

Township of Spring, Berks County, Pennsylvania
Request for Proposals for Professional Services:
Pension Funds Investment Management Advisory Services

RFP Opening Date: May 31, 2019
RFP Closing Date: June 28, 2019 at 3:00 PM EST

I: INTRODUCTION

1. The Township of Spring, Berks County, Pennsylvania (the “Township”) is soliciting proposals from interested firms for the provision of pension fund investment management advisory services for the Township of Spring Police Pension, Firefighters Pension, and Non-Uniformed Pension Funds including the consulting, monitoring, and associated ancillary services for the Township’s pension funds, which currently have approximately \$20 million in combined assets. As of December 31, 2017 the three plans have a total of 68 active members, 6 vested former members, and 49 participants in pay status. The questions contained in the Request For Proposals (RFP) will apply to all firms interested in responding with the intent of providing investment management advisory services and will also frame the specifications that will be used to evaluate proposals. Please respond completely and concisely to all the information requests in the RFP in the order and format requested.
2. Proposals must be received **no later than 3:00 PM on June 28, 2019**. Proposals must be sealed and clearly marked "**Proposal for Pension Funds Investment Management Advisory Services**" on the envelope. One (1) complete copy, one (1) unbound complete copy, and one (1) electronic copy of each proposal are to be submitted. The hard copies shall be delivered to: Township of Spring, Attn: John Groller, 2850 Windmill Road, Sinking Spring, PA 19608. The electronic copy can be submitted via flash drive or emailed directly to the Township by sending a PDF copy to **jpgroller@springtwpberks.org**.
3. The Township of Spring Board of Supervisors (the “Board”) will consider procuring pension funds investment management advisory services from a single firm for the period **from hire through December 31, 2023**. The Township reserves the right, upon mutual agreement with the selected firm, to extend the agreement period for up to three (3) one (1) year extensions of the existing agreement. The Township reserves the right to terminate the agreement with thirty (30) days written notice.
4. 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 costs incurred by the respondents in the preparation and submission of a proposal shall be the sole responsibility of the respondent. Following the award of a professional services contract, all applications and disclosure forms shall be public except for proprietary information or other information protected by law.
5. The Township may select a proposal other than the lowest cost provider.
6. Respondents shall receive notice in writing from the Township as to the award made pursuant to this RFP. The relevant factors that bear upon the Board’s decision will be summarized in a written statement to be included in the documents of award. Within ten (10)

days after the award, the original application, a summary of the basis for the award, and all required disclosure forms will be transmitted to all unsuccessful applicants and posted on the Pension Plan's website, if such website is maintained, at least seven (7) days prior to the execution of the professional services contract.

7. The Township reserves the right to cancel this RFP at any time and to reject any and all proposals submitted in response to this RFP, if the Board determines such action or actions to be in the best interest of the membership of the pension plans as permitted by law. The Township also reserves the right to request clarification of any submission, modify or alter the scope of services and solicit new submissions, reject any or all submissions, and wave immaterial irregularities as permitted by law.

II: OVERVIEW OF RFP EVALUATION PROCESS

1. The Township receives RFP proposals, disclosures and additional materials from applicants and conducts a pre-screening to ensure all materials have been submitted.
2. An initial screening is conducted to determine whether applicants meet the minimum eligibility requirements as outlined by the Township.
3. Applications will be reviewed by a committee designated to review proposals and the evaluation shall center upon the applicant's qualifications, experience, expertise, and fee schedule, among other considerations. The evaluation process shall include, but not be limited to, consideration of:
 - The applicant's qualifications, experience and expertise related to Pennsylvania municipal pensions and approach to managing risk and research capabilities;
 - The applicant's knowledge of Act 205, Act 600 and Act 44;
 - The quoted fee(s) associated with the desired service(s) sought;
 - The applicant's availability to attend meetings;
 - The response of the references provided by the applicant; and
 - The ultimate confidence of the Township of the applicant's ability to meet the Township's goals and address the Township's concerns, as represented by the vote to accept the applicant in contract.
4. The review committee shall select up to five (5) finalists for interview.
5. Applicants that are not chosen to continue will be notified of their status.
6. After interviews, a recommendation for selection shall be made to the Township for approval.
7. It is anticipated that the Board will make a final selection on August 26, 2019, subject to change.

