

Requested Information

I. ORGANIZATION AND GENERAL INFORMATION

1. Please provide your firm's name, home office address, address of the office which will be providing service to the Client as well as the addresses of any branch offices, and the primary RFP contact's name and telephone number.

Courtney Investment Consulting Group/RBC Wealth Management

Corporate Headquarters

RBC Wealth Management
60 South Sixth Street
Minneapolis MN 55402-4422
<http://www.rbcwm-usa.com/>

Primary RFP contact

Michael Courtney
Six Tower Bridge
181 Washington Street, Ste 500
Conshohocken PA 19428
Phone: (484) 530-2831
michael.courtney@rbc.com
Fax: (484) 530-2842

2. Please provide a general description of your firm, including when the firm was founded and by whom; current ownership and affiliations; names and titles of key officials or officers utilizing an organizational chart and from the largest to smallest percentage of ownership. Indicate the number of professionals hired and the number of professionals who have left your firm since 2007 from the office that will be providing the requested services.

The Royal Bank of Canada and its subsidiaries operate under the master brand name of RBC, formed in 1864. RBC provides personal and commercial banking, wealth management services, institutional investment consulting services, insurance, corporate and investment banking and transactional processing services on a global basis. Our corporate support team enables business growth with expert professional advice and state-of-the-art processes and technology.

RBC employs approximately 70,000 full and part-time employees who serve more than 15 million personal, business, public sector and institutional clients through offices in North America and 34 countries around the world.

Founded in 1909, RBC Wealth Management has grown into the company it is today through the combination of many firms that joined forces in pursuit of a common goal: to help our clients achieve their financial goals. We link our success over the past 103 years to our ability to develop long-term relationships with our clients. By providing our clients with an experienced, consultative approach, we match the appropriate investments to our clients' unique investment needs.

The group assigned to this account, Courtney Investment Consulting Group, is part of the RBC Institutional Consulting Team. Courtney Investment Consulting Group has four consultants and an administrative manager:

Rick Courtney – Group Leader and Consultant

Bruce Besecker – Consultant

Tom Conroy – Consultant

Michael Courtney – Consultant

Lori Seitz – Administrative Manager

3. Describe any significant changes or developments in your firm’s organization that have occurred since 2007. (i.e. Change in ownership, change in management, change in structure of your Firm’s entity, acquisitions, loss of key personnel, etc.). Are any of the above-listed changes in the ownership of your firm planned or anticipated during the next 24 months?

There have been no significant changes since 2007 and we do not anticipate any in the next 24 months.

4. How many years has your firm provided pension fund consulting services to corporate pension plans, municipal pension plans, and tax-exempt plans?

Courtney Investment Consulting Group has provided investment consulting services for 23 years.

5. Please discuss in detail what you consider to be your firm’s consulting specialties, strengths and limitations, including a description as to how you individualize your services to a particular client.

Below are what we believe to be our group’s strengths:

Experience: Courtney Investment Consulting spends 100% of their time on institutional clients. The senior members of the team have a combined 70 plus years of investment experience.

Customization: By working with a select number of clients, we are able to truly offer a customized consulting service to meet the needs and objectives of each client in every aspect of their investment program. We do not believe in a “cookie cutter” or “canned” approach.

Number of clients: Courtney Investment Consulting Group is not trying to consult to the world. Therefore, we have a limited number of clients that are located in certain geographic area. We believe our consultants should be working for the client, not traveling from meeting to meeting.

6. List the average number of accounts per consultant.

The average consultant to client ratio is 7:1.

7. What services, if any, does your firm offer in addition to pension fund consulting, and what percentage of organizational revenues are the result of consulting services? Does your firm or any parent or affiliate manage money for clients?

Courtney Investment Consulting Group is focused on the needs of institutional investors. A large portion of the group's revenue is derived from pension fund consulting. In addition to pension fund consulting, we consult to other institutional accounts (foundation and endowments, health and welfare funds, defined contribution plans, etc.) and ultra-high net worth individuals. Pension fund consulting makes up over 90% of the group's revenue.

8. Is your firm S.E.C. registered? If so, please provide a complete copy of your A.D.V Form Part II or such other form that may disclose similar information.

RBC Wealth Management is a registered investment advisor under the Investment Act of 1940. Please see Tab 3 for a copy of our disclosure form.

9. Do you charge a fee for an investment management firm to be listed in your consulting database? How is your database constructed and maintained? How is your data updated and verified? How frequently?

We use three systems for investment manager searches, PSN Enterprise from Informa Investment Solutions, Styleadvisor from Zephyr Associates and Principia from Morningstar. Managers are not charged a fee to be included in any of the three systems. All data is maintained, updated and verified by these vendors and are updated monthly.

10. Do you sell information from your database except as provided as part of your general consulting service? How large is your investment manager database? How large is your pension fund database? How many public funds are included?

We do not sell any of our database information. Our investment manager database contains information on 1,326 firms and 7,711 investable products. Our pension fund database contains 1,200 Total Plans with 400 plus being Public Funds.

11. Does your firm act as a fiduciary when serving as a pension fund consultant? Please define what you consider a fiduciary with regard to a pension fund consultant.

RBC Wealth Management accepts fiduciary responsibility for the entire investment process. The investment process includes, but is not limited to, asset allocation, manager selection, rebalancing and reporting. As fiduciaries for pension plans, we accept the highest standard of conduct to act prudently in all matters for the sole interest of our clients and its plan participants. We work closely with our clients utilizing our significant experience and expertise in managing and diversifying its pension assets.

12. Is your firm or any parent or affiliate a broker/dealer? Does your firm accept trades for client accounts through this broker/dealer? What are the commission rates per share? Does your firm accept soft dollars as a method of payment for services provided?

RBC Wealth Management is a federally recognized broker/dealer. For clients that have their assets held with RBC Wealth Management, we will provide a trading desk for their managers. Trades executed at RBC Wealth Management are not subject to a mark-up. For asset held or not held at RBC, the client's managers are not required to trade here at RBC, and the consultants do not receive compensation for trades placed here. RBC Wealth Management will not accept soft dollars as a form of payment.

