

**CITY OF PORTLAND
AGREEMENT FOR PROFESSIONAL, TECHNICAL, OR EXPERT SERVICES**

CONTRACT NUMBER 30004087

**TITLE OF WORK PROJECT
Employee Benefits Consultant Services**

This contract is between the City of Portland ("City," or "Bureau") and Aon Consulting, Inc. ("Consultant"). The City's Project Manager for this contract is the City's Benefits & Wellness Manager.

Effective Date and Duration

This contract shall become effective on July 1, 2014. This contract shall expire, unless otherwise terminated or extended, on June 30, 2019.

Consideration

- (a) City agrees to pay Consultant a sum not to exceed \$1,611,105 for accomplishment of the work.
 (b) Interim payments shall be made to Consultant according to the schedule identified in the STATEMENT OF THE WORK AND PAYMENT SCHEDULE.

CONSULTANT DATA AND CERTIFICATION

Name (print full legal name): Aon Consulting, Inc.

Address: 1420 Fifth Avenue, Suite 1200, Seattle, WA 98101

Employer Identification Number (EIN): 22-2232264

[INDEPENDENT CONTRACTORS: DO NOT PROVIDE SOCIAL SECURITY NUMBER (SSN) – LEAVE BLANK IF NO EIN]

City of Portland Business Tax Registration Number: 655750

Citizenship: Nonresident alien Yes No

Business Designation (check one): Individual Sole Proprietorship Partnership Corporation

Limited Liability Co (LLC) Estate/Trust Public Service Corp. Government/Nonprofit

Payment information will be reported to the IRS under the name and taxpayer I.D. number provided above. Information must be provided prior to contract approval.

TERMS AND CONDITIONS

1. Standard of Care

Consultant shall perform all services under this contract using that care, skill, and diligence that would ordinarily be used by similar professionals in this community in similar circumstances.

2. Effect of Expiration

Passage of the contract expiration date shall not extinguish, prejudice, or limit either party's right to enforce this Contract with respect to any default or defect in performance that has not been corrected.

3. Order of Precedence

This contract consists of these Terms and Conditions, the Statement of Work and Payment Schedule, and any exhibits that are attached. Any apparent or alleged conflict between these items will be resolved by using the following order of precedence:

- a) These Terms and Conditions; b) Statement of Work and Payment Schedule; and c) any exhibits attached to the contract.

4. Early Termination of Contract

- (a) Either party may terminate this Contract for convenience at any time for any reason deemed appropriate in its sole discretion upon sixty (60) days advance written notice to the other party.
 (b) Either party may terminate this Contract in the event of a material breach by the other party that is not cured. Before termination is permitted, the party seeking termination shall give the other party written notice of the breach, its intent to

terminate, and thirty (30) calendar days to cure the breach. If the breach is not cured within 30 days, the party seeking termination may terminate immediately by giving written notice that the Contract is terminated.

5. Remedies and Payment on Early Termination

- (a) If the City terminates pursuant to 4(a) above, the City shall pay the Consultant for work performed in accordance with the Contract prior to the termination date. No other costs or loss of anticipated profits shall be paid.
- (b) If the City terminates pursuant to 4(b) above, the City shall pay the Consultant for work performed in accordance with the Contract prior to the termination date, and the City is entitled all remedies available at law or equity. In addition, Consultant shall pay the City all direct damages, costs, and sums incurred by the City as a result of the breach, up to the amount of fees paid under this Contract during the contract year in which the breach occurred.
- (c) If the Consultant justifiably terminates the contract pursuant to subsection 4(b), the Consultant's only remedy is payment for work performed in accordance with the Contract prior to the termination. No other costs or loss of anticipated profits shall be paid.
- (d) If the City's termination under Section 4(b) was wrongful, the termination shall be automatically converted to one for convenience and the Consultant shall be paid as if the Contract was terminated under Section 4(a).
- (e) In the event of early termination, all Deliverables prepared before the date of termination becomes property of the City.

6. Assignment

Consultant shall not subcontract, assign, or transfer any of the work scheduled under this agreement, without the prior written consent of the City, except that Consultant may assign to its affiliates. Notwithstanding City approval of a subconsultant, the Consultant shall remain obligated for full performance hereunder, and the City shall incur no obligation other than its obligations to the Consultant hereunder. The Consultant agrees that if subconsultants are employed in the performance of this Agreement, the Consultant and its subconsultants are subject to the requirements and sanctions of ORS Chapter 656, Workers' Compensation.

7. Compliance with Applicable Law

Consultant shall comply with all applicable federal, state, and local laws and regulations. Consultant agrees it currently is in compliance with all tax laws. Consultant shall comply with Title VI of the Civil Rights Act of 1964 and its corresponding regulations as further described at: <http://www.portlandoregon.gov/bibs/article/446806>.

8. Indemnification for Property Damage and Personal Injury

Consultant shall indemnify, defend, and hold harmless the City, its officers, agents, and employees, from all claims, losses, damages, and costs (including reasonable attorney fees) for personal injury and property damage arising out of the intentional or negligent acts or omissions of the Consultant, its Subconsultants, suppliers, employees or agents in the performance of its services (collectively, "Losses"). Consultant's liability for such Losses shall not exceed the amount of the fees paid to Consultant under this Contract. In no event will either party be liable to the other party for incidental, consequential, special or punitive damages, regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranty, failure of essential purpose or otherwise, and even if advised of the likelihood of such damages. Nothing in this paragraph requires the Consultant or its insurer to indemnify the City for claims of personal injury or property damage caused by the negligence of the City. This duty shall survive the expiration or termination of this contract.

9. Insurance

Consultant shall obtain and maintain in full force at Consultant expense, throughout the duration of the Contract and any warranty or extension periods, the required insurance identified below. The City reserves the right to require additional insurance coverage as required by statutory or legal changes to the maximum liability that may be imposed on Oregon cities during the term of the Contract.

- (a) Workers' compensation insurance as required by ORS Chapter 656 and as it may be amended. Unless exempt under ORS Chapter 656, the Consultant and all subconsultants shall maintain coverage for all subject workers.

Required and attached // Proof of exemption (i.e., completion of Workers' Compensation Insurance Statement)

- (b) General commercial liability (GCL) insurance covering bodily injury, personal injury, property damage, including coverage for independent contractor's protection (required if any work will be subcontracted), premises/operations, contractual liability, products and completed operations, in per occurrence limit of not less than \$1,000,000, and aggregate limit of not less than \$2,000,000.

Required and attached // Waived by Bureau Director or designee // Reduce by Bureau Director or designee

- (c) Automobile liability insurance with coverage of not less than \$1,000,000 each accident, and an umbrella or excess liability coverage of \$2,000,000. The insurance shall include coverage for any auto or all owned, scheduled, hired and non-owned auto. This coverage may be combined with the commercial general liability insurance policy.

Required and attached // Waived by Bureau Director or designee // Reduce by Bureau Director or designee

- (d) Professional Liability and/or Errors & Omissions insurance to cover damages caused by negligent acts, errors or omissions related to the professional services, and performance of duties and responsibilities of the Consultant under this contract in an amount with a combined single limit of not less than \$1,000,000 per occurrence and aggregate of \$3,000,000 for all claims per occurrence. In lieu of an occurrence based policy, Consultant may have claims-made policy in an amount not less than

\$1,000,000 per claim and \$3,000,000 annual aggregate, if the Consultant obtains an extended reporting period or tail coverage for not less than three (3) years following the termination or expiration of the Contract.

Required and attached // Waived by Bureau Director or designee // Reduce by Bureau Director or designee

Continuous Coverage: The Consultant agrees to maintain continuous, uninterrupted coverage for the duration of the Contract. If the insurance is canceled or terminated prior to completion of the Contract, Consultant shall provide a new policy with the same terms. Any failure to comply with this clause shall constitute a material breach of Contract and shall be grounds for immediate termination of this Contract.

Additional Insured: The liability insurance coverages, except Professional Liability, Errors and Omissions, or Workers' Compensation, shall be without prejudice to coverage otherwise existing, and shall add the City of Portland and its bureaus/divisions, officers, agents and employees as Additional Insureds, with respect to the Consultant's activities to be performed, or products or services to be provided. Coverage shall be primary and non-contributory with any other insurance and self-insurance.

Certificate(s) of Insurance: Consultant shall provide proof of insurance through acceptable certificate(s) of insurance, including additional insured endorsement form(s) and all other relevant endorsements, to the City prior to the award of the Contract if required by the procurement documents (e.g., request for proposal), or at execution of Contract and prior to any commencement of work or delivery of goods or services under the Contract. The Certificate(s) will specify all of the parties who are endorsed on the policy as Additional Insureds (or Loss Payees). Use of a blanket additional insured endorsement is permitted. The Consultant shall pay for all deductibles and premium. The City reserves the right to require, at any time, complete, certified copies of required insurance certificates including endorsements evidencing the coverage the required

Subconsultant(s): Consultant shall provide evidence that any subconsultant, if any, performing work or providing goods or service under the Contract has the same types and amounts of coverages as required herein or that the subconsultant is included under Consultant's policy.

10. Ownership of Work Product

All Work Product produced by the Consultant under this contract which the parties expressly agree is created solely and exclusively to be owned by the City (the "Deliverables"), if any, is the exclusive property of the City. "Work Product" includes, but is not limited to: research, reports, computer programs, manuals, drawings, recordings, photographs, artwork and any data or information in any form.

Consultant has created, acquired or otherwise has rights in, and may, in connection with the performance of services hereunder, employ, provide, modify, create, acquire or otherwise obtain rights in, various concepts, ideas, methods, methodologies, procedures, processes, know-how, and techniques (including, without limitation, function, process, system and data models); templates; software systems, user interfaces and screen designs; general purpose consulting and software tools; websites; benefit administration systems; and data, documentation, and proprietary information and processes ("Consultant Information"). To the extent that any Consultant Information is contained in any of the Deliverables, subject to the terms of this Contract, Consultant hereby grants the City a paid-up, royalty-free nonexclusive license to use such Consultant Information solely for the City's internal use in connection with the Deliverables.

All right, title and interest in and to any data, information and other materials furnished to Consultant by the City hereunder are and shall remain the City's sole and exclusive property. The City grants to Consultant a license to use such information to provide the services under the Contract.

To the extent that Consultant utilizes any of its property, including, without limitation, the Consultant Information, in connection with the performance of services hereunder, such property shall remain the property of Consultant and, except for the limited license expressly granted above, the City shall acquire no right or interest in such property. The City will honor Consultant copyrights, patents and trademarks relating to the services, Deliverables and Consultant Information, and will not use Consultant's name or other intellectual property without Consultant's prior written consent. Nothing contained in this Contract will prohibit Consultant from using any of its general knowledge or knowledge acquired under this Contract to perform similar services for others.

11. EEO Certification

In the event Consultant provides in excess of \$2,500.00 for services to the City in any fiscal year, Consultant shall obtain EEO certification from the City.

12. Equal Benefits

Consultant must comply with the City's Equal Benefits program as prescribed by Chapter 3.100 of the Code of the City of Portland. The required documentation must be filed with Procurement Services, City of Portland, prior to contract execution.

13. Successors in Interest

The provisions of this contract shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and approved assigns.

14. Severability

The parties agree that if any term or provision of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular term or provision held to be invalid.

15. Waiver

The failure of the City to enforce any provision of this contract shall not constitute a waiver by the City of that or any other provision.

16. Errors

The Consultant shall promptly perform such additional services as may be necessary to correct errors in the services required by this contract without undue delays and without additional cost.

17. Governing Law/Venue

The provisions of this contract shall be interpreted, construed and enforced in accordance with, and governed by, the laws of the State of Oregon without reference to its conflict of laws provisions that might otherwise require the application of the law of any other jurisdiction. Any action or suits involving any question arising under this contract must be brought in the appropriate court in Multnomah County Oregon.

18. Amendments

All changes to this contract, including changes to the scope of work and contract amount, must be made by written amendment and approved by the Human Resource Director to be valid. Any amendment that increases the original contract amount by more than 25% must be approved by the City Council to be valid.

19. Business Tax Registration

The Consultant shall obtain a City of Portland business tax registration number as required by PCC 7.02 prior to beginning work under this Contract.

20. Prohibited Conduct

The Consultant shall not solicit any City employee who evaluated the proposals or authorized the award of this Contract for two years after the date the contract was authorized without the express written permission of the City and provided the hiring is permitted by state law.

21. Payment to Vendors and Subconsultants

The Consultant shall timely pay all subconsultants and suppliers providing services or goods for this Contract.

22. Access to Records

The Consultant shall maintain all records relating to this Contract for three (3) years after final payment. A maximum of once per year, the City may examine and audit the Consultant's financial books, documents, papers, and records that are necessary to verify the fees under the Contract ("Records") at any time during this period upon reasonable notice. Copies of these records shall be made available upon request. Payment for the reasonable cost of requested copies shall be made by the City.

23. Audits

- (a) Up to once per year, the City may conduct audits of the Records during the course of the agreement and during the three (3) year period established by paragraph 22. Audits will be conducted in accordance with generally accepted auditing standards as promulgated in Government Auditing Standards by the Comptroller General of the United States Government Accountability Office.
- (b) If an audit discloses that payments to the Consultant exceed the amount to which the Consultant was entitled, the Consultant shall repay the amount of the excess to the City.

24. Electronic Signatures

The City and Consultant may conduct this transaction, including any contract amendments, by electronic means, including the use of electronic signatures.

25. Merger Clause

This Contract encompasses the entire agreement of the parties, and supersedes all previous understandings and agreements between the parties, whether verbal or written.

26. Dispute Resolution/Work Regardless of Disputes

The following procedures shall be used in the event of any dispute or controversy arising out of or relating to this Contract. All negotiations between the parties conducted pursuant to the dispute resolution process described herein (and any of the parties' submissions in contemplation hereof) shall be kept confidential by the parties and shall be treated by the parties and their respective representatives as compromise and settlement negotiations for purposes of the applicable court rules of evidence.

- (a) The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Contract promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Contract. Either party may give the other party written notice of any dispute not resolved in the ordinary course of business. Within fifteen (15) days after delivery of the notice, the party receiving the notice shall submit to the other a written response.

(b) Within thirty (30) days after delivery of the notice, the designated executives shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one party to the other shall be honored in a timely fashion.

(c) If the matter in dispute has not been resolved within sixty (60) days after delivery of the notice, or if the parties fail to meet within thirty (30) days, the dispute shall be referred to more senior executives who have authority to settle the dispute and who shall likewise meet in an attempt to resolve the matter in dispute. If the matter has not been resolved within thirty (30) days after it has been referred to the more senior executives, or if no meeting of such senior executives has taken place within fifteen (15) days after such referral, either party may seek alternative legal remedies as it deems appropriate.

27. Progress Reports: / Applicable / Not Applicable

If applicable, the Consultant shall provide monthly progress reports to the Project Manager as described in the Statement of the Work and Payment Schedule.

28. Consultant's Personnel: / Applicable / Not Applicable

If applicable, the Consultant shall assign the personnel listed in the Statement of the Work and Payment Schedule for the work required by the Contract and shall not change personnel without the prior written consent of the City, which shall not be unreasonably withheld.

29. Subconsultants

The Consultant shall use the subconsultants identified in its proposals. The Consultant shall not change subconsultant assignments without the prior written consent of the Chief Procurement Officer. The City will enforce all social equity contracting and Minority, Women and Emerging Small Business (M/W/ESB) subcontracting commitments submitted by the Consultant in its proposals. Failure to use the identified M/W/ESB subconsultants without prior written consent is a material breach of contract.

For contracts valued \$50,000 or more, the Consultant shall submit a Monthly Subconsultant Payment and Utilization Report (MUR), made part of this contract by reference, reporting ALL subconsultants employed in the performance of this agreement. An electronic copy of the MUR may be obtained at: <http://www.portlandoregon.gov/bibs/45475>.

30. Third Party Beneficiaries

There are no third party beneficiaries to this contract. Enforcement of this contract is reserved to the parties.

31. Conflict of Interest

Contractor hereby certifies that, if applicable, its contract proposal is made in good faith without fraud, collusion or connection of any kind with any other proposer of the same request for proposals or other City procurement solicitation(s) that the Contractor as a proposer has competed solely on its own behalf without connection or obligation to, any undisclosed person or firm. Contractor certifies that it is not a City official/employee or a business with which a City official/employee is associated, and that to the best of its knowledge, Contractor, its employee(s), its officer(s) or its director(s) is not a City official/employee or a relative of any City official/employee who: i) has responsibility in making decisions or ability to influence decision-making on the contract or project to which this contract pertains; ii) has or will participate in evaluation or management of the contract; or iii) has or will have financial benefits in the contract. Contractor understands that should it elect to employ any former City official/employee during the term of the contract then that the former City official/Contractor employee must comply with applicable government ethics and conflicts of interest provisions in ORS Chapter 244, including but not limited to ORS 244.040(5) and ORS 244.047, and the City's Charter, Codes and administrative rules, including lobbying prohibitions under Portland City Code Section 2.12.080.

**STATEMENT OF THE WORK
AND PAYMENT SCHEDULE**

SCOPE OF WORK

1. Provide routine group benefit and general health care consulting advice.
2. Assist the City in establishing a strategic plan for employee benefits.
3. Provide ongoing analysis and planning of new approaches, mandates, compliance and/or requirements to employee benefits, especially in relation to the PPACA;
4. Develop and/or have already available tools necessary to monitor claims and cost trends, actuarial assumptions and annual rate calculations under the self-insured medical and dental programs
5. Develop five year rate projections for all health plans to meet City budgeting requirements
6. Perform annual rate analyses; develop, evaluate and negotiate all insured plan renewals for each fiscal year;
7. Prepare annual renewal letters for contracted vendors;
8. Provide actuarial and benefit plan cost modeling analyses related to collective bargaining

9. Prepare and manage RFPs for employee benefits as required by the City
10. Provide information and analysis on new concepts and innovations in employee benefits
11. Prepare employee communication materials such as handbooks, plan documents, and other communications as required by the City
12. Provide professional support to the Labor Management Benefits Committee as directed by the Benefits Manager
13. Ensure accurate follow-through on all negotiated contractual arrangements made between the City of Portland and any administrators or insurance carriers utilized by the City
14. Ensure that self-funding arrangements and other arrangements with any administrator and/or insurance carriers are strictly adhered to.

CONSULTANT PERSONNEL

The Consultant shall assign work to appropriate personal within the consultant list provided within COMPENSATION below

SUBCONSULTANTS

The Consultant shall assign the following subconsultants to perform work in the capacities designated:

NAME	ROLE ON PROJECT	SUBCONTRACT AMOUNT
None		\$
		\$
		\$

The City will enforce all social equity contracting and Minority, Women and Emerging Small Business (M/W/ESB) subcontracting commitments submitted by the Consultant in its Proposal. For contracts valued \$50,000 or more, the Consultant shall submit a Monthly Subconsultant Payment and Utilization Report (MUR), made part of this contract by reference, reporting ALL subconsultants employed in the performance of this agreement. An electronic copy of the MUR may be obtained at: <http://www.portlandoregon.gov/bibs/45475>.

COMPENSATION

The maximum that the Consultant can be paid on this contract is \$1,611,105 (hereafter the “not to exceed” amount.). The “not to exceed” amount includes all payments to be made pursuant to this contract, including reimbursable expenses, if any. Nothing in this contract requires the City to pay for work that does not meet the Standard of Care or other requirements of the Contract. The actual amount to be paid Consultant may be less than that amount.

The Consultant is entitled to receive progress payments for its work pursuant to the Contract as provided in more detail below. The City will pay Consultant based on these invoices for acceptable work performed and approved until the “not to exceed” amount is reached. Thereafter, Consultant must complete work based on the Contract without additional compensation unless there is a change to the scope of work.

Any estimate of the hours necessary to perform the work is not binding on the City. The Consultant remains responsible if the estimate proves to be incorrect. Exceeding the number of estimated hours of work does not impose any liability on the City for additional payment.

If work is completed before the “not to exceed” amount is reached, the Consultant’s compensation will be based on the Consultant’s bills previously submitted for acceptable work performed and approved.

PAYMENT TERMS: Net 60 Days

Hourly Rates

The billing rates shall not exceed those set forth below:

Consultant	Annual Hours			Average Five-Year Billing Rate (75% Realization)
	Full GASB Years	GASB Update Only Years	Total*	
Won Andersen	67	67	335	\$520
Paige Sipes-Metzler	14	14	70	\$338
Anne Thompson	168	168	840	\$338
Aaron Beaudoin	132	132	660	\$317
Damon Rutherford	258	258	1,290	\$338
Bridget Neurer	16	16	80	\$391
Jill Carson	10	10	50	\$447
H&B Analyst	76	76	380	\$167
Brian Pieper	21	0	63	\$359
Hitesh Patel	16	16	80	\$422
Mark Schmitt	10	10	50	\$302
Admin	90	82	434	\$119
Meredith Hiatt	95	95	475	\$255
GASB Project Manager	40	0	120	\$240
GASB Actuary	14	0	42	\$338
GASB Analyst	83	0	249	\$225
GASB Analyst	35	0	105	\$225
Total Five-Year Fees				
Change from Prior				
Average Billing Rate				
Communications	240	—	240	—

* Assumes 3 years of the 5 year contract will include a full GASB analysis and 2 years will include an update only.