III: COMMUNICATION RESTRICTION

1. Except as specifically authorized in this RFP, effective as of the RFP opening date above and prior to the time of a decision by the Township and subsequent closing of this RFP process, there shall be no communication of any type regarding this RFP, any aspect of a response to this RFP, or the awarding of a contract related in any way to this RFP between a prospective applicant and any:
 - a. Elected Official of the Township;
 - b. Employee of the Township;
 - c. Any consultant or advisor currently engaged in assisting the Township with the RFP process;
 - d. Any individual in a position to influence the decision with respect to the RFP.
2. Applicants may not permit or cause any employee or a third party to directly or indirectly violate these communications restrictions. Any communication by any applicant or third party on behalf of an applicant that violates the terms of this communications policy is grounds for immediate disqualification of that applicant.
3. Applicants 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. This does not preclude the designated contact from contacting the applicant to request additional materials and information to manage the RFP process. The Township has retained a designated consultant to serve as the contact for RFP Process:

David Lytle FSA, CFA, MAAA
Conrad Siegel
Phone: 717-652-5633
Email: davidlytle@conradsigel.com

All email inquiries should have the Subject: Twp. of Spring – Berks County - RFP

IV: RFP MINIMUM REQUIREMENTS

Applicants that respond to this RFP must be able to meet or exceed the following minimum criteria in order to be considered for the award of the professional services contract. Applicants will be required to document that they meet or exceed the minimum criteria stated below.

1. The Applicant must be registered under the Investment Advisors Act of 1940;
2. The Applicant must act and represent itself as a fiduciary with respect to the Township and the pension plan, and the Applicant/Firm will not delegate such fiduciary responsibility to any other entity;
3. The Applicant firm must maintain an errors and omissions insurance policy and/or fiduciary liability insurance policy for coverage of negligent acts or omissions and/or breaches of fiduciary obligations and duties; During the entire period of the agreement, the selected firm shall maintain professional liability insurance with a minimum limit of \$2,000,000 per occurrence and provide the Township with a certificate of insurance.
4. The Applicant's designated team has a minimum of ten (10) years of experience providing similar pension services to Pennsylvania municipal government entities as desired under this RFP;
5. The firm has ten (10) or more Pennsylvania municipal pension clients under contract for pension services and the firm has five (5) or more current clients which are defined benefit (DB) plans;
6. The firm currently has a minimum of \$500 million under direct management;
7. The firm has \$200 million or more in municipal pension client assets under direct management;
8. Ability to provide a clearly functional services platform that addresses all desired services in this RFP – directly or in partnership with a subcontractor;
9. Full disclosure: Applicants shall disclose all fees, direct and indirect, associated with any aspect of the services proposed. This includes all fees paid to and received by all subcontractors and advisors to the contractor including all mutual fund costs such as Expense Ratios, if applicable. Failure to do so will result in immediate disqualification from the RFP process

The applicant should document and/or respond directly to the firm satisfying the minimum requirements outlined above in their proposal.

V: OTHER REQUIREMENTS:

1. No Proprietary investments
2. No Insurance products such as annuities, group annuities, insurance contracts or similar obligations
3. No Money Market or Certificate of Deposit accounts as a primary source of investments;
4. No contractor shall be a provider of other professional services for any of the three (3) Township pension plans; such as Actuarial Services.

VI: SERVICES REQUIRED:

All Applicants that respond to the RFP should be able to provide, or facilitate through a subcontractor, a complete package of pension services that will include the items listed below. Any services that will be provided by a subcontractor should be noted and any additional fees that will be charged by the subcontractor must be disclosed.