13. How does your firm protect against conflicts of interest?

To avoid conflicts of interest, we will not consider any investment products from RBC Global Asset Management. Moreover, the only compensation that we receive will be directly from our clients exclusively through our investment consulting services.

14. Describe the services provided by your organization and the attributes of your pension investment consulting philosophy that distinguish your firm from your competitors.

At Courtney Investment Consulting Group, we are highly-credentialed, actively-engaged full partners in assuming fiduciary responsibility and structuring sound, conflict-free, decidedly-customized, results-driven investment programs for our clients.

We provide to our clients a "full service commitment" with a retainer that is extensive in its coverage and open to almost any investment consulting obligation the Board may ask us to provide to the Fund. We provide a full complement of investment consulting services and research on an ongoing basis. Our philosophy is to provide timely, unencumbered investment advice that provides committee members abundant information to address the needs of the retirement plan. Our responsibility is to provide the Board with relevant information on all types of asset classes. We do not provide any other services but investment consulting services.

Our services include but are not limited to the following:

- Investment policy & guideline statement development & review
- Asset allocation studies and analysis
- Investment manager structure
- Investment manager search assignments and evaluation
- Performance evaluation and reporting
- Quarterly or monthly performance reviews
- Board education
- Research
- Advice to the Lower Makefield Township on managing the Fund given the legal requirements of the Fund

We believe our investment consulting model offers three significant attributes that help us differentiate ourselves from the competition. They are (in no particular order): (1) regional focus; (2) individual service model; and (3) willingness to make investment recommendations. Our regional focus is based on our recognition that each client is unique, and the focus of one client may not be the same focus of a different client. In support of this premise, the consideration of each relationship's issues is primarily monitored and developed by the same experienced consultants that service the relationship and is supplemented by the support of the RBC Institutional Consulting research team. Therefore, we have been successful in servicing each client on an individual basis and not making the mistake of one size fits all. Lastly, we have found that more and more of our clients have looked for their consultant to be more involved in the investment decision-making process, especially as it relates to strategies that are not bond or stock related. We have been successful in our research efforts of these non-traditional strategies and have consistently provided firm recommendation to our Clients for their use and consideration.

15. Briefly describe any currently pending or threatened litigation involving your firm?

There have not been any NASD or SEC investigations of any members of the Courtney Investment Consulting Group that have resulted in admonishment or other penalties. Further, there is no pending or threatened litigation for any member of the Courtney Investment Consulting Group.

RBC Wealth Management, a division of RBC Capital Markets Corporation, is dually registered broker/dealer and investment adviser and is subject to routine examinations and audits of our business. As a result of our size and broad scope, and the length of time our firm has provided these services, we routinely receive correspondence from our self-regulating organization, the Financial Industry Regulatory Authority (FINRA), and the Securities and Exchange Commission (SEC). Correspondence that the firm receives from the SEC and other regulating bodies are not made available for public viewing, due to firm confidentiality policies and U.S. privacy laws. Regulatory correspondence relates to various aspects of our firm's business, which may include any pension business we conduct. To the best of our knowledge, information and belief, there is no threatened or pending litigation that could reasonably be expected to have a material adverse effect on RBC Wealth Management's ability to perform the services contemplated by the Request for Proposal. However, on June 9, 2009, RBC Capital Markets Corporation (RBCCM) was enjoined by a federal district court in New York from violating Section 15(c) of the Securities Exchange Act of 1934. The judgment, entered with the consent of RBCCM, settles an action brought against RBCCM by the U.S. Securities and Exchange Commission alleging that RBCCM failed to properly disclose and misrepresented to many customers the risks, safety and liquidity of Auction Rate Securities that RBCCM underwrote, marketed and sold to its customers. In settling the action, RBCCM neither admitted nor denied the SEC's allegations, and agreed to undertake substantial remedial steps to address the customer harm alleged in the SEC's complaint. The complaint and the judgment are available on the SEC's website, www.SEC.gov.

To review our ADV Part I, please visit the following internet site to review this information:

ADV: Part I

http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx

16. Since January 1, 2008, has your firm, any primary employees (consultants, etc.) or any other officers or principals been involved in any litigation or other legal proceeding or government investigation involving fraud, negligence, criminal activity or breach of fiduciary duty relating to service provided to any clients? If so, provide an explanation and the status of each.

No.

17. Has your firm, any primary employees (consultants, etc.) or any other officers or principals ever been the focus of a non-routine SEC inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization? If so, provide an explanation and the status of each.

No.

18. Does your organization carry errors & omissions insurance, fiduciary liability insurance, fidelity bond insurance, or any other insurance that would cover matters associated with engagement by the Township? If so, please describe the insurer, the type of insurance coverage, the beneficiary of such coverage, the limits of such coverage and the deductible amount under such coverage. Does such insurance require notice of pending cancellation to your clients?

Insurance coverage's are underwritten by a number of major insurers well known in the international marketplace with proven financial stability. RBC's insurance program carries a limit of \$100 million per claim (or more). Some of the lines of coverage include:

Financial Institutional Bond (FIB) covering employee dishonesty, computer crime, loss of property through theft or robbery. Property lost while in transit is also insured. This coverage also applies to loss from fire or theft of contents from vaults on our premises. The policy also covers loss through forgery or acceptance of counterfeit or altered securities.

Directors & Officers Liability indemnifies the individual Director or Officer against loss arising from any claim made against them by reason of any "Wrongful Act" in their capacities as Directors or Officers.

Errors & Omissions Liability covers RBCFG against claims arising out of any error, omission, misstatement, misleading statement or neglect in the course of RBC Financial Group's performance of its services for or on behalf of a customer.

General Liability insurance in force protects RBCFG against claims or legal actions by third parties in respect of bodily injury, personal injury or property damage.

Property insurance covers damage or destruction to building, furniture, fixtures, leasehold improvements and equipment located in RBCFG facilities. Property is insured on a replacement cost basis.

19. Has your firm ever submitted a claim to any of its errors & omissions insurance policies, fiduciary liability insurance policies, fidelity bond insurance policies, and or/any other insurance policies? If so, provide an explanation and the status of each.

