

**WEST WHITELAND TOWNSHIP
CHESTER COUNTY, PENNSYLVANIA**

**Request for Proposals:
Investment Counseling and Custodial Services
for
POLICE PENSION PLAN
NON-UNIFORMED PENSION PLAN
AND
OPEB RESTRICTED TRUST**

Issue Date: January 27, 2020

Due Date: February 21, 2020, 4:00 p.m.

West Whiteland Township
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Exton, PA 19341
pension@westwhiteland.org



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West Whiteland Township (“Township”) is seeking investment and custodial services for pensions and a restricted trust holding assets for employee retirement benefits. Working with the West Whiteland Pension Advisory Board, the Board of Supervisors encourages candidates that have a history of providing a complete package of services to submit.

West Whiteland Township sponsors two defined benefit pension plans; the Police Pension has assets of approximately \$18.6M and the Non-Uniformed Pension has assets of approximately \$8.8M. The Township also has a restricted trust for other post-employment benefits (OPEB), with assets of approximately \$2.4M. The three plans are collectively referred to in this RFP as “pension plans”, except in the section for Act 44 disclosure information. The Act 44 disclosure information pertains only to the police and non-uniformed defined benefit pension plans.

The Township is soliciting proposals for the following investment and custodial services:

1. Investment counseling services to provide sound strategies for the stability, preservation and growth of pension assets, including maintaining, updating and complying with the investment policy for the pension plans.
 - As the Township responds to the growing frequency and intensity of damaging weather events and works with neighboring municipalities on a clean energy transition plan, the direct costs of climate change are becoming clearer. Over the next 1-2 years, the Board of Supervisors wishes to prioritize eliminating, or at least minimizing to the extent possible, investment in fossil fuel companies while satisfying the Township’s fiduciary duties and seeks investment advice for the pension plans to meet that goal.
2. Custodial services to provide secure possession, investment placement, reporting and distribution of pension assets. Separate trust funds and custodial accounts are required for each of the pension plans.
3. Presentation to, and attendance at, the Pension Advisory Board (“PAB”) meetings four times per year, unless alternate recommendations are included in RFP response and agreed to by the Township. Availability to meet with the Board of Supervisors upon request.
4. Market and portfolio updates & commentary on a quarterly basis at the PAB meetings and/or as it impacts allocation or other portfolio changes.
5. Performance reporting, to include the following at a minimum:
 - a. Monthly statements are required.
 - b. A comprehensive performance package is required quarterly for the PAB meeting, to include any changes in the portfolio composition or allocation, quarterly returns net of fees, long-term performance trends, comparison to benchmarks, details about the underlying funds/investments and summary of activity (employee/other contributions, investment gains/losses, benefit payments, expenses and any other outflows). Preferably, the package will include a stock intersection report if funds are utilized.
 - c. Timeliness of the above is important. The PAB meets on the fourth Wednesday after each quarter-end. Materials are circulated in advance on the Friday before each meeting. We can consider adjustments to the meeting schedule, but responses should include alternate proposals if this timeline presents conflicts.
 - d. Annual money-weighted rate of return as required in the Comprehensive Financial Report (audited footnotes).

SUBMISSION PROCESS

- **All interested respondents must submit a proposal, the required Disclosure Form and references to: pension@westwhiteland.org. In your submittal, please be sure to:**
 1. Answer all of the questions in the RFP to identify and describe the specific professional services you are proposing.
 2. Include at least three references from existing clients, preferably municipal clients.
 3. Submit all required disclosures under Act 44 of 2009. Refer to page 6 of this RFP for more information.
- **A pre-proposal meeting will be held on Thursday, February 6, 2020 at 3:00 pm in the first-floor community room at the West Whiteland Township Building.** The pre-proposal meeting will provide potential applicants with an overview of the process and an opportunity for questions and answers. Attendance is encouraged but not mandatory.
- **Proposals and disclosure forms must be received no later than 4:00 PM on Friday, February 21, 2020.**
- Prior to the submission deadline, questions about this RFP may be submitted via email to **pension@westwhiteland.org**. All questions and answers will be posted on the PAB page on the Township website: <https://www.westwhiteland.org/193/Pension-Advisory-Board>.
- Any firm who submits a proposal in response to this RFP may be required to make an oral presentation to the West Whiteland Township Pension Advisory Board and/or the Board of Supervisors. The presentation may be open to members of the public at the discretion of the Township. All submissions shall be considered public documents.
- The Board of Supervisors reserves the right to reject any and all proposals or to waive any technicality that would be in the best interest of West Whiteland Township while still complying with all applicable laws.
- Proposals will remain effective for West Whiteland review and approval for 90 days from the deadline for submitting proposals. If only one proposal is received by West Whiteland, it may negotiate with the consultant or seek additional proposals on an informal or formal basis during the 90-day period that proposals are effective.
- The successful proposal will be awarded by the Board of Supervisors at a duly advertised public meeting.
- The final engagement of the firm chosen by the Township shall be conditioned upon execution of a Professional Services Agreement to be executed by the firm and the Township in the form and substance and with the terms and conditions determined to be in the best interests of the Township and the pension plans. The contents of the proposal submitted by the selected firm responding to the RFP may also become part of the written agreement between West Whiteland Township and firm. Unwillingness on the part of the selected firm to agree to such terms and/or execute the agreement may result in the Township selecting an alternative firm.