1. Comprehensive investment services including, investment management, advisory services and strategy;
2. A comprehensive menu of pension administrative services;
3. All banking and custodial services commensurate with maintaining a municipal pension plan;
4. Additional administrative or advisory services, relevant to a Pennsylvania Municipal Defined Benefit Pension Plan;
5. Attend periodic meetings with the Township leadership to review the pension plan performance;
6. Preparation of financial statements;
7. Preparation of all related pension forms required by Pennsylvania and Federal government statutes;
8. Administrative services that include; document services, accounting and asset allocations, monthly transactions and periodic account statements;
9. Retiree payments and tax related accounting functions including preparation of 1099R forms.

All associated charges for these services must be illustrated in completed fee schedule.

VII: PROPOSAL QUESTIONS

A: ORGANIZATION AND BACKGROUND

1. Briefly describe the organization, the year it was founded, location of its headquarters and office that would handle the Township as a client (if separate from headquarters), its ownership structure, and any affiliations with other companies.
2. Please provide your firm's assets under management as of December 31, 2018 for the following categories:
 - a. Total assets
 - b. Total defined benefit assets
 - c. Total Pennsylvania municipal retirement assets
 - d. Total Pennsylvania municipal defined benefit assets
3. How long the firm has investment management advisory services for pension funds?
4. Disclose all potential conflicts of interest the firm has in serving in an investment advisor relationship, in particular, the firm should indicate its compliance with the Act 44 conflict of interest standard. Attached to this RFP is an Act 44 – Professional Services Contract – Required Disclosure, which will need to be completed and submitted with the firm's proposal
5. Provide documentation that the firm is listed as Registered Investment Advisor with the U.S. Securities and Exchange Commission (SEC). Have there been any SEC investigations of your firm that resulted in admonishment or other penalties?
6. Within the last five (5) years has your organization or an officer or principal been involved in any business litigation or other legal proceedings, including arbitrations, relating to your consulting activities? If so provide an explanation and indicate the current status or disposition.
7. Does your firm, its principals and affiliates, subscribe to a professional code of ethics? Please provide a copy of any formal ethics or conflicts of interest policy.
8. What forms of insurance does the firm have against errors & omissions and/or fiduciary liability? The firm shall furnish the Township with a copy of a certificate of insurance as evidence that this type of coverage is in place.

B: STAFFING

List the personnel (the team) you propose to assign to this relationship and their responsibilities. Provide brief biographical information on each individual, including their positions in the company, education, designations/training, years and type of experience in investment management, major clients and experience. Please highlight experience working with defined benefit municipal pension plans.

C: CLIENTS / REFERENCES

1. Provide a list of current municipal government investment advisory clients. Designate Defined Benefit (DB) and Defined Contribution (DC) plans
2. Attach list of references of three (3) municipal investment advisory client references. Indicate the municipality, address, contact name, and telephone number. In addition, provide the number of years your firm has been providing investment advisory services.
3. What is your client satisfaction monitoring process?

D: PROCESS

1. What is the firm's process for setting client objectives and developing the Investment Policy Statement (IPS)?
2. Describe the process for developing an asset allocation recommendation.
3. What type of investment vehicles does your firm use (individual securities, mutual funds, ETFs, CITs, Separately Managed accounts)? Please list all that apply.
4. Describe your Due Diligence Process utilized in Money Manager Selection.
 - a. Describe your overall philosophy in conducting investment manager research.
 - b. What database is utilized to monitor and evaluate investment managers' performance for the purpose of manager selection.
 - c. Is the database proprietary or third-party? Who is the vendor?
 - d. How many investment managers are included in the database?
 - e. How frequently is the investment management information updated, and what are the sources of data?
 - f. Describe your firm's policy regarding frequency of on-site manager visits and portfolio manager calls.
 - g. What policies or procedures do you have in place to ensure objectivity in the evaluation of money managers?
 - h. Do you receive any direct or indirect compensation from investment managers to be included in your database?
5. If you have a recommended funds lists, please provide details regarding the list and the

process for maintaining it.