No members of the Courtney Investment Consulting Group have submitted any claim to any of its insurance policies. Nonetheless, due to the sheer size and nature of business that the Royal Bank of Canada and its subsidiaries are involved in, it has submitted claims to its insurance policies. However, due to confidentiality agreements between our insurance companies and claimants, we cannot discuss settlements.

20. Identify the total number of investment consulting clients your firm services by assets.

Courtney Investment Consulting Group consults to approximately \$4.5 billion in assets.

21. What was the client turnover (gains and losses of your firm over the last three years)?

Clients Lost	Clients Gained
0	5

22. Provide a list of clients for whom similar services are performed. Describe the nature of these assignments. Does your firm have any municipal pension fund clients within the State of Pennsylvania? If possible, provide references for three (3) municipal defined benefit pension plan clients that have utilized the firm’s investment consulting services for at least three (3) years each. Include the name of the plan and a contact person and telephone number.

Client	Contact Person	Contact Phone Number
Warminster Township	Richard Manfredi, Township Manager	215-443-5414
The County of Chester	Valentino DiGiorgio, Controller	610-344-6100
The County of Delaware	Ed O’Lone, Controller	610-891-4000

For all of our above clients, we provide on-going, full retainer investment consulting services for its employee pension plans.

23. If any or part of the work to be performed under this RFP is to be subcontracted, the respondent shall provide a complete description of services to be subcontracted together with a complete description of the qualifications and capabilities of the subcontractor to perform same. As part of the contract, the Town reserves the right to approve or disapprove any and all subcontractors and to revoke any approval previously given.

N/A

II. STAFF PROFILE/QUALIFICATIONS AND EXPERIENCE OF KEY PERSONNEL

List your key personnel who will be assigned to our account, including their background and qualifications (please include the authorized official signing the proposal). No substitution should be made without prior written notification and you should include the following:

1. Provide the name(s) and location(s) of the individual(s) who will be responsible for the client account. Also provide a brief biography including titles, functions, academic credentials, professional affiliations, relevant work experience and number of years with your firm.

F. Richard Courtney - Conshohocken, PA

Rick brings over 25 years of investment experience to RBC and is a senior vice president. He began his consulting career in 1989, formed his consulting group in 1999, and currently consults, along with Bruce Besecker, to over \$4 billion in assets. He is a Certified Investment Management Analyst and series 3-7-63-65 licensed. Rick is a graduate of LaSalle University.

Bruce Besecker-Conshohocken, PA

Bruce Besecker is also a senior vice president and joined Rick Courtney and his consulting group in 1999. Prior to joining Rick, Bruce was a portfolio manager with what is now Wells Capital Management where he managed \$3 billion worth of fixed income assets for public, corporate, endowment and Taft-Hartley funds. He has attained the Chartered Financial Analyst designation, and received his undergraduate degree from the University of Pennsylvania and has his MBA from the Wharton School. Bruce is also Series 7-66 Licensed.

Michael Courtney-Conshohocken, PA

Michael is senior investment associate and has worked with Rick Courtney and Bruce Besecker for over 9 years. Michael supports the consultants with asset allocation analysis, manager research, client service and performance reporting. Michael is an Accredited Investment Fiduciary and is a graduate of Widener University. Michael is also Series 7-66 Licensed.

Thomas Conroy-Conshohocken, PA

Tom is a recent addition to the team as a senior consultant and has over 25 years of investment experience. Tom joined from PFM Advisors as a Senior Managing Consultant with nearly \$2 billion under his direct advisement, including public, healthcare and other clients. Prior to PFM, he served as the first Chief Investment Officer at The Children's Hospital of Philadelphia (CHOP) with investment assets of more than \$1 billion. Prior to CHOP, Mr. Conroy was at Conrail as Assistant Treasurer, and his responsibilities included managing the pension and savings plan assets of almost \$3 billion and corporate cash of nearly \$1 billion. He has an undergraduate degree from LaSalle University and an MBA from Temple University. Tom is series 7-66 licensed.

- How many client accounts are assigned to each person(s) named above? What is the range in asset values of these client accounts? Is there a limit to the number of accounts that your firm will assign to anyone individual?

We have a policy that no one consultant will be responsible for more than 10 clients. Currently the ratio of consultant to client is 7:1. Our client assets range from \$10 million to in excess of \$1 billion in assets.

- Identify at least five references for the individual who would be responsible for our account. Show the asset size, years with your firm, and services provided. Include the names of entity, address, telephone number and contact.

Client	Contact Person	Address	Phone #	Asset Size	Years with Firm	Services Provided
Warminster Township	Richard Manferdi	401 Gibson Ave. Warminster, PA 18974	215-443- 5414	\$28 m	2	Full- retainer, pension consulting
The County of Chester	Valentino Di Giorgio	313 W. Market Street Suite 6302 P.O. Box 2748 West Chester, PA 19380-0991	610-344- 6155	\$250 m	4	Full- retainer, pension consulting
The County of Delaware	Ed O'Lone	Government Center Room 227 201 West Front Street Media, PA 19063	610-891- 4441	\$350 M	2	Full- retainer, pension consulting
Plasters Local 8	Patrick O'Hara	20 Brace Road Suite 114 Cherry Hill, NJ 08034	856-616- 2090	\$12 m	10	Full- retainer, pension consulting
IUPAT DC 21	Joseph Ashdale	2980 Southampton Rd. Philadelphia, PA 19154	215-677- 7980	\$90 m	14	Full- retainer, pension consulting

III. REVIEW OF INVESTMENT MANAGER/PERFORMANCE MEASUREMENT

1. How many money managers are currently being evaluated by your firm?

We currently invest with approximately 150 investment managers. We are constantly evaluating managers for inclusion in our clients' plans and have 14 managers that are being evaluated for inclusion in client portfolios.

2. How do you select a database of managers to compare performance? Describe your firm's process for the evaluation and selection of investment managers. Include how your firm evaluates the manager's personnel, organization, investment philosophy, investment styles, assets under management, client services, investment performance, and fees. Describe any bias that your evaluation may produce. How many research analysts are dedicated to these functions?

Performance Comparisons are generally limited to asset class assignments (i.e. Large Cap Growth). This is the only way we see that the client can have an apples to apples comparison. When a need is identified (e.g., small cap growth manager), a universe of money managers is initially screened to uncover candidates for that asset class and style category. This screening is based on both the investment style descriptions as offered by the managers (qualitative) and on the style analysis performed by our in-house analysts (quantitative).