EVALUATION PROCESS

The evaluation process will involve several steps. The initial responses to the RFP will be evaluated by Township staff and the Pension Advisory Board, who will determine a list of finalists, interview as necessary, and make a recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to interview the finalist(s) and make a final decision.

As required by Act 44 of 2009, 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 proposal (except proprietary information) of the successful applicant, a summary of the basis for the award, including fees, and all required disclosure forms will be transmitted to all unsuccessful applicants.

The criteria to be used shall center upon the responder's qualifications, experience, expertise, proposed fee schedule, the Township's prior experience with and knowledge of the responder, the clarity of the answers in the proposal to the questions posed in this RFP and the Board's cumulative confidence in the successful responder.

In addition, to be selected, the responder must meet the following consultant qualifications:

1. The firm must be registered under the Investment Advisors Act of 1940.
2. The firm must have at least five (5) years of working experience in direct investment consulting services management, pension administration and in the regulatory field.
3. The firm must state that all actions and recommendations will be for the sole purpose and benefit of the members of West Whiteland Township Pension System.
4. The firm will act as and represent itself as a "fiduciary" with respect to the Township and the pension plans, and the firm will not delegate such fiduciary responsibilities to any other entity. Preference will be provided to firms who can demonstrate staff members' current certification(s) in the area of investment fiduciary (ex. AIF).
5. The firm maintains an errors and omissions insurance policy and/or fiduciary liability insurance policy providing an appropriate amount of coverage for negligent acts or omissions and/or breaches of fiduciary obligations and duties, and that such coverage will be applicable to the firm's actions under any resulting Investment Consulting Agreement with the Township. Proposals must specify the carrier and the coverage limits. The Township has the option to require high policy limits if it feels the limits in existence are not sufficient.

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

Responder's history, ownership and organization

1. List your firm's complete name, address, telephone and email address. Also include contact information in the event that the Township has questions about your proposal.
2. Briefly describe the organization, location of its headquarters and other offices, its ownership structure, and business focus.
3. Briefly describe your history and experience providing the services described in this proposal. Specifically note if that history includes work for municipal pension plans.
4. What is the total asset base and the number of municipal pension funds on which you currently consult?
5. Briefly describe any prior experience with West Whiteland Township.
6. Identify the consultants and other key staff who would be involved in serving our account. Provide brief resumes of these individuals, including current certifications related to serving as an Investment Fiduciary (ex. AIF).
7. Describe the turnover that your organization has had over the last five years with key staff that provide the proposed investment advisory and custodial services.
8. 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.

Services

1. Describe with particularity the nature and frequency of specific consultative services you are proposing to provide.
2. Will your base services include preparation of an investment policy? If so, list the key components of the policy.
3. Have you advised other clients about how to minimize investment risk from the effects of climate change and how to eliminate, or at least minimize to the extent possible, investment in fossil fuel companies that contribute to the negative effects of climate change without significantly reducing fund performance? If so, describe how you have done that; if not, describe how you would provide that service.
4. 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 to retirees.
5. Will you state in writing that you will act as a fiduciary of our investment program?
6. Describe your knowledge of, and experience with, Pennsylvania Act 44 of 2009.
7. Describe your proposal regarding market and portfolio updates & commentary, with a minimum requirement to satisfy the Township's established meeting schedule or alternate recommendations clearly explained. Include a sample of market and portfolio updates & commentary.
8. Describe your proposal regarding performance reporting, with a minimum requirement of the guidance above or alternate recommendations clearly explained. Include a sample of both monthly statements and a performance package.

9. What methods do you use in calculating investment performance and benchmarking of a pension portfolio?
10. Set forth any facts or factors, not otherwise addressed in this RFP, which you feel are relevant to the proposed investment consulting and custodial services.

Investment policy and philosophy

1. Describe the investment philosophy and governance structure you would employ for this portfolio and the key components that should be addressed in an investment policy.
2. Describe your asset allocation process for pension investments.
3. How many investments are on your approved list and what are the guidelines you impose on the investment managers?
4. Provide a current and complete ADV for the firm and for the key individuals identified in response to the above questions.

Fees

1. Identify all fees (complete fee schedule) that would be incurred if you were managing the pension plans. 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. Complete the following chart, which includes the fee column (expressed as both dollar amount and % of assets) and the explanation column, where we are looking for a complete description about how the fee in that category will be calculated.
 - a. State whether the fees below are based on the combined assets of the three plans, or whether each plan is separate with respect to fees charged.
 - b. Identify the limits, if any, of services provided under your proposed fees, and your fee schedule for other services included in your proposal but not specifically addressed in the table below.