6. Give an overview of your firm's approach and criteria for placing a manager/fund on a Watch List.
7. Describe how your firm handles the termination of an investment firm.
8. Does your firm practice tactical or strategic asset allocation?
9. Describe your firm's approach to the use of index funds.

E: PERFORMANCE MEASUREMENTS / ONGOING REVIEW

1. Explain the methodology and data sources used to compute investment manager rates of return and portfolio rates of return. How are fees incorporated into the returns?
2. Do you reconcile your calculated performance with investment managers and custodians? Describe the process.
3. What performance benchmarking do you provide on a fund and portfolio level? Describe how benchmarks are chosen or developed.
4. What steps are used to monitor risk, style integrity, manager guideline compliance, account restrictions, etc. of the investments?
5. How many business days after the end of a reporting period are the performance reports available? Can the reports be customized?
6. Provide a sample quarterly client report and a sample monthly performance update.
7. What do you believe sets your performance measurement services apart from the competition?

F: ADMINISTRATION

1. Who will have primary responsibility for servicing our account?
2. Explain how the firm will provide administrative support for the account. What responsibility will the Township have when it comes to authorizing recommendations, transactions, rebalancing, etc.?
3. Describe your firm's approach to benefit payment administration
 - a. Is this included in your services? Does your firm provide this service or is it outsourced to a third party?
 - b. Please describe the procedure the Township would follow to setup new payments or modify existing payments

G: FEES

In the fee summary chart below itemize and explain ALL proposed fees and costs (both direct and

indirect) associated with requested services. Failure to disclose all fees for a full retainer basis (including all internal fees and fund expenses) will result in disqualification of the firm's proposal.

- Fees should be based on three (3) accounts totaling \$20 Million
- Benefit payment cost should be calculated using the current number of participants in pay status.

Township of Spring

Request for Proposals - Pension Funds Investment Management Advisory Services

FEE SUMMARY for _____ (firm name)

Description	Fee (basis points)	Fee (in dollars)	Explanation/Formula
Investment Advisory			How many in-person meetings are included in this fee?
Fund Expenses Individual funds and manager fees			
Custodial Direct Cost for services & projected transactional fees			
Benefit Payment Administration For services and transactions			Are 1099-R tax forms included?
Other Potential Fees			
Total Annual Fees			

H. TRANSITION

1. Please describe the transition process for investment advisory, custodial, and benefit payment administration
 - a. What responsibilities will the Township have?
2. Are there any one-time cost associated with the transition? When would your firm begin charging advisory fees?
3. Provide a timeline of the steps and length of time from when the contract is awarded to when assets transfer and benefits payments can be issued?

I: SUMMARY

What do you believe sets the firm's services apart from the competition, and what unique value-added services could your firm provide?

APPLICANT VERIFICATION

I _____ (Name), hereby state that I am the
_____(Position) of _____ (Firm Name) and I am
authorized to make this verification.

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for RFP Applicants seeking to provide Professional Services to the Township of Spring are true and correct to the best of my knowledge, information and belief.

I hereby verify that the Firm meets all requirement listed in sections IV and V of this Request for Proposals and is able and qualified to provide the services listed in section VI.

I also understand that knowingly making material misstatements or omissions in this form could subject the responding Applicant to penalties and will result in immediate disqualification of the proposal.

Signature

Date

TOWNSHIP OF SPRING
ACT 44 - PROFESSIONAL SERVICES CONTRACT
REQUIRED DISCLOSURE INFORMATION

In accordance with Pennsylvania Act 44 of 2009 (PA Act 44), all potential Contractors bidding on a Professional Services Contract with one of the pension funds of the Township of Spring must disclose the following information in their Request for Proposal (RFP) response documents. Potential contractors should refer to PA Act 44 and become familiar with its required disclosures.

NOTE: RFP APPLICATIONS AND DISCLOSURE FORMS ARE PUBLIC DOCUMENTS AND SHALL BE PUBLIC EXCEPT FOR PROPRIETARY INFORMATION OR INFORMATION OTHERWISE PROTECTED BY LAW.