The pool of candidates is then reduced to a manageable number by eliminating from consideration managers lacking adequate track records and firms without the asset base to be considered viable. The remaining candidates are then subjected to closer scrutiny. Quantitatively, managers are compared to an appropriate benchmark and to each other. Performance is evaluated on an absolute and risk-adjusted basis.

We then subject those managers that appear best from a quantitative perspective to a rigorous qualitative analysis. Our goal is to safeguard clients from unethical practices or investment processes lacking rigor in definition or implementation. In addition, we can incorporate client-specific manager screens such as minority or female ownership. While we use investment performance in manager selection, we also focus on style analysis, relative performance, rolling statistical time-frame analysis, and attribution analysis to ensure that the manager is continuing to add value with their investment decisions.

Additional information available on the database includes, but is not limited to:

- GIPS performance standards compliance;
- State registration and client geographic distribution;
- Quantitative firm information;
- Type of services offered;
- Growth of assets and professionals for the past five years;
- Fixed income/equity style analysis;

- Average turnover; and
- Risk statistics: Beta, annualized alpha, standard deviation, worst quarter, worst 4 quarters, worst case, batting average, tracking error, up/down market capture ratio, and others.

Manager performance data is gathered and maintained from a number of sources. A primary database employed is from Informa Investment Solutions, Inc., an outside vendor. Qualitative and quantitative information is stored in the Informa PSN Enterprise database. This is the largest database in the industry with data on over 2,000 investment management firms representing over 10,000 investment styles.

If we have a bias, we favor investment managers that base its decisions on fundamentals and have a consistent track record of value-added performance.

Since we are a highly credentialed, experienced group, all consultants have research responsibilities. In addition, we are assisted by our research team at the RBC Wealth Management headquarters in Minneapolis. This research team has 11 members with 9 holding the CFA designation and 2 holding the CAIA designation.

3. Does the firm maintain a “buy list” of managers for specific product classifications?

We do not maintain a buy list or a stable of preferred managers.

4. How do you verify the validity of a manager’s performance records?

We will only recommend firms that are GIPS compliant.

5. How do you determine the effect of including new managers in the existing portfolios?

There are two primary factors that we consider when adding managers to the portfolio, (1) Security Overlap and (2) return correlation. These factors allow us to see if a manager is just an extension of the current managers or is it expanding positive diversification to the overall portfolio.

6. Do you conduct on-site visits to investment managers?

We do conduct on-site visits with investment managers.

7. Are managers charged fees for inclusion in your database?

Managers are not charged any fees to be included in our database.

8. What asset categories are tracked in your performance measurement system? How many investment managers are included within each asset category? How many years of performance data are on the system?

All major asset categories (equity by style and cap range, fixed income by style, Real Estate, Hedge Funds and Hedge Fund of Funds, etc.) are tracked in the Wilshire Co-operative Universe Service. There are least several hundred investment managers in each asset category.

9. Describe your firm's investment manager performance measurement system and philosophy behind it. Describe your database for comparative performance of investment managers compared to other managers of like style? Is it the same database that you use for the investment manager search? Does it produce any bias? If so, what are they? What methodology is used to compute individual manager returns? Are factors such as timing, security selection, sector weighting and style analyzed by your consultants to determine the contribution to investment return? Please describe how cash flow and fees are reflected in the calculation of returns. Describe how your firm monitors the investment managers' compliance with investment policies and guidelines.

Courtney Investment Consulting Group is member of the Wilshire Cooperative Universe Service. The Wilshire Cooperative Universe Service represents 14,000+ institutional portfolios with assets of over \$800 Billion. The portfolios are comprised of public employee, corporate defined benefit, eleemosynary and Taft-Hartley Plans.

The Wilshire Cooperative Service allows us to compare performance (both individual managers and Total Funds) to other similar style portfolios. We believe this is an advantage because our portfolios can be compared to the actual portfolios of other live portfolios not composite level data. This is not the same database that we use for investment manager search and does not produce any bias.

Individual manager returns are calculated on the performance system by inputting the various cash and asset flows for the portfolio from trust statements for each month of the reporting period. Monthly exact dollar-weighted rates of return are calculated using the Modified BAI method, effectively computing the internal rate of return for the portfolio. Quarterly time-weighted rates of return are calculated by geometrically compounding the monthly dollar-weighted rates of return.

Cash flows and fees are entered into the reporting system and returns are calculated on a dollar-weighted basis. Cash flows are entered on the day they happen to ensure a true rate of return. Performance can be reported both gross of fees and net of fees.

The Wilshire system allows us to perform many attribution charts and graphs determine how a manager is either adding or detracting value (i.e. timing, security selection, sector weighting, style,).

To ensure managers are in compliance with the investment policy statement, we review the custodial statements on a monthly basis and require that the investment managers fill out and sign quarterly attestation sheets.

10. How does your firm categorize an investment manager into a specific style? How do you monitor manager consistency of style? How often is this reviewed? Do you consider style analysis important when evaluating a manager and the structure of the total portfolio?

While strategic allocation can account for 90% of all investment returns, an appropriate investment manager structure is also an important element in achieving a plan's performance objectives and diversification. The manager structure must be consistent with the approved investment policy statement. In determining the objectives of each assignment, each manager should fulfill a unique role in an overall portfolio. Depending on the approved manager structure and size of the portfolio, conventional style metrics such as growth vs. value and large cap vs. small cap may be relevant. In general, we focus our analysis of the current or recommended portfolio on reducing unintended overlap in investment strategies and increasing the intended diversification. In general, our approach favors achieving an adequate level of diversification with a minimum number of managers. Too many managers can also result in higher fees. For example, we believe that the large cap space of the domestic market is very efficient and it is very difficult for managers to outperform their benchmark net of fees. Because of this view, many of our clients use all cap equity managers. These managers have performed extremely well net of fees over the past 3, 5 and 7 years.