Description	Fee	Explain how fee is calculated
Custodial services direct cost	% / \$	Example: annual fee of \$500 plus 0.10% of assets.
Investment advisory services direct cost	% / \$	Example: annual fee of \$500 plus 0.10% of assets.
Individual mutual fund fees	% / \$	Example: dollar weighted average expense ratio based on the assets in mutual funds.
Underlying investments outside of mutual funds (separate account manager fees, etc.)	% / \$	Example: dollar weighted average expense ratio based on the assets in separate accounts.
TOTAL ANNUAL FEES	% / \$	
Other Potential Fees		Example \$50 wire fee.

2. Do you receive any direct or indirect compensation from investment product providers? If yes, provide explanation.

References

1. Provide three references, preferably from municipal clients if available, that we may contact where you provide investment management services and employ a philosophy which you have described above.

Chapter 7-A of Pennsylvania Act 205 (Section 15 of Act 44 of 2009) mandates the annual disclosure of certain information by every entity (hereinafter "Contractor") which is a party to a professional services contract with one of the pension funds (for this section only, excluding the OPEB Trust) of West Whiteland Township (hereinafter the "Requesting Municipality"). Act 44 disclosure requirements apply to Contractors who provide professional pension services and receive payment of any kind from the Requesting Municipality's pension fund.

You are expected to submit this completed form to the Requesting Municipality with your proposal by the due date in the RFP. If for any reason you believe that Act 44 does not require you to complete this disclosure form, please provide a written explanation of your reason(s) with your proposal.

REQUIRED UPDATES: Where noted, information in this form must be updated in writing as changes occur.

DEFINITIONS: See definitions table at the end of the form.

Return the completed disclosure form with your proposal.

List of Municipal Officials for the Requesting Municipality

Certain requests for information in this form will refer to a "List of Municipal Officials." To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and employees. Throughout this Disclosure Form, the below names will be referred to as the "List of Municipal Officials."

Elected Officials:

- Rajesh Kumbhardare, Supervisor
- Theresa Santalucia, Supervisor
- Joshua Anderson, Supervisor

Appointed Officials:

- Mimi Gleason, Township Manager
- Beth Jones, CFO

Identification of Contractors & Related Personnel

Any Contractor (see Definitions on page 11) that currently provides service(s), or wishes to provide services by submitting a proposal, by means of a Professional Services Contract to the Municipal Pension System of the Requesting Municipality, must complete all of the following:

Identify the Municipal Pension System(s) for which you are providing information:

Indicate all that apply with an "X": Non- Uniform Plan Police Plan

**NOTE: For the following items, you may answer on a separate sheet of paper and attach it to this Disclosure if the space provided is not sufficient. Please reference each item you are responding to by the appropriate number. (Example: REF – Item #1.)

- 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 Subcontractors or Advisors of the Contractor, identifying them as such. After each name and title, 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 and 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. 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 any persons on the List of Municipal Officials 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.

ACT 44 DISCLOSURE FORM

➔ **IF “YES”**, identify: (1) who (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 any person on the List of Municipal Officials, (3) the official they communicated with, and (4) the dates of the communications.

6. 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?

****NOTE:** IF “YES”, the Contractor is disqualified from entering into a Professional Services Contract.

7. Does the Contractor or an Affiliated Entity have any direct financial, commercial or business relationship with any official identified on the List of Municipal Officials of the Requesting Municipality?

➔ **IF “YES”**, identify the individual with whom the relationship exists and give a detailed description of that relationship.

****NOTE:** 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.

8. Has the Contractor or an Affiliated Entity given any gifts having more than a nominal value to any individual on the List of Municipal Officials or any other fiduciary of the Municipal Pension System? “Gifts” is broadly construed to include, but not be limited to, money, services, loans, travel, lodging, entertainment, discounts or other things of value.

****NOTE:** IF “YES”, the Contractor is disqualified from entering into a Professional Services Contract for pension services

9. Disclose all contributions to any political entity in the Commonwealth of Pennsylvania. 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 by 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; **OR**
 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.

NOTICE: All information provided for item 9 must be updated annually.

10. 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?

➔ **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 and how you will eliminate the conflict.

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.

11. To the extent that you believe that Chapter 7-A of Act 205 (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.

12. Please provide the name(s) and position(s) of the person(s) participating in the completion of this Disclosure. One of the individuals identified by the Contractor in Item #1 above must participate in completing this Disclosure and must sign the below verification attesting to the participation of those individuals named in this response.

SIGNATURE

TITLE

DATE

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 of the Contractor, Subcontractor or Advisors or the Contractor’s Affiliated Entity who: <ol style="list-style-type: none"> 1. Can affect or influence the outcome of the Contractor’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 of 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.
MUNICIPAL PENSION SYSTEM OFFICIALS; MUNICIPAL OFFICIALS AND EMPLOYEES	Specifically, those officials included in the <i>“List of Pension System and Municipal Officials and Employees”</i> on page 6. Where applicable, includes any employee of the Requesting Municipality.
PROFESSIONAL SERVICES CONTRACT	A contract to which the municipal pension system is a party that is: <ol style="list-style-type: none"> 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.