

WEST HEMPFIELD TOWNSHIP

Lancaster County, Pennsylvania

REQUEST FOR PROPOSAL

**PENSION PLAN INVESTMENT ADVISORY AND
MANAGEMENT SERVICES**

Police and Non-Uniformed Employee Pension Plans

August 2019

3476 Marietta Avenue

Lancaster, PA 17601

717-285-5554

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1. INTRODUCTION: West Hempfield Township is seeking financial advisory and investment services related to the professional servicing of its Police Pension Plan (Pennsylvania Act 600 Defined Benefit Plan) and Non-Uniformed Employees' Pension Plan.

2. SERVICES REQUESTED: The consultant will provide a full range of investment, custodial, and recordkeeping services for the Township's Police and Non-Uniformed Employees' Pension Plans. The Police Pension Plan is a traditional defined benefit retirement plan that has net assets held in trust for pension benefits in the approximate amount of \$7,054,883. The membership in the Police Pension Plan consists (as of the date of the issuance of this RFP) of 20 active employees, 0 terminated vested employees, 0 disabled employees, and 8 retirees currently receiving benefits. The Non-Uniformed Employees' Pension Plan is a traditional defined benefit retirement plan that has net assets held in trust for pension benefits in the approximate amount of \$2,439,775. The membership in the Non-Uniformed Pension Plan consists of (as of the date of the issuance of this RFP) 16 active employees, 9 retirees currently receiving benefits, and one retiree soon eligible to receive benefits.

3. MINIMUM QUALIFICATIONS: All Applicants must submit information demonstrating that they meet the following minimum qualifications:

- The applicant must have reported its past performance numbers to a third party such as Morningstar, so that the Applicant's performance can be independently verified by the Township as defined below in the Selection Process.
- Ten or more Pennsylvania municipal defined benefit pension plan clients under contract for pension services.
- \$100 million or more in Pennsylvania municipal pension plan client assets under direct management.
- The Applicant will follow the fiduciary standard and act at all times in the best interest of the Pension Plan.

4. REVIEW CRITERIA:

Only submissions from Applicants that meet the Minimum Qualifications set forth above will be considered for review. The contract will be awarded to the Applicant that demonstrates it possesses the qualifications, experience and expertise required by the Township based on consideration of factors including, but not limited to, the following:

- a) The Applicant's organizational background and resources;
- b) Sufficiency of insurance coverage;

- c) The Applicant's qualifications, experience, and expertise related to Pennsylvania municipal pensions;
- d) The Applicant's approach to managing risk and research capabilities;
- e) The Applicant's knowledge of Act 205;
- f) The quoted fee(s) associated with the desired service(s) sought;
- g) The Applicant's availability to meet with the Township for periodic review;
- h) The response of the references provided by the Applicant; and
- i) The ultimate confidence that the Applicant is able to meet the Township's goals.

5. SPECIFICATIONS RELATING TO THE SERVICES REQUESTED: The anticipated standard services are detailed below:

- Custodial and day-to-day oversight of investments for West Hempfield Township's pension plans as two separate plans in accordance with the Township's investment policies.
- Portfolio performance tracking and reporting.
- Selection, retention, and monitoring investments.
- Semi-annual meetings with the Township Manager to review the investments performance and asset allocation of the pension plans and to address the Township's questions and concerns.
- Routine correspondence and phone calls regarding the pension plans.
- Processing payments to retirees and terminated employees as directed by the Township and in accordance with the Township's pension plan documents.
- Monthly and annual financial statements of each plan's accounts and account activity to the Township Manager for accounting and monitoring purposes of the pension plans.

6. RFP AND SELECTION PROCESS

The procedures for receiving and evaluation of applications to determine the most qualified include a review of the applicant's qualifications, experience, expertise, and fees to be charged. Note that the contract will not necessarily be awarded to the lowest bidder. Upon review, the Township may request all, some, or none of the applicants submit to an interview. The Township will review proposals, analyze them based on the criteria, determine a list of finalists, and make a recommendation to the West Hempfield Township Board of Supervisors for contract award at a public meeting.