Benchmarks used for monthly performance comparisons are chosen by the client and the consultants based on the objectives of the assignment and the manager's stated investment philosophy. In addition, at the manager level a benchmark fit analysis is performed to confirm that the benchmark chosen actually is the best "fit" for the manager's risk/return profile. In addition, managers are compared quarterly to performance of its peers. These analyses provide information to explain why performance is falling short or exceeding objectives, whether the structure of the asset class is appropriately diversified, exhibits the appropriate level of risk in the aggregate, and whether the resulting manager portfolios meet the stated objectives.

We meet with investment managers in different venues on a regular basis. We keep in frequent contact with the portfolio managers and the consultant relations team of many investment management firms and, if engaged, require managers complete and sign quarterly attestation sheets for consistency to its approved investment guidelines and objectives. Lastly, our monitoring and performance measurement of investment managers continually focuses on determining that the manager is fulfilling its unique role in an overall portfolio.

11. How soon after the end of each period are performance reports available?

A full comprehensive report is available 5 weeks after quarter end. We are able to provide preliminary monthly or quarterly reports 15 days after a month end.

12. Do you have the ability to customize reports for your clients (for example, provide an executive summary)?

Yes, we do have the ability to customize reports.

13. Describe your experience in providing ongoing quarterly performance measurement and evaluation reports. Describe the process of providing direction to the client on monitoring performance relative to their goals, objectives and investment policy.

As detailed above, our team is highly credentialed and has significant expertise and experience in managing all facets of an investment portfolio. We have been providing ongoing quarterly performance measurement and evaluation reports since the late 1980's. We work with clients of all types and work with them to structure a quarterly review that is beneficial and relevant to them. Moreover, we have worked with Boards and Committees with varying levels of expertise and experience. We believe that no member of a Board or Committee should leave a meeting feeling uninformed or confused. With a collective 70+ years of investment experience between the team members, we have the ability to take complex investment ideas and terms and break them down so the average person can understand them.

Our process focuses on continuing education of a Board or Committee relative to its plan's goals, objectives and investment policy.

14. Describe your firm's reporting capabilities. What databases are used for performance comparisons? Are they proprietary or external sources? Describe the methods your firm employs to ensure the accuracy and integrity of the data. How flexible is your reporting system in terms of accommodating special requests.

Courtney Investment Consulting Group is a member of the Wilshire Cooperative Universe Services. The Wilshire system is highly customizable and allows us to provide a report that all of our clients find sufficient. The Wilshire system allows us to compare Total Funds, Asset Classes and individual managers against their peers.

The Wilshire system is highly flexible and has been able to handle all special requests that our clients have asked for.

15. Describe the methods and resources the consulting firm uses for customizing and tracking benchmarks used in analyzing and evaluating portfolio performance.

Benchmarks used for performance comparisons are chosen by the client and the consultants based on the objectives of the assignment and the manager's stated investment philosophy. In addition, at the manager level a benchmark fit analysis is performed to confirm that the benchmark chosen actually is the best "fit" for the manager's risk return profile.

At the total fund level, there are various benchmarks that are relevant. Some of the most common that our clients use are:

- The fund's investment objective
- A policy benchmark derived from a weighted average of broad market indices for each asset class in which the fund invests, weighted by the fund's policy target. This benchmark measures the effectiveness of the asset allocation and more importantly the tactical decisions that have been implemented.
- A universe of other plans with similar goals and objectives, plan type and portfolio size.

At the manager level, it is important to establish a benchmark that can be used to determine whether the manager is adding value relative to the low cost passive portfolio and whether or not the manager is adhering to their mandate.

16. Provide a sample of a quarterly performance report that would be used in an engagement such as ours.

Please see Tab 4.

17. Will your firm perform investment manager monitoring of the Plan's current investment managers without performing an investment manager search?

Yes.

18. When the performance of an investment manager is not up to expectation, what additional steps does your firm follow to monitor the manager's performance? At what type of threshold does your firm recommend terminating a manager?

Courtney Investment Consulting Group will place a manager on "watch" list if performance is not up to expectation. When a manager is placed on "watch" the surveillance that we perform on the managers is changed to monthly reporting and monthly teleconferences. The most common reasons for "Watch" List assignments have historically included:

- Major ownership changes.
- Significant firm and/or product asset declines.
- Excessive asset growth in products with limited capacity.
- Professional turnover.
- Notably altered incentive structures of key employees.
- Questionable changes in decision-making authority.
- Material changes in investment approach.
- Extended period(s) of unexplainable or unanticipated relative or absolute underperformance

There are several circumstances under which we will consider terminating an investment manager:

Style issues: An investment manager should be hired to manage assets in adherence to a stated investment style. Style shift may be problematic to a client whose goals are dependent upon asset class exposure; therefore, a manager who is not style consistent will not be able to fulfill the client's asset allocation needs.

Organizational and personnel changes: Organizational changes may be an indicator of potential changes in personnel. Turnover of key investment personnel may lead to changes in investment style and philosophy. It is also troublesome to evaluate a firm's track record and style when the individual responsible for that record is no longer with the firm.

Significant changes in assets or number of accounts: A torrent of new money can hinder the abilities of a manager to effectively manage assets. Conversely, a dramatic decrease in the number of accounts or assets a firm manages may be an indication of problems.

Adherence to stated guidelines: Securities purchased for the portfolio should be allowable through established guidelines in the Investment Policy Statement and asset allocation.

Legal and regulatory issues: Manager's should maintain proper registration and comply with all regulatory restrictions placed upon them. Litigation claims should be thoroughly evaluated for manager integrity.

Client service: Prompt and accurate performance reporting, correctly calculated fees, timely communication and responsiveness to clients are all important aspects of the relationship to evaluate.

Consistent underperformance relative to peers and/or benchmarks: Realistic benchmarks and peer groups should be used to evaluate a manager's performance on both an absolute and risk adjusted basis. Temporary underperformance is to be expected and should not be cause for immediate termination. However, dramatic performance in either direction should prompt a review.

This is our recommended method, though not all plans we work with adopt it. The decision is usually made by the committee members, but with necessary input from the consultants. The amount of time a particular manager remains on "watch" varies from board to board, but the ranges are 6 months to 1 year.

19. If an investment manager changes investment style, how soon would you notify the Board, and what recommendation about the manager would you make to the Board?