YOU MUST IDENTIFY ANY CLAIM OF CONFIDENTIALITY AT THE TIME YOUR RFP APPLICATION MATERIALS ARE SUBMITTED.

REQUIRED UPDATES:

WHERE NOTED, INFORMATION IN THIS FORM MUST BE UPDATED IN WRITING AS CHANGES OCCUR.

DEFINITIONS FOR DISCLOSURE

TERM:	DEFINITION:
CONTRACTOR	Any person, company, or other entity that receives payments, fees, or any other form of compensation from a municipal pension fund in exchange for rendering professional services for the benefit of the municipal pension fund.
SUBCONTRACTOR OR ADVISOR	Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a contractor.
AFFILIATED ENTITY	Any of the following: <ol style="list-style-type: none"> 1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm. 2. An organization recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501 (c)) established by a lobbyist or lobbying firm or an affiliated entity.
CONTRIBUTIONS	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.
POLITICAL COMMITTEE	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.
EXECUTIVE LEVEL EMPLOYEE	Any employee or person or the person’s affiliated entity who: <ol style="list-style-type: none"> 1. Can affect or influence the outcome of the person’s or affiliated entity’s actions, policies, or decisions relating to pensions and the conduct of business with a municipality or a municipal pension system; or 2. Is directly involved in the implementation or development policies relating to pensions, investments, contracts or procurement, or the conduct of business with a municipality or municipal pension system.
MUNICIPAL PENSION SYSTEM	Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System.
PROFESSIONAL SERVICES CONTRACT	A contract to which the municipal pension system is a party that is: (1) for the purchase of professional services including investment services, legal services, real estate services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.

IDENTIFICATION OF CONTRACTORS & RELATED PERSONNEL

CONTRACTORS: (See “Definitions” – page 2) Any entity who currently provides service(s) by means of a Professional Services Contract to the Municipal Pension System of the Requesting Municipality, please complete all of the following:

The Municipal Pension plan(s) for which you are providing information:

Township of Spring Firefighters Pension Plan

Township of Spring Non-Uniformed Employees Retirement Income Plan

Township of Spring Police Retirement Plan

TOWNSHIP OF SPRING – BERKS COUNTY, PA

BOARD OF SUPERVISORS

Barry W. Ulrich, Chairperson

George W. Stuck III, Vice-Chairperson

Robert M. Myer

James R. Oswald

Patti J. Smith

Pension Plan Administrator – Tracy Daniels

Pension Plan Administrative Officer – John Groller

1. Please provide the names and titles of all individuals providing professional services to the Requesting Municipality’s pension plan(s) identified above. Also include the names and titles of any advisors and subcontractors of the Contractor, identifying them as such. After each name provide a description of the responsibilities of that person with regard to the professional services being provided to each designated pension plan.

2. Please list the name and title of any *Affiliated Entity* and their *Executive-level Employee(s)* that require disclosure; after each name, include a brief description of their duties. (See: Definitions)

3. Are any of the individuals named in Item 1 or Item 2 above, a current or former official or employee of the Requesting Municipality? IF “YES”, provide the name of the person employed, their position with the municipality, and dates of employment.

4. Are any of the individuals named in Item 1 or Item 2 above, a current or former registered Federal or State lobbyist? IF “YES”, provide the name of the individual, specify whether they are a state or federal lobbyist, and the date of their most recent registration / renewal.

NOTICE: All information provided for items 1- 4 above must be updated as changes occur.

5. Since December 17th 2009, has the *Contractor* or an *Affiliated Entity* paid compensation to or employed any third party intermediary, agent, or lobbyist that is to directly or indirectly communicate with an official or employee of the *Municipal Pension System* of the Requesting Municipality (OR), any municipal official or employee of the Requesting Municipality in connection with any transaction or investment involving the *Contractor* and the *Municipal Pension System* of the Requesting Municipality?

