We will furnish prototype plan documents to help with the employer's plan document needs.

Administration Manual

We offer an easy-to-use administration manual as a resource for administering the employer's plan(s). We develop this manual, with the help of the employer's staff, to ensure that we include all aspects of the plan(s).

Reporting

This program provides annual plan-level reporting to help the employer manage the plans. Additionally, each year, your Lincoln Financial Group relationship manager will meet with Arlington Public Schools to review the plans. The review includes vital plan statistics, economic overview, and mutual fund performance and statistical data. During these meetings, we feel it is important to measure the success of the preceding year and establish new goals for the upcoming plan year.

Employer Internet Access

Our website provides employer access to participant information, plan-level reports, and statistical information.

Quarterly Employer Newsletter

Our quarterly employer newsletter focuses on industry-related issues that influence employer-sponsored retirement plans.

Dedicated Service

Our priority is to establish a strong relationship with the employer and the employees. The relationship manager, Sybill Wolff, will coordinate all plan reviews and be the primary Lincoln Financial Group contact.

Participant Administrative Services

On-site Service

Our salaried retirement consultants will routinely be on-site to assist employees with enrollment, education, and services such as account reviews, withdrawals, asset allocation changes, etc.

Enrollment Booklet and Educational Brochure

We will design the enrollment booklet and educational brochure to the plan's specifications and include all of the information participants need to make knowledgeable decisions about the plan, including:

- Plan highlights that provide an overview of the plan
- A questionnaire to assess risk tolerance
- Fund sheets that explain the objective, risk, and performance of each investment option in the plan
- Forms and step-by-step instructions for enrollment

Interactive Voice Response System and Website

Our interactive voice response system and website provide access to account and plan information, as well as investment data. Participants can also conduct transactions including fund-to-fund transfers and allocation changes.

Quarterly Account Statements

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Participant Engagement Team

The Participant Engagement Team can review the plan distribution choices. A consultant is available to discuss the advantages and disadvantages of each distribution option, potential tax consequences and how to work with a local financial professional, if applicable and requested.

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 fees and expenses normally associated with the program have been disclosed in this request for proposal. Additional fees will only apply if extraordinary services are requested by Arlington Public Schools and those fees will be determined based on the services requested.

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.

Lincoln Financial Group will prepare and mail the required notices and disclosures at no additional cost.

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.

	Annual Expense (%)	Annual Dollar Expense (on \$1000 investment in fund)
Stable Value		
Lincoln Stable Value	0.10%	\$1.00
Fixed Income		
PIMCO Total Return Admin	0.71%	\$7.10
US Large Cap Equity		
Columbia Large Cap Index A	0.45%	\$4.50
American Century Equity Growth Inv	0.68%	\$6.80
American Funds AMCAP R3	1.03%	\$10.30
Putnam Equity Income A	1.02%	\$10.20
US Mid Cap Equity		
Columbia Mid Cap Index A	0.46%	\$4.60
Janus Enterprise S	1.18%	\$11.80
Columbia Mid Cap Value Z	0.92%	\$9.20
US Small Cap Equity		
Columbia Small Cap Index A	0.50%	\$5.00
Lord Abbett Developing Growth A	1.11%	\$11.10
Franklin Small Cap Value Adv	0.90%	\$9.00
International Equity		
American Funds EuroPacific Growth R4	0.84%	\$8.40

EXHIBIT D

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

SERVICES COMPANY LLC.

The undersigned, an authorized agent of the Contractor and on behalf of LINCOLN RETIREMENT (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 expect 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:

Michele M Booth

Printed Name and Title:

SVP

Date:

1-20-2016

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
 - Employer Purchase and Recordkeeping Restated Service Agreement
- Request for Proposal Documents and Addenda
- Modifications issued after execution of this Agreement
- Custodial Account Agreement with Lincoln Financial Group Trust Company for the 403 (b) (7) Plan
- Governmental 457 (b)Trust Agreement with Lincoln Financial Group Trust Company

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.

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 the 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 Contractor.

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 subcontractor 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 or 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.



