

Town of Longboat Key Consolidated Retirement System
REQUEST FOR PROPOSALS
MASTER TRUST/ CUSTODIAN SERVICES

A. Overview

The Board of Trustees for the Town of Longboat Key Consolidated Retirement System ("Plan") requests proposals for master trustee/ Custodian services. This document defines the minimum requirements of the Board and solicits proposals that the Board may use to evaluate such services.

The Board will select a provider on the basis of the submitted written proposal, as well as an oral presentation at the discretion of the Trustees. Such presentations shall only be scheduled with those individuals or firms whom the Trustees feel are best qualified to perform the required services. The Board reserves the right to withdraw this Request for Proposal at any time to protect its interests; the Board also reserves the right to reject any non-conforming or non-responsive proposals.

The request and submittal of your proposal shall in no way be construed as an obligation on the part of the Board to provide you with compensation for your efforts to contract with your firm. However, all proposals shall be considered a binding and irrefutable offer for a period of one hundred eighty (180) days after the proposal date.

B. Plan Profile

The Town of Longboat Key Consolidated Retirement System is a defined benefit pension plan for employees of the Town of Longboat Key. The Plan is a governmental entity subject to both the Public Records and Sunshine Laws. The Board of Trustees consists of nine (9) members: five (5) Trustees appointed by the Town Commission, one Trustee designated by the Town Manager and three (3) Trustees elected by participating member groups served by the Plan.

The Plan currently services approximately 120 total current active and retired members and their beneficiaries. The Plan currently employs **three (3)** institutional investment managers with approximately **\$31.3 million** in assets allocated to the following managers:

Manager	Account Type	Dec 31, 2014
American Realty	Self Custody	\$2,996,000
ICC Capital Management	Separate Account	\$13,659,000
Sawgrass Asset Management	Separate Account	\$14,609,000
Receipt & Disbursement Account	Cash Account	\$0
TOTAL		\$31,264,000

C. Scope of Services

The Custodian provides for the safekeeping of Plan assets. The Custodian must therefore open and maintain a trust custody account to hold all cash, stocks, bonds, securities and other property of the Fund with the means to value these assets fairly to market. The Custodian shall also provide the Fund with a sweep money market type account for purposes of holding liquid temporary investments. The Custodian should have the ability to:

1. Hold the Plan assets securely
2. Provide systems or processes to value plan assets fairly to market
3. Provide timely settlement of securities transactions
4. Collect trust fund income when due
5. Prepare useful, accurate, and timely reports of assets and transactions
6. Provide cash management services
7. Offer administrative support to the Board or staff
8. Lend securities profitably and safely, if so authorized
9. Purchase or sell mutual funds or other securities as directed by the Board
10. Attend meetings at the request of the Board

The Board may also request that the Custodian provide the following services:

1. Pay all benefits and invoices
2. Make timely deposits of tax withholding
3. Provide all federal and state reporting for benefits paid
4. Track scheduled changes to periodic payment amounts
5. Complete regular death searches of members receiving payments
6. Provide system to properly account for all payments
7. Offer accurate and flexible reporting options for payments
8. Offer such services within reasonable fee levels

The Board encourages you to describe the ways in which you believe your organization offers special or distinctive services in your response to this Request.

D. Proposal and Transition Timeline

The Board of Trustees will review the responses at their meeting scheduled for Wednesday, April 22, 2015.

If selected by the Board, the bidder must be willing to assume custody of the Plan assets within thirty (30) days of a signed agreement with the Board; therefore, the proposal should include any necessary details related to the transition of assets and benefit payment services. The Board or its authorized representatives should receive monthly custodial statements, reports, and benefit payment registers electronically within 10 days after the end of each month thereafter. Fiscal year end reports should be received electronically within 21 days of the fiscal year close. The Plan has a September 30 fiscal year end.

E. Evaluation of Proposals

1. The Board may require an oral presentation by the proposer. If selected for a presentation, the proposer will be given at least two weeks notice.
2. In evaluating the proposals, price will not be the sole factor. The Board may consider any factors the Trustees deem necessary and proper to determine the best value, including price, quality of services, response to this request and general reputation. The Board reserves the right to reject any or all proposals and to award all, part or none of this contract.

3. All costs of preparation and presentation associated with the bid inquiry are the responsibility of the Bidder.
4. If chosen, the Bidder will be required to acknowledge fiduciary responsibility to the Plan as part of the contract.

F. Submission Requirements

To facilitate review of proposals, the Board requires that proposals adhere to the following format:

1. Title Page:

The Title Page should clearly reference the specific Request, the name of the organization, address, telephone number, contact person, contact email, and date.

2. Table of Contents:

Clearly identify the material by section and page number.

3. Letter of Transmittal: (No more than two pages)

- a. State your organization's understanding of the nature of the work.
- b. Give the names of the persons authorized to make presentations for your organization, along with their title, address, telephone number, and email contact.