If an investment manager changes style we would notify the Board electronically right away. We would recommend immediate termination and have the assets moved to an index fund. We would bring new candidates to the next Board meeting.

IV. COMPARATIVE ANALYSIS OF INVESTMENT RESULTS

Discuss your methods used to evaluate the manager's decision in constructing the portfolio and how the pension fund is being rewarded for those actions. Discuss with which peer group the Township's Pension Fund will be compared. Does your analysis include annualized rates of returns for various indices including Pension/tax exempt fund (on both balanced and specific asset class basis)?

As discussed above in greater detail, we use several methods to evaluate an individual manager's performance and decision making: peer group comparisons, peer risk comparisons, and attribution analysis. This analysis can also be done on an asset class and Total Fund Level. We would compare Lower Makefield's performance against other government defined benefit plans and other defined benefit plans of similar size.

V. ASSET ALLOCATION

1. Address your philosophy, methodology and process used in determining the equity strategy and asset allocation.

The goal of the asset allocation process is to produce a set of portfolios that have the dual objectives of maximizing the safety of the pension benefit stream while simultaneously minimizing the pension cost to the sponsor. Courtney Investment Consulting Group will work closely with the client to determine the optimal asset mix for their particular funding needs and expected returns. This mix considers the appropriate level of risk for the plan and for manager allocations within the investment structure of each of the selected asset classes. The reporting generated by this analysis helps guide the client in establishing targets and guidelines managing total portfolio risk. Once a new asset mix has been determined, a rebalancing plan must be implemented to rebalance the fund's assets to this new allocation. Courtney Investment Consulting Group believes that reallocations should be redirected over a sufficient period of time through minimizing and risk-controlled techniques.

2. What variables would your firm consider essential in reviewing and developing long-range strategies for the Client? Are there particular actuarial results or calculation that you consider critical to the process?

The most important variables for developing a long-range investment strategy are the plan's funding level and current demographics.

A plan's investment structure can be drastically different depending on the funding level of the plan. A plan that is fully funded may look to reduce the risk of the total portfolio, while a plan that is severely underfunded may look to increase risk to try and shore up funding levels.

A plan's demographics should be a considerable factor in determining an asset allocation. If the plan is considered to be mature and has significant cash flow reductions it would alter the asset allocation process and conversely if the scenario was reversed.

Courtney Investment Consulting Group will work with the plan's actuary while developing an asset allocation strategy for Lower Makefield Township.

3. Describe your firm's philosophy regarding strategic versus tactical asset allocation, active versus passive management, and the use of global versus regional mandates.

Strategic versus Tactical Asset Allocation: We continue to maintain a core allocation to managers with a strategic, long-term allocation. Over the past several years, however, we have increased portfolio allocations to managers that employ tactical asset allocation, as an additional buffer to provide downside market protection.

Active versus Passive: We advocate active management to put the fund in a better position to exceed their overall benchmark returns. Our client reports and on-going monitoring of

managers confirms value-added performance relative to benchmarks over the long term. All manager searches contrast performance against benchmarks.

We have, however, over the past several years utilized fundamental index managers, who are passive managers but allocate capital according to profitability measures for each company and not the more traditional equity market capitalization weighting that has been in effect since the 1970's.

Global versus Regional Mandates: While we do not currently employ any global mandates, either equity or fixed income, we have actively researched them. In addition, Tom Conroy has significant experience utilizing global mandates. Most of our current mandates are broadly regional (equity: domestic, international, and emerging markets; fixed income: domestic) and not narrow (Japan or Europe-only).

4. Please indicate the asset categories in which your firm has experience and expertise.

As a group, our consultants have over twenty (20) year's experience and expertise in the following domestic equity categories: (1) value; (2) core; (3) growth; (4) large cap; (5) mid cap; (6) small cap; (7) all cap. We have over twenty (20) year's experience and expertise in the following international equity categories: (1) value; (2) core; (3) growth; (4) emerging markets.

We have over twenty (20) year's experience and expertise in the following domestic fixed income categories: (1) core; (2) core plus; (3) high yield.

We have over twenty (20) year's experience and expertise in domestic real estate funds.

We have over twenty (20) year's experience and expertise in alternatives such as hedge funds, hedge fund of funds, managed futures and private equity.

Prior to joining Rick Courtney in 1999, Bruce Besecker had almost twenty (20) year's experience and expertise in actively managing domestic fixed income portfolios. In addition, Tom Conroy has over twenty (20) year's experience and expertise managing complex, highly diverse portfolios, including all the traditional and alternative investments mentioned above.

5. Explain the firm's views on the use of international vehicles or managers.

Traditionally, international equity investing was included in a pension fund to help diversify the equity portfolio, under the belief that when then the domestic market was struggling the international markets would be improving and vice versa. This approach worked for many years, from the early 1980's through the early 2000's. Then, we saw our domestic equity market and the developed international markets begin to move more in tandem, and therefore provide less diversification. This was most apparent in the equity market decline of 2007 – 2008. So, because of these actions of the past several years we now view international equity investing as more of an opportunity to enhance return, and less for portfolio diversification. In

addition, we view international as broader than EAFE markets and now favor managers that consider emerging markets on an opportunistic and controlled bases.

6. Explain the firm's views on the use of hedge funds, derivative-type investment vehicles, or other "non-traditional" investment vehicles. Do you recommend that municipal pension plan clients consider investments in these types of allocations?

We generally do not recommend less liquid, expensive alternative investments for municipal pension plans of this size. We do, however, recommend one other asset class that is competitive with these alternative investments, costs less and is liquid in mutual fund or commingled fund format: global tactical asset allocation (GTAA) funds. These funds also offer similar downside protection that is the primary benefit of the above mentioned alternative investment vehicles.

In a broader sense, we have significant experience and expertise in alternative investments. Selection of alternative investments is extremely challenging so that the resulting investments are not simply reduced beta with lower returns. The first issue that must be considered is the Plans' liquidity needs. A secondary concern is higher fees. As long as liquidity can be properly achieved and fees are in line with its added value, we may recommend some allocation to alternative investments for larger plans. However, its primary role is diversification to reduce overall risks rather than higher returns. In considering alternative investments, it is critical that it can be proven that there is not overlap with more traditional investments already in the portfolio and also not just reduced beta exposure. Further, there are additional complexities due to the need for operational infrastructure, due diligence and proper valuations for on-going accounting and realization of investments.