This question does not apply to an officer or employee of the *Contractor* who is acting within the scope of the firm's standard professional duties on behalf of the firm, including the actual provision of legal, accounting, engineering, real estate, or other professional advice, services, or assistance pursuant to the professional services contact with municipality's pension system. IF "YES", identify: (1) whom (the third party intermediary, agent, or lobbyist) was paid the compensation or employed by the *Contractor* or *Affiliated Entity*, (2) their specific duties to directly or indirectly communicate with an official or employee of the *Municipal Pension System* of the Requesting Municipality (OR), any municipal official or employee of the Requesting Municipality, (3) the official they communicated with, and (4) the dates of this service.

6. Within the past two years, has the *Contractor*, or any agent, officer, director, or employee of the *Contractor* solicited a contribution to any municipal official or candidate for municipal office in the Requesting Municipality, or to the political party, or political action committee of that official or candidate?

IF "YES", identify the agent, officer, director or employee who made the solicitation and the municipal officials, candidates, political party or political committee who were solicited (to whom the solicitation was made).

7. Within the past two years, has the *Contractor* or an *Affiliated Entity* made any contributions to a municipal official or any candidate for municipal office in the Requesting Municipality?

IF "YES", provide the name and address of the person(s) making the contribution, the contributor's relationship to the *Contractor*, the name and office or position of the person receiving the contribution, the date of the contribution, and the amount of the contribution.

8. Does the *Contractor* or an *Affiliated Entity* have any direct financial, commercial or business relationship with any official of the Requesting Municipality?

IF "YES", identify the individual with whom the relationship exists and give a detailed description of that relationship. A written letter is required from the Requesting Municipality acknowledging the relationship and consenting to its existence. The letter must be attached to this disclosure. Contact the Requesting Municipality to obtain this letter and attach it to this disclosure before submission.

9. Has the *Contractor* or an *Affiliated Entity* given any gifts having more than a nominal value to any official, employee, or fiduciary of the Requesting Municipality?

IF "YES", provide the name of the person conferring the gift, the person receiving the gift, the office or position of the person receiving the gift, specify what the gift was, and the date conferred.

10. Disclosure of contributions to any political entity in the Commonwealth of Pennsylvania Applicability: A “yes” response is required and full disclosure is required ONLY WHEN ALL of the following applies:
- a) The contribution was made within the last 5 years
 - b) The contribution was made by an officer, director, executive-level employee or owner of at least 5% of the *Contractor* or *Affiliated Entity*.
 - c) The amount of the contribution was at least \$500 and in the form of:
 1. A single contribution by a person in (b) above, OR
 2. The aggregate of all contributions all persons in (b) above;
 - d) The contribution was for:
 1. Any candidate for any public office or any person who holds an office in the Commonwealth of Pennsylvania;
 2. The political committee of a candidate for public office or any person that holds an office in the Commonwealth of Pennsylvania.

IF “YES”, provide the name and address of the person(s) making the contribution, the contributor’s relationship to the *Contractor*, the name and office or position of the person receiving the contribution (or the political entity / party receiving the contribution), the date of the contribution, and the amount of the contribution.

11. With respect to your provision of professional services to the Municipal Pension System of the Requesting Municipality:

Are you aware of any apparent, potential, or actual conflicts of interest with respect to any officer, director, or employee of the *Contractor* and officials or employees of the Requesting Municipality?

NOTE: If, in the future, you become aware of any apparent, potential, or actual conflict of interest, you are expected to update this Disclosure Form immediately in writing by:

- Providing a brief synopsis of the conflict of interest (and);
- An explanation of the steps taken to address this apparent, potential, or actual conflict of interest.

IF “YES”, Provide a detailed explanation of the circumstances which provide you with a basis to conclude that an apparent, potential, or actual conflict of interest may exist.

12. To the extent that you believe that Chapter 7-A of Act 44 of 2009 requires you to disclose any additional information beyond what has been requested above, please provide that information below or on a separate piece of paper.