The Township's review and analysis of applications will be in accordance with the Township's "Policies and Procedures for the Procurement of Professional Services in Compliance with Act 44 of 2009", which is appended hereto as Appendix B. Pursuant to the Policies and Procedures, no employee of the Township who was employed within the last year with any applicant for the services requested in this RFP shall participate in the review of proposals submitted or the negotiation of a contract with the selected applicant.

Written proposals must be received no later than September 6, 2019 at 4:00 PM and shall be delivered to Andrew Stern, Township Manager, West Hempfield Township, 3476 Marietta Avenue, Lancaster, PA 17601. Proposals must be sealed and clearly marked "Proposal for Pension Plan Services" on the envelope. Five (5) complete hard copies and one (1) electronic copy on a USB drive in PDF format of each proposal are to be submitted. Email submissions of the proposal will not be accepted. If the proposal is mailed via postal mail to the Township, it must be received by the due date above. It is the responsibility of the applicant to be sure the proposal is received by the Township by the due date and time stated above.

No proposal shall be accepted after the above stated date and time. All proposals become the property of the Township and will not be returned. All cost incurred by the respondent in the preparation and submission of a proposal shall be the sole responsibility of the respondent. The information submitted in the proposal may be subject to public disclosure pursuant to federal and state laws.

The Township reserves the right to reject any proposal automatically for requested information omitted or for submission past the deadline. If the Township is not satisfied with the proposals received, the Township shall either (1) place a second advertisement with any revisions deemed appropriate or (2) cancel the solicitation of services.

Respondents may make inquiries for clarification of technical or administrative information to the designated contact for the Township. No other questions or forms of communication are authorized between the Township, its officials and employees and any individual or entity associated with the applicant. That does not preclude the designated contact from contacting the applicant to request additional materials and information to manage the RFP process.

All questions shall be in writing and be directed only to the Township's designated contact. Questions must be received by 4:00 PM August 30, 2019. All questions and answers, if answers can be provided, will be distributed to all identified RFP potential applicants prior to the submission deadline. It is the responsibility of each applicant who is interested in receiving answers to

questions to notify the designated contact by email and provide the name, email address, and other contact information of the individual to receive such communications.

The designated contact for Township is:

Andrew Stern, Township Manager
West Hempfield Township
3476 Marietta Avenue
Lancaster, PA 17601
717-285-5554 Voice
717-285-2879 FAX
manager@westhempfield.org

7. CONTRACT

The object of the proposal is to procure a provider of high-quality professional pension plan services to West Hempfield Township by the most economical means. The successful applicant will be engaged as soon as possible to provide professional pension plan investment services to the Township. At a minimum, the requirements described in the proposal are to be made part of any contract with the Township. It is also understood that fees for anticipated services other than those listed in the RFP, such as cost studies, document review, response to a State audit finding, will be quoted to the Township before commencement.

At the Township's discretion, the successful applicant will be retained beyond the duration of the contract, subject to its approval of the fee schedule proposed.

8. FIRM DESCRIPTION, BACKGROUND, PROCESSES AND FEE INFORMATION

Responder's History, Ownership and Organization

- Briefly describe the organization, the year it was founded, location of its headquarters and other offices, its ownership structure, and business focus.
- What is the total asset base and number of municipal pension funds on which you consult?
- Briefly describe any prior experience with West Hempfield Township.
- Identify the consultants and other key staff who would be involved in serving our account. Provide brief resumes of these individuals.
- Describe the turnover that your organization has had over the last five years with consultants that provide the requested investment advisory services.
- Within the last five years has your organization or an officer or principal been involved

in any business litigation or other legal proceedings relating to your professional activities? If so, provide an explanation and indicate the current status.

- Describe your knowledge of and experience with Act 44 of 2009.
- Describe your history and experience in providing such services to current clients, including Pennsylvania municipal defined benefit and defined contribution pension plans.

Investment Policy and Philosophy

Describe the investment philosophy you would recommend for this portfolio.