Progress Payments

On or before the 15th of each month, the Consultant shall submit to the City's Project Manager an invoice for work performed by the Consultant during the preceding month. The invoice shall contain the City's Contract Number and set out all items for payment including, but not limited to: the name of the individual, labor category, direct labor rate, hours worked during the period, and tasks performed. The Consultant shall also attach photocopies of claimed reimbursable expenses, if applicable. The Consultant shall stamp and approve all subconsultant invoices and note on the subconsultant invoice what they are approving as "billable" under the contract. The billing from the prime should clearly roll up labor and reimbursable costs for the prime and subconsultants – matching the subconsultant invoices. Prior to initial billing, the Consultant shall develop a billing format for approval by the City.

The City shall pay all amounts to which no dispute exists within 60 days of receipt of the invoice. Payment of any bill, however, does not preclude the City from later determining that an error in payment was made and from withholding the disputed sum from the next progress payment until the dispute is resolved.

With prior approval from the City's Benefits Manager or Human Resources Director, the City shall pay all reasonable travel and related living expenses incurred by the Consultant's personnel in performing the services under this Contract for the City. A seven percent (7%) charge for miscellaneous expenses not directly allocable to each client (such as copying, postage and internal communication networks and databases) is added to all service fees provided.

The Consultant shall make full payment to its subconsultants within 10 business days following receipt of any payment made by the City to Consultant.

ACH Payments

It is the City's policy to pay its Consultant invoices via electronic funds transfers through the automated clearing house (ACH) network. To initiate payment of invoices, Consultants shall execute the City's standard ACH Vendor Payment Authorization Agreement which is available on the City's website at: <http://www.portlandoregon.gov/bfs/article/409834>.

Upon verification of the data provided, the Payment Authorization Agreement will authorize the City to deposit payment for services rendered directly into Consultant accounts with financial institutions. All payments shall be in United States currency.

WORKERS' COMPENSATION INSURANCE STATEMENT

IF YOUR FIRM HAS CURRENT WORKERS' COMPENSATION INSURANCE, CONTRACTOR MUST SIGN HERE:

I, undersigned, am authorized to act on behalf of entity designated below, and I hereby certify that this entity has current Workers' Compensation Insurance.

Contractor Signature: _____ Date: _____ Entity: _____

IF YOUR FIRM DOES NOT HAVE CURRENT WORKERS' COMPENSATION INSURANCE, CONTRACTOR MUST COMPLETE THE FOLLOWING INDEPENDENT CONTRACTOR CERTIFICATION STATEMENT:

As an independent contractor, I certify that I meet the following standards:

1. The individual or business entity providing labor or services is registered under ORS Chapter 701, if the individual or business entity provides labor or services for which such registration is required;
2. Federal and state income tax returns in the name of the business or a business Schedule C or form Schedule F as part of the personal income tax return were filed for the previous year if the individual or business entity performed labor or services as an independent contractor in the previous year; and
3. The individual or business entity represents to the public that the labor or services are to be provided by an independently established business. Except when an individual or business entity files a Schedule F as part of the personal income tax returns and the individual or business entity performs farm labor or services that are reportable on Schedule C, an individual or business entity is considered to be engaged in an independently established business when four or more of the following circumstances exist. Contractor: check four or more of the following:

- _____ A. The labor or services are primarily carried out at a location that is separate from the residence of an individual who performs the labor or services, or are primarily carried out in a specific portion of the residence, which portion is set aside as the location of the business;
- _____ B. Commercial advertising or business cards as is customary in operating similar businesses are purchased for the business, or the individual or business entity has a trade association membership;
- _____ C. Telephone listing and service are used for the business that is separate from the personal residence listing and service used by an individual who performs the labor or services;
- _____ D. Labor or services are performed only pursuant to written contracts;
- _____ E. Labor or services are performed for two or more different persons within a period of one year; or
- _____ F. The individual or business entity assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be provided.

Contractor Signature

Date

FOR CITY USE ONLY

PROJECT MANAGER-COMplete ONLY IF CONTRACTOR DOES NOT HAVE WORKER'S COMPENSATION INSURANCE

ORS 670.600 Independent contractor standards. As used in various provisions of ORS Chapters 316, 656, 657, and 701, an individual or business entity that performs labor or services for remuneration shall be considered to perform the labor or services as an "independent contractor" if the standards of this section are met. The contracted work meets the following standards:

1. The individual or business entity providing the labor or services is free from direction and control over the means and manner of providing the labor or services, subject only to the right of the person for whom the labor or services are provided to specify the desired results;
2. The individual or business entity providing labor or services is responsible for obtaining all assumed business registrations or professional occupation licenses required by state law or local government ordinances for the individual or business entity to conduct the business;
3. The individual or business entity providing labor or services furnishes the tools or equipment necessary for performance of the contracted labor or services;
4. The individual or business entity providing labor or services has the authority to hire and fire employees to perform the labor or services;
5. Payment for the labor or services is made upon completion of the performance of specific portions of the project or is made on the basis of an annual or periodic retainer.

City Project Manager Signature

Date

CONSULTANT SIGNATURE:

This contract may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same Agreement.

The parties agree the City and Consultant may conduct this transaction, including any contract amendments, by electronic means, including the use of electronic signatures.

I, the undersigned, agree to perform work outlined in this contract in accordance to the STANDARD CONTRACT PROVISIONS, the terms and conditions, made part of this contract by reference, and the STATEMENT OF THE WORK made part of this contract by reference; hereby certify under penalty of perjury that I/my business am not/is not in violation of any Oregon tax laws; hereby certify that my business is certified as an Equal Employment Opportunity Affirmative Action Employer and is in compliance with the Equal Benefits Program as prescribed by Chapter 3.100 of Code of the City of Portland; and hereby certify I am an independent contractor as defined in ORS 670.600.

BY: _____ Date: _____

Name: _____

Title: _____

CONTRACT NUMBER: 30004087

CONTRACT TITLE: Employee Benefits Consultant Services

CITY OF PORTLAND SIGNATURES:

By: _____ Date: _____
Bureau Director

By: _____ Date: _____
Elected Official

Approved:
By: _____ Date: _____
Office of City Auditor

Approved as to Form:
By: _____ Date: _____
Office of City Attorney



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
08/26/2014

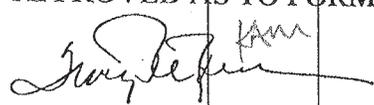
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Central, Inc. Chicago IL Office 200 East Randolph Chicago IL 60601 USA	CONTACT NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105 E-MAIL ADDRESS:													
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: Continental Casualty Company</td> <td>20443</td> </tr> <tr> <td>INSURER B: American Casualty Co. of Reading PA</td> <td>20427</td> </tr> <tr> <td>INSURER C: Transportation Insurance Co.</td> <td>20494</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Continental Casualty Company	20443	INSURER B: American Casualty Co. of Reading PA	20427	INSURER C: Transportation Insurance Co.	20494	INSURER D:		INSURER E:		INSURER F:
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INSURER E:														
INSURER F:														
INSURED Aon Corporation and its Subsidiaries (See Subsidiary Information Below) 200 E. Randolph Chicago IL 60601 USA														

COVERAGES **CERTIFICATE NUMBER: 570054972660** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. **Limits shown are as requested**

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURED	SUBROGATION	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:			GL4014103835	06/01/2014	06/01/2015	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			BUA 4014103656 APPROVED AS TO FORM 	06/01/2014	06/01/2015	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION			CITY ATTORNEY			EACH OCCURRENCE AGGREGATE
C	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	WC4014100157 WC414100059 WC4014100014	06/01/2014 06/01/2014 06/01/2014	06/01/2015 06/01/2015 06/01/2015	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE-EA EMPLOYEE \$1,000,000 E.L. DISEASE-POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 RE: Aon Consulting (Aon Hewitt), 851 SW Sixth Avenue, Suite 385, Portland, OR 97204. City of Portland is included as Additional Insured in accordance with the policy provisions of the General Liability policy. The above terms are as required by written contract.

CERTIFICATE HOLDER City of Portland Attn: Cathy Bless 1120 SW Fifth Avenue, 4th Floor Portland OR 97204 USA	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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Proposal for Employee Benefits Consultant Services

RFP Number: BHR013

Prepared for the City of Portland

November 15, 2013

Contact:

Won Andersen
Senior Vice President
Aon Hewitt
1420 Fifth Avenue, Suite 1200
Seattle, Washington 98101

AON Hewitt



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1. Cover Letter

November 15, 2013

Ms. Cathy Bless
City of Portland
Bureau of Human Resources
Benefits and Wellness Office
1120 SW 5th Avenue, Room 404
Portland, Oregon 97204

RE: Response to RFP Number BHR013 for Employee Benefits Consultant Services

Dear Cathy,

Thank you for this opportunity to participate in the City of Portland's search for a business partner to deliver health and benefits consulting services. We have appreciated our 10 year partnership and very much look forward to working with you and the LMBC for the next contracting cycle.

We are excited to present to the City the current Aon Hewitt core and extended teams that know you, the organization and know how to successfully navigate in your environment to support the City's health and benefits goals and objectives.

We look forward to working with you to develop, modify and enhance your current programs today to better align them with the changes ahead in the new environment of health care reform and the marketplace.

This proposal focuses on demonstrating and positioning Aon Hewitt as an effective consulting partner to help the City achieve this goal through:

- ▣ Relentless innovation—tools, techniques and delivery models that are redefining health and benefits consulting services and benefit delivery
- ▣ The use of data and evidence to drive strategy, execution and results measurement
- ▣ Simple and efficient processes and programs that drive down cost and increase value
- ▣ Excellence in client service with clear, direct, data supported guidance, advice and recommendations

We have a team of local, regional and national resources and subject matter experts to ensure we deliver on our day-to-day execution while providing the thought leadership necessary for the City to both navigate and thrive in the post health care reform landscape.

Our value will be defined by the outcomes the City achieves while paying a market efficient rate. To provide a market efficient rate structure, we have bundled pricing for a core set of services as requested by the City. Additionally, we strongly believe in delivering excellence and will place 25% of our fees at risk based on mutually agreed upon targets. We are also proposing an additional 5% discount on our billing rates from our current contract provisions.



I am authorized to represent Aon Consulting, Inc. / Hewitt Associates LLC (collectively "Aon Hewitt") in any negotiations and sign any contract that may result. My contact information follows:

Legal Company Name: Aon Consulting, Inc. / Hewitt Associates LLC (collectively "Aon Hewitt")
Business Structure/Type: Aon Hewitt—Health & Benefits / Publicly Traded Company
Contact Name: Won Andersen
Title: Senior Vice President, Northwest Health & Benefits Practice Leader
Address: 1420 Fifth Avenue, Suite 1200, Seattle, Washington 98101
Phone: 206.467.4623
Fax: 206.467.0592
Email: won.andersen@aonhewitt.com

We are in compliance with the City of Portland Business Tax Registration and the Equal Benefits Program requirements as outlined in Part 1—Solicitation Requirements, Section B—Work Requirements, Subsection 8—Business Compliance of the City's RFP. Our Business Tax Registration number and Equal Employment Opportunity (EEO) expiration date are as follows.

- ☐ City of Portland Business License Number—655750
- ☐ Equal Employment Opportunity (EEO)
 - ☐ Approved Date—February 12, 2013
 - ☐ Expiration Date—February 12, 2015

We are also requesting several areas for redaction and submitting a redacted copy as well as a list of redactions based on the City's instructions. Our list of redactions can be found "Section 7. Supporting Information" as Item 1.

Thank you again for this opportunity, we very much look forward to continuing our long partnership.

Sincerely,

Won Andersen

cc: Anne Thompson, Aon Hewitt
 Damon Rutherford, Aon Hewitt
 Paige Sipes-Metzler, Aon Hewitt



2. Project Team

1. *Approximate number of people to be assigned to the project.*

There are a total of 12 Aon Hewitt colleagues who are part of the core and extended health and benefits consulting team that currently deliver the scope of services identified by the City of Portland (the City). Six consultants represent the core team based in Portland, Seattle and San Francisco and six additional subject matter experts on the extended team that represent wellness and productivity, clinical, compliance, pharmacy, GASB actuarial and communications areas.

2. *Extent of company's principal member's involvement.*

Since 2003, our team has included a number of leaders from our Health & Benefits practice. Currently, of the 12 designated colleagues assigned to the City, we have eight individuals who are Vice Presidents or Senior Vice Presidents of the firm. They are officers of our firm who can champion and bring to bear the appropriate resources to deliver on our commitment to the City. Additionally, Won Andersen, a core member of the team who also leads the Northwest Health & Benefits practice, is committed to supporting the City and our team with any needed resources.

3. *Names of key personnel who will be performing the work on this project, and:*

- I. their roles and responsibilities on this project*
- II. current assignments and location*
- III. directly relevant experience on similar or related projects*
- IV. unique qualifications*
- V. demonstrated performance record of key personnel*
- VI. percentage of their time that will be devoted to the project*

All client names listed in the following section are Confidential & Proprietary and to be Redacted.

Core Health & Benefits Consulting Team

Won Andersen, Senior Vice President, Northwest H&B Practice Leader

Role and Responsibility	Won is the strategic advisor with overall responsibility for the relationship with the City. She will ensure appropriate resources are dedicated to the City and that we continue to deliver on our commitments to you. Won currently serves in this role with the City.
Assignments and Location	Based in Seattle, Washington, Won will continue to focus on strategy, plan design and ongoing health and benefits consulting delivery.



Won Andersen, Senior Vice President, Northwest H&B Practice Leader

Expertise & Experience	Won has 25 years in benefits, with significant experience with public sector, joint management labor clients and employers with large union populations in the Northwest and nationally. Won focuses on all aspects of health and benefits consulting including strategy, design, financial management and administration.
Unique Qualifications	Won's qualifications include understanding the Portland, Oregon marketplace and vendors as she has worked and continues to work with many employers in Oregon. Her experience, including those employers mentioned below, include large complex organizations who have union populations including, CLIENT NAMES HAVE BEEN REDACTED. Because Won also works with many large national companies, she brings a broader perspective on what other employers are doing and best practices. Lastly, Won is part of the current team and understands the City's and LMBC's needs.
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	Approximately 15% to 30% of total monthly hours based on calendar of projects.

Anne Thompson, Vice President

Role and Responsibility	Anne is the City's current account manager responsible for day-to-day operations of the team and our services to you. She ensures quality and timely deliverables for all projects and manages the team's effectiveness and efficiency. Anne is the primary contact for the City's benefits team and leads the work with support from the core and extended team.
Assignments and Location	Based in Portland, Oregon, Anne manages all projects including design, renewals, pricing, vendor management, interface with other Aon Hewitt colleagues (essentially the scope of services outlined in the RFP) with the support of the core and extended Aon Hewitt team.
Expertise & Experience	Anne has 13 years of experience in benefits with significant experience with public sector, joint management labor clients and employers with union populations in the Northwest. She is the current consultant to the CLIENT NAMES HAVE BEEN REDACTED. Anne consults on all aspect of health and benefits programs including strategy, design, financial analysis, administration and compliance.
Unique Qualifications	Her current experience includes the CLIENT NAMES HAVE BEEN REDACTED. Prior experience includes the Oregon Educators Benefit Board. Anne also has a Masters in Public Health.
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	Approximately 15% to 30% of total monthly hours based on calendar of projects.



Aaron Beaudoin, FSA, MAAA, Vice President

Role and Responsibility	Aaron will serve as the lead actuary for all of the City's financial and actuarial work. He will be responsible for ensuring quality and timely delivery of pricing, financial forecasts and working with our retirement actuary for the GASB valuation work. Aaron will be joining Damon Rutherford in working with the City's benefits team and LMBC.
Assignments and Location	Based in San Francisco, California, Aaron will oversee the rate projections, trend analysis, pricing of design changes, actuarial certifications, bargaining support and all financial reporting and analysis in conjunction with Damon Rutherford.
Expertise & Experience	Aaron has significant experience working with government-sponsored programs managing WellCare's Medicare and Medicaid programs as well as leading an actuarial team responsible for product trend analysis, strategy and financial tracking.
Unique Qualifications	Aaron brings actuarial perspective from an insurer side managing the financial aspects of large populations and a deep understanding of the carriers' inner-workings. We believe his background will bring fresh perspective and approaches to our financial consulting to the City.
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	Approximately 15% to 30% of total monthly hours based on calendar of projects.

Damon Rutherford, Assistant Vice President

Role and Responsibility	Damon is the City's current financial consultant working as the team's actuarial lead on all financial projects. Damon will continue in this capacity working closely with Aaron, Anne and Won in delivering financial consulting advice.
Assignments and Location	Based in Portland, Oregon, Damon is responsible for rate projections, trend analysis, design change pricing, bargaining support and financial reporting.
Expertise & Experience	Damon provides financial consulting advice to many of our Northwest public sector clients including the CLIENT NAMES HAVE BEEN REDACTED . He understands the unique nature of public sector clients as it relates to financial requirements, union complexity and joint labor management decision making bodies.
Unique Qualifications	Damon has been serving the City for the past 10 years and understands the City and their decision making process, benefits team and LMBC members. He brings historical perspective and relevance for the newer members of the team and understands the Portland market.
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	Approximately 15% to 30% of total monthly hours based on calendar of projects.



Meredith Hiatt, Consultant

Role and Responsibility	Meredith is part of the current consulting team for the City. She supports Won, Anne, Aaron and Damon with working with the City's vendors and supporting the City's benefits team with questions and issues.
Assignments and Location	Based in Portland, Oregon, Meredith supports the core team with vendor management, renewal requests and follow-up, updating booklets, drafting renewal confirmation letters, coordinating communication materials and ad-hoc requests.
Expertise & Experience	Meredith has over 25 years supporting Northwest clients in all aspects of program and vendor management.
Unique Qualifications	Meredith is part of Aon Hewitt's current core team serving the City. Meredith is knowledgeable about the City's vendors and has excellent relationships with regional vendors in this marketplace.
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	Approximately 15% to 30% of total monthly hours based on calendar of projects.

Actuarial Analyst

Role and Responsibility	We have actuarial analysts supporting Damon, Aaron, Anne and Won with data and financial reporting.
Assignments and Location	Based in Portland, Oregon and San Francisco, California, these analysts are responsible for collecting and analyzing financial information for experience reporting and rate projection activities.
Expertise & Experience	The analysts are entry level actuarial students that focus on financial aspect of health.
Unique Qualifications	Strong analytical and quantitative skills and working toward their actuarial certifications.
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	Approximately 15% to 30% of total monthly hours based on calendar of projects.



Extended Consulting Team

Brian Pieper, Senior Consultant—Retirement

Role and Responsibility	Brian is currently the lead Retirement Actuary for the City. He oversees the retirement actuarial team delivering the City's GASB retiree valuation. Brian works with Aaron and Damon on the valuation analysis.
Assignments and Location	Based in San Francisco, California, Brian will focus on strategy and ongoing retirement consulting services with an emphasis on GASB 45 and the Postretirement Health Benefits Plan.
Expertise & Experience	Brian has 14 years of experience in retirement consulting working with both private and public sector clients with significant experience related to retiree medical plans. He is the current retirement actuary for CLIENT NAMES HAVE BEEN REDACTED .
Unique Qualifications	His current experience includes CLIENT NAMES HAVE BEEN REDACTED . Prior experience includes CLIENT NAMES HAVE BEEN REDACTED .
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	As needed based on level of work required for a specific project.

Bridget Neurer, Vice President—Health Transformation Team

Role and Responsibility	Bridget is also part of the wellness and productivity team and specializes in development, implementation and evaluation of health improvement strategies. She brings a national perspective with a broad spectrum of employers and industries.
Assignments and Location	Bridget is located in Minneapolis, Minnesota and will assist in development of wellness strategies in collaboration with Paige and the City.
Expertise & Experience	Bridget brings wellness perspectives from the vendor, employer and consulting sides and includes the following experience: <ul style="list-style-type: none"> ▣ Director of Client Services, StayWell Health Management ▣ Group and Healthcare Benefits Consultant with Watson Wyatt Worldwide ▣ Wellness Specialist with Honeywell
Unique Qualifications	Bridget has had the privilege of working with clients such as CLIENT NAMES HAVE BEEN REDACTED .
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	As needed based on level of work required for a specific project.



Hitesh Patel, Vice President—Pharmacy

Role and Responsibility	Hitesh will be the lead on pharmacy related issues (PBM selection, audits, benefit design, clinical questions) and has worked with the City in the past.
Assignments and Location	Based in Chicago, Illinois, Hitesh will focus on the pharmacy benefit including design, financing and utilization.
Expertise & Experience	Hitesh is a pharmacist with over 30 years of pharmacy experience, including 14 years in hospital pharmacy, 10 years in pharmacy benefit management and 7 years of consulting.
Unique Qualifications	Hitesh is a pharmacist and has an MBA from Northwestern University. In addition, Hitesh is highly analytic and understands the PBM adjudication process. He has worked with many government entities such as CLIENT NAMES HAVE BEEN REDACTED .
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	As needed based on level of work required for a specific project.

Jill Carson, Senior Vice President—Legal / Compliance

Role and Responsibility	Jill is a senior attorney responsible for compliance consulting to the City and working with the Aon Hewitt team to assess the impact of federal and state laws on the City's programs.
Assignments and Location	Based in Los Angeles, California, Jill will lead any compliance projects for the City and work with the internal team on compliance issues and analyses.
Expertise & Experience	Jill's 20 years of experience includes the U.S. Department of Labor as a senior supervisory investigator. She has significant experience working with public sector clients and employers with large union populations.
Unique Qualifications	Jill has assisted various public sector clients to ensure that they are in compliance with federal and state laws, conducting compliance reviews and updating documentation. Jill conducted compliance training for the City a number of years ago. She currently works with a large aerospace/defense client with a large union population as well as a number of public and private sector clients.
Performance Record	Currently in good standing with the organization.
Percentage of Time Devoted	As needed based on level of work required for a specific project.

