



**RFP 012017
Custodial Bank**

**Bay County Finance Department
Purchasing Division
On behalf of
Bay County Employees' Retirement System**

**JAMES BARCIA
BAY COUNTY EXECUTIVE**

REQUEST FOR PROPOSAL---THIS IS NOT AN OFFER

IF FOR ANY REASON YOU CANNOT BID, RETURN THIS FORM SO STATING TO ENSURE THAT YOUR NAME MAY BE RETAINED ON OUR PROPOSERS LIST

DATE OF REQUEST	MARCH 17, 2017
REFERENCE PROPOSAL NUMBER	RFP 012017
DEADLINE FOR VENDOR QUESTIONS	MARCH 27, 2017 5:00 PM
RESPONSES DUE FROM COUNTY	APRIL 3, 2017 5:00 PM
PROPOSED DATE/TIME REQUIRED	APRIL 13, 2017 11:00 AM
SUBMIT PROPOSAL TO:	BAY COUNTY FINANCE DEPARTMENT PURCHASING DIVISION ATTN: FRANCES MOORE BAY COUNTY BUILDING 515 CENTER AVENUE 7 TH FLOOR BAY CITY, MI 48708-5128
MARK PROPOSAL:	“RETIREMENT BOARD CUSTODIAL BANK RFP - DELIVER TO PURCHASING IMMEDIATELY”

The Bay County Purchasing Division on behalf of the Bay County Employees’ Retirement System (BCERS) is seeking a custodial bank with the intention of entering into a five-year contract.

PLAN PROFILE

The Bay County Employees’ Retirement System (BCERS) as of December 31, 2016 had over \$312 million in its investment portfolio with a breakdown of 50% domestic stock, 17% international stock, 20% bonds, 4% convertibles, 6% real estate and 3% cash equivalents. BCERS is an ordinance based defined benefits pension plan that provides pension benefits for nearly 928 retirees, over 1,142 active employees, and 86 deferred and vested former employees. BCERS requires contributions from both the employer and employees in order to provide assets sufficient to meet the benefits promised to members. The general administration, management, and responsibility for the proper operation of BCERS are vested with the Board of Trustees (Board). The Board consists of nine Trustees; four elected active member representatives and five appointed representatives. The appointed representatives are as follows; two County Commissioners, Treasurer of Bay County, chairperson of the Bay County Board of Human Services ex officio, and chairperson of the Bay-Arenac Behavioral Health Authority Board of Directors.

BCERS has a complex makeup that consists of seven different financial units: General County, Department of Water and Sewer, Library, Bay Arenac Behavioral Health, Bay Medical Care Facility, Sheriff's Department, and Road Commission. Within each of the units there are 32 different divisions with different multipliers and eligibility requirements. The Board employs the use of an investment consultant, actuary, and custodial bank. As of December 31, 2016 there were 14 investment managers, and one cash account. There are 3 comingled accounts, 1 mutual fund, and 10 separately managed accounts. Legal counsel is provided by County Corporation Counsel with assistance from outside counsel as needed.

The Bay County Voluntary Employees' Beneficiary Association (VEBA) as of December 31, 2016 had over \$46 million in its investment portfolio. The fund has 4 investment managers and one cash account. Two of the managers are mutual funds and two are separately managed. The general administration, management, and responsibility for the proper operation of the VEBA are vested with the Board of Trustees. The Board consists of the same Trustees as for BCERS.

I. SCOPE OF SERVICES

The Board of Trustees is attempting to identify a bank that has the ability to:

1. Provide adequate safekeeping and custody services;
2. Settle securities transactions on time;
3. Collect trust fund income when due;
4. Provide adequate accounting services;
5. Prepare useful, accurate, and timely investment reports;
6. Provide adequate cash management services;
7. Provide adequate administrative support;
8. Calculate rate of return data accurately and timely;
9. Lend securities profitably and safely;
10. Provide all benefit payments and services;
11. Provide all federal and state reporting for benefits paid;
12. Provide all benefit accounting required;
13. Provide all required services within reasonable fee levels;
14. Provide accurate year-end financial statements by January 31st of each fiscal year;
15. Provide required reporting for all required accounting statements including all GASB requirements and;
16. Process class action securities litigation.

When responding to this Request for Purchase the Board of Trustees encourages you to describe the ways in which you believe your service capability is special or distinctive.

II. MINIMUM QUALIFICATIONS

1. At least \$1 billion in tax-exempt master trust/custody assets;
2. Strong custodial banking credentials on behalf of institutional trusts; and
3. 10 years in business and in good financial standing.

