

**BOROUGH OF WEST MIFFLIN**  
**POLICE AND EMPLOYEE'S PENSION PLANS**

**REQUEST FOR PROPOSAL FOR CUSTODIAL SERVICES**

**August 2016**

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## **A. INTRODUCTION**

The following pages are the Borough's format for requesting proposals for custodial services, pension payment, informational and tax reporting and performance reporting for its Police and Employee's Pension Plans in compliance with Act 44 of 2009. As a minimum, applicants should provide the information requested in the RFP. Of course the applicant is free to include additional information as is deemed appropriate.

The RFP includes detailed questions associated with qualifications, experience, expertise and compensation to be charged. In order to compete for the work, 10 hard copy responses to the RFP as well as one digital version should be received on or before August 31, 2016 by The Borough of West Mifflin, 1020 Lebanon Road, West Mifflin, PA 15122. As set forth in the RFP, the response should include several completed forms including a Checklist, Fee Worksheet and Disclosure Statement. The Borough reserves the right to request additional information from any or all respondents, to waive any defect or abnormality to award or not award all or any portion of the described work, to issue modifications or to otherwise move forward in the best interest of the Borough.

Questions should be directed in writing to:

Brian M. Kamauf  
Bkamauf@westmifflinborough.com  
or  
by fax to 412-466-8173

**PHONE CALLS WILL NOT BE TAKEN**

## B. BACKGROUND and SCOPE OF SERVICES

West Mifflin Borough, Pennsylvania (the “Borough”) is seeking proposals regarding custodial management services to report and accounting for investment activity of, as well as to provide benefit payment, informational and tax reporting and performance reporting services to the West Mifflin Borough Police and Non Uniform Pension Funds. The following information should be used in developing a fee quote for custody, benefit payments, performance reporting and tax reporting. Trading is in domestic securities only; there are no international settlements.

Type of Client:	Public
Type of Plan:	2 Defined Benefit Pension Plans
# of Plans:	Two
Market Value of Assets:	\$25.6 mm Total (2 Plans)
# of Accounts:	6 (3 each)
# of Separate Account Managers:	2 (1 each plan)
# of Positions:	Each plan 150-200 positions
# of Transactions:	Each plan approx. 50-75 trades a year
#of Retirees:	Police (28 retirees) Non Uniform (44 retirees)

U.S. Asset is Investment Manager  
Evashavik, DiLucente & Tetlow, Borough’s Solicitor.

The Borough will comply with the provisions of Act 44 of 2009 in obtaining these custodial services. After the contract is awarded, this includes distributing responses and having responses subject to the Right to Know Law.

## C. PROPOSAL REQUIREMENTS

Proposals should include the following organizational, personnel and other information:

### **Organization Information:**

1. Name, address, phone, fax and e-mail of contact person of firm submitting information.
2. Description of the firm’s organizational structure.
3. Amount of assets under custody (not including bank mutual funds or commingled pooled trust).
4. Number and dollar amount of custody accounts gained and/or lost over the last 12 months.

5. Year submitting Firm began performing custody services for clients other than for bank mutual funds or commingled pooled trusts.
6. Level, limits and deductions of errors and omissions insurance carried.
7. Level of bonding carried.
8. List the custody software used by your firm and state if it is proprietary or licensed.
9. Describe your online service to which the client and any authorized third party can have access.
10. State how soon after the close of the month client reports will be available.
11. What proprietary holdings such as mandatory money market products will be used?
12. Do you have experience handling deferred retirement option (DROP) accounts?
13. Can you track pre and post participant contributions?

**Personnel Information:**

1. Key custody personnel who handle the client account including experience and service with the firm.
2. Name, with experience and service to the firm, of the supervisor or manager to the person who is handling the account.
3. Name and contact information of who we should contact with any questions concerning this proposal.

**Other Information:**

1. List of three clients with similar requirements as those outlined in this request for information. Include referred client's name, address, and name of contact person and telephone number.
2. Enclose a sample client statement and available options on statements (i.e. – trade date, including accrued income, etc.).