7. How often or what criteria does your firm use to recommend that a portfolio be rebalanced?

We do not have set criteria for portfolio rebalancing. We typically include in our client's investment policy strategic allocations with permitted ranges to invest. These ranges are monitored and reported at the regularly scheduled board meetings, and we generally do not recommend asset classes stray beyond its approved allocation ranges. Market conditions and near term cash flow events should be considered. When appropriate, we indicate to the board members it is time to rebalance and provide a time frame to accomplish.

VI. INVESTMENT POLICY DEVELOPMENT

1. Describe your philosophy and process for the development of:

An overall investment policy as well as investment policies for specific asset classes;
Client investment objectives and restrictions, especially for municipal pension plans

Courtney Investment Consulting Group has been working with pension plans for over 20 years and has helped them develop investment policies aimed at achieving their goals and objectives. An investment policy statement (IPS) should be a “road map” which is used to understand the fund’s objectives, the allocation of key responsibilities, and a broad outline for how the fund should be managed. The IPS should answer important questions, including:

- Statement of Board philosophies and appropriate fiduciary perspective
- Who has the authority to carry out important tasks and who is empowered to make various types of decisions
- What are the allocation targets of the Fund
- Definition of risk and related time horizon
- Goals, objectives, and benchmarks for the fund and each manager

The process for IPS development begins by polling the Board members for understanding and familiarity with the risk and return characteristics of the capital markets. These responses will help us develop the Board’s consensus view on long-term return objectives, income needs, acceptable asset allocation, risk tolerances and policy limitations. Policy limitations are critical to our review because they help us understand if there are particular securities, sectors or types of investment strategies with which Board members are not comfortable. The primary purpose behind this review process is to determine the Board’s overall risk tolerance.

The level of detail included in an IPS may vary from sponsor to sponsor. An IPS may include specifics about benchmarks others may state a firm policy regarding specific investment issues such as leverage and derivatives. The IPS should be a dynamic document that changes as a fund or plan’s asset allocation policy changes and as new policies and principles are established. It should be reviewed periodically to ensure that it remains current and relevant to a plan’s needs.

2. Outline your process for analyzing a client’s investment portfolio structure. Describe your process for setting benchmarks for the total fund as well as for each manager/equity asset category.

The first step in analyzing a client’s portfolio structure is to define the client’s goals and objectives. We consider risk and return goals, and whether or not they are achievable with the current structure. We then determine how to achieve an adequate level of diversification between and within asset classes, and with a minimum number of managers. Too many managers can result in unintended overlap in securities and processes and in higher fees. Lastly, we assess if there are “untapped” asset classes that should be considered.

Described below is how we set benchmarks for the portfolio:

At the total fund level, there are various benchmarks that are relevant. Some of the most common that our clients use are:

- The fund's investment objective
- A policy benchmark derived from a weighted average of broad market indices for each asset class in which the fund invests, weighted by the fund's policy target. This benchmark measures the effectiveness of the asset allocation and more importantly the tactical decisions that have been implemented.
- A universe of other plans with similar goals and objectives, plan type and portfolio size.

At the manager level, it is important to establish a benchmark that can be used to determine whether the manager is adding value relative to the low cost passive portfolio and whether or not the manager is adhering to their mandate.

3. How do you maintain and provide continuous review of your client's investment policy, investment strategy and portfolio mix?

A formal investment policy review is done annually. However, when we write an investment policy, we require the managers to bring to the Board's attention if there is anything in the investment policy statement that is hindering their ability to manage the portfolio. A formal asset allocation is done at least every three to five years. If we decide to add or delete assets classes, we will conduct an asset allocation study to study the effects.

Our client reports and on-going monitoring of managers and the total fund confirms consistency and adherence with its investment policy. Our communications with a Board highlights any non-compliance and recommended actions.

VII. FAMILIARITY WITH PUBLIC FUND INVESTMENT ENVIRONMENT

Describe your familiarity and experience with issues facing Pennsylvania's Public Retirement Systems.

As indicated above, we consult to several Public Funds in Pennsylvania. The biggest issue is the funding levels of these Plans. Most retirement systems are underfunded which results in significant challenges to its public sponsors and pension boards. Moreover, the underfunded status is exasperated by our Country's sluggish economic growth and uncertain financial markets.

We are very familiar with all applicable laws and keep up to date on pension fiduciary regulations by attending industry conferences and subscribing to trade publications. In addition, we actively discuss matters with our Public clients in Pennsylvania and other relevant service providers.

The Courtney Investment Consulting Group has the proper experience, expertise and track record to guide Lower Makefield in meeting these challenges.

VIII. ESTABLISHED CODE OF ETHICS

Explain in detail any potential for conflict of interest which may be created by your firm's representation of the Township. Include other client relationships which may inhibit services to Lower Makefield Township. Please indicate:

1. If there are any circumstances under which you or any individual in your firm receives any compensation or benefits from investment managers or any third party. If yes, please describe.

There are no circumstances under which we would receive compensation or benefits from investment managers or third parties.

2. If your firm has any financial relationship or joint ventures with any other organization, such as an insurance company, brokerage firm, investment management firm, commercial bank, investment banking firm, etc. If so, with whom, where and what resources, financial, personnel and liabilities are committed or contingent.

We do not have any relationships mentioned above.

3. If you sell or broker any investment vehicles.

The members of Courtney Investment Consulting Group do not sell or broker any investment vehicles.

4. If you actively manage the investments of any accounts.

We do not actively manage the investments of any accounts for our benefit. We do not receive any compensation for any trading activity for any account.

5. If your firm or any individual in your firm accepts or pays finders fees to (or from) investment managers or any third party.

We do not accept or pay any finder's fees from investment managers or third parties.

Does your firm or a related company have relationships with or receive any form of compensation or revenue from money managers that your firm recommends, considers for recommendation, or otherwise mentions to clients? If so, please describe those relationships. Has your firm received loans from any money management firms, their subsidiaries, or principals? If yes, please explain.