III. CONTENTS OF SUBMISSION PACKAGE

1. Specifications (ATTACHMENT A)
2. References (ATTACHMENT B)
3. Each bidder is required to accompany their formal proposal with a written sworn statement affirming they have not been a party to a collusive agreement. (ATTACHMENT C)

IV. SPECIFICATIONS

(Please label this section as "ATTACHMENT A" and label each of the sub-sections using the numbering sequence below)

1. Business Organization Background
 - a. When did your organization start providing custody services?
 - b. Is your organization a subsidiary, parent, or affiliate of any other company? If so, please describe in detail. Also, do any of these companies provide any other retirement fund services? If so, how do the companies protect against conflicts of interest?
 - c. What capital investments has your firm made to your custody systems in the past three years? What are budgeted for the next two years?
 - d. What is the aggregate market value of assets for which you have custodial responsibility?
 - e. Will your firm accept fiduciary responsibility? Describe.
 - f. Is your firm bonded? If so, what is the dollar amount? Are you able to provide a copy of the bond, if requested?
 - g. How many municipal retirement system accounts do you service? How many are located in Michigan? What is the average size of all municipal accounts? How many accounts/clients have you gained in the last 3 years? How many have left your company in the last three (3) years?
 - h. What significant organizational changes have occurred at the local and national level in the last twelve months?
 - i. 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 such investigation.
 - j. 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.
2. BCERS Service
 - a. Who would be responsible for our account? What experience does this person have with Michigan public funds? What is the person's tenure with the firm? How is this person supported?
 - b. Who else may be assigned to this relationship (administrative and operations personnel)? How many other accounts do they currently service? What are their specific responsibilities?
 - c. Will these individuals be available to meet with the Board and staff upon request?
3. Pension Disbursements and Reports
 - a. On what day are benefit payments mailed? When is the account debited?
 - b. When is the final deadline to make changes to a pension payment before it is processed?
 - c. Who receives non-deliverable checks?
 - d. Do you offer electronic funds transfer as a method of payment?
 - e. Is benefit payment processing done internally or through an outside service bureau?
 - f. How does the custodian view its responsibility for tax and/or legal advice to participants regarding lump-sum distributions, benefit statements, and 1099?
 - g. How are changes communicated to and from clients?
4. Cash Management / Money Market
 - a. Which short-term investment funds (STIFs) do you offer? Provide the fees and monthly net returns for these funds.
 - b. What is the frequency and date of crediting interest from the STIF to the customer account?
 - c. Is all cash swept into the STIF every day (to the penny) so there is a zero cash balance in each account?
 - d. Do your month-end statements include daily balances and transfers to STIF?

- e. Do you invest in any securities that are prohibited per the provisions of Michigan Public Act 314 of 1965 as amended?
5. Safekeeping / Transactions
- a. What are the key features and benefits of your accounting system? Who is responsible for maintaining and enhancing this system? Was the system developed in house?
 - b. What are your firm's capabilities for processing trades? Describe your firm's use of central depository facilities, the Federal Reserve book entry system, and the ability for same day settlement.
 - c. Is your firm able to buy and sell mutual funds on behalf of BCERS? Are securities processed through an omnibus account? Is there an additional fee for mutual fund transactions?
 - d. What systems / procedures are in place to ensure all income is collected and credited in a timely manner? What is the verification process?
 - e. How are your systems backed up?
6. Reporting
- a. What reporting capabilities does your firm offer? How do you verify the accuracy of the reports? What is the expected delivery time of the different reports?
 - b. What reports (including yearend) are provided in your standard fee structure? Provide samples.
 - c. Do your month-end statements include daily balances and transfers to STIF?
 - d. Are reports fully accrued and fully trade dated?
 - e. Can reports be rerun in the event of errors and how long after the period?
 - f. How frequently do you conduct internal audits on the underlying accounts?
 - g. What data may a BCERS access remotely? May the data be downloaded into standard applications for manipulation? Describe.
 - h. What security procedures are in place to ensure the integrity of sensitive information?
 - i. How many business days after month and quarter end are statements available? Online and hard copy.
7. Other Services
- a. How are proxies administered?
 - b. Do you offer securities lending? What are the rates charged and profit splits with BCERS?
 - c. How and when are corporate actions processed?
 - d. How and when are class actions processed? Does your firm separate them from corporate actions?
8. Risk Management
- a. What controls are in place to assure the accuracy of the processing and reporting of the master custody division? Do you have documented policies and procedures?
 - b. What types of insurance and indemnification do you provide to protect BCERS?
 - c. What type of disaster recovery plan do you have in place? When it was last tested?
9. Management Commitment
- a. Describe your firm's commitment to service quality and customer service.
 - b. Outline your organization's commitment to servicing the public sector market. What capital investments have occurred in the last three years? What capital investments are budgeted for in the current and following year?
 - c. Do you survey your clients? If yes, provide the results for the last three years.
 - d. Describe other methods you use to monitor client satisfaction.