Mark Schmitt, Associate Partner, Pacific Northwest Client Market Lead—Communications

Role and Responsibility	Mark will support the City with any communication needs including communication strategy, annual enrollment, targeted communications and ad-hoc projects.
Assignments and Location	Based in Seattle, Washington, Mark will support any communication needs identified by the City.



Mark Schmitt, Associate Partner, Pacific Northwest Client Market Lead—Communications

Expertise & Experience	<p>Mark has over 20 years of communications experience (corporate and consulting) including the following:</p> <p>CLIENT NAMES HAVE BEEN REDACTED</p> <ul style="list-style-type: none"> ▣ Benefits Open Enrollment (consulting, 2013) ▣ Open Enrollment Strategy and Implementation (consulting, 2013) ▣ HR Benefits and Wellness Strategy (corporate, 2009-2013) ▣ HR Communications (corporate, 2006-2009) ▣ HR Communications (consulting, 2004-2006) ▣ Various retail organizations including CLIENT NAME HAS BEEN REDACTED: Internal Communications (corporate, 1991-2004)
Unique Qualifications	<p>Mark has a deep understanding of employee benefits and helps to develop unique “marketing” approaches to enhance the understanding and usage of benefit plans. He brings a strong knowledge of the employer’s perspective in communicating benefits.</p>
Performance Record	<p>Currently in good standing with the organization.</p>
Percentage of Time Devoted	<p>As needed based on level of work required for a specific project.</p>

Paige Sipes-Metzler, Vice President—Health Transformation Team

Role and Responsibility	<p>Paige’s current role is as a subject matter expert in the area of wellness and clinical programs. Prior to this, Paige was the City’s account manager for day-to-day operation of our services to the City and LMBC for many years.</p>
Assignments and Location	<p>Based in Portland, Oregon, Paige will focus on clinical opportunities for the City of Portland</p>
Expertise & Experience	<p>Paige has significant experience with public sector employers and works with most of our West Coast clients on their wellness and productivity needs. She is also a registered nurse and supports many of our West Coast clients with clinical review and program design. Her experience includes the following:</p> <ul style="list-style-type: none"> ▣ Cancer Services Manager, State of Oregon ▣ Manager, Health Promotion and Disease Prevention, Regence BlueCross BlueShield of Oregon ▣ Executive Director of Oregon Health Services Commission, Development of the prioritized Health Service List
Unique Qualifications	<p>Paige’s primary assignments are with government programs such as CLIENT NAMES HAVE BEEN REDACTED.</p>
Performance Record	<p>Currently in good standing with the organization.</p>
Percentage of Time Devoted	<p>As needed based on level of work required for a specific project.</p>



Provide a professional resume for each key personnel, including key personnel of any Subconsultant(s) proposed to be assigned to the project. Resumes shall include educational background, professional development, and demonstrate that the individual(s) meets the qualification and experience requirements for performing the work as outlined in this RFP.

Biographies for each of the personnel assigned to the City of Portland are provided in “Section 7. Supporting Information” as Item 2.

4. Proposals must identify a proposed project manager who would be responsible for the day-to-day management of project tasks and would be the primary point of contact with your firm. Describe the project manager’s experience with similar projects and with managing and leading interdisciplinary teams. List other projects the proposed project manager is currently assigned to.

Anne Thompson recently transitioned to the role of account manager for the City and will continue to serve in this role. Anne is an experienced, senior consultant working with large clients similar to the City and has a strong financial, plan design and strategy background. She is responsible for ensuring that quality services are delivered to the City on a timely basis and managing all day-to-day projects. Anne is the central point of contact for the City for the full scope of services outlined in the RFP.

Anne was recently added to the City’s Aon Hewitt team because of her organizational and strong project management skills working with large complex clients.

Anne’s experience includes serving as the key project manager to the Oregon Educators Benefit Board (OEBB). She assisted the Board and staff in the following activities and projects:

- ▣ Plan design consolidation across 200+ school districts across the State of Oregon for medical, dental, vision, life and disability
- ▣ Vendor request for proposals: questionnaire and scoring development, vendor management and finalist presentation preparation across all lines of coverage.
- ▣ Annual renewal activity including detailed data review and analysis for potential plan and program additions and modifications and presenting benefit plan and program recommendations with supporting market and data information to the Board.
- ▣ Preparation of materials for and attendance at monthly Board and committee meetings including the Strategies on Evidence and Outcomes Workgroup. She also participated in numerous Staff only and joint Staff/Vendor meetings.
- ▣ Additional projects include:
 - ▣ Managing third-party data warehouse vendor
 - ▣ ERRP project management and data consolidation
 - ▣ Ongoing compliance support
 - ▣ Legislative financial analysis

In her capacity, Anne not only coordinated projects with the Board and staff but also managed an internal core team of 6 (across two offices) plus an additional 20+ subject matter experts across the country including actuaries, clinicians, data programmers, communications consultants, audit, compliance/legal etc. She ensured



that project components were delivered on time, according to contract and that billing for each component was accurate.

Anne also has experience project managing other clients that have varied in size from 400 employees to 30,000 employees. She has assisted in ongoing annual work such as renewals, vendor confirmation letters, budget setting, experience reporting, managing third-party data warehouse vendors, legislative analysis and compliance requirements such as 5500s. She also has experience in single-project work such as vendor request for proposals (in all lines of coverage), dependent eligibility audit management and ERRP applications.

She utilizes tools such as project plans, group calendars, email distribution lists, internal team meetings/calls, group calendar reminders and meeting note documentation.

Anne is currently assigned as a project manager to one other large client and acts as lead consultant on several other clients.



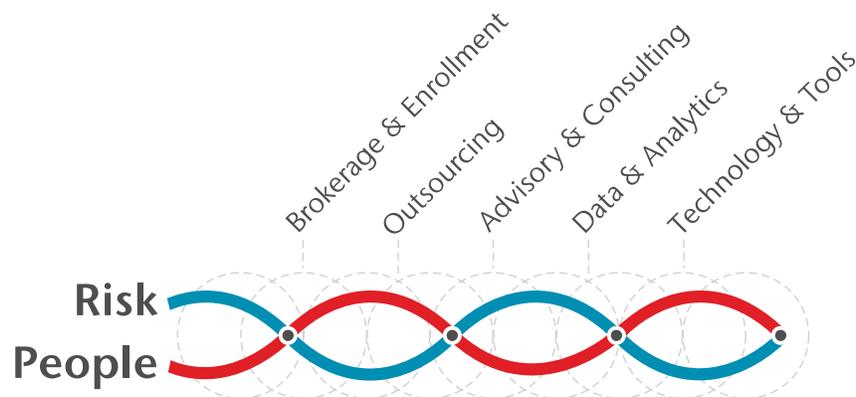
3. Proposer's Capabilities

1. Describe your firm's legal structure, areas of expertise, length of time in business, number of employees, and other information that would be helpful in characterizing the firm. Provide the same information for any subconsultants to be utilized on the project.

About Aon

Aon plc is the world's largest global insurance broker and leading provider of risk management services, insurance and reinsurance brokerage and human capital and management consulting. Our key advantage is our broad view of the insurance industry. With an employee base of 65,000 people working in 500 offices in more than 120 countries, we can anticipate how changes in one sector impact another.

Backed by broad resources, industry knowledge and technical expertise, our firm creates value and empowers results for our clients by helping them with two of the most important issues in the economy today—managing risk and realizing the full potential of their people. Aon plc's total revenue for 2012 was \$11.5 billion.



Aon's fast-paced growth began in 1982 when Ryan Insurance Group merged with Combined International Corporation. In 1987, that company was introduced to Wall Street as Aon, a Gaelic word meaning "Oneness."

Throughout the 1980s and 1990s, strategic acquisitions and organic growth fueled Aon's expansion in the global insurance marketplace. Over the past twenty years, we have acquired some of the most well-known players in the insurance and consulting industries, including Hudig-Langeveldt, a provider of insurance protection for cargo ships that was founded in 1680. Although not all our acquisitions have this depth of history, many have been notable players in their respective fields for years:

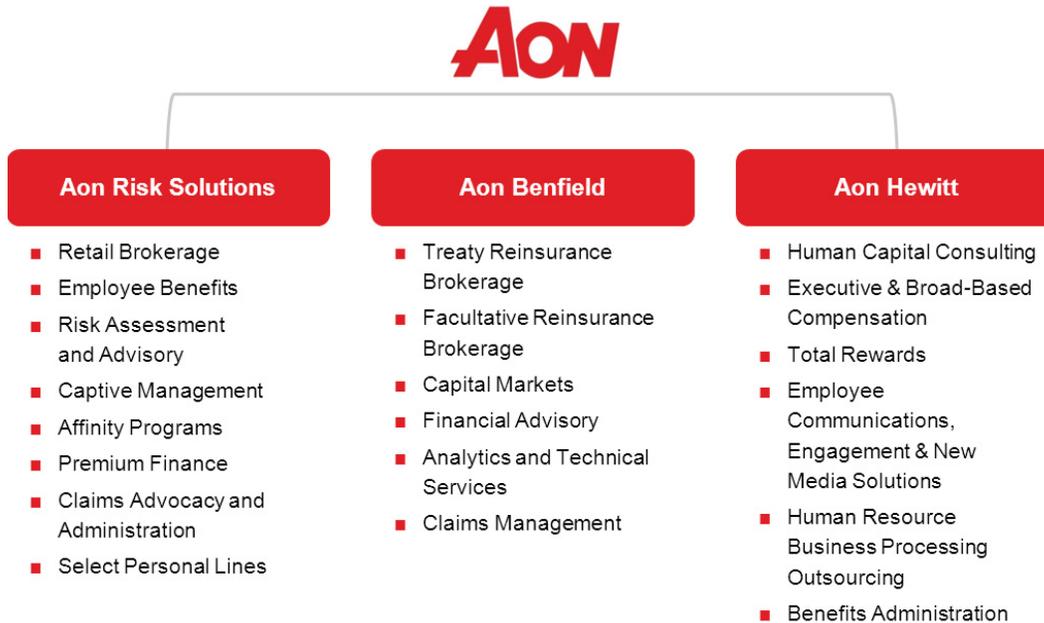
- Rollins Burdick Hunter
- Miller, Mason & Dickenson
- Benfield Group
- Reinsurancy Agency
- Alexander & Alexander
- Hewitt Associates

Although Aon is a major leader in virtually every market it serves, size is not our primary goal. We aim to be the world's most responsive, client-focused insurance and consulting services company.



Company Organization

Aon's three core businesses are outlined below:



Within Aon Hewitt is our Health & Benefits Practice

Our Health & Benefits practice consists of more than 1,100 U.S. health care experts including specialized actuaries, physicians, clinicians, pharmacists, attorneys and consultants.

Our portfolio of more than 5,000 U.S Health & Benefits consulting clients (10,000 clients globally) includes large and mid-market employers in both the public and private sector, across many industries. We consult with nearly 85% of the Fortune 500 and manage more than \$100 billion in annual health care spend for our clients.

Based on our combined experience, we have provided services across the full range of human capital management consulting services for decades.

Aon Hewitt Health & Benefits

Capabilities



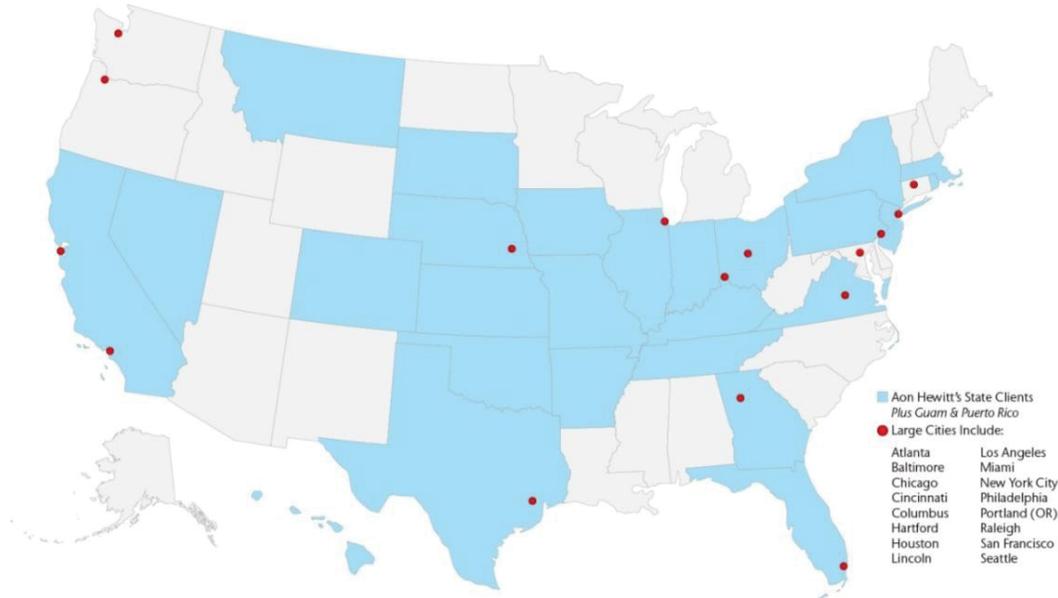
- Strategy & Design
- Financial/Actuarial Consulting
- Vendor Management, Renewals, RFPs
- Wellness & Health Transformation
- Plan Performance & Benchmarking
- Compliance & Legal Consulting
- Clinical & Claims Audits
- Data Warehouse & Analytics

Empowering Results



State & Local Government Experience

Aon Hewitt has a demonstrated commitment to lead the industry in consulting with the public sector. Our State and Local Government Practice (SALG) includes more than 100 consultants serving over 450 public-sector clients (Health & Benefits practice). The map below shows a sampling of counties, cities and states served by Aon Hewitt.



None of the services outlined in this RFP are subcontracted with the exception of a MBE organization for claim audits. Additional information on Cumbre Insurance Services can be on pages 57-60 of this proposal.

2. Provide the address of the firm's home office and the address of the office that will manage the project, if applicable.

U.S. Corporate Headquarters:

200 E. Randolph Street
Chicago, Illinois 60601

Portland Office:

851 SW Sixth Avenue, Suite 385
Portland, Oregon 97204

Team Members: Anne Thompson, Damon Rutherford, Meredith Hiatt, Paige Sipes-Metzler (Wellness)

Seattle Office:

1420 Fifth Ave, Suite 1200
Seattle, Washington 98101

Team Members: Won Andersen, Actuarial Analyst, Mark Schmitt (Communications)

San Francisco Office:

199 Fremont Street, 15th Floor
San Francisco, California 94105

Team Members: Aaron Beaudoin, Actuarial Analyst, Brian Pieper (Retirement)

Broader Team Locations:

Los Angeles, California—Jill Carson (Legal/Compliance)
Minneapolis, Minnesota—Bridget Neurer (Wellness)
Chicago, Illinois—Hitesh Patel (Pharmacy)



3. State any mergers or acquisitions planned by your firm in the near term.

Aon Hewitt continually assesses strategic acquisitions to complement its current business or to expand related services. For more information, please see Aon Corporation's public filings for any publicly announced transactions.

To our knowledge, our firm is not involved in any organizational transformation that would inhibit our ability to provide service to the City. Your account team will always keep you informed of broader developments to our service delivery model.

4. State any pending litigation that would compromise the ability of your firm to service the City's account.

As might be expected of an organization of the size and complexity of Aon plc, there is a range of litigation pending against Aon or its subsidiaries in the ordinary course of business. Details can be found in Aon plc.'s annual Form 10-K filing (Note 15) and quarterly Form 10-Q filings (Note 15), which are available on our website (aon.com). Although the ultimate outcome of all such matters cannot be predicted with complete precision, it is our position that the likely disposition or ultimate determination of such claims is not expected to have a material effect on the financial position of Aon or any of its subsidiaries or impact our ability to perform services for the benefit of our clients.

5. Describe similar projects and/or services performed within the last 2 years that best characterize your firm's capabilities, work quality and cost control. For each project identified, include the name, address and phone number of a person who can be contacted regarding your performance on the project.

Outlined below are several case studies that represent the depth and breadth of our capabilities and resources. One of these case studies describes a project we provided for a public sector client.

Client name, identifying and contact information is Confidential & Proprietary and to be Redacted.

Case Study #1: Care Management—REDACTED

Client Situation:

- ▣ Headquarter in Oregon, REDACTED
- ▣ REDACTED experienced 2% of the population was consuming over 75% of the health care dollars
- ▣ REDACTED responsible for 95% of the premium and there was low out of pocket expense
- ▣ REDACTED wished to manage and improve the health service experience of the top 10% of its covered members
- ▣ Aon Hewitt has been the consultant of record for 10 years and has primarily serviced this client from the Portland office

Consulting Process:

- ▣ Aon Hewitt assisted in assessing current state and regional marketplace for high touch health coaching

Key Deliverables:

- ▣ Interviews with regional health systems on navigators



- ▣ Review of programs goals and guidelines
- ▣ Review of potential targets and benchmarking
- ▣ Assisting in staffing position descriptions and interviews

Strategic Outcomes:

- ▣ Creation of a wellness program which is located in the third party administrator
- ▣ Delivery of intensive, highly mobile chronic care management through a designated care team
- ▣ Enrollment of over 85 members in the first year of implementation
- ▣ Financial results are still pending but the client is expecting reductions in emergency department usage and other unplanned health care cost. To date, the experience has been:
 - ▣ 50% decrease in annual ER visit rate for wellness participants
 - ▣ 37% decrease in ER cost per member per month to \$35
- ▣ Quality of life for participants is improved:
 - ▣ Risk scores improved between before intervention and after intervention
 - ▣ Applying the Dartmouth Coop there was a 19% decrease in levels 3, 4 and 5 and correlating increase in level 1 and 2 indicating improvement in overall functional and quality of life (preliminary)

Contact Information:

REDACTED

Client name, identifying and contact information is Confidential & Proprietary and to be Redacted.

Case Study #2: Accountable Care Organization—REDACTED

Client Situation:

- ▣ Headquartered in Northern California, municipality REDACTED
- ▣ Offers two fully-insured health maintenance organization and one self-funded preferred provider organization
- ▣ The non-Kaiser HMO was experiencing significant premium increases and a widening gap between the Kaiser and non-Kaiser HMO.
- ▣ Adverse selection was occurring due to the premium differential
- ▣ Client desired to have balanced distribution between Kaiser and the non-Kaiser HMO
- ▣ Aon Hewitt is entering into the third year of the consulting relationship and has serviced this client from both the San Francisco and Portland offices

Consulting Process:

- ▣ The consulting process focused on the financial incentives for sharing the risk with non-Kaiser HMO (client was unwilling to move to self-funding for this vendor)

Key Deliverables:

- ▣ Provided alternative scenarios regarding different funding arrangements



- ▣ Provided information on migration patterns of the employees given the premium differentials
- ▣ Formalized a flex-funding arrangement with the non-Kaiser HMO
- ▣ Stabilized premium growth by funding arrangement and use of non-allocated monies from vendors (profit guarantee rebate)
- ▣ Increased savings by working with Accountable Care Organization for patient management

Strategic Outcomes:

- ▣ Enrollment results are very positive
 - ▣ Migration out of non-Kaiser plan stabilized at less than 500 for 2014
- ▣ Financial results have added stability to the trust fund
 - ▣ Added \$30,000,000 to the Trust fund due to the assumption of risk
- ▣ Premium growth is less than the Kaiser plan
 - ▣ Encouraged the development of Accountable Care Organizations for the membership with over 60% of the non-Kaiser HMO members enrolled
 - ▣ Utilization is stabilizing within the non-Kaiser HMO

Contact Information:

REDACTED

Client name, identifying and contact information is Confidential & Proprietary and to be Redacted.

Case Study #3: Short and Longer Term Health Care Strategy—REDACTED

Client Situation:

- ▣ Headquartered in Washington State, nationally based with a predominantly retail and call center population
- ▣ Organization has been going through significant change the past several years, including a sizable reduction in force and finding opportunities to bring value to the organization and they recently acquired an organization in their similar industry and is currently in the process of integration
- ▣ Organization is very paternalistic and has offered very generous benefits and cost sharing to its employees and families
- ▣ As the organization continues to refine their business strategy, the HR team was tasked with developing a 3-5 year health and wellness strategy to support their business objectives
- ▣ Aon Hewitt is entering into the second year of the consulting relationship and has serviced this client from our Portland and Seattle offices

Consulting Process:

This process is very similar to the strategy development work we have embarked on with the City.

Key Deliverables:

- ▣ Strategy statement and guiding principles
- ▣ Competitive analysis, benchmarking, gap analysis
- ▣ Five year plan, with specific tactics
- ▣ Pulse points to check approach and adjust
- ▣ Pivot points that will outline circumstances where client may implement changes that are contingent upon certain events
- ▣ Financial impact
- ▣ Formalize strategic plan
- ▣ Design recommendations and timelines for implementation



Strategic Outcomes:

- ▣ Health plan modernized to incorporate consumerism attributes
 - ▣ Modernized plans and aligned plan offerings and cost sharing with peer companies
 - ▣ Prepared and positioned the organization for health care reform and upcoming changes
 - ▣ Introduced consumerism to empower employees and their families to improve health choices and decisions
 - ▣ Enhanced design to incorporate value based plan features
 - ▣ Generated 10% cost savings and future trend mitigation
- ▣ Measured roll out of wellness programs and campaigns (project currently in progress)
 - ▣ Awareness and participation focused in year 1, ultimately will move toward outcomes based
 - ▣ Executive leadership endorsement
- ▣ Enhanced/modified other benefits key to employee retention and recruitment
 - ▣ Aligned PTO and disability programs
- ▣ Comprehensive change management and communication strategy
 - ▣ Decision support tools, benefits and communication strategy and recruitment outcomes based and decisions on certain events and wellness
- ▣ Enrollment results are very positive
 - ▣ Employees took action and leveraged tools available to them for decision making
 - ▣ More than expected level of enrollment in HDHP



Next Step:

REDACTED will be embarking on a wellness strategy to integrate with their health strategy. The process for Step 1 was doing a deep dive into their cost and utilization to determine the key areas for their wellness and care management programs.