Courtney Investment Consulting Group does receive any form of compensation from money managers that we recommend, consider for recommendation, or otherwise mentions to clients.

We have not (or will not) received any loans from money management firms, their subsidiaries, or principals.

Describe your firm's approach to conflicts of interest between investment consulting services and other services or products your firm offers. Does your firm have any policies or procedures to address conflicts of interest or apparent conflicts of interest and to prevent any related payments or relationships from being a factor when your firm provides advice to clients? If so, please provide a copy of this policy.

The Royal Bank of Canada, our parent company, owns RBC Global Asset Management. Courtney Investment Consulting Group will not consider RBC Global Asset Management for inclusion in any investment manager search that we conduct. Moreover, the only compensation that we receive will be directly from our clients resulting exclusively from our investment consulting services. We provide to our clients a "full service commitment" with a retainer that is extensive in its coverage and open to almost any investment consulting obligation Lower Makefield may ask us to provide to the Fund. Our group does not provide any other non-investment consulting services. We are free of any current or potential conflicts.

All employees of RBC Wealth Management attest to the firm's code of ethics annually. RBC Wealth management's code of ethics is listed below:

- Act in the best interests of its clients and not allow personal interests of those in the organization to take precedence over the interest of its clients;
- Act with due skill, care and diligence in conducting its business and all transactions and trading activities;
- Preserve client confidentiality at all times;
- Respect the intellectual property rights of others;
- Prevent and/or fully disclose any perceived or real conflicts of interest;
- Protect and promote the integrity of the market; and
- Preserve honesty, integrity and trust in all communications with clients, employees and shareholders.

IX. COMPENSATION/COST AND PRICE ANALYSIS

The proposal must include the following:

- Option A: The fixed cost for each consulting service listed in the “Scope of Services” set forth above, based on a 1 year, 2 year, and 3 year contract. No additional charges will be allowed.

	Year 1	Year 2	Year 3
Investment Policy Review & Enhancement	\$3,000	\$2,500	\$1,500
Asset Allocation	\$10,000	\$10,000	\$10,000
Investment Manager Review	\$8,000	\$8,000	\$8,000
Investment Manager Search	\$12,000	\$12,000	\$12,000
Investment Manager On-Site Visits	\$5,000	\$5,000	\$5,000
Quarterly Reviews	\$10,000	\$10,000	\$10,000
Investment Manager Fee Review	\$1,500	\$1,500	\$1,500

- Option B: In lieu of the proposed individual fees set forth in number 1 above, assuming the fund is \$11 million, provide an asset based fee what that fee would cover.

We would propose an annual fee of 0.35% that would cover the following services:

- Asset Allocation
- Investment Policy Review and Rewrite (if necessary)
- Manager Selection
- Performance Reporting
- Attendance at Quarterly Meetings (or more frequently if required)
- Custody of Assets (if necessary)
- All other tasks required by the Township Staff or Committees

- Indicate the hourly time charges for additional services, if any are not included with the scope of the routine services outlined in these specifications. Additional services will be contracted on a prior approval basis only by the Town.

There would be no additional charges.

4. If you propose additional services, such services should be outlined and separately priced in your proposal.

N/A

5. Do you offer a broker/dealer facility to sponsor clients to pay for or offset your fees? Are there additional services you offer plan sponsors through your broker/dealer? What conversion ratio ranges are clients paying when using directed brokerage to satisfy your fees?

N/A

6. Does your firm have the capacity to provide custody services and/or the ability to evaluate outside custodians? If so, and if the cost is not included with in the bid quote, please detail such fees.

RBC Wealth Management can provide custody services. There is no additional cost for this service.

7. Does your Firm accept soft-dollars or other fee sources from any clients as a method of payment for services provided?

No.

8. Provide the percentage of your firm's annual revenue in 2010 and in 2011 from the following classifications

- a. Investment consulting fees (hard dollars)
100%
- b. Investment management fees (soft and hard dollars)
0%
- c. Brokerage commissions
0%
- d. Insurance commissions
0%
- e. Soft dollars; such as, 12b-1 fees
0%
- f. Finder's fees
0%

X. ADDITIONAL INFORMATION AND COMMENTS

1. How do you propose to add value to the Township's fund? How can this be measured?

We will be actively engaged and a full partners with Lower Makefield. We will assume fiduciary responsibility and structure a sound, conflict-free, decidedly-customized, results-driven investment programs for the Township's Pension Plan. We will provide to Lower Makefield a "full service commitment" with a retainer that is extensive in its coverage and open to almost any investment consulting obligation the Board, Pension Committee and Township Staff may ask us to provide to the Fund. We will provide a full complement of investment consulting services and research on an ongoing basis. Our philosophy is to provide timely, unencumbered investment advice that provides the Board abundant information to address the needs of the Township's Pension Plan. Our responsibility is to provide the Board with relevant information on all types of asset classes.

Through our approach, we will improve the services in which the Board has previously received. After implementing our recommendations, long term performance of the Fund will improve relative to:

- The Fund's investment objective
- A policy benchmark derived from a weighted average of broad market indices for each asset class in which the fund invests, weighted by the Fund's policy target. This benchmark measures the effectiveness of the asset allocation and more importantly the tactical decisions that have been implemented.
- A universe of other municipal plans with similar goals and objectives, plan type and portfolio size.

2. How will the services you provide influence the Township's fund's performance?

As outlined above, performance will improve in comparison to the Fund's primary benchmarks. We will serve as an active partner with the Lower Makefield Township and work closely with the Board, Pension Committee, Township Staff and other professionals.

XI. COMPLIANCE WITH ACT 44

1. Applicant must comply with PA Act 44 provisions and disclose the following
 - a. Political contributions, as well as financial, commercial, business relations with municipal officials.

N/A
 - b. Whether you, or any representative or employee of your company are a former official of the Township

N/A
 - c. Whether you or any representative or employee of your company are a registered Federal or State Lobbyist

N/A
 - d. Whether applicant or any representative or employee of your company has made political contributions within the Commonwealth of Pennsylvania which said contributions for any office holder, candidate or political party within the Commonwealth exceeded \$500.00 annually.

N/A