V. FEES (Please place in a separate sealed envelope ~ only one copy is required)

While it is recognized that some negotiation may occur, the FEES noted below ARE AN EXTREMELY IMPORTANT CONSIDERATION. Therefore, please make every effort to quote fees that will likely be close to final negotiated amounts. A FLAT ANNUAL FEE IS DESIRED. However, please quote fees for custodianship, benefit payment services, and the securities lending split/estimated client income separately.

1. Provide your complete fee schedule for custodial services, including reference to at least the following:
 - a. Set-up/conversion charges.
 - b. Asset based charges.
 - c. Activity based charges.
 - d. Charges for special asset classes, e.g., gic's, real estate, mutual funds, etc.
 - e. Reporting charges
 - f. Holding charges (is there a charge for mutual funds?)
 - g. Account charges.
 - h. Termination charges.
 - i. On-line access charges
 - j. Special annual charges.
 - k. Charges for year-end reporting.
 - l. Additional accounting and GASB compliance reporting.
 - m. Any and all other fees which might be imposed.
2. How long will you commit to providing the services for the fees indicated above?
3. If you were to also be selected as an investment manager for this client, is there any change to the fees offered for custody service?
4. Are fees impacted by:
 - a. Mutual funds held in one sub-account versus each in its own account?
 - b. Active managers who might replace a mutual fund?
5. All fees shall be valid for 90 days after the opening of the proposals.

VI. REFERENCES (Please label "ATTACHMENT B")

Please provide at least three names, contacts, and phone numbers of clients that are of similar size as the Retirement System who will share with the Board their first-hand experiences regarding your services (preferably public retirement systems).

VII. GENERAL INFORMATION

1. CHANGES TO RFP: All additions, corrections or changes to the solicitation documents will be made in the form of a written Change Form signed by Frances Moore or an attorney within Bay County's Department of Corporation Counsel only. Bidders shall not rely upon interpretations, corrections, or changes made in any other manner, whether by telephone or in person. Additions, corrections, and changes shall not be binding unless made by such a written, signed Change form. All written, signed Change Forms issued shall become part of the Agreement documents. Change Forms will be sent to all known potential bidders by e-mail.

2. CONTACT INFORMATION: To receive these communications, possible bidders are asked immediately to send contact information by email to Frances Moore, Bay County Purchasing Agent, at mooref@baycounty.net; failure to do so may limit your ability to submit a complete, competitive Proposal.
3. RIGHT TO WITHDRAW BIDS: By submitting a Proposal in response to this RFP, Bidder agrees to be bound by this RFP's terms and conditions. Proposals may be withdrawn by the Bidder without penalty at any time before notification that the Bidder's Proposal has been selected. However, if the Bidder withdraws after selection of its Proposal but before executing the Contract for any reason ("Late Withdrawal"), Bidder shall pay liquidated damages to the County in an amount equal to five percent (5%) of the amount of the Proposal ("Liquidated Damages"). The County and Bidder intend these Liquidated Damages to constitute compensation and not a penalty. The parties acknowledge and agree that the harm caused to the County by such a Late Withdrawal of a Proposal would be impossible or very difficult to accurately estimate at the time of the Late Withdrawal and that the Liquidated Damages are a reasonable estimate of the anticipated or actual harm that might arise from such a Late Withdrawal. Bidder's payment of the Liquidated Damages shall be Bidder's sole liability and entire obligation and County's exclusive remedy for Late Withdrawal of Bidder's Proposal.
4. RFP, PROPOSALS AND ACCEPTANCE DO NOT OBLIGATE: The parties agree that they will not consider either distribution of this RFP or receipt of Proposals by the County or even notification of Proposal acceptance by the County as an obligation or commitment by the County to enter into a contractual agreement. Rather, the parties understand that the County will have no binding obligation until it signs the Contract approved by its legal counsel.
5. TAX-EXEMPT STATUS: Bay County is a tax-exempt entity. The successful bidder will receive a tax-exempt form.
6. FOIA: All bids are confidential until the listed bid opening time and date; however, as a public entity, Bay County is subject to the Michigan Freedom of Information Act (FOIA). Information contained in proposals may be subject to FOIA requests.
7. RESPONSIBILITY: Bidder is solely responsible for ensuring its bid is received by the Bay County Purchasing Agent in accordance with the solicitation requirements, before the date and time specified in this Request, and at the place specified.