The data analyses used included our proprietary Health Intelligence on Demand (HIOD) tool (additional information regarding HIOD can be found on pages 33-35 of this proposal).

Contact Information:

REDACTED

6. Describe your firm's resources available to perform the work for the duration of this project as well as other on-going projects.

Your current Aon Hewitt team is accountable for helping the City with their overall health and benefits needs and will continue to service you. Based on feedback from the City in the past 6-12 months, we have made several adjustments to the team that we believe will improve our delivery of work to you. These changes include adding Anne Thompson as the overall account manager responsible for day-to-day operations for our consulting work to the City as well as the addition of Aaron Beaudoin, a credentialed actuary to lead the financial work and to provide fresh perspectives on rating and financial management methodology and approaches.

Additionally, as the City has experienced in the past, we will continue to bring subject matter experts to advise the City with special projects including wellness, compliance, pharmacy and other appropriate topics. We will continue to enhance and modify the Aon Hewitt consulting team based on continued feedback from the City and the changing needs of your organization. If for some reason, change is necessary, Aon Hewitt in the Pacific Northwest has significant resources with expertise in public sector and we would be able to add/re-assign resources to the City to ensure that we continue to provide quality advice to you.

7. Describe your firm's internal procedures and/or policies associated or related to work quality and cost control.

Our colleagues follow strict company-wide policies on quality assurance, records retention, code of conduct and data privacy. Aon Hewitt has a written Statement of Business Ethics as well as documentation on what our employees accountabilities are for upholding these ethics at Aon Hewitt. Each employee must attest to the following "Our Code of Conduct", which states that when we serve our clients:

- We represent our products and services accurately.
- We provide solutions that are in our clients' best interests and deliver what we promise.
- We do not compromise our ethics on behalf of, or at the request of, our clients.
- We maximize the value of our services for our clients and for Aon Hewitt.

In addition, as an organization we are committed to streamlining work processes and putting standardized work flows in place. A couple of examples of this are standardized data processing, modeling tools and actuarial assumptions. Aon Hewitt has well-defined processes and standards that all consultants must follow to ensure that our clients receive the highest quality results.

Because of the magnitude of your annual health care expenses, accurate and timely financial analyses and reporting is critical. Consequently, we take special precaution in this arena:



- ▣ Aon Hewitt uses actuaries to conduct all work involving cost estimates, pricing and any type of predictive modeling. We believe that the specialized training required of actuaries makes them uniquely qualified to perform the complex mathematical modeling that health care financial analyses require.
- ▣ Before analyzing any data from outside sources, our actuaries and technical consultants review the data and perform a series of reasonableness checks to make sure we are starting our analyses from a mathematically sound position.
- ▣ Wherever possible, we use financial support tools, such as Aon Hewitt’s Actuarial Pricing Model and Aon Hewitt’s Plan Design Relative Value Models, to ensure consistency across financial outputs.
- ▣ We require senior staff to review all critical client work performed by junior consultants and actuaries.
- ▣ Our training program ensures that all actuaries and consultants are comfortable using Aon Hewitt’s extensive array of health management support tools.

In addition, the actuarial profession has a Code of Professional Conduct with which every practicing actuary must comply. The Code covers a variety of areas including professional integrity, qualification standards and standards of practice. To help our actuarial consultants provide qualified advice to clients we offer training sessions on technical topics which all of our actuaries are expected to attend.

For non-actuarial work, we follow similar processes for peer review. All reports, letters and emails that contain consulting advice are reviewed by another member of the team or another colleague for technical accuracy, readability and clarity of the information and editorial content. As you are aware, we have had some issues with re-work on renewal confirmation letters and booklets and have put together a remediation plan to ensure learning’s and future avoidance of these situations.

Additionally, as part of our client satisfaction process for the City, we would like to place 25% of our fees at risk based on mutually agreed upon metrics for our performance.

To ensure our clients’ complete satisfaction, we have implemented a company-wide client service model called the Aon Client Promise®—A methodology that ensures each client receives the best service in the industry regardless of its geography, industry or market segment, with personalized plans based on that client’s needs and priorities, as well as full transparency in how we create and deliver value.

The five tenets of the Aon Client Promise are as follows:

Partnership	Innovation	Talent	Excellence	Results
<i>Trusted advisors focused on your priorities</i>	<i>Comprehensive solutions that anticipate your needs</i>	<i>World-class expertise and people you can trust</i>	<i>Quality and insight delivered</i>	<i>Better outcomes for your organization, your team and your people</i>
<ul style="list-style-type: none"> ▣ Seek first to understand what value means to you ▣ Know you, your business and your people to anticipate your needs ▣ Engage in open dialogue founded on trust ▣ Develop and execute on shared objectives to achieve desired outcomes 	<ul style="list-style-type: none"> ▣ Continuously invest in creative ideas, fact-based solutions and pragmatic research that anticipates your needs and solves your business and people challenges ▣ Work with you to develop, cultivate and execute ideas that shape the HR industry ▣ Deliver complete health, retirement and talent 	<ul style="list-style-type: none"> ▣ Provide deep subject matter expertise—locally and globally—through the largest network of resources and expertise in the industry ▣ Augment your teams with smart, talented professionals whom you can trust to act with integrity ▣ Attract, retain, engage and develop the top 	<ul style="list-style-type: none"> ▣ Deliver accurate, secure and reliable analysis, solutions and service ▣ Offer insightful, useful advice you can trust ▣ Provide a consistent, engaging experience for you and your people ▣ Instill in our colleagues a professional Standard of excellence and a commitment to distinctive client service 	<ul style="list-style-type: none"> ▣ Deliver on the organizational and people outcomes that matter to you ▣ Produce stronger returns on your health, retirement and talent investments ▣ Reduce unnecessary risk and costs associated with your people programs ▣ Deliver measurable results that achieve



Partnership	Innovation	Talent	Excellence	Results
<i>Trusted advisors focused on your priorities</i>	<i>Comprehensive solutions that anticipate your needs</i>	<i>World-class expertise and people you can trust</i>	<i>Quality and insight delivered</i>	<i>Better outcomes for your organization, your team and your people</i>
	solutions, from design to delivery ■ Translate macroeconomic trends into actionable insights based on market-leading proprietary research	talent in the industry, focused on your needs ■ Bring the best of Aon to every situation		agreed-upon outcomes and position you for future opportunities ■ Add distinctive, long-term value through the work we do

Key elements of our service approach include full transparency in how we create and deliver value to the City, as well as a personalized Client Promise plan based on the City’s needs and priorities.

8. List other self-insured public and private sector companies of similar size, work scope and with multiple bargaining units currently under contract with your firm.

Aon Hewitt’s Health & Benefits practice has over 5,000 clients nationally including over 450 in the public sector. Locally in the Northwest market, we have approximately 65 clients where we provide full scope health and benefits consulting services similar to those outlined in this RFP. Following is a representative list of both public agencies and private sector clients that Aon Hewitt’s local office currently provides similar health and benefits consulting services to.

Local Public Sector Clients

The following client list is Confidential & Proprietary and to be Redacted.

- REDACTED

Representative List of Private Sector Clients

The following client list is Confidential & Proprietary and to be Redacted.

- REDACTED



9. Provide 4 references for current relevant public and private clients and 3 for relevant former clients of similar size and work scope.

Current Client References

The following client reference list is Confidential & Proprietary and to be Redacted.

Client	Service Provided	Primary Contact
<p>REDACTED</p> <ul style="list-style-type: none"> ▣ 20+ year relationship ▣ 80,000+ employees 	<ul style="list-style-type: none"> ▣ Full scope of health and benefits and strategic consulting ▣ Actuarial and financial consulting ▣ Compliance ▣ Plan administration ▣ Communications ▣ Vendor management 	<p>REDACTED</p>
<p>REDACTED</p> <ul style="list-style-type: none"> ▣ 1+ year relationship ▣ 13,000+ employees 	<ul style="list-style-type: none"> ▣ Full scope of health and benefits consulting ▣ Actuarial and financial analysis and consulting (recently moved to self-insurance) ▣ Strategy and plan design ▣ Support analysis and meetings for Employee Benefit Committees ▣ Vendor management ▣ Compliance ▣ Communications ▣ GASB ▣ Dependent verification 	<p>REDACTED</p>



Client	Service Provided	Primary Contact
<p>REDACTED</p> <ul style="list-style-type: none"> ▣ 15+ year relationship ▣ 750+ employees 	<ul style="list-style-type: none"> ▣ Full scope of health and benefits consulting ▣ Actuarial and financial analysis and consulting (recently moved to self-insurance) ▣ Strategy and plan design ▣ Support analysis and meetings for Employee Benefit Committees ▣ Vendor management ▣ Compliance ▣ Communications 	<p>REDACTED</p>
<p>REDACTED</p> <ul style="list-style-type: none"> ▣ 2+ year relationship ▣ 30,000+ employees 	<ul style="list-style-type: none"> ▣ Full scope of health and benefits and strategic consulting ▣ Actuarial and financial consulting ▣ Compliance ▣ Plan administration ▣ Communications ▣ Vendor management 	<p>REDACTED</p>

Terminated Client References

The following client reference list is Confidential & Proprietary and to be Redacted.

Client	Primary Contact
REDACTED	REDACTED
REDACTED	REDACTED
REDACTED	REDACTED

10. Describe your experience attending internal committee meetings and or presenting benefit plan recommendations. Please provide reference information and identify the scope of each effort.

Aon Hewitt’s current team servicing the City has significant experience with internal committees and joint labor management. Paige and Damon have presented to the City and the Labor Management Benefit Committee



(LMBC) for a number of years. More recent additions to the team, Won and Anne, have presented to the City and LMBC several times during 2013. Historically, we have attended the LMBC meetings, provided benefit renewal information and legislative updates as well as assisted in the strategic planning process. We will continue to do this in 2013 around these similar topics.

In addition to the City's experience, each of the core team members have worked with many employers with internal benefits committees and/or joint labor committees. Outlined below are clients for Anne, Damon, Paige and Won.

Client name and contact information is Confidential & Proprietary and to be Redacted.

Example 1— REDACTED:

Anne Thompson, your Account Manager, has had direct experience in this area. From 2007 through 2013, Anne was a key member of the consulting team to the REDACTED. She assisted the Board and staff in the following activities and projects:

- ▣ Plan design consolidation across REDACTED for medical, dental, vision, life and disability.
- ▣ Vendor request for proposals: questionnaire and scoring development, vendor management and finalist presentation preparation across all lines of coverage.
- ▣ Annual renewal activity including detailed data review and analysis for potential plan and program additions and modifications. This included presenting benefit plan and program recommendations with supporting market and data information to the Board.
- ▣ Preparation of materials and attendance at monthly Board and committee meetings including the Strategies on Evidence and Outcomes Workgroup. She also participated in numerous Staff only and joint Staff/Vendor meetings.
- ▣ Additional projects include:
 - ▣ Managing third-party data warehouse vendor
 - ▣ ERRP project management and data consolidation
 - ▣ Ongoing compliance support
 - ▣ Legislative financial analysis

Contact Information:

REDACTED

Client name and contact information is Confidential & Proprietary and to be Redacted.

Example 2— REDACTED:

Both Won Andersen and Damon Rutherford currently work with the REDACTED for a full scope of health and benefits consulting services and have presented to their REDACTED on topics such as renewals, plan design and health care reform topics. Historically, we have focused on financial topics, best practices and marketplace trends and innovations.

Contact Information:

REDACTED



Client name and information is Confidential & Proprietary and to be Redacted.

Example 3—REDACTED

For the REDACTED, Aon Hewitt has not only presented to the Labor Management Benefits Committee known as the REDACTED but also presented before the County Commissioners. We have also been called upon to testify before State Legislatures and special committees. We support the benefits team by presenting to labor groups or management groups separately as required by the client.

Contact Information:

REDACTED

11. Describe your firm's management and organizational capabilities.

Project Approach and Management

Aon Hewitt's service philosophy centers around the Aon Client Promise® which includes the following key elements:

- ▣ Full transparency in how we create and deliver value to clients
- ▣ Personalized client promise plans based on clients' needs and priorities
- ▣ Accountability through client promise survey, client impact reviews and measurable scorecard

We believe a consultant should operate as an extension of your own staff, identifying your needs and objectives and finding creative and useful ways to meet those goals.

This includes a uniform way to manage and effectively deliver on projects. We currently use a project calendar that outlines key projects, milestones and deliverables throughout the year and a project plan that details each action step, responsibility party, due date and issues/outcomes/resolutions. These project management tools helps all parties stay on task and provides documentation of past actions and decisions.



Organizational Capabilities

Health & Benefits Practice

Our practice includes over 1,100 colleagues focused on strategy, plan design, financial management and specialty consulting to over 5,000 clients. Our expertise includes specialty areas such as:

- | | |
|--|--------------------------------|
| ▣ Actuarial and healthcare financial analytics | ▣ Absence, life and disability |
| ▣ Healthcare strategy and design | ▣ Executive benefits |
| ▣ Market analysis and benchmarking | ▣ Voluntary benefits |



- ▣ Renewals and marketings
- ▣ Legal and compliance
- ▣ Wellness, productivity and clinical
- ▣ Pharmacy
- ▣ Claim audit

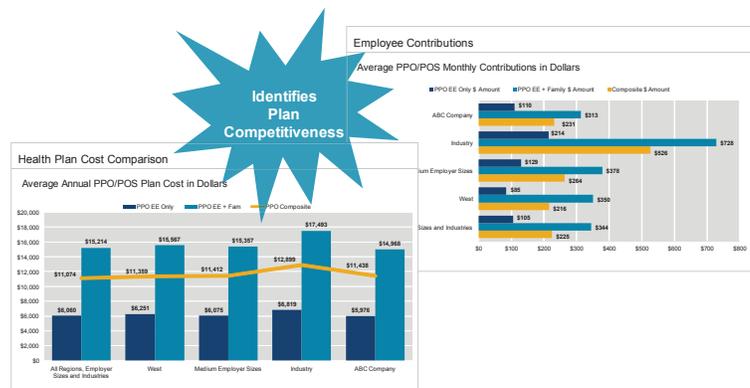
We have highlighted several key capabilities below:

Market Analysis (benchmarking)

Aon Hewitt invests more than \$10 million annually to build and maintain the most extensive health care and general benefits databases. Consequently, we have the most comprehensive set of supporting tools in the benefits consulting industry. We believe the depth of comparative data available in our databases and the actionable benchmarking results available from our tools are the best in the industry. We are using our industry-leading surveys and robust benchmarking tools to assist with the development of a competitive multi-year strategy and plan design for the City.

Greater Insight and Health Value Initiative

Our core medical benchmarking tools include our Greater Insight analytic tool and our Health Value Initiative (HVI) medical cost benchmarking report. Greater Insight provides access to prevalent data to identify trends within specific industries and geographic areas. HVI is the industry-leading performance management benchmarking tool that has helped employers evaluate the effectiveness of their health plan dollars. The HVI analysis provides concrete data on how your health plans compare to those provided by other employers in terms of both quality and financial performance.



Benefit Index®

In addition to the tools above, Aon Hewitt’s Benefit Index remains the premier benefits tool for benchmarking the competitive value of benefit programs and modeling changes for the future. It uses actuarial techniques based on comparative relative value to evaluate the City’s benefits relative to a peer group of organizations selected by you. Our database contains benefits information from more than 1,000 organizations of all types (including public sector). It is the largest and most comprehensive database of its kind in the country. With Benefit Index you can:

- ▣ Determine the competitive value of your benefits;
- ▣ Monitor what leading organizations are doing with their benefits;
- ▣ Articulate your competitive position to employees and leadership; and
- ▣ Evolve benefit plans to meet the organization’s changing objectives.

Benefit Index can detail all major benefit areas, including retirement, health care, disability, death, tuition reimbursement/remission and paid time off. Comparisons are illustrated with easy-to-understand speedometers



that show at a glance which of your benefit programs are above, below, or average. Different scenarios can be added to model the impact of future design changes.

Benefit SpecSelect™

Benefit SpecSelect gives you the critical data you need to make more informed decisions about your plan designs. This online tool contains all benefit specifications in Benefit Index® and is used to pull prevalence data on any benefit plan to benchmark your plan features against custom comparator groups.

Comparator groups are based on the following:

- Company type
- Industry and industry type
- State and metropolitan area
- Employee group and employee size
- Sales
- Year
- Fortune rank

The 2013 U.S. Benefit SpecSelect database provides employee benefit provisions for hourly and salaried employee benefit programs for major U.S. organizations. The database provides plan details of benefit programs and their key design elements for all benefit areas, including:

- Retirement (defined benefit and defined contribution)
- Stock purchase
- Death (group life, survivors' benefits, retiree life)
- Disability (short-term, long-term)
- Health care (active medical, dental, hearing, vision, managed health, postretirement medical)
- Time off with pay (vacation, holidays, special provisions)
- Flexible benefits
- Work/Life
- Part-time benefits

This database includes many public sector, state and local governments and has been used in the past with the City.

Aon Hewitt Health Care Survey

Aon Hewitt recently released the results of its 2013 annual survey about employer perspectives on health care. Aon Hewitt's Health Care Survey has become a leader in the industry for gathering directional data about cost trends, strategy and design features of employer-provided health care and other benefits. This year over 800 participants representing organizations of varying size, industry and U.S. geographic region responded. The results point to the actions employers are taking to improve the value they receive from their health care spend and identifying health care trends that will influence the industry in the immediate future and over the next three to five years.



Employer responses to the Aon Hewitt 2013 Health Care Survey confirm that health and workforce performance, wellness, prevention and health risk management are front and center in the minds of HR leaders. Every facet of the current health care mindset is focused on improving health outcomes and healthy-living behaviors.

Employer strategies are focused on the four following critical areas:

- ▣ Reducing unnecessary expenses;
- ▣ Designing programs with intent to achieve better results;
- ▣ Improving workforce health and performance; and
- ▣ Engaging participants in activities that lead to better health.

We will use the results of this survey to give the City perspective on what employers are currently doing and what they are planning in broad and specific areas of health care—to craft your strategy and multi-year action plan. In addition, we are able to filter these results by industry type and provide perspective specific to public sector, state and local governments.

Health Care Financial Analytics on Claims Experience

Actuarial Resources

Aon Hewitt has more than 175 health care actuarial consultants and actuarial students. Our health care actuaries provide state of the art consulting for many of our nation's state and local government entities and Fortune 500 companies. In addition to having a broad understanding of the dynamics within the health care industry, our health care actuaries are responsible for modeling employee contributions, health plan pricing, the impact of plan design changes and any number of actuarial calculations. The combination of health knowledge and actuarial mechanics makes our health care actuaries a valuable resource to assisting organizations in solving their human resources and financial challenges.

Additionally, our U.S. retirement practice has 948 colleagues, including 475 credentialed actuaries, consultants, attorneys and support staff. Our OPEB valuation team is comprised of both health care consultants and health care and retirement actuaries in order to provide a full complement of expertise.

Aon Hewitt's Northwest office has a total of four consulting actuaries and actuarial students and several financial underwriters. We are in the process of recruiting another credentialed actuary to supplement our local team.

Aon Hewitt has extensive experience in developing client specific, executive level reporting to recount experience and track cost and trend data by key groupings. We track the performance of the City's plans using our proprietary Experience Monitoring Report (EMR), customized to your specifications. We created our EMR series because of our clients' need to aggressively manage their investment in health and benefits programs. Our models and tools are used by over 300 major public and private entities to evaluate costs, budgets, plan changes and contribution requirements across all health and benefit plan designs for active and retired employees. The data supporting these models represents more than 1.9 million members and over \$9 billion in claims data. Historically we were updating the experience report twice annually for the City but recently increased the frequency to quarterly with some additional modifications.

A sample copy of the City's 2012-13 Experience Report is included in "Section 7. Supporting Information" as Item 3.



Cost Modeling

As part of ongoing strategy refinement, many clients want to make program changes (e.g., changes to plan cost sharing, introduction of new wellness elements, plan options or contribution approaches). Our financial team uses Aon Hewitt's pricing model to determine the cost impact of the proposed changes. Aon Hewitt's actuaries developed our proprietary pricing model using detailed claims on millions of employees. This pricing model is used to develop and refine costs for medical, prescription drug, behavioral health, vision, dental and disability plans.

This is the tool we have been using for the City's design modification modeling.

Budget Rate Development and Employee Contribution Setting

Aon Hewitt's approach to accurate rate development is to invest in understanding your programs, populations and rate development risk philosophy. We have found that without a complete understanding of these issues, the inputs and assumptions can be inaccurate and the corresponding results undesirable. Because we have been working with the City for over 10 years, we have developed a comprehensive understanding of the City, your business, culture and employees and this informs our strategic conversations and financial discussions. The employee contribution development process is closely linked to your benefits strategy. The budget rate and contribution development process includes the following steps:

- ▣ Develop self-insured premium rates using up to two years of experience.
- ▣ Model alternative scenarios that incorporate strategic direction and risk tolerance.
- ▣ Finalize contribution structure based on the City's direction, collective bargaining agreements and decisions.
- ▣ Document final premium rates and key assumptions used in developing the rates.