3. Submit a sample client contract if one is utilized.
4. Be sure to describe which of the functions will be performed by in-house personnel and which functions will be performed by third parties.
5. Are you electronically linked for same-day settlement?
6. Explain how reconcilements are made with investment managers including how differences are resolved.
7. Explain procedures for settlement of purchases and sale including when funds are debited or credited to accounts.
8. Describe how you would manage the transition from the existing custodian to your firm.
9. Describe how you would notify retirees of the transition from the existing custodian to your firm.
10. Confirm you will accept by transfer the securities held by the existing custodian.
11. Has your firm been investigated by any state or federal regulatory or law enforcement agency in the last ten years? If yes, please describe in detail the substance and results of each investigation.
12. Has your organization been a party to any lawsuit, including suits involving misfeasance or professional negligence, within the last ten years? If so, please describe the substance and results of each suit.
13. On what day are benefit payments mailed? When is the account debited?
14. Who receives non-deliverable checks?
15. Do you offer electronic funds transfer as a method of payment?
16. Do you offer foreign withholding tax recovery, securities lending and commission recapture services?

#### **D. OTHER REQUIREMENTS**

In addition to the requirements herein, completion of three forms (attached) must be completed and submitted as part of the response to this RFP.

1. Checklist of Activities for Services Required of the Custodian.
2. Custodial Fee Worksheet.
3. Act 44 Disclosure Form.

#### **E. REVIEW AND SELECTION**

Review of the proposals will be conducted by representatives of and consultants to the Borough and will include review of the proposals submitted for qualifications, expertise, experience, responsiveness to this RFP, and fees. Interviews may be conducted involving some or all firms submitting proposals. Ten (10) copies of your proposal, including the 3 forms should be submitted in hard copy as well as 1 digital copy. We look forward to receiving your response to this request for proposals on or before 4:00 p.m. on August 31, 2016. Proposals received in advance of that time will be confidential until that time. Proposals received after that time and date will not be considered.

Proposals and any other correspondence should be sent to:

Brian Kamauf  
Borough Manager  
1020 Lebanon Rd  
West Mifflin, PA 15122  
(no phone calls will be taken)

#### **F. OTHER INFORMATION**

The Borough may request additional information from any proposing firm at any time, and may waive any defects or requirements as the Borough in its discretion deems to be in its best interest. Nothing contained in this RFP will be deemed to create any right (whether property or other) in any party to have a contract awarded or to utilize any standard for award other than what the Borough deems to be in its best interest. The award of a contract will be made in the discretion of the Borough and may be made on factors other than costs.

Notwithstanding anything to the contrary contained herein, no bidder, whether successful or not, will acquire any legally binding rights against any party including the Borough unless and until

the bidder and the Borough formally execute an agreement that is satisfactory to the Borough in its discretion.

**G. CHECKLIST OF ACTIVITIES FOR SERVICES  
REQUIRED OF THE CUSTODIAN**

Please answer the following questions as part of your response to this RFP. Any “NO” responses should be explained at the end of the checklist.

**Name of Custodial Firm:** \_\_\_\_\_

**Does your firm currently:**

		<b>YES</b>	<b>NO</b>
1.	Notify investment managers of bond calls, maturities, conversions, tender offers, exchanges, receipt of stock rights, receipt of cash contributions, requests for cash disbursements, mergers, or reorganizations, and all other events that affect the Fund holdings? Authorization or advice from the investment manager should be obtained prior to taking any additional action.		
2.	Research and resolve, on a timely basis, problem trades consisting of failed deliveries to agent banks, errors in total cash amount figures, affirmation deadlines not met and confirmed transactions not affirmed?		
3.	Follow the client’s instructions for any purchase or sale of any security?		
4.	Settle and deliver securities as directed through any broker selected by the investment manager and the Fund and safe keep all securities and arrange for transfer upon official notification?		
5.	Collect and credit to the Fund all dividends and interest on the payable securities date? These cash balances should then automatically be swept into a short-term investment fund or equivalent, thereby ensuring all cash is immediately invested.		
6.	Issue monthly pension checks (with direct deposit as an option) to retirees and tax reporting on an annual basis?		
7.	Act as a liaison between investment managers, the Fund and the clearing bank?		
8.	Account for investments on an accrual basis, by trade date and investment type in the appropriate accounting period affected?		
9.	Carry the value of investments on an amortized cost?		
10.	Prepare reports on a monthly, quarterly, and annual basis for each Plan?		
11.	Are hard copies and digital copies of all reports available?		
12.	Is customer service/technical support based in the U.S.?		

13.	Are all functions performed by in-house personnel?		
14.	Will municipal representatives have access to designated person or team and not a call center?		
15.	Will you accept designation as Trustee?		