- Do you believe an index fund only philosophy would net comparable results as an actively managed portfolio? Why or why not? What percentage of the portfolio would you recommend for indexed investments?
- What methods do you use in calculating investment performance and benchmarking of a pension portfolio? How often are performance reports produced and delivered? Include a sample performance evaluation report.
- Describe your asset allocation process for pension investments.
- Will you state in writing that you will act as a fiduciary of our investments program?
- Describe your proposal regarding investment services.
- Describe your proposal regarding custodial services. Include a description of how monthly payments and lump sums are issued, including tax withholding and submission, as well as tax reporting to IRS and retirees. Do you accept contact from individual retirees or only the municipal pension administrator?
- Who will the Township's municipal pension administrator work with to resolve custodial issues?
- Do you provide web access? Describe how that works, including security measures to prevent unauthorized transactions.
- What do you believe sets the firm's services apart from the competition, and what unique value-added services could you provide to the Township?

Fees

Identify all fees for providing services outlined in the RFP. These fees should include both direct and indirect fees, whether paid to you or to another entity. Please specify in terms of both dollar amounts and percent of asset fees as they apply.

- What are the proposed fees for a full retainer basis (including all internal fees and fund expenses)?
- Does your firm receive any direct or indirect compensation or commission as a result of buying or selling assets?

- Do you receive any direct or indirect compensation from investment product providers?
- Identify the limits, if any, of services provided under your proposed fee and your fee schedule for other services.
- Set forth any facts or factors, not otherwise addressed in the RFP, which you feel are relevant to the selection of the respondent providing investment consulting and custodial services.

9. APPLICATION

All proposals must follow the order of requested information as listed below. You may provide attachments and refer to them.

List your organization's complete name, address, telephone, and fax numbers. Also include contact information in the event that the Township has specific questions on your proposal.

1. Provide any information necessary to demonstrate that you meet the minimum qualifications set forth in this RFP.
2. Provide a statement affirming that you are able to perform the scope of professional investment and pension plan services set forth in this RFP and the manner in which you propose to perform such services.
3. Provide a list of municipal defined benefit pension plan references and contact information (at least three).
4. Provide a copy of your firm's SOC 1 Report (System and Organization Controls Report) and a description of internal controls.
5. Provide details of your firm's insurance coverage for commercial general liability, errors and omissions, and any other insurance coverage that may be relevant to the proposed services and provide a copy of the firm's certificate of insurance indicating such coverage.
6. Provide information necessary to thoroughly respond to the questions set forth under Section 8, Firm Description, Background, Processes and Fee Information.
7. All Applicants must attach to their proposals a completed Disclosure Statement using the form attached hereto as Appendix "A" establishing your compliance with the Township's Policies and Procedures for the Procurement of Professional Services in Compliance with Act 44 of 2009. If the responses on the Disclosure Form reveal that there are any conflicts of interest, the application will be disqualified from consideration. If you are selected to perform professional services for the Township, you must complete and return a Disclosure Form on or before September 6th of each year in which the contract is in effect.

10. ADDITIONAL TERMS AND CONDITIONS

This RFP is in no way to be construed as a solicitation for competitive bid for services subject to

the procurement provisions of the PA Township of the Second-Class Code. This is a request for professional services.

The Township reserves the right to reject in whole or in part any or all proposals, to waive any informalities and to accept the proposal of the person determined by the Township to be most qualified to provide the services the Township seeks. This solicitation may also be cancelled in whole or part if determined to be in the best interest of the Township.

All proposals, responses, inquiries, or correspondence relating to or in reference to the RFP, and all reports, charts, displays, schedules, exhibits, and other documentation submitted shall become the property of the Township when received and are subject to public disclosure to the extent required by Act 44. Any restrictions on the use of the data contained in the proposal which you consider to be proprietary information or other information protected by law must be clearly identified in the proposal itself. In the event the Township disagrees with your designation of any material in the proposal as proprietary or otherwise protected by law, the Township will bring the disagreement to your attention before disclosing the information to the public. Unresolved differences of opinion as to what is and is not confidential information may be grounds for rejecting your proposal.

All costs incurred in the preparation and/or presentation of the proposal shall be the responsibility of the Applicant.