Aon Hewitt's Interactive Cost Model

This highly customized spreadsheet-based tool combines best-practice actuarial and underwriting principles with client-specific options to support decision-making during the renewal process. The result is a real-time model that can be used in a one-on-one or committee setting to get decisions made more quickly and with up-to-date information.

By using these models, many of our clients including the City, have significantly shortened the decision-making timeline for benefit changes, because multiple scenarios can be modeled during a single meeting, rather than as a series of back-and-forth communications. Output from the decision support tool includes anticipated costs for the coming year as compared with the current year. Depending on the client's needs, additional financial components can be added.

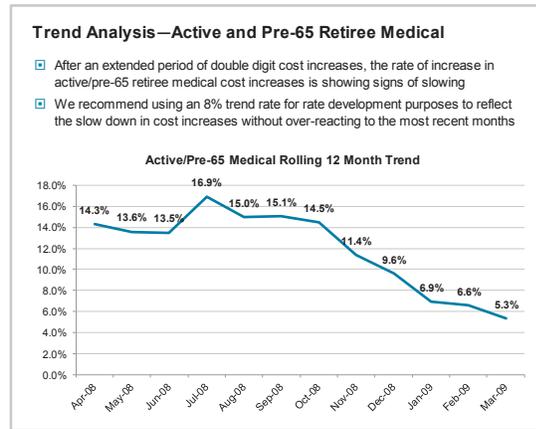
We have built this decision support tool for the City and have used it in many prior budgeting and rating decisions.

We have provided a sample screenshot of the City's Decision Support Tool in "Section 7. Supporting Information" as Item 4.



Aon Hewitt's Health Care Trend Analysis Tool

This is a tool that performs an analysis of health care cost trend patterns including rolling 3 month, 6 month and 12 month trends, as well as an exponential regression analysis. The results of the trend analysis are presented in an easy to understand graphical format, enabling our clients to make informed decisions about the health care trend rates used in developing budget rates for their self-insured health care programs. The tool is used as part of the budget rate development and employee contribution setting process.



Incurred But Not Paid (IBNP)

While there are many different approaches that can be used to calculate IBNP reserves, Aon Hewitt's model has been proven across hundreds of clients and decades of experience. Reserve estimates for the medical plans are developed by evaluating incurred and paid claims history as reported by the City and its health plans. This analysis includes a series of actuarial calculations designed to predict future claim payments.

Model

This tool develops the Incurred But Not Paid (IBNP) claims ability needed to assess the entire amount of claim incurred in a prior period by adding the outstanding amounts payable for claims that have already occurred, but have not yet been settled. In addition, we provide a comparison of actual claim run out vs. estimated claim run out to help the City assess variations in experience.

IBNP Detail Hindsight Exhibit			
	6/30/2011	12/31/2011	6/30/2012
Reserve	\$925,000	\$825,000	\$950,000
Reserve + Margin	\$974,000	\$870,000	\$1,000,000
Actual Runout	\$850,000	\$895,000	\$950,000
Estimated Additional Runout	\$15,000	\$35,000	\$55,000
Total	\$865,000	\$930,000	\$1,005,000
Difference to Reserve (\$)	-\$60,000	\$105,000	\$55,000
Difference to Reserve (%)	-6%	13%	6%
Difference to Reserve + Margin (\$)	-\$109,000	\$60,000	\$5,000
Difference to Reserve + Margin (%)	-11%	7%	0%

We also help our clients understand how accounting rules may have an impact on the IBNP calculations. For example, we work with clients in the state of Washington to analyze the impact of OFM (Office of Financial Management) Funding Requirements for approved local government joint and individual self-insured health and benefits programs that were established in November of 2010. We have engaged in discussions with OFM to understand how the requirements impact the reserves established and in cases where an adjustment was needed, worked with our clients and OFM to determine a transition plan for such changes.

In addition to helping our clients understand regulatory IBNP requirements, we frequently work with the accounting and audit groups. We provide support for all IBNP audits, including validating IBNP calculations against auditor's IBNP and proposing various budgeting methods to minimize differences. We work closely with the accounting department to understand specific internal requirements and handling of the reserves to ensure that the information we provide meets these requirements.

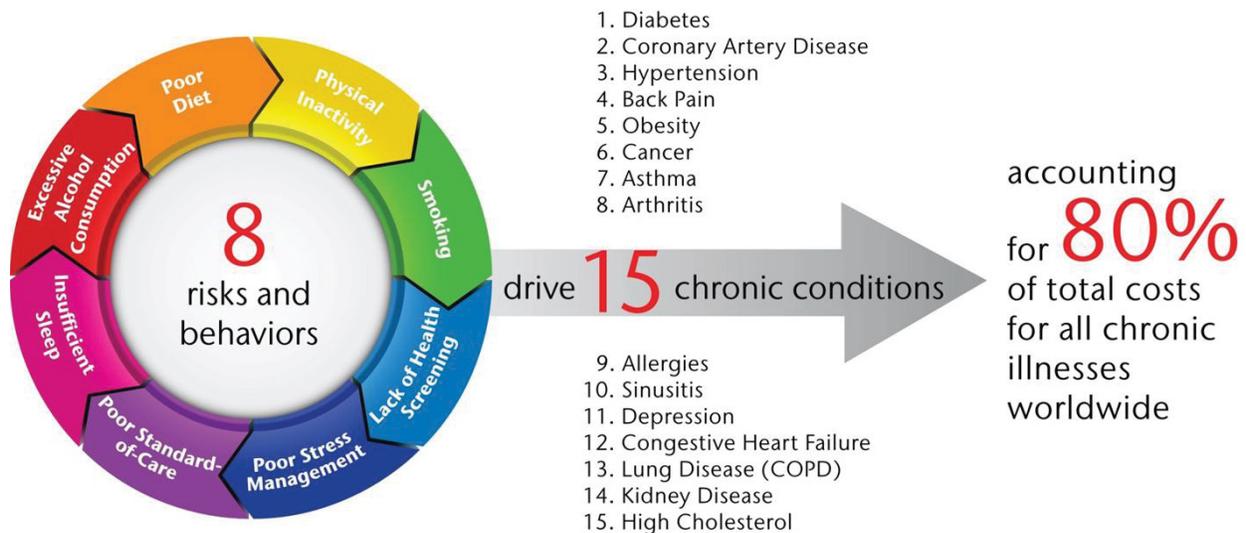


We currently provide an annual IBNP certification for the City’s self-insured plans. A copy of the June 30, 2013 IBNP Letter is included in “Section 7. Supporting Information” as Item 5.

Data Analytics

Aon Hewitt believes that data plays a critical role in designing and evaluating a health care benefits strategy. We have extensive experience in working with carriers and data warehouses to collect underlying population data and design action-based reporting to be used in strategy discussions.

For example, we know from research that there are eight (8) human risks and behaviors that impact health. They include insufficient sleep, poor compliance with doctor’s orders (known as standard of care), excess alcohol consumption, poor diet, physical inactivity, smoking, poor stress management and a lack of health screenings. These eight (8) behaviors lead to 15 costly chronic medical conditions including: diabetes, coronary artery disease (CAD), hypertension, back pain, obesity, cancer, asthma, arthritis, allergies, sinusitis, depression, congestive heart failure (CHF), chronic obstructive pulmonary disease (COPD), chronic kidney disease (CKD) and elevated cholesterol. These 15 conditions drive 80% of the cost for all chronic disease (health and absence cost). We also know from research that when an organization targets their three major modifiable risk factors and can modify those individual behaviors; they can generate an average savings of \$700 per employee per year in health care costs and productivity improvement.



Source: 2010 World Economic Forum

We can collect and analyze this type of data through various mediums including vendor provided reporting, a data warehouse or Health Intelligence on Demand (HIOD), a proprietary Aon Hewitt data tool.

Health Intelligence on Demand (HIOD)

The following information is Confidential & Proprietary and to be Redacted.

REDACTED



REDACTED



REDACTED

12. Provide a detailed description of your firm's approach to overall management and integration of all tasks required by this scope of work, including the management objectives and techniques that demonstrate how the work requirements will be met.

Our approach to ensuring overall management and integration of tasks is: 1) to have the right colleagues on the consulting team to service the City, 2) to deploy a set of project management tools and protocols to ensure successful execution of each project and 3) to bring the needed consulting expertise to the City without any organizational or financial barriers.

1) Right Colleagues on the Consulting Team:

We recently added Anne Thompson to the consulting team for the City. Anne was added to the team as the City's ongoing account manager responsible for all projects (both financial and generalist work) and the primary contact for the City. Anne was selected for this role because of her broader understanding of strategy, program administration and financial aspects of benefits consulting. In this capacity she can ensure that projects have points of integration and consistency with the City's overall health and benefits goals and objectives. Additionally, because of Anne's experience with large, complex clients (and public sector experience), she is very organized and uses key project management tools to keep the team and the City on track with key decisions and deliverables.

We also recently added Aaron Beaudoin, a credentialed actuary with significant experience working at a carrier to bring fresh and new perspective to financial management and methodologies.

Another addition to the team this year includes Won Andersen, the Northwest Health & Benefits practice leader to provide strategic oversight and to ensure appropriate resources are brought to bear for the City.

2) Project Management Tools and Protocols:

Anne, the City's Account and Project Manager, currently works with the City and our internal team to continually update, revise and effectively manage the project plan. As part of our ongoing management approach:

- ▣ We have regularly-scheduled status calls/meetings. During these calls we work with City to develop the agenda and meeting materials and to also identify the LMBC meeting attendees. During these meetings we also review the project plan, including risks, upcoming deadlines and resource allocation. Identified issues are documented in an issues log and tracked to completion.



- ▣ We typically have a debrief meeting after LMBC to identify additional tasks and issues to prepare for the next meeting.
- ▣ We have specific project meetings to discuss the details of project such as the booklets or strategy development.
- ▣ A recent learning is to have project debrief meetings to identify what worked well and what didn't and how to improve for the next project.

▣

In addition to Anne, Meredith Hiatt was added to the team to provide additional support to Anne and the core consulting team. Meredith handles many of the detailed day-to-day administrative tasks of the benefit programs including vendor management.

3) Access to expertise within the organization

The Health & Benefits practice and broader Aon Hewitt resources operate as one and do not have organizational, geographic or profit and loss barriers. Because of our organizational structure we can bring the right resources at the right time to the City.



4. Project Approach and Understanding

The Proposer's approach and understanding of the project are important aspects of the RFP process. The Proposers should provide a clear and concise understanding of the project by describing and clarifying any major issues based upon project information provided in this RFP, including attachment materials identified in Part I, Section C.

Describe how your organization will accomplish each task identified in Part I, Section B.1.a-o (Technical or Required Services):

- *Provide a narrative description of how the firm proposes to execute the tasks outlined in Section B, Work Requirements*
- *The methodology that will be used to accomplish them including the team members who will work on each task*
- *The work products that will result from each task.*
- *Identify points of input and review with City staff.*
- *Based on your firm's expertise and experience with similar projects, clearly articulate how your firm will effectively complete the proposed project.*

If applicable, discuss any unique aspects of the project, alternative approaches the City might wish to consider or special considerations related to the programmatic/funding requirements.

The successful Proposer shall perform the tasks listed below for this project, and shall be expected to work closely with designated City personnel to accomplish these tasks:

a. Rate projections and trend analysis:

- I. Annually prepare and update the five (5) year financial projections for City budget decision-making on or before September 15th each fiscal year and provide information on medical trend analysis techniques, factors and weighting used in methodology.*
- II. Annually develop rates for active employees, COBRA and retired enrollees as directed by the Benefits Manager to be completed no later than February 10th of each plan year and provide information on current rate projection methodology and alternative methodology options.*
- III. Provide a report that assesses the Consultant's confidence in short term (e.g., 2 year) versus long term (e.g., 5 year) projections no later than February 10th of each plan year.*

As the incumbent consultant, we have built and modified the forecast model over time and are very familiar with the City's five-year financial projection process. We currently provide the five-year forecast twice annually. During the rate projection process we review trend, emerging experience, legislative/mandated changes and other factors that influence our rating methodology. We review the City specific trend as well as national and regional trends and emerging data to determine the most appropriate level. We will continue to dialogue with the City to better refine our assumptions.

The financial model contains historical data and is updated for the most recent experience for the projection process. Experience rating uses the actual claims experience for an annual period and projects it forward to each



of the following five plan years incorporating large claims, benefit changes, trend, changes in enrollment and IBNP reserves to establish the anticipated ultimate incurred claims. This is done separately for both the medical and pharmacy claims. This requires separate trend, large claim, incurred but not paid and benefit analyses (as needed) to be performed in concert with the projections. Aon currently performs these analyses for the City, maintains thorough documentation of these practices and is well prepared to continue to do so.

Aaron and Damon will be responsible for this project with support from Won and Anne.

A sample copy of the City's Five-Year Rate Projection (Spring 2013) and Five-Year Budget Projection (Fall 2013) are included in "Section 7. Supporting Information" as Items 6 and 7 respectively.

b. Provide information on best practices for strategies to reduce medical costs using citywide wellness initiatives:

- I. Assess and communicate the short (e.g., 2 year) and long term (e.g., 5 year) potential rate reductions from wellness initiatives, disease management, centers of medical excellence, health coaching and other cost management approaches on an annual basis on or before September 15th of each fiscal year.***
- II. Assess and communicate the short term (e.g., 2 year) and long term (e.g., 5 year) risks, technical requirements and cost strategies related to health care reform as needed to ensure the City remains compliant on or before September 15th of each fiscal year.***

Aon Hewitt consultants continually monitor the employee benefit and insurance industries to identify best practices and emerging risk strategies. Our consultants are kept abreast through our research, surveys, compliance alerts and client and vendor interactions and information sharing.

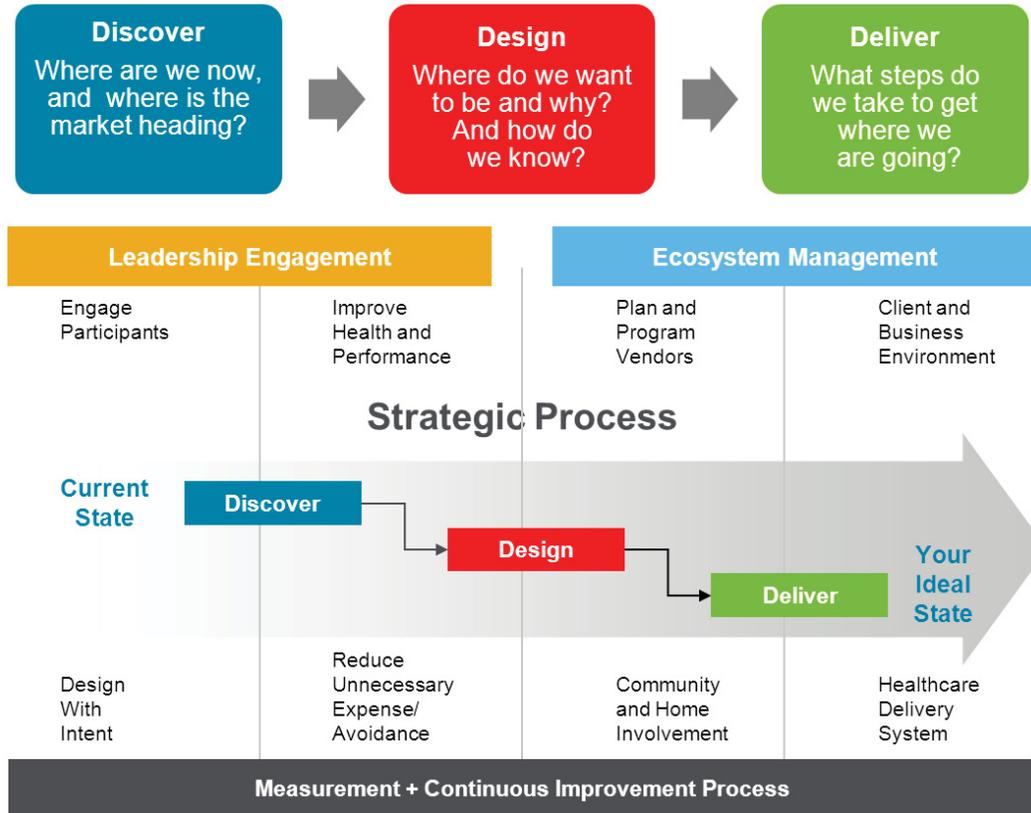
Our research informs us about the emerging best practice for controlling health plan risks and addressing workforce productivity. We have developed strategies that focus on increasing consumer engagement in health care decision-making, active management of chronic conditions and investments in employee health promotion and wellness programs to encourage healthier behaviors and lifestyles.

Aon Hewitt is committed to assisting the City in improving their health care cost trends and providing opportunities for employees to become more accountable and responsible for their health and that of their family.

We are currently working on a strategy development project with the City and LMBC. This process supports the development of values and guiding principles as guide posts of the plan design decision process. We are in the discovery and design phase to understand the key cost drivers of the CityCore program:

- Where the City needs to focus;
- How the City compares to other public sector organizations; and
- A preliminary list of potential design considerations.

We ultimately want to develop both a short and longer term health strategy that integrates with the City's wellness focus and approaches. Outlined below is the consulting process we are using with the City:



The following documents are included in “Section 7. Supporting Information” as Items 8, 9 and 10 respectively:

- ❑ 2013-14 Benefits Survey—presented at the August 19, 2013 LMBC meeting;
- ❑ 2013-14 Dental Benefits Survey—presented at the November 12, 2013 LMBC meeting; and
- ❑ Strategy Development Discussion presentation—presented at the September 27, 2013 LMBC meeting.

c. Conduct initial negotiations with City’s benefit plan vendors for annual rate renewals and make recommendations to City’s Project Manager no later than February 10th of each plan year.

a. Draft carrier confirmation letters each plan year and provide to Benefit Manager for review no later than May 15th of each plan year.

Aon is committed to assisting the City in negotiating carrier contracts and making recommendations to the City’s Project Manager. Our role in this process is to serve as the employee benefit advisor, technical consultant and advocate. Our renewal process is outlined below.

Renewals

We begin our annual renewal process with a pre-renewal meeting with the City to outline goals and expectations and strategize approach with vendors. We use an internet-based process to distribute renewal RFPs, track carrier progress during the renewal process, compile carrier responses and confirm all final rates and terms. The eRFP



that the carriers are asked to complete requires confirmation of all key elements associated with the renewal, including rates, plan design and eligibility or other administrative criteria specified by the City.

We use a firm but fair approach to negotiating including fact-based and data-supported rationale, leverage of our broader client base and a focus on a longer term result to maintain continuity and minimize disruption.

Aon Hewitt will keep the City informed of negotiation status, including promptly notifying you of any significant developments.

Finally, Aon Hewitt consultants regularly provide assistance finalizing fees and service agreements (e.g., document accuracy review, conformity to specifications). Our legal consultants regularly work with benefit managers, in-house attorneys and outside counsel to draft, negotiate and finalize contracts for fully insured and self-insured health care plans.

Our renewal process is outlined below.

Step 1: Pre-Renewal Planning Meeting

Discuss the City's key objectives for the upcoming renewal, outline and agree to renewal strategy including design, contribution and any other potential considerations for change.

Step 2: Issue Renewal Requests

Working in conjunction with your team and adhering to all required disclosure and reporting processes, Aon Hewitt will contact each vendor and discuss the renewal objectives. We will then request renewals in writing from each of the vendors. We will also discuss any anticipated internal changes for the vendors. With the consolidation of vendors and ever changing network configurations, it is important to understand how planned vendor changes may impact cost or service.

Step 3: Analyze Information

During this step, we will analyze the renewal information for each plan.

Step 4: Evaluate Renewal Offers

Based on the information provided, we will:

- ▣ Evaluate your current plan costs (retention, reserve, administrative fees, capitation, pooling, premium rates, etc.);
- ▣ Assess competitiveness of the fees/rates; and
- ▣ Review all underwriting assumptions.

Step 5: Conduct Renewal Negotiations

We will negotiate the best financial arrangement possible for the City using our knowledge of underwriting requirements and our leverage with carriers.

We will share our assumptions with vendors. We find that vendors are more willing to negotiate when approached with information based on sound underwriting principles. Where appropriate, we ask for a multi-year fee/rate guarantee.



Step 6: Finalize Terms and Conditions

We will also finalize the major contract provisions. Reaching agreement on critical contract terms prior to finalizing the renewal allows for far greater negotiating leverage. We will document the best and final offers in a report to the City.

Step 7: Prepare Rate Charts

Aon Hewitt will assist the City with the preparation of final rate charts for employee groups.

Step 8: Confirmation Letters

Aon Hewitt has established the following 3-step process for the development of confirmation letters.

The **first step** is the collection and assimilation of the following into the confirmation letter:

- ▣ The most recent confirmation letter,
- ▣ The current year's renewal proposal; and
- ▣ Any subsequent emails regarding updates to the initial renewal letter/proposal which includes:
 - ▣ Rates,
 - ▣ Benefit changes,
 - ▣ Contract changes and
 - ▣ Confirms what, if any, commission will be paid.

During the **second step**, the draft letter with documentation is sent to the underwriter for confirmation of rates and benefit changes. Once this review is done, it is returned to Aon Hewitt. At that time, if there are questions, the account team meets to discuss the issues.

The **third step** is for the draft letter, to be reviewed once more for accuracy by looking at all the drafts and comments from the two prior reviews to ensure that all corrections were made.

The draft confirmation letter is then sent to the City for review and approval.

Anne is the lead in this process; although all account team members have a specific role.