**Do reports currently contain the following?**

		YES	NO
a)	Summary of asset categories showing percentages based on market value?		
b)	Asset statement including securities classified by investment type, description of security, shares/units/face value, maturity date, interest rate, original face value, carrying value (cost), market value, accrued income and yield at market?		
c)	Transaction statement identifying transaction type (i.e. purchase, sale, dividend date, transaction amount, acquisition date, acquisition cost, shares/units/face value and security description?		
d)	Gains and losses on investment sales and maturities outlining the description of the investment, proceeds, acquisition date, acquisition cost, maturity date, shares/units face value and gain/loss?		
e)	Itemized bond schedule identifying the valuation of the investment in bonds at amortized costs? The schedule should include acquisition date, anticipated maturity date, original cost, any costs incidental to the purchase (i.e. accrued interest) and the amortization of premium or accumulation of discount which resulted in the purchase of the securities.		
f)	Amortization schedule identifying the current month amortization on all bonds and cumulative amortization by using the straight line or other comparable method?		

**For any "NO" responses, please provide an explanation below:**

ITEM (Number/ Letter)	EXPLANATION

## H. CUSTODIAL FEE WORKSHEET

Custodial Fee Item	Service	Fee Calculation	Annual Fee
Annual Base Fee	Operational & Computer Systems		\$
Annual Asset Fee	Responsibility & liability, preparation of periodic transaction reports, amortization reports, accounting reports and assets statements		\$
Security Transaction Fee	Processing buy & sell transactions, receipt and delivery of securities, recording amortization on discounts and premiums, registration in nominee name	Book Entry: Physical:	\$ \$
Pension Payment Fee	Preparation & mailing of retirement checks		\$
Tax Reporting Fee	Preparation & mailing of tax reporting for retirees		\$
Performance Reporting Fee	Reporting monthly of portfolio and benchmark		\$
Other Fees including any fees on "non-bank assets" that are held away but reported on statements (like alternative investments)	(Describe)		\$
		<b>Total Annual Fees</b>	\$

Name of Custodial Firm: \_\_\_\_\_

How long will you guarantee the above fees? \_\_\_\_\_

Are there any fees to transition from the existing custodian to your firm? If so, please describe:

\_\_\_\_\_

Name and Title of Authorized Person Preparing Fee Information:

\_\_\_\_\_

## I. DISCLOSURE FORM

*Complete the following form:*

**Name of Custodial Firm:** \_\_\_\_\_

1. *List the names and titles of each individual who will be providing professional services relative to this contract including advisors and subcontractors.*
  
2. *Relative to question 1 above, describe the following:*
  - A. *Are any of the above current or former officials of employees of Borough of West Mifflin? When were they last employed by The Borough?*
  
  - B. *Are any of the above a registered federal or state lobbyist?*
  
  - C. *What are the responsibilities of each individual with regard to the proposed services?*
  
3. *Have you in the last year or do you now retain a third-party intermediary, agent or lobbyist to directly or indirectly communicate with the Borough of West Mifflin? If so, please describe.*

4. *Has your firm or anyone in your firm solicited a contribution to any municipal official or candidate for municipal office in Borough of West Mifflin or to the political party or political actions committee of an official at The Borough or candidate for elected office at the Borough of West Mifflin?*
  
5. *Confirm that no one at your firm (after March 4, 2015) will communicate with (or cause or agree to allow a third party to) communicate with officials or employees of the Borough of West Mifflin except for requests for technical clarification which should be directed to Emery Levick at US Asset Management, elevick@usasset.net.*
  
6. *List all contributions made by your firm or an Affiliated Entity to a municipal official or candidate for office in the Borough of West Mifflin made on or after December 17, 2009. An affiliated entity means:*
  - (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.*
  
7. *List any direct financial, commercial or business relationship with any municipal official or pension system of the Borough of West Mifflin held by your firm or any Affiliated Entity.*
  
8. *List any gift including money, services, loan, travel, lodging, entertainment, discount or other thing of value, to any official, employee of the Borough of West Mifflin or a fiduciary of its pension plan.*

9. *Confirm that no one at your firm or an Affiliated Entity was employed by the Borough of West Mifflin in the last 12 months.*
  
10. *List any other disclosures made pursuant to Act 44 of 2009.*