The Bay County Purchasing Agent shall not be responsible for any delays in mail or by common carrier or mistaken delivery. Delivery of bid shall be made to the Bay County Purchasing Agent, Bay County Building, 7TH Floor, Bay City, MI 48708.

Deliveries made before the due date and time but to the wrong office will be considered non-responsive unless re-delivery is made to the office specified before the due date and time specified in this request.

8. INSURANCE: The Bidder shall purchase and maintain insurance sufficient to protect it from any and all claims which may arise out of or result from the Bidder's services related to this RFP and any resultant contract, whether such service be by the Bidder individually or by any subcontractor or by anyone directly or indirectly employed Bidder, or by anyone for whose acts Bidder may be liable, including independent contractors. Insurance policies purchased and maintained shall include, but are not limited to, the following:
 - a. Worker's compensation insurance for claims under Michigan's Workers' Compensation Act or other similar employee benefit act of any other state applicable to an employee in the minimum amount as specified by statute;

- b. Employer's liability insurance, in conjunction with workers' compensation insurance, for claims for damages because of bodily injury, occupational sickness or disease or death of an employee when workers' compensation may not be an exclusive remedy, subject to a limit of liability of not less than \$100,000 each incident;
- c. Commercial General Liability insurance for claims for damages because of bodily injury or death of any person, other than the Bidder's employees, or damage to tangible property of others, including loss of use, which provides coverage for contractual liability, with a limit of not less than \$1,000,000 each occurrence and mandatory \$1,000,000 annual aggregate;

Professional liability coverage (error and omissions) with limits of liability of \$1,000,000 claim applicable to this retention.

Insurance required shall be in force until acceptance by the County of the entire completed work, and shall be written for not less than any limits of liability specified above. The Bidder has the responsibility of having any subcontractor comply with these insurance requirements. Certificates of insurance, shall be provided to the County's Department of Corporation Counsel no less than ten (10) working days prior to commencement of the project.

All coverages shall be with insurance carriers licensed and admitted to do business in Michigan, and are subject to the approval of the County.

All Certificates of Insurance and duplicate policies shall contain the following clauses:

"It is understood and agreed that thirty (30) days advance written notice of cancellation, non-renewal, reduction and/or material change in coverage will be mailed to Bay County's Department of Corporation Counsel, 515 Center Avenue, Suite 402, Bay City, MI 48708"; and

"It is understood and agreed that the following are listed as additional insureds: The County of Bay, including all elected and appointed officials, all employees and volunteers, all boards, commissions, departments and/or authorities and their board members, employees and volunteers."

9. COST OF DEVELOPING PROPOSAL: The Respondent shall be responsible for all costs incurred in the development and submission of its Proposal.
10. PROPOSAL DELIVERY: To be considered, the Proposal must be delivered and a sealed envelope and be clearly marked "**QUALIFICATIONS FOR BAY COUNTY RETIREMENT BOARD CUSTODIAL BANK**" and contain ten (10) copies of that portion of the proposal including all attachments. Only one (1) sealed envelope shall be submitted sealed and clearly marked "**FEE SCHEDULE.**"

The County will not accept proposals sent by FAX machine or E-mail.

11. NON-DISCRIMINATION: In the performance of the proposal and resultant contract, bidder agrees not to discriminate against or grant preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting. Bidder shall not discriminate against any employee or applicant for employment to be employed in the submission of this Proposal or in performance of the duties necessitated by an award of the proposed contract with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or

indirectly related to employment, because of his or her race, color, religion, national origin, ancestry, gender, height, weight, marital status, age, except where a requirement as to age is based on a bona fide occupational qualification, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Any breach of this provision will be regarded as a material breach of the contract.