Step 9: Review Contract and Booklets

Aon Hewitt will review for technical and plan design accuracy and any other changes/commitments including performance standards negotiated during the renewal process.

d. Prepare an annual benefit cost management report that is an enhancement to existing reporting from Carriers by November 1st of each fiscal year. The report shall include:

1. Summary of carrier and the Third Party Administrator (TPA) performance, innovations and issues.



d. Prepare an annual benefit cost management report that is an enhancement to existing reporting from Carriers by November 1st of each fiscal year. The report shall include:

II. Statement of projected financial requirements for all City-paid benefits for the coming year with updated cost history and cost trend lines, for medical and pharmacy claims reported separately, with written and graphic documentation including:

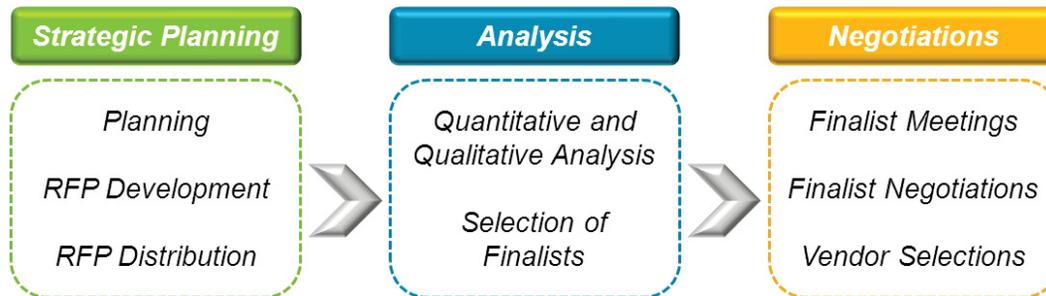
- 1. Per Employee Per Month (PEPM) cost per utilizing member as well as per all members*
- 2. Total cost of claims*
- 3. Total cost of administration, internal and vendor*
- 4. Average price per Rx*
- 5. Average number of Rx PEPM*
- 6. Total annual cost of Rx*
- 7. Identification of wellness and cost-containment measures and documentation of cost-savings realized through proactive management of the program*
- 8. Identification of areas for additional cost savings might be considered including City plan benefits or features that promote adverse selection, with estimated projected savings.*

As part of the ongoing services and renewal process we provide full documentation on TPA performance and financial results. The financial report includes all the financial data leading to the necessary rate projections, accrual rates and renewal premium. Each component of the rate is outlined in this report. Additionally we work with each of the City's key vendors to outline any emerging innovations and products during the renewal process. This data helps the City to identify potential areas of change.

f. Assist in the placement of nine insurance and third party administrator (TPA) contracts as requested by the Project Manager, including but not limited to:

- I. Development of marketing specifications*
- II. Development of Requests for Proposals*
- III. Evaluation of Proposals*
- IV. Identification of market conditions pertinent to carrier and network negotiations*
- V. Assist in the development of contracts with various vendors.*

Each year Aon Hewitt helps hundreds of clients conduct bids for a variety of health and benefits plans. From this experience, Aon Hewitt has developed standardized Request for Proposal templates that can be tailored specifically to the City's needs. The following is a summary of our vendor search process, which we will customize based on information gained from our planning meeting and for public bidding requirements:



Phase I—Strategic Planning

Step 1: Project Planning

For the majority of our clients, securing fees, rates and a plan design is not a sufficient process for determining the most effective vendor for their benefit plan. It is critical that the marketing process begins by outlining your long-term strategy, key program objectives and criteria for selecting the successful vendor.

We will begin this project with a kick-off meeting with the City to arrive at a set of objectives. We will then refine the comprehensive procurement and analysis project plan that details key steps, timing and deliverables. We will also collaboratively document the objectives. By setting these objectives, we will have a clear understanding of items such as specific issues on coverages to be marketed; project plan milestones; key deliverable dates; and a clear definition of a satisfactorily completed project task.

Value to the City of Portland: *An effective project plan will ensure that the entire RFP process runs smoothly and Aon Hewitt clearly understands the City's objectives.*

Step 2: Develop Selection Criteria

We will work closely with the City to identify the selection criteria. These selection criteria will be used as the basis for developing a vendor scorecard which may include, but are not limited to, the following:

- ▣ Network coverage, member disruption and discounts;
- ▣ Annual enrollment support for the City's local business units;
- ▣ "Best in Class" customer service capabilities and availability;
- ▣ Robust online participant tools;
- ▣ Participant health management tools (e.g., health assessments, coaching, etc.);
- ▣ Claims payment processes and operations;
- ▣ Appeals process;
- ▣ Case management;
- ▣ Quarterly account management meetings to monitor performance;
- ▣ Provisions for the City internal audit and/or third-party audits;
- ▣ Data warehouse/reporting capabilities; and
- ▣ "Best in Class" performance guarantees with fees at risk.



Aon Hewitt collects much of the above data from vendors through our national Medical RFI process. Launched in 1995, the Health Value Initiative (HVI) database compiles data from more than 412 employers and 1,800 health plans (15.2 million participants) across the United States. Twice a year, each participating health plan updates their responses to over 600 questions relating to three areas—organizational stability, administrative effectiveness and clinical quality. It is the largest health care study of its kind. We also collect similar information through our Prescription Drug and Disease Management RFIs each year—from both the major health plans and specialty vendors.

Value to the City of Portland: Documenting your objectives and selection criteria will focus your prospective vendor partners on the City-specific requirements.

Step 3: Creation of the RFP

After the program objectives and selection criteria have been established, we will develop a comprehensive RFP customized to solicit the necessary information from each bidder to satisfy your specific goals. We will prepare the bid specifications and submit them to the City for review and comments before issuing them to the vendors.

The typical format of the bid specifications includes the following sections:

- ▣ General information—Overview of the City’s objectives for its group benefits program, an explanation to the bidders of the basis for requesting proposals and a timeline for the vendor selection process.
- ▣ Selection criteria—A detailed outline of the issues important to the selection of a program administrator.
- ▣ Performance standards—The performance standards that will be expected.
- ▣ Administrator responsibilities—Explanation of all services that will be expected. This also serves as a basis for providing a fee quotation by the bidder.
- ▣ Fee quotation format—Specific proposal formats to ensure that comparative analysis is possible with minimal adjustment.
- ▣ Proposal questionnaire—Typically this is part of the bidding specifications, an integral part of the proposal evaluation process.
- ▣ Summaries of design features—In addition to providing detailed descriptions of the plan(s) to be administered, we will also specify any key the City’ design administration requirements.
- ▣ Customized questions—We will create customized questions for the City to gather any information not included in the national RFI and to specifically assess program elements, approaches, expected results and fees applicable to the City.

Value to the City of Portland: We know through experience that there is no “off-the-shelf” solution that works for any one client. Our RFP will ensure all of the City’s important questions are answered in detail and the City has the information needed to make an informed vendor selection decision.

Step 4: Distribution of the RFP

An Aon Hewitt competitive advantage in the marketplace is our long-standing, cooperative and professional relationship within the vendor community. By working with the vendors on a regular basis, we can anticipate and answer their questions in order to help satisfy your core objectives.



We will use an online procurement tool to manage the RFP process. We will also assist in monitoring vendor questions and developing bid amendments.

Value to the City of Portland: The City can be assured of an efficient and timely response to the RFP.

Phase II—Analysis

Step 1: Evaluation of Proposals

We assume you will want to take advantage of our industry expertise and experience in evaluating the proposals you receive. Aon Hewitt makes this process more efficient and more meaningful by:

- ▣ Developing a comprehensive scoring system based on our knowledge of best practices in this area and your specific program needs in advance;
- ▣ Leveraging RFP response reports supplemented with our expert analysis;
- ▣ Creating easy-to-evaluate “side-by-side” exhibits so that you can effectively note meaningful proposal differences; and
- ▣ Delivering a list of questions by vendor for further clarification during finalist meetings.

Value to the City of Portland: Aon Hewitt will provide a thorough vendor analysis based on reliable data to help the City make the most educated decision possible when selecting their future vendor(s).

Step 2: Finalist Selection

Using the above analysis and scorecard methodology, we will sit down with the City to review the information collected, share the results and potentially select the top vendors for finalist meetings. We also recommend performing reference checks for the finalists at this time. Our proposal assumes the City will call the references. Aon Hewitt will be available to assist with determining appropriate questions for the references, if desired.

Value to the City of Portland: The City will know that it has chosen the most qualified providers to continue on to the finalist process.

Phase III—Negotiations

Step 1: Finalist Meetings

We will conduct face-to-face finalist meetings at the City’s offices. Our trusted relationship with the vendor community serves us well in conducting and facilitating effective finalist meetings. We treat these meetings as an integral tool in the evaluation process.

Before the meetings occur, we develop complete discussion guides, scoring and agendas. We will prepare each vendor beforehand to make sure that the people they bring and materials they present are relevant to you and are focused on the issues we raise during the proposal evaluation process.

Value to the City of Portland: We use these meetings as an opportunity to allow the City to get to know the vendor’s team and address any open questions.



Step 2: Finalist Negotiations

After finalist meetings are completed and all follow-up materials have been submitted, we will give each vendor a last opportunity to present a compelling financial proposal for your review if desired and allowable under the bidding process. Once all documentation is received and an apparent successful proposer is selected, we will begin negotiations with the apparent successful proposer. We utilize a “firm but fair” approach to negotiating. Key characteristics of our approach are summarized below:

- ▣ We are always prepared. We gather as much information as possible and map out a specific strategy for each plan. While our strategy is designed to achieve a specific objective, we are prepared to work through alternative scenarios should we encounter any significant barriers during the course of our negotiation discussions.
- ▣ We create balance. As consultants, we represent our clients’ interests. Our goal is to negotiate a fair rate for you, but we also attempt to avoid any undue financial hardship for the plan. We want our clients to enter into solid partnerships with plan partners who will be financially viable for the long term. However, we do expect plans to maintain an aggressive approach to rating and cost management.
- ▣ We are persuasive. We combine demands for rate reduction with suggestions for improvement (which may facilitate a plan’s willingness to lower rates). We also stand firm when a plan’s arguments are not compelling.
- ▣ We maintain a long-term perspective. We focus on long-term results in order to maintain continuity and minimize disruption. In some cases, we may, with your approval, accept modest rate concessions in order to assure survival of the plan as well as more favorable potential future outcomes.
- ▣ We are knowledgeable. Our extensive experience and knowledge in the area of health and benefits consulting is an advantage in our negotiations. We focus on facilitating a positive dialogue with the account representative in order to favorably influence the underwriting process.
- ▣ Our discussions are focused. We focus on creating solutions rather than doggedly arguing points.

Value to the City of Portland: *At the end of the negotiation period, the City will know that they have the most aggressive fees and discounts available in the marketplace.*

Step 3: Vendor Selection

Once negotiations are complete, we will assist the City with the notification of all bidders who participated in the RFP. In addition, we will work in conjunction with your staff to review contract terms and establish performance guarantees with the selected vendor.

We view the updating and/or development of performance guarantees as a critical component in contracting with your vendors. We negotiate guarantees as part of every renewal and bid on behalf of our clients and tailor the performance guarantees to support those areas of greatest importance to you. Typical performance guarantees we suggest to clients can be categorized into five areas:

- ▣ Financial accuracy—Is the vendor paying the correct amount?
- ▣ Administrative accuracy—Is the vendor processing claims accurately (e.g., using proper procedure codes, correct address)?
- ▣ Customer service—Is the vendor providing best-in-class customer service (e.g., first-call resolution rates, speed of answer, hold times, abandonment rates)?
- ▣ Facility/staff satisfaction—Is the vendor generating a high level of satisfaction with their claims processing, member services, clinical services and networks?



- Account management—Is the account management team providing the City with best-in-class service (e.g., responsiveness, reporting, new ideas, proactive interventions)?

Value to the City of Portland: As the marketing process comes to a conclusion, you will be confident that you received a competitive deal and a substantial return on your consulting investment and confidence that a solid bid was completed following public bidding rules.

Phase IV—Implementation

Step 1: Plan Implementation

As you work to implement your new programs and vendors, we have the experience and expertise to assist you. The scope of the implementation activities will vary significantly depending on the availability of your internal resources and the vendor's implementation process and services.

We can support the following activities

- Development of a detailed implementation plan and team;
- Initial planning meeting to outline tasks, responsible parties and targeted completion dates;
- Regularly scheduled teleconferences to review the implementation efforts of the team, with participation among the vendor(s), the City and Aon Hewitt;
- Review of contracts, plan documents and performance guarantees for accuracy per previously agreed to components;
- Provision of IT resources to facilitate discussions between the City, the vendors and other TPA regarding electronic interfaces and transactions;
- Pre-implementation audits to conclusively determine how accurately the administrator's claim system has been programmed to adjudicate the City's claims (typically funded by vendors); and
- Review of communications and training materials for managers, employees and other key audiences such as Human Resources, Management and Payroll.

Step 2: Pre-implementation Audit (optional service)

Aon Hewitt is very successful in negotiating a pre-implementation audit to be funded by the carrier as part of the agreed upon contractual obligations. This part of the process would likely not need to be paid for by the City, but we feel that it is a very important step in the process.

The purpose of the audit is to ensure that the benefit plans have been accurately programmed and that the new carrier's operational and service capabilities are adequate to manage the City's health plans. Once the selected vendor has processed initial enrollment data and has loaded your plan designs, we will develop specific "test" claim scenarios. The testing process will conclusively determine the accuracy of administrator's claim adjudication system.

At the time of the on-site pre-implementation audit, we will observe each claim scenario throughout the entire adjudication process from data entry to resolution. Before leaving the facility, we will conduct an informal meeting summarizing any identified programming discrepancies and plan ambiguities.



g. Assist in the management of insurance and TPA contracts, including:

- I. Underwriting analyses for annual contract renewal negotiations*
- II. Contract compliance audits (claim turnaround, under/over payment Coordination of Benefit (COB) savings, Utilization Review (UR) savings)*

Please see our response to Item C in this section for a detailed description of our renewal process.

Claim Audits

Aon Hewitt's Audit group is comprised of 16 consultants who conduct audits on a full-time basis. Our consultants have an average of over 19 years of health care insurance industry experience with the lowest tenure at eight (8) years. Our Audit Group conducts more than 200 audit projects every year. Our audit expertise includes operational, claims and clinical audits of health plans, pharmacy benefit managers and disability administrators to ensure plan designs are correctly programmed and that the administrators are sufficiently staffed and trained to effectively administer your plans.

This experience gives us a deep knowledge in how health plans operate and enables Aon Hewitt to provide clients with a thorough analysis of their health plan's performance. Aon Hewitt has the well proven systems, processes and expertise to help the City.

At a high level, our proposed approach for performing your various audits is as follows:



We have found the approach highlighted above works effectively during our audit projects. Many of our clients conduct audits for their self-insured programs at least every 3 to 5 years.

In addition to claim and operation audits, we conduct pre-implementation reviews for our clients that are changing vendors or implementing significant plan design changes to ensure that the vendor is appropriately set up to pay claims according to the plan provisions as of the go-live date.

While we have the full capability to support the City, we are proposing a MBE for a claim audit to support the City's aspirational goal of 20% revenue to M/W/ESB firms. Please refer to pages 57-60 for additional information.



Compliance Audits

Please see our response to the next question regarding our capabilities around compliance support and audits.

h. Pro-actively inform the City regarding any existing and/or pending legal and tax requirements with respect to employee benefit plans

Legal / Compliance Resources

Aon Hewitt's Health & Benefits practice offers a broad array of compliance consulting services. The Health & Benefits compliance resource group is composed of 12 senior employee benefits attorneys with an average of fifteen years each of experience in employee benefits law.

The Health & Benefits Legal team consults with employers on compliance with a wide range of federal and state laws relating to health and benefits plans, including the Internal Revenue Code, the Americans with Disabilities Act, HIPAA, COBRA, ERISA, health care reform legislation and state insurance laws relating to regulation of fully insured health care plans, such as prompt pay and any willing provider legislation. On the issue of HIPAA privacy rights, Aon Hewitt has worked with more than two dozen employers covering more than one million employees and retirees. Aon Hewitt's legal consultants regularly work with benefits managers, in-house attorneys and outside counsel to draft, negotiate and finalize contracts for fully insured and self-insured health care plans.

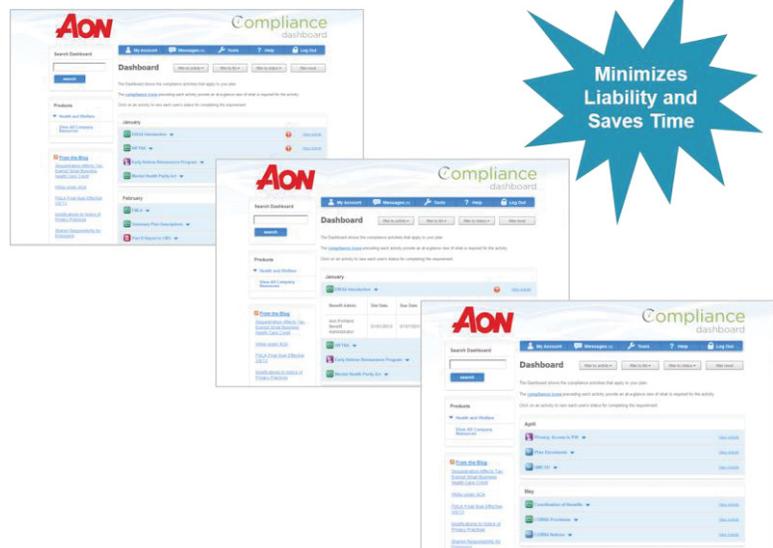
As part of our core services, the City will receive ongoing information on federal and state laws related to employee benefits and how those laws may impact the City specifically. Additionally, Jill Carson will be the legal/compliance liaison for the City's team. She will work directly with the core team and the City to ensure that the City's compliance needs are addressed.

Compliancedashboard™

In addition to access to our legal and compliance resources in person, we also provide a **Compliance** dashboard which is web-based technology that tells you what you need to do and when you need to do it. Federal laws for health and benefits plans are aggregated into one easy to navigate website. A notification is sent to you or those you designate on your staff of what they need to do and the timing in which they need to get it done by. All relevant information and materials are provided to complete the compliance task.

The value of the **Compliance** dashboard is many, but some of the highlights are that it will:

- Minimize liability;
- Save time; and





- ▣ Reduce administrative costs.

Aon Hewitt assumes a highly proactive role in ensuring that our consultants and clients stay abreast of legislative and regulatory developments, technical issues, new ideas and business trends. Your Aon Hewitt team is responsible for tracking these developments through our research practice and informing the City about impact and potential solutions/resolutions.

Aon Hewitt has a significant Washington-based research organization that, among other things, monitors the development of legislation that will impact the benefits world. We also actively participate in industry business groups. For example, we are represented on the Board of the ERISA Industry Committee (ERIC) and the Board of Trustees and the Retirement Savings Committee for the Welfare and Flexible Benefits Committee of the American Benefits Council. We are on the Board of Trustees at the Employee Benefit Research Institute (EBRI) and have members on their Healthcare Roundtable, Retirement Income Roundtable and Task Force on Financing Long-Term Care. We also facilitate strategy discussions with the National Business Group on Health. Further, we have an actuary resource in our Norwalk, Connecticut office that monitors the ongoing deliberations of accounting organizations (e.g., the FASB—located next door—and the IASB).

In addition to these boards, we are also involved in the Council on Employee Benefits, the Employers Council on Flexible Compensation (ECFC), the HR Policy Association, the International Foundation of Employee Benefit Plans (IFEBP) and the Profit Sharing/401(k) Council of America.

Our national actuaries and legal consultants participate in discussions with regulatory agencies, provide data and testimony to congress and provide formal written comments on proposed legislation on behalf of Aon Hewitt and assist individual clients in their lobbying efforts. They are responsible for analyzing legislative proposals with an eye toward not just the client impact, but also the impact on our ability to serve clients. We have specialized resource teams who provide additional thought leadership and are responsible for sending email alerts on legislation and emerging issues that affect clients' benefit plans.

Ongoing Information Services

The City will have regular access to the best information from Washington and across our company as soon as it is available. In addition to routine updates, we will call or email you with any items that may require immediate attention or be of critical interest. This process will be ongoing and proactive throughout our relationship with the City. Aon Hewitt's legal consultants are also available to assist with next steps and/or provide additional services.

Aon Hewitt provides several publications to keep the City up to date on issues, many of which are available via email. The following list includes a sampling of Aon Hewitt's publications and reports:

- ▣ **Aon Hewitt Bulletins.** Email bulletins, including Actuarial Updates and Special Reports to clients that provide interpretive reports to clients on significant legislative and regulatory developments.
- ▣ **Aon Hewitt Alerts.** These alerts are emailed directly to subscribers when late-breaking HR and business developments occur.
- ▣ **Washington Report.** A weekly email newsletter capturing the key HR-related developments in Washington for the week.
- ▣ **Special white papers and surveys** on key topics or emerging issues, including employer reactions to new regulatory and legislative developments.