Lincoln Alliance® Program
Transition Timeline
for
Arlington Public Schools

Revised as of: 25-Feb-15

Time Sensitive Milestone					
Participant Experience					
Payroll					
Any delay will result in a change to the proposed effective date					
Action Step	Responsibility	Week of	Complete	Status	
Pre-Implementation					
<input type="checkbox"/> Notification of Selection	APS	3/2/2015		Complete	
<input type="checkbox"/> Provide Current Plan Documents	APS	3/2/2015	2/19/2015	Complete	
<input type="checkbox"/> Plan Design Finalized	APS	3/2/2015			
<input checked="" type="checkbox"/> Provide Signed Letter of Intent	APS	3/2/2015			
<input type="checkbox"/> Investment Line-up & Models Confirmed	APS	3/2/2015			
Week 1					
<input type="checkbox"/> Conduct Implementation Meeting	LRSC/APS/RF	3/9/2015			
<input type="checkbox"/> Schedule Weekly/BI-weekly Implementation Meetings	LRSC/APS/RF	3/9/2015			
<input type="checkbox"/> Request Asset Allocation Models	LRSC	3/9/2015			
<input type="checkbox"/> Review Current Plan Documents	LRSC	3/9/2015			
<input type="checkbox"/> Prepare Employee Communication	LRSC	3/9/2015			
Week 2					
<input checked="" type="checkbox"/> Deliver Final Version of Plan Highlights	LRSC	3/16/2015			
<input type="checkbox"/> Prepare Enrollment Kit	LRSC	3/16/2015			
<input type="checkbox"/> Deliver Employee Communication	LRSC	3/16/2015			
<input type="checkbox"/> Deliver Group Meeting Power Point Presentation	LRSC	3/16/2015			
<input type="checkbox"/> Update Enrollment forms for new fund line-up	LRSC	3/16/2015			
Week 3					
<input type="checkbox"/> Mail Employee Communication	LRSC/APS/RF	3/23/2015			
<input checked="" type="checkbox"/> Finalize Power Point Presentation	LRSC/APS/RF	3/23/2015			
<input type="checkbox"/> Approve Final Version of Plan Highlights	APS	3/23/2015			
<input type="checkbox"/> Approve Asset Allocation Models	APS	3/23/2015			
<input type="checkbox"/> Deliver Draft of Enrollment Kit	LRSC	3/23/2015			
<input type="checkbox"/> Enrollment Kit approval Form	APS	3/23/2015			
Week 4					
<input checked="" type="checkbox"/> Order Enrollment Kits	LRSC	3/30/2015			
<input type="checkbox"/> Schedule Payroll Call	LRSC/TSA/APS	3/30/2015			
Week 5					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	4/6/2015			
<input type="checkbox"/> Conduct Payroll Call	LRSC/TSA/APS	4/6/2015			
<input type="checkbox"/> Deliver Trust Documents	LRSC	4/6/2015			
<input type="checkbox"/> Deliver Service Agreement	LRSC	4/6/2015			
<input type="checkbox"/> Deliver Plan Set-up Documents	LRSC	4/6/2015			
Week 6					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	4/13/2015			
Week 7					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	4/20/2015			
Week 8					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	4/27/2015			
Week 9					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	5/4/2015			
<input type="checkbox"/> Deliver Test Payroll File	TSA	5/4/2015			
Week 10					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	5/11/2015			
Week 11					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	5/18/2015			
Week 12					
<input type="checkbox"/> Conduct Enrollment Meetings	LRSC	5/25/2015			
<input checked="" type="checkbox"/> Return Executed Trust Documents	APS	5/25/2015			
<input checked="" type="checkbox"/> Return Executed Service Agreement	APS	5/25/2015			
<input checked="" type="checkbox"/> Return Executed Plan Set-up Documents	APS	5/25/2015			
Week 13					
<input type="checkbox"/> Final Revisions to Payroll File	APS	6/1/2015			
Week 14					
<input type="checkbox"/> Deliver Census File to establish new enrollments/defaults	TSA	6/8/2015			

Action Step		Responsibility	Week of	Complete	Status
Week 15					
<input checked="" type="checkbox"/>	Deadline to Return Executed Documents	APS	6/15/2015		
<input type="checkbox"/>	Last Payroll to PRI	APS	6/15/2015		
Week 16					
<input type="checkbox"/>	Submit Contract Exchange Forms	LRSC	6/22/2015		
<input type="checkbox"/>	Submit final Enrollment Forms	LRSC	6/22/2015		
Week 17					
<input type="checkbox"/>	Process fund changes to 403(b)	LRSC	6/29/2015		
<input type="checkbox"/>	Process Contract Exchange Forms	LRSC	6/29/2015		
<input type="checkbox"/>	Process Enrollment Forms	LRSC	6/29/2015		
Week 18					
<input type="checkbox"/>	<i>Plan Live Date for Web & TVR</i>	LRSC	7/6/2015		
<input type="checkbox"/>	Process Contract Exchange Forms	LRSC	7/6/2015		
<input type="checkbox"/>	Process Enrollment Forms	LRSC	7/6/2015		