12. PROPOSAL OPENING: There will be a public proposal opening immediately following the deadline to receive proposals in the Bay County Finance Department conference room located in the Bay County Building, 7th Floor, 515 Center Avenue, Bay City, Michigan. All bidders are invited to attend and hear the proposals read.
13. PROPOSAL REJECTION/ACCEPTANCE: The County reserves the right to accept or reject any or all proposals, to waive any irregularities and to make the final determination as to the best low qualified proposal.
14. PROPOSAL AWARD: In the event the bid is awarded directly by the Finance Officer, a Notice of Intent to Award will be used to notify all bidders of her intent to award the bid to the vendor providing the best value to the County. If a bidder disagrees with this intent, the bidder may obtain from the Purchasing Office, a bid protest form, which must be completed and returned to Frances Moore, Bay County Purchasing Agent, Bay County Finance Department Purchasing Division, 7th Floor, Bay County Building, 515 Center Avenue, Bay City, MI 48708-5128, (989) 895-4037 within ten (10) working days from the date of the notice of intent to award.
15. CONTRACT: The County's award of this proposal is conditioned upon the execution of a formal agreement for products and services between the selected bidder and the County. In submitting a proposal, bidder acknowledges that contents of this RFP will become incorporated within any formal agreement. This RFP does not include every term and condition which shall appear in the formal agreement. In the event that the bidder does not execute the formal agreement within the stated time limit, the County may reject the selected bidder and proceed to accept another qualified proposal, or reject all proposals. A copy of a bidder's suggested terms and conditions may be submitted with bidder's Proposal, however, neither the County's acceptance of any proposal nor award of any contract pursuant to this RFP shall be construed as any definitive acceptance by the County of Bidder's suggested terms and conditions. In the event of a conflict of terms, the order of precedence to resolve the conflict will be as follows: Michigan State law, the terms and conditions of the signed contract, the terms and conditions of this RFP, and last, the Bidder's Proposal.
16. QUESTIONS: All questions about this RFP must be directed **in writing, via email**, to:

Frances Moore
Purchasing Agent
mooref@baycounty.net

Under no circumstances will phone calls be accepted.

Responses to any inquires will be issued in one (1) Addendum no later than April 3, 2017 and will be sent to all known bidders. Every attempt to answer your inquiries will be made however Bay County has the right to not answer any questions received after the March 27, 2017 due date.

Correspondence or inquiries made directly to bidders regarding their proposals from all other persons are to be directed to those County employees designated above for appropriate review and response. Contact with other County staff or County Board Commissioner could be reason for disqualification.

Any significant explanation desired by a proposer, regarding the meaning or interpretation of the Request for Proposals must be requested with sufficient time allowed for a reply to reach all prospective proposers to submit their proposals. Any information given to a prospective bidder concerning the Request for Proposal will be furnished to all prospective bidders as an amendment or addendum to the Request for Proposal, if such information would be of significance to uninformed bidders. The County shall make the sole determination as to the significance to uninformed bidders.

17. DISPUTES: In the event a proponent disagrees with the recommendation of the Bay County Finance Officer concerning this award, the individual may obtain from the Purchasing Division a Bid Protest Form which may be completed and returned to Frances Moore, Bay County Purchasing Agent, Bay County Finance Department, Bay County Building, 7th Floor, 515 Center Avenue, Bay City, Michigan, 48708-5128, (989) 895-4037, within ten (10) working days of the Notice of Bid action.

VIII. ADA ASSISTANCE

The County of Bay will provide necessary and reasonable auxiliary aids and services, such as a signer for the hearing impaired and audio tapes of printed materials being considered, to individuals with disabilities upon two days' notice to the County of Bay. Individuals with disabilities requiring auxiliary aids or services should contact the County of Bay by writing or calling:

Amber Davis-Johnson
Corporation Counsel
Bay County Building
515 Center Avenue
4rd Floor
Bay City, MI 48708-5128
Telephone (989) 895-4131
TDD (989) 895-4049

Frances Moore, Purchasing Agent
Finance Department, Purchasing Division
Bay County Building
515 Center Ave
7th Floor
Bay City, MI 48708-5128
Telephone: (989) 895-4037
FAX Number: (989) 895-4039
Email: Mooref@baycounty.net

THIS QUALIFICATION PROCESS WILL BE CONDUCTED IN CONFORMITY WITH THE BAY COUNTY PURCHASING POLICY AS FOUND ON THE BAY COUNTY WEBSITE
www.baycounty-mi.gov

CERTIFICATION

The individual signing below certifies:

1. He/She is fully authorized to submit this Proposal, including all assurances, understanding and representations contained within it which shall be enforceable as specified.
2. He/She has been duly authorized to act as the official representative of the bidder to provide additional information as required and, if selected, to consummate the transaction subject to additional, reasonable standard terms and conditions presented by County.
3. This Proposal was solely developed and prepared without any collusion with any competing Proposer and/or Bay County employee and Bidder has not entered into any type of agreement of any nature to fix, maintain, increase or reduce prices or competition regarding the items covered by this Proposal.
4. The content of this Proposal has not and will not knowingly be disclosed to any competing or potentially competing proposer prior to the proposal opening date, time, and location indicated.
5. No action to persuade any person, partnership, or corporation to submit or withhold a Proposal has been made.

Signature: _____

Print Name: _____

Title: _____

Company Name: _____

Company Address: _____

Phone: _____

Fax: _____

Email: _____

Date: _____