- ▣ **Periodic open conference calls with clients on timely issues.** Examples have been “Taking Control of Healthcare Costs”, “Taking Action to Address Employee Retirement Issues” and “How Top Companies Develop Great Leadership.”
- ▣ **AonHewitt.com Podcasts and Webinars.** Our online content features Aon Hewitt experts who discuss timely HR topics, including a special "Ask Our Expert" thought leadership series. Topics include: Surviving and Thriving in Economic Turbulence: HR's Response; Ask Our Expert: How Market Volatility Impacts Pension Plans; and Ask Our Expert: Retirement Reality: The Facts and Fiction of Income Adequacy.
- ▣ **Conferences/Forums** like Aon Hewitt’s annual health care forum. The 2013 Health Care Forum “New Choices, Better Results.” was held in Seattle on March 13th and in Portland on March 14th.

i. Conduct additional studies and analysis, as may be required and for which funding is available that may include, but not be limited to the following:

- I. Benefit surveys*
- II. Requests for competitive data with respect to best practices in benefit administration and design*
- III. Utilization analysis*
- IV. Analysis with respect to suggested plan design changes*

Aon is agreeing to work with the City on ad hoc studies and analyses, including but not limited to:

- ▣ Benefit surveys;
- ▣ Requests for competitive data with respect to best practices in benefit administration and design;
- ▣ Utilization analysis; and
- ▣ Analysis with respect to suggested plan design changes.

Aon regularly conducts benefits surveys as well as receives information on best practices in benefit administration.

At the time of renewal and, as needed, we will work with the City’s staff to provide utilization analysis and plan design impacts.

As part of its current services provided to the City, Aon Hewitt maintains detailed claim database for the City’s self-funded Medical and Prescription Drug plans. As part of this proposal, we will continue to maintain those databases and use them to generate the City-specific utilization reports and ad hoc studies and analyses.

In the future the City may want to consider a data analytics tool to measure the impact of the Healthy Foundations program on cost and health status as well as a tool to understand cost drivers to inform program and plan design.

j. Provide support to Project Manager with respect to City Council presentations.

The Aon Hewitt team can support the City’s Project Manager with presentations. Our team is well versed in council or committee meetings and will support the City in any way we are needed.



Anne, Won, Aaron and Damon can participate depending on the specific topics.

k. Provide assistance in the development of employee communication materials

Aon's Communications practice, with almost 200 practitioners in the U.S., is one of the largest in the country. Our communications practice works with organizations to deliver results-focused employee benefit, compensation and related HR communications to their employees. We can develop products/services appropriate to the City's corporate culture including:

- ▣ All forms of print (custom, general and personalized) e.g., open enrollment materials, total compensation statements, employee handbooks etc.,
- ▣ Video and interactive on-line communication,
- ▣ Employee surveys and
- ▣ Employee and manager education.

Our in-house capabilities range from strategic communication visioning and measurement planning to drafting, editing and design of materials.

We partner with clients in a variety of ways to develop and deliver end-to-end communication services, where desired. The nature of our collaboration in these arrangements varies based on the client's own in-house capabilities, existing vendor relationships and commitment to support emerging small businesses. For example, we work with clients that have internal graphic design capability and clients that have internal and external print production capability—we are happy to work with the City to meet your specific procurement and business needs.

l. Create and update employee benefit annual handbooks and plan documents and provide final electronic versions to the City of Portland no later than April 1st of each plan year. The Successful Proposer will not be responsible for printing and distribution.

Aon Hewitt offers you a full-service Communication practice focused on strategic consulting, data-driven offers and proven solutions to help make your life easier while we work to meet your organizational and plan design goals. We can work with you from over-the-shoulder consulting to soup-to-nuts communication implementation to drive employees and their families to actively manage their benefits and take steps to maximize the programs available to them. Our goal is to take the "mystery" out of benefits communication.

As part of our suite of communications services, we have the capabilities to create and/or update the employee benefit handbooks and plan documents. We can perform this work in-house or through a specialty subcontractor, either way we stand behind our work and our subcontractors' work and can commit to providing electronic versions (in both Word and PDF) to the City by April 1st of each year.

m. Provide consulting and actuarial support to union negotiations regarding employee benefit issues that may include model cost projections.

Won, Anne, Aaron and Damon will work closely with the City's staff during labor negotiations. This means providing information on potential benefit design changes, responding in a timely manner about the fiscal or health and productivity impact of a requested change and providing multiple scenarios.



Both Damon and Paige have been involved in contract negotiations in the past.

- n. Conduct retiree medical valuation as needed to comply with Other Post Employment Benefits (OPEB) under the Governmental Accounting Standards Board (GASB).*

OPEB

We will be proactive in keeping the City up-to-date on the latest assumption standards and GASB issues—before they hit—and we will make sure that you understand how these issues affect your own financials and plans. Recently, we have been updating clients on proposed changes by GASB to the pension accounting standards, which we anticipate will eventually impact GASB 45. We have a deep understanding of how the proposed changes may impact OPEB plan accounting, including changes in discount rate, cost method and balance sheet impact. We are prepared to model the impact these changes would have on the City's GASB 45 liability and expense.

Valuation Process

Below is a summary of our suggested methodology and approach to the annual OPEB valuation process. Core elements of these key steps include plan provisions and actuarial assumptions. We carefully document the plan provisions and set the assumptions to provide the City a high-quality, accurate valuation. Our valuation reports include detailed summaries of the plan provisions reflected in the valuation and the assumptions used in developing results.

Step 1: Valuation Planning and Meeting

One of the most useful ways of understanding expectations and providing efficient, proactive service is to hold a planning meeting to discuss the valuation and other projects for the coming year. While the content of these meetings will vary, typical topics covered include the following:

- ▣ Cash flow and accounting objectives for the year
- ▣ Possible assumption or methodology changes
- ▣ Changes to be reflected in the current valuation (e.g., legislative, plan)
- ▣ Deadlines for various activities
- ▣ Special studies that may be appropriate for the year
- ▣ Updates on regulatory or legislative activity and trends in design or benefits delivery
- ▣ Any information regarding organization policy changes so we can better serve as your trusted advisor/partner throughout our relationship
- ▣ Valuation report contents. We will tailor our reports to meet your particular needs. A discussion of any specific changes related to information and format will make the report much more useful.

Step 2: Collection and Verification of Data

Our sophisticated data-handling capabilities and actuarial database can accommodate any incoming data format. The data will be processed and checked for completeness and reasonableness and will be compared to the prior year's data. All data collection and editing processes will be documented. Once the data is collected, we work through data questions and answers until the data is ready to be used for valuation purposes. Typically, the overwhelming majority of questions are addressed in one request. However, there may be a few remaining questions after the first pass.



Step 3: Selection of Assumptions and Methods

We will work closely with you to set actuarial assumptions. We view actuarial calculations as a management tool—not a confusing process. This approach ensures that decisions reflect the City’s needs and objectives. We do not believe there is any one best set of actuarial assumptions. Rather, there is an acceptable range of reasonable assumptions because we cannot see the future with any certainty and because each client situation is unique. The actuarial assumption-setting process is an interactive process with the plan sponsor, fiduciaries and the plan’s actuary. Each of these roles may vary to some degree from organization to organization. There are several factors that we consider in helping clients set assumptions:

- ▣ The organization’s funding policy
- ▣ Cash flow (in terms of the needs of the organization and the needs of the plan to pay current and future benefits)
- ▣ Comparison with other organizations, especially of similar size or in similar industries
- ▣ Regulatory guidance
- ▣ Past experience (especially recent experience and future expectations)
- ▣ Techniques to smooth funding and expenses to prevent large variances in the calculations from year to year
- ▣ Role of the auditor, especially in setting appropriate accounting assumptions
- ▣ Size of the plan (e.g., large enough to base assumptions on plan experience versus the use of standardized tables)
- ▣ Consistency of assumptions and methods with benefit plan structure

Prior to the development of your preliminary valuation results, we will meet to review and discuss actuarial assumptions. The purpose of the meeting is twofold: (1) review demographic assumptions that will be used in the valuation and (2) review economic assumptions that will be used in the valuation and estimates of economic assumptions that will be used for the end-of-year disclosures. Once we have collected and analyzed the participant data, we will be in a position to discuss the demographic assumptions and whether the current assumptions are producing gains or losses. We will make recommendations for change, if necessary.

Step 4: Review of Preliminary Valuation Results

After all personnel and financial data have been collected and questions resolved and after assumptions have been reviewed and confirmed, we will calculate all plan liabilities and prepare a summary of the basic valuation results. We suggest a discussion with the City to review the preliminary valuation results before preparing the final report. This preliminary review provides an opportunity to do the following:

- ▣ Examine the results as soon as the calculations are done
- ▣ Confirm that our results are in line with expectations
- ▣ Provide immediate input to your cash flow planning based on updated valuation results
- ▣ React to any unusual developments or anomalies in the numbers
- ▣ Collect input on alternative methodologies or policies
- ▣ Discuss additional calculations or results for inclusion in the final report



Step 5: Delivery of Final Valuation and Management Reports

Once the preliminary valuation results are accepted, we will complete and deliver the final valuation reports. Our actuarial reports are designed to be readable and functional; they contain all information required to explain the results. Our standard reports include the following information:

- ▣ **Summary:** Provides senior leadership with an overview of key items to highlight the current valuation results and presents comparisons with the results of prior years
- ▣ **Funding and accounting requirements:** Presents the results of the valuation in more detail; provides information regarding the major factors causing any changes in the liabilities and information required for the auditors in accordance with GASB standards
- ▣ **Background information:**
 - ▣ Personnel information summarizing the employee data used in the valuation
 - ▣ Plan provisions summarizing the plan provisions that are important in determining the liabilities
 - ▣ Actuarial assumptions
 - ▣ Glossary of commonly used terms

We pride ourselves on the quality and accuracy of our work and do not anticipate any errors. However, should any errors occur in our work related to the GASB 45 actuarial valuation, we will correct our work product without any additional charge. In addition, to the extent we have failed to satisfy our obligations related to the GASB45 actuarial valuation, our liability to you will not exceed the amount of fees you paid for the work. As our sole responsibility under this contract is to you, you will be responsible for any third party claims against you or us arising out of or in connection with the GASB 45 related services. Third parties include your affiliates, the plans, any trustees and any employees, participants or their representatives. If it is determined that any damages to such third parties resulted from our error related to the GASB 45 related services, we will reimburse you for up to the amount paid for the related services.

Brian with support from Aaron and Damon will lead this project.

A sample copy of the City's July 1, 2011 Actuarial Valuation Report has been provided in "Section 7. Supporting Information" as Item 11.

- o. Attend meetings with Labor Management Benefit Committee, Office of Management & Finance, Human Resources and vendors as requested by the Benefit Manager.*

Anne, Won, Aaron and Damon are available to attend any meetings requested by the City. We all have significant experience presenting to committees and other key stakeholders on health and benefits topics. We will also compile any necessary presentation materials needed for these meetings and review them with you in advance, if desired.



5. Corporate Responsibility

Through the adoption of The Portland Plan, the Social Equity Contracting Strategy and Sustainable Procurement Policy, the Portland City Council has shown its commitment to contracting with socially and environmentally responsible businesses. The City values and supports diversity and is dedicated to advancing equity in public contracting by increasing opportunities for State of Oregon certified Minority, Women and Emerging Small Business enterprises (“M/W/ESB”).

The Social Equity Contracting Strategy promotes M/W/ESB economic growth and encourages partnering and mentoring between large and small M/W/ESB firms on City PTE contracts. Therefore, the City has established an overall aspirational goal of 20% in awarding PTE prime consultant and subconsultant contracts to State of Oregon certified M/W/ESB firms. Proposing firms are encouraged to use the State’s OMWESB website (<http://www4.cbs.state.or.us/ex/dir/omwesb/>) for identifying potential M/W/ESB subconsultants.

All Proposers shall address the following in their proposals:

a. Oregon State Certification

- 1. Please indicate in your response if your firm is currently certified in the State of Oregon as an MBE, WBE, or an ESB.*

Aon Hewitt is not certified in the State of Oregon as an MBE, WBE, or ESB. We are proposing a subcontractor relationship with Cumbre Insurance Services for claim audit services; however Cumbre’s State of Oregon MBE certification recently expired and they are currently re-applying for the certification.

b. Minority, Women and Emerging Small Business Contracting

- 1. If your firm is acting as the prime consultant or utilizing subconsultants on this project, please list the total project contract amount including scopes of work on Form 1 (PTE Participation Disclosure Form).*

Acknowledged, we have provided our information in the PTE Participation Disclosure Form.

- 2. Points will be awarded based upon the maximum dollars contracted with State of Oregon certified M/W/ESB prime and/or subconsultants.*

Although Aon Hewitt is not a minority, women or disabled veteran business enterprise, by ethnic group, we understand the importance of diversity and inclusion. Aon Corporation has made great contributions in the utilization of diverse organizations across the nation. In fact, our commitment runs deeper than simply checking a box. In April of 2009, Aon Corporation launched a dedicated business unit charged with going out into the marketplace to proactively develop/foster strategic alliances with diverse firms to address the specific diversity and inclusion needs of our clients.

This business unit, operating under the name—Aon Cornerstone Innovative Solutions, brings together the global risk and human capital resources of Aon with the knowledge and experience of top diverse partners (diverse includes but is not limited to: Women owned, minority, disabled, veteran, disabled veteran, small business, disadvantaged business enterprises, etc.) to deliver distinctive value for clients. Through this approach we:



- ▣ Work with regional and national chapters of diverse and/or trade associations to source certified diverse firms with whom to partner
- ▣ Create an established infrastructure to work with qualified, fully vetted diverse insurance brokers and human capital consultants, ensuring that you, along with our Aon affiliates, are working with the top firms in the industry to achieve your diversity goals and objectives
- ▣ Provide access to training and Aon conducted forums highlighting relative information that may impact our clients which enables our certified diverse partners and carriers to deliver the highest value for your organization while gaining invaluable industry insight
- ▣ Provide innovative implementation options, products and services that can be adapted to meet your specific business needs
- ▣ Deliver a team of professionals (both Aon and the diverse partner) that not only meet your risk and human capital needs but are representative of the client base you serve
- ▣ Assist our clients in achieving their diversity goals and supplier diversity spend objectives through non-traditional means
- ▣ Enhance the perpetuation of certified diverse business enterprises in the insurance and consulting marketplace

Aon Hewitt, through our Aon Cornerstone business unit, is a corporate member of the National Minority Supplier Development Council and is actively engaged with various chapters around the country.

Cornerstone has brought Cumbre Insurance Services to us as a subcontractor for claim audit services.

Cumbre Insurance Services Background

Cumbre Insurance Services is a full-service insurance brokerage and risk management firm. They have employees in offices throughout California. Founded in 1984, Cumbre has been serving California businesses, non-profits and public entities for over 25 years. While technically a small business, they are the largest Hispanic owned agency in the western United States and are a CUCP DOT and California PUC certified disadvantage (small) and minority owned enterprise. Hispanic Lifestyle Magazine named Cumbre Business of the Year in 2006.

Their product focus on Workers' Compensation insurance products and services is a key component to their agency philosophy. Our firm's expertise includes risk management, safety, loss control, claims, classification, auditing, legal, accounting and administrative professionals.

We have a proven track record of risk analysis, insurance program design, insurance marketing and administration. We have thousands of commercial clients throughout the region. Our objective is to provide exceptional service and assist clients in building a risk management program to meet their specific individual needs at the lowest net cost.

Project Team's Qualifications

The primary contact for this contract will be Michael Holzman. Michael has a broad range of commercial insurance, risk management, claims and loss control experience and is currently responsible for the majority of the public entity projects with Cumbre. Administrative, loss control and claims professionals report to him.



Michael J. Holzman, ARM

Vice President, Chief Operating Officer

Experience:

Michael has over 23 years in commercial and public entity insurance program design and administration. He is a principal and Chief Operating Officer at Cumbre Insurance Services and has been with them since 1991.

Program Manager:

Responsible for managing the safety and professional services for the following ongoing projects:

- ▣ Los Angeles World Airports OCIP
- ▣ Community Redevelopment Agency for the City of Los Angeles Brokerage Services
- ▣ Los Angeles Community College District OCIP

Program manager and MGU for a California Workers' Compensation program from 1998 to 2004. Previously managed the safety and professional services for:

- ▣ Alameda Corridor Transportation Authority OCIP (1995-2002)
- ▣ Los Angeles Unified School District OCIP (1999-2003)
- ▣ Port of San Diego Brokerage Services (1995-2008)
- ▣ Port of Los Angeles Brokerage Services (1994-2009)

Education:

- ▣ Bachelor of Science degree in Computer Information Systems from Chapman University
- ▣ Associate in Risk Management (ARM) from the Insurance Education Association
- ▣ Past I.E.A. Instructor (INS 21 and 23)

Licensing:

- ▣ California Property & Casualty License Number—0766527
- ▣ California Surplus Lines License Number—0766527
- ▣ Non-Resident License—Colorado, Utah, Nevada, Arizona, Texas and New Mexico

Association:

- ▣ President—Concours Plaza Building Owners Association
- ▣ Vice President—San Antonio Heights Association
- ▣ Co-Chair—SAH Fire Safe Council & Community Emergency Response Team (CERT)
- ▣ Past Chair—Palm Springs Rent Control Commission
- ▣ Past Member—Santa Ana Environmental & Transportation Commission



Ruben Medina

President, Chief Executive Officer

Experience:

President and Chief Executive Officer of Cumbre, Inc. since 1990, Ruben has 20 years of experience in Commercial Insurance brokerage and agency management. He is directly responsible for the overall agency operations, specifically sales and marketing. He will ensure that all agency resources are available to our client.

Program Manager:

Hospitality Division—Responsible for developing the group Property, Casualty Benefits and Workers' Compensation programs for several restaurant franchise concepts including:

- ▣ McDonald's
- ▣ El Pollo Loco
- ▣ Denny's
- ▣ Subway

Ruben has extensive experience in Workers Compensation classification, auditing, loss control, claims and the California experience rate plan.

Association:

- ▣ Past Director—Foothill Family Shelter in Upland, California
- ▣ Planning Committee—Loma Linda Ronald McDonald House
- ▣ Past Director—Sunset Haven Christian Heritage Care Centers
- ▣ Past Director—Chino Youth Foundation

Licensing:

- ▣ California Property & Casualty License Number—0821732.

Ron St. Jean

Safety and Loss Control Manager

Experience:

Ron has been providing risk loss control and safety services for the past 10 years to commercial, industrial and public entity clients. He is responsible for safety site inspections and reporting. He conducts various safety training seminars including driver safety training, forklift training and OSHA 10 and 30 hour construction safety training.

Education:

Ron has the following credentials:

- ▣ OSHA Construction Out-Reach Trainer 10 & 30 Hour OSHA #500
- ▣ OSHA General Industry Out-Reach Trainer 10 & 30 Hour OSHA #501
- ▣ OSHA Standards OSHA #511
- ▣ OSHA Excavation Standards (OTI) OSHA #3010
- ▣ Excavation Safety and Competent Person (NUCA)
- ▣ Permit Required Confined Space & Emergency Rescue (SAIC)



- ▣ Collection System Maintenance Technologist 2 (CWPCA) (WEA)
- ▣ Competent Person Shoring & Trenching (AWWA)
- ▣ Applied Desktop Graphics and Digital Arts (Summit Collage).

Erica Flexen

Account Manager

Experience:

Erica has over 7 years of related commercial insurance experience. She will be responsible for the administrative support on this account including invoicing, policy review and certificates of insurance.

Education:

- ▣ Bachelor of Arts, International Business, Minor in Cultural Anthropology, Vanguard University
- ▣ CIC—Agency Management

Licensing:

- ▣ California Property & Casualty License Number—0F85185

Public Entity, Commercial and Industrial Experience

Our clients include all types of commercial, industrial and public entities. Many of these clients are large, complex commercial and public entities for which we design, market and place millions of dollars of insurance premiums annually. Some of these current and past clients are detailed below.

Client names and contact information are Confidential & Proprietary and to be Redacted.

REDACTED

REDACTED is the import and distribution division for the U.S. operations of **REDACTED**. Their annual payroll exceeds \$900,000,000. We are currently responsible for the marketing, placement and service of the large deductible Workers Compensation Program currently placed with **REDACTED**.

Contact Information:

REDACTED

REDACTED

REDACTED is a large national defense contractor headquartered in Fort Worth, Texas. We market and broker their Defense Base Act Workers Compensation Policy for work in Iraq, Afghanistan and throughout the world in support of Pentagon and Department of State contracts. Annual premiums are in excess of 20 million.

Contact Information:

REDACTED

Note: Failure to submit Form 1 with your proposal may result in the proposal being found non-responsive and may be rejected.



c. Workforce Diversity and Community Involvement

1. Describe your firm's workforce demographics and any measurable steps taken to ensure a diverse internal workforce (e.g., women and people of color).

As a global employer, Aon's leadership position and ability to serve clients is dependent on our ability to build a workforce of talented professionals. Our commitment to diversity and inclusion is how we meet that challenge; by bringing colleagues from various business units, locations, backgrounds and experiences together to work effectively in a way that supports innovation and drives results for our clients.

Diversity and inclusion is an organization-wide commitment at Aon. Just as with any other business goal and initiative, Aon's management is held accountable for the successful implementation of our diversity efforts. Our diversity and inclusion group partners with Aon's senior leadership team to make workplace diversity and inclusiveness a priority across the country.

As a company that thinks globally and acts locally, Aon has local talent and inclusion teams around the world that work closely with Aon's diversity and inclusion group. These local teams help ensure compliance with Aon's company-wide workplace diversity initiatives and enhance smaller local office inclusiveness through awareness activities and community-focused events.

Open to all employees, Aon's Business Resource Groups (BRGs) are one way our firm is working to provide colleagues with tools to foster growth. Our BRGs are independent, voluntary non-profit associations of employees with a common interest in working together to enhance Aon's culture. By encouraging innovative thinking and teamwork within our workplace, BRGs play a valuable role in fostering individual development, as well as supporting communication among colleagues, community partners and company management. They also help Aon identify opportunities where diversity plays a key role in our ability to better serve and connect with our clients.

2. How do you approach internal on the job training, mentoring, technical training, and/or professional development opportunities for women and people of color?

Aon's recruiting team is dedicated to seeking out the best talent possible across the country. Because of this commitment, we formed the Diversity Recruiting Task Force. This task force is charged with partnering with Local Diversity Councils and Business Resource Groups to attend various career fairs and other events. They also seek out formerly overlooked talent sources to enable Aon to broaden its talent pool. Aon's Diversity Recruiting Task Force creates an annual calendar of diversity specific career fairs and events to source talent. In partnership with hiring managers and leaders, we partner with organization like the Hispanic Alliance for Career Enhancement, Wounded Warrior, the National Black MBA Association, the National Association of African Americans in Insurance, Women for Hire and many more.

Aon has been recognized for our commitment to diversity in our workforce and for the work we do in our surrounding communities. For the last 6 years, Aon has received a 100% rating on the Human Rights Campaign's Corporate Equality Index and has been listed as one of the Best Places to Work for LGBT Equality. Aon was also noted as one of the best places to work by Working Mother Magazine in 2011 and 2012. We have been recognized for our diversity strategy by Chicago United and the Silver Cradle as well as in publications like Diversity MBA Magazine and Business Insurance. In addition to the awards and recognition we have received for our internal diversity efforts, we have also been recognized for our innovative supplier diversity group known as Aon Cornerstone Innovative Solutions. Aon Cornerstone works to develop mutually beneficially diverse supplier



relationships so that Aon can proactively partner with minority and women owned businesses to provide additional services to our clients.

3. Describe your firm's employee compensation structure, (e.g., living wages, healthcare coverage, employee leaves, dependent care, etc.).

Employee Compensation and Benefits

All Aon employees are paid a living wage and those working fulltime have access to medical, dental, vision, life insurance (company paid and voluntary), short and long term disability and accident, death and dismemberment policies. Aon Hewitt Health & Benefits colleagues are salaried based (includes both exempt and non-exempt) with performance based year-end bonuses (based on level).

Aon Hewitt employees may cover themselves and eligible dependents under an Aon-sponsored medical plan option. Generally speaking, the medical plan options described here apply to active colleagues and those on leave of absence, as well as most retirees who are not yet age 65 or Medicare-eligible.

For 2014, medical coverage through the Aon Hewitt Corporate Exchange includes four medical plan options and a choice among different medical insurance companies and plan options, depending on where you live.

The plan options include:

- ▣ **Bronze:** a basic, high-deductible plan that offers a health savings account (HSA)
- ▣ **Silver:** an enhanced, high-deductible plan that offers a health savings account (HSA)
- ▣ **Gold:** a preferred provider organization (PPO) plan
- ▣ **Platinum:** a preferred provider organization (PPO) plan, similar to an HMO, because it covers in-network care and offers only limited benefits for out-of-network care.

Prescription drug coverage is provided through the medical insurance company selected.

The four primary types of medical plan options—Bronze, Silver, Gold and Platinum—each have a different combination of premiums and out-of-pocket costs. For example, the Bronze and Silver options come with lower premiums than the Gold and Platinum options, but the deductible, coinsurance and other out-of-pocket costs are potentially higher when you receive services.

All options provide full—or 100%—coverage for in-network preventive care (as defined by the medical insurance company) for employee and covered dependents.

Aon Hewitt also offers dental, vision, critical illness, accidental death and dismemberment, short-term and long-term disability, voluntary life insurance and flexible spending accounts for health, dependent care and transportation.

Eligibility

Both regular full-time employees and regular part-time employees (standard hours of 20 or more per week) are eligible for holiday benefits. Temporary and casual part-time employees are not eligible for holiday benefits.

Company Holidays

Employees will receive a total of 12, company holidays/personal days per calendar year, based upon each year's Holiday Schedule.



Leave of Absence

Aon offers the following leave programs in addition to holiday, vacation and sick time:

- ▣ **Aon Victim's Rights Leave**—The purpose of the Victim's Rights Leave Policy is to outline colleagues' rights to a leave of absence, including those under applicable state domestic abuse and victim's rights leave laws.
- ▣ **Family Medical Leave (FML)**—The purpose of the Family Medical Leave Policy is to outline colleagues' rights to a leave of absence, including those under the federal Family and Medical Leave Act (FMLA) and/or applicable state family medical leave laws.
- ▣ **Military Leave of Absence**—Aon is committed to protecting the job rights of colleagues in the uniformed services and will grant eligible colleagues unpaid leave to perform service for a cumulative period of up to five years. At the end of the leave and subject to certain conditions, a colleague generally has a right to reemployment as defined by applicable law.
- ▣ **Paid Parental Benefit**—Aon recognizes colleagues' commitment to family along with the diverse needs for time off from work to help balance their lives, including caring for a new child. Under this program, eligible new parents (birth, adoption, or surrogacy both father, domestic partner, and mother) are provided paid time off after January 1, 2013. This time is separate from the regular paid time off programs (vacation, sick time, and personal holidays) and short-term disability pay programs.
- ▣ **Personal Leave of Absence**—Eligible colleagues who have exhausted available paid time off or who are not eligible or entitled to other available leaves of absence may request an unpaid, non-job protected personal leave of absence for periods of greater than 3 weeks and up to one year
- ▣ **School Visitation Leave**—A colleague may be eligible for time away from work to attend or otherwise be involved in his/her child's school (or other child for whom the colleague is the legal guardian), including attending parent-teacher conferences or other school sponsored activities. In most cases, colleagues will be eligible for up to 8 hours of school visitation leave in a school year unless otherwise indicated by state regulations in which the colleague resides.
- ▣ **Short Term Disability**—U.S. regular full-time and part-time colleagues (those who are regularly scheduled for at least 20 hours per week or more) and who have at least three months of continuous service are eligible for STD pay replacement coverage, provided they have been actively working during that time (i.e., regularly scheduled for work, including vacation, personal holiday, or other approved paid or unpaid absence unrelated to the colleague's own disability, or paid holidays)

Vacation Time

All Aon employees earn vacation time as appropriate to length of employment and hours worked.

Sick Leave

Aon employees receive 40 hours a year of sick time which is prorated for part time employees.

4. Describe your firm's commitment to community service, (e.g., charitable programs, scholarships, economic development, etc.)

At Aon Corporation, we believe that corporate giving is a privilege and a duty. The Aon Foundation is the philanthropic arm of Aon Corporation. As the principal vehicle for the charitable giving programs of Aon and its operating subsidiaries, the Foundation works to promote a partnership with the communities where we do business. In addition to general philanthropic giving, Aon has a focus on diverse community involvement and giving. Through our local affinity groups, known as Business Resource Groups, Aon supports a number of



community organizations including Equality Illinois, Mujeres Latinas en Accion, Women's Way, Dress for Success, The Asian American Institute and Junior Achievement.

d. Sustainable Business Practices

- 1. List the top five actions/ongoing practices your firm has implemented to reduce the environmental impacts of your operations (e.g., energy efficiency, use of recycled content or non-toxic products, use of public transit or alternative fuel vehicles, waste prevention and recycling, water conservation, green building practices, etc.).*

Aon takes steps to reduce our use of energy, water and other resources in our offices through effective building management and by partnering with our internal clients and vendors to ensure they closely follow our environmental values. We make every effort to locate our operations in high-performing buildings that are LEED certified or that use green building practices for high energy and water efficiency, which may include using renewable energy resources and recycling rainwater for landscaping needs.

Aon is a professional services provider and does not have a significant environmental footprint as a result of its operations. With 65,000 employees working in more than 500 offices in 140 countries, we do not have a large concentration of employees in any one office and we typically lease office space in multi-tenant buildings in major metropolitan areas. While our environmental impacts are not significant, we have implemented the following measures to reduce energy consumption, greenhouse gas emissions and volumes of wastes generated from our operations:

- a) Replacement of inefficient printers, copiers, computers and other office machines with Energy Star rated units that are among the best in terms of energy consumption and greenhouse gas emissions. Over the past five years, Aon has replaced 100% of owned or leased equipment and continues to require the Energy Star designation for all new equipment whether it is leased or purchased.
- b) Reduction in corporate travel to reduce impacts of travel on greenhouse gas emissions and consumption of fossil fuels. We have essentially eliminated travel for internal meetings, while implementing a tightly controlled approval process for client-facing meetings that require intercity, national or international travel. To facilitate these rules, we have also provided teleconferencing capabilities in our offices so internal communications are supported where meetings among Aon staff are discouraged.
- c) Our offices recycle a wide variety of materials in order to reduce the volume of wastes that go to landfills or incinerator facilities. This is typically done through landlord-operated programs in our multi-tenant office buildings. Recycled materials include white paper, newsprint, glass, aluminum, other metals and printer cartridges.
- d) We include sustainability of our suppliers and their products as a part of the purchasing criteria for many of the major items utilized by our offices. This includes office furniture and systems, carpet, paper products, express mail services and office machines.
- e) Aon encourages its employees to take the practices it supports in its own operations home where the impacts can be multiplied by the numbers of people exercising good judgment and acting to preserve our world and its resources.



2. Regarding your top five actions, please reference implementation dates, timelines, and any performance metrics or third-party awards/recognition (such as Sustainability at Work).

It is difficult to track the results of our environmental and sustainability efforts since much of the data required is in the hands of building owners where our offices occupy tenant space (i.e., electric power and water consumption, volumes of recycled materials, etc.). The dates for implementation and estimated results of the five programs listed above are set forth below:

- a) Replacement of office equipment with Energy Star units began in 2006 and was fully implemented within 4 years. The reduction in electricity consumption was on the order of 7.5% of our total and the program continues to provide annual reductions as equipment gets better and we use only the top 25% of what is available in the market. Greenhouse gas emissions are also reduced by the use of less electricity, but the actual results are impossible to measure.
- b) Reductions in corporate travel were implemented in 2008 and have been in place since that time. This program has resulted in a reduction of corporate miles traveled on the order of 1,500,000 annually. This represents a reduction in CO2 emissions of 600,000 to 750,000 lbs. Additional savings in emissions were obtained through the use of commuter transportation services rather than commuting to offices by automobile. The savings from employee commuting is not calculated, but believed to be equal to or larger than the savings in reduced corporate travel.
- c) Aon has been recycling office wastes for more than ten years. Recycling volumes are not calculated on a corporate-wide basis due to the lack of information available from building owners on the contribution of our offices as tenants in multi-tenant properties. Where we have information, volume reductions on the order of 24% to 30% are reported.
- d) Aon has utilized sustainability questionnaires for major purchases of office equipment, supplies and services since 2008. Empirical calculations of the results of this process are not available, but the differences noted in our review of sustainability information in suppliers' proposals are marked. Since sustainability is only one of our purchasing criteria, annual savings in emissions or wastes generated are not recorded.
- e) Recycling and other sustainability practices at home are estimated to save more in greenhouse gas emissions, reductions in volumes of wastes deposited in landfills and power and water consumption than similar measures in the workplace. With 55,000 employees and their families involved, the potential is enormous, but measuring results is not feasible.

3. Does your firm participate in any third-party sustainability related organizations, networks, or committees? If so, list up to five examples and how long your firm has been an active participant in each.

ClimateWise® Insurance Initiative

Aon is a founding member of and the first broker involved in the global ClimateWise insurance industry initiative, which focuses on the risks and opportunities climate change presents. Aon participates in two key initiatives:

- 1) A sustainable claims management initiative, which aims to identify how the insurance industry as a whole can reduce the environmental costs of the claims process and
- 2) An initiative on the role of insurers in adaptation, which explores how insurers can increase customer resilience in weather events by focusing on actions being taken across the globe.

ClimateWise encourages sustainable business practices, including reductions in emissions of greenhouse gases by member companies. Our U.K. offices began to participate in this program in 2009 and we have expanded our involvement to include U.S. activities.



Aon was a founding member of ClimateWise and has had representation on the Board of Directors of the organization since 2010.

Our corporate culture has always included active support of organizational and personal participation in activities that benefit the communities where we have operations.

The City expects thoughtful consideration of all of the above Corporate Responsibility criteria in the preparation of proposals. The City will enforce all M/W/ESB commitments submitted by the successful Proposer. The successful Proposer will be required to submit a completed Monthly Subconsultant Payment and Utilization Report to ensure that subconsultants are utilized to the extent proposed and submitted in the original proposal. The successful Proposer will not be permitted at any time to substitute, delete, or add a subconsultant without the prior written approval of the Chief Procurement Officer. For reference, a copy of this form may be obtained at: <http://www.portlandonline.com/shared/cfm/image.cfm?id=119851>.



6. Proposed Cost

The proposal shall include the Proposer's true estimated cost or fixed-price estimate for the proposed project approach irrespective of the City's anticipated cost. Additionally, this cost shall include the hourly rates of each person associated with the project as well as the estimated number of hours each staff member will be expected to work on each task.

We are proposing a not to exceed annual fixed budget based on the scope of services identified in this RFP. The "not to exceed" approach is reconciled to actual hours worked by consultant so the City is only billed for actual hours worked. The total not to exceed budget for the five-year contract period from July 1, 2014 through June 30, 2019 is \$1,611,105. This amount includes all health and benefit services, three GASB valuations and a 2% budget escalator per year. The five-year budget does not include any rewriting of booklets, SPD or plan documents; it does include annual updates to the existing booklets for plan design and or vendor changes. Because in 2013/2014, we expect the communication work related to booklet re-writing will be handled by an Aon Hewitt subcontractor, we did not anticipate any additional significant projects in future years thus have not included specific communication projects in the budget. Additionally, the budget includes a 25% discount from our "true" costs representing an investment of \$540,000 over the life of the contract; this represents an additional 5% discount from our prior contract agreement. We hope this demonstrates the commitment we have to our relationship with the City staff, LMBC and its employees and dependents.

We have outlined below, our true and discounted billing hourly rate by consultant with estimated hours for the life of the contract. For the years where a GASB valuation is completed (the fall of 2014, 2016 and 2018), the cost of that project is approximately \$50,000 each. For the years where full communication services are needed (assumed as 2014/15, 2016/17 and 2018/19), the cost of that project is approximately \$75,000 each. We will continue to provide the City with a monthly summary of hours per person by project. As you know, we are completely transparent in our activities and compensation and will provide any necessary documentation requested. We are completely open to having further discussion about the budget to ensure we are meeting your needs and expectations.

Billing rates and totals for each consultant in the following table are Confidential & Proprietary and to be Redacted.

Consultant	Annual Hours			Average Five-Year Billing Rate (75% Realization)	Five-Year Total Fees Realization		
	Full GASB Years	GASB Update Only Years	Total*		100%	80%	75%
Won Andersen	67	67	335	REDACTED	REDACTED	REDACTED	REDACTED
Paige Sipes-Metzler	14	14	70	REDACTED	REDACTED	REDACTED	REDACTED
Anne Thompson	168	168	840	REDACTED	REDACTED	REDACTED	REDACTED
Aaron Beaudoin	132	132	660	REDACTED	REDACTED	REDACTED	REDACTED
Damon Rutherford	258	258	1,290	REDACTED	REDACTED	REDACTED	REDACTED
Bridget Neurer	16	16	80	REDACTED	REDACTED	REDACTED	REDACTED
Jill Carson	10	10	50	REDACTED	REDACTED	REDACTED	REDACTED
H&B Analyst	76	76	380	REDACTED	REDACTED	REDACTED	REDACTED
Brian Pieper	21	0	63	REDACTED	REDACTED	REDACTED	REDACTED



Consultant	Annual Hours			Average Five-Year Billing Rate (75% Realization)	Five-Year Total Fees Realization		
	Full GASB Years	GASB Update Only Years	Total*		100%	80%	75%
Hitesh Patel	16	16	80	REDACTED	REDACTED	REDACTED	REDACTED
Mark Schmitt	10	10	50	REDACTED	REDACTED	REDACTED	REDACTED
Admin	90	82	434	REDACTED	REDACTED	REDACTED	REDACTED
Meredith Hiatt	95	95	475	REDACTED	REDACTED	REDACTED	REDACTED
GASB Project Manager	40	0	120	REDACTED	REDACTED	REDACTED	REDACTED
GASB Actuary	14	0	42	REDACTED	REDACTED	REDACTED	REDACTED
GASB Analyst	83	0	249	REDACTED	REDACTED	REDACTED	REDACTED
GASB Analyst	35	0	105	REDACTED	REDACTED	REDACTED	REDACTED
Total Five-Year Fees					\$2,153,775	\$1,727,060	\$1,611,105
Change from Prior					31%	5%	-2%
Average Billing Rate					\$405	\$324	\$303
Communications	240	—	240	—	\$233,950	—	—

* Assumes 3 years of the 5 year contract will include a full GASB analysis and 2 years will include an update only.

Lastly, we would like to mention that we currently have a contract with the City and do not anticipate any issues with re-contracting, however, we would like to have the opportunity to discuss provisions related to a limit of liability for GASB 45 valuations, health and benefits consulting and work-for-hire language. If we are fortunate to retain your relationship, we will provide a full redline of the City's agreement to discuss.



7. Supporting Information

Item 1	List of Redactions
Item 2	Team Biographies
Item 3	2012-13 Experience Report Sample
Item 4	Decision Support Tool—Sample Screenshot
Item 5	IBNP Letter—June 30, 2013
Item 6	Five-Year Rate Projection Sample—Spring 2013
Item 7	Five-Year Budget Projection Sample—Fall 2013
Item 8	2013-14 Benefits Survey—August 19, 2013 LMBC
Item 9	2013-14 Dental Benefits Survey—November 12, 2013 LMBC
Item 10	Strategy Development Discussion Presentation—September 27, 2013 LMBC
Item 11	Actuarial Valuation Report Sample—July 1, 2011



Item 1 List of Redactions



Aon Hewitt's List of Redacted Content

Located on:	Question:	Description of Redacted Content
Pages 5-11	3	All client names listed under Core Health & Benefits Consulting Team and Extended Consulting Team tables
Pages 17-21	5	Client name, identifying and contact information in Case Studies 1-3
Page 23	8	Client names under Local Public Sector Clients and Representative List of Private Sector Clients
Pages 24-25	9	Client name and contact information under Current Client References and Terminated Client References
Pages 26-27	10	Client names and contact information in Examples 1-3
Pages 33-35	11	Content under Health Intelligence on Demand (HIOD)
Page 60	2	Client name and contact information for Cumbre Insurance Services
Pages 67-68	6. Proposed Cost	Billing rates and totals for each consultant under Average Five-Year Billing Rate (75% Realization) and Five-Year Total Fees Realization column headings
Pages 73-78	7. Supporting Information: Item 2	All client names listed in the Core Health & Benefits Consulting Team and Extended Consulting Team biographies
Exhibit following page 79	7. Supporting Information: Item 3	City of Portland specific data from the 2012-13 Experience Report Sample
Exhibit following page 81	7. Supporting Information: Item 5	City of Portland specific data from the June 30, 2013 IBNP Letter
Exhibit following page 82	7. Supporting Information: Item 6	City of Portland specific data from the Five-Year Rate Projection Sample—Spring 2013
Exhibit following page 83	7. Supporting Information: Item 7	City of Portland specific data from the Five-Year Budget Projection Sample—Fall 2013



**CITY OF PORTLAND
PTE PARTICIPATION DISCLOSURE FORM 1**

This Request for Proposal requires submission by the Proposer of this PTE Participation Disclosure Form 1. Proposers must disclose the following information:

Please print all information clearly.

Proposer Name: Aon Consulting, Inc. (Aon Hewitt) **Proposer's Total Cost:** \$1,899,055

Project Name: Employee Benefits Consultant Services **RFP Number:** BHR013

Contact Name: Won Andersen **Phone:** (206) 467-4623 **Email:** won.andersen@aonhewitt.com

Percentage of total contract amount allocated to Oregon certified M/W/ESB participation	(Proposer & subconsultants added together)		%
PROPOSER INFORMATION (Please Print)	M/W/ESB	SCOPE/TYPE OF WORK	SELF-PERFORMING AMOUNT
Firm Legal Name: Aon Consulting, Inc. (Aon Hewitt) Email: won.andersen@aonhewitt.com Phone #: (206) 467-4623 Fax #: (206) 467-0592 FED ID OR EIN # (No SS #): 22-2232264		Full health and benefits consulting, GASB and communications	\$1,845,055
SUBCONSULTANT INFORMATION (Please Print)	M/W/ESB	SCOPE/TYPE OF WORK	SUBCONTRACT AMOUNT
Firm Legal Name: Cumbre Insurance Services Michael J. Holzman, ARM, Vice President/COO Email: mike.holzman@cumbreinc.com Phone #: (909) 484-2456 Fax #: FED ID OR EIN # (No SS #): <i>Cumbre's State of Oregon MBE certification recently expired and they are currently re-applying for the certification.</i>		Claim audit: 200-300 regular and 10-15 high costs claims to achieve a 95% accuracy rate	\$54,000 (3% of total contract amount)
NOTE:			
<ul style="list-style-type: none"> b. Report all amounts in US Dollars (USD); using 'TBD', 'N/A', or similar symbols is not acceptable. c. The Proposer and all subconsultants must be listed on this form. Leave M/W/ESB column blank if firm is not confirmed as currently certified through the State of Oregon Office of Minority, Women, and Emerging Small Business: http://www4.cbs.state.or.us/ex/dir/omwesb. d. If the Proposer will not be using any subconsultants, the Proposer is required to indicate "NONE" in the Subconsultant Information section of this form and submit this form with its proposal. e. Do not enter Social Security numbers on this form. 			

Failure to submit this form with the proposal may result in the proposal being found non-responsive and rejected.