4. Submission:

The Board requests that the proposer submit a total of zero (0) hard copies and one (1) electronic copy of the proposal in a sealed envelope clearly marked as follows:

Request for Proposal: Custodian
Town of Longboat Key Consolidated Retirement System
c/o Resource Centers, LLC
4360 Northlake Blvd. Suite 206
Palm Beach Gardens, FL 33410

The Administrator **must receive all proposals no later than 5:00 PM on Wednesday, April 22, 2015.** Please forward the electronic copy to: Scott@ResourceCenters.com.

If you have specific questions requiring explanation of the content of these proposal specifications, submit a written request for interpretation or additional information to the Plan Administrator:

Scott Baur
Resource Centers, LLC
4360 Northlake Blvd. Suite 206
Palm Beach Gardens, Florida 33410
Phone: 561-624-3277 Fax: 561-624-3278
Email: Scott@ResourceCenters.com.

Proposal Content and Requirements

A. IDENTIFICATION OF THE BIDDER:

1. The bidder's name, home office address, address of the office providing the services under the contract and telephone number for each.
2. Length of time the company has existed.
3. General description of the bidder, including size, number of employees, primary business, other business or services, type of organization (franchise, corporation, partnership, etc.) and other descriptive material. Include information on all business units and % of total of the bidder's income derived from each unit.
4. Provide a brief history for the bank with emphasis given to growth and development of trust custody services.
5. Describe any changes in the structure of the firm over the past three (3) years, as well as any future changes currently planned or scheduled.
6. Provide the number of professionals and support staff that have left the company in the last three (3) years, as well as the number of professionals and support staff hired during that time.
7. List all key individuals responsible for the account. Indicate their names, titles, qualifications, number of years with the company, number of years in the position, and the total number of years in the industry.
8. List of Florida public pension plans currently serviced by your company.
9. List of public and private sector retirement systems for which the individual who would be assigned to the account currently provides custody services, including system name and approximate value of the investment portfolio.
10. List the aggregate market value of assets for which your organization has master trust/ custody responsibility. Provide the median and average sizes of municipal accounts served by your company.
11. Provide the address, telephone number, name and title of person(s) who may be contacted for reference. Please include the inception date for each account offered as a reference.
12. Provide a list of the custody accounts for public plans in Florida gained and lost over the last three years.
13. Disclose any and all litigation involving the bidder and explain the nature of the litigation.
14. Please describe the transition process for transfer of securities and benefit payments. Indicate whether the transition typically requires a blackout on manager trading. Describe procedures to verify securities and cash received from the prior Custodian.

B. DETAIL DESCRIPTION OF SERVICES:

STAFFING

1. Describe the duties routinely assigned to the client manager assigned to the Plan.
2. Describe the support staff directly available to the primary client manager.
3. Describe the organization and role of other internal service teams available to support the client manager, the Board, or the administrator retained by the Board.

ACCOUNT TRANSITION

4. Describe in detail the process and timeline required to transition a new account to your trust accounting system.
5. Do you have any preferred schedule dates, such as month or quarter end, to transition a new account?
6. Describe the personnel or teams in place to support the transition process and their roles.
7. Describe procedures to verify receipt of holdings, cost information, and market value of securities and assets in the portfolio at transition.
8. Describe your process to collect any accrued income or settle trades during the transition of securities to your systems.
9. Describe your procedures to provide managers with an ad hoc package to establish trading during the account transition process.
10. Does your conversion process require a blackout on manager trading during transition? If so, how long must the blackout last and how do you manage this process?
11. Describe your contingency plans, if any, to manage an influx of new accounts. How do you plan to allocate staff and resources during this period to ensure that an orderly transition takes place?

SETTLEMENT OF SECURITIES

12. Are systems electronically linked with the depositories for same-day settlement? Describe potential causes for delays and how staff rectify any delays.
13. Are security purchases and sales cleared through DTC and the Fed wire system? Are you a member or do you use a correspondent?
14. How and where are physical settlement of securities transacted?
15. How do you minimize failed trades? Do you credit earnings on cost originally debited for any failed purchases?
16. Please provide any specific policies for failed purchases and sales.
17. Does your organization have any procedures to reconcile records with the investment managers?

18. Please provide references for two equity and two fixed income investment management firms where you settle both physical and book entry routine trades.
19. Please provide references for two additional investment management firms where you settle non-depository-eligible or non-routine transactions, such as financial futures, stock options, mortgage-backed securities, and derivatives.
20. State any limitations that your firm may have to purchase, hold or liquidate securities such as mutual funds or exchange trade funds at the direction of the Trustees.
21. Describe your flexibility to work with transition managers during investment management changes if directed by the Board.

SAFEKEEPING OF ASSETS

22. Please describe how assets or property of the Plan are held. The Custodian may hold any or all property in the account of the Trustees in its name as agent, in the name of its nominee, in the name of the Trustees, or in bearer form, but the books and records of the Custodian shall at all times show that all such property is part of the account of the Plan.
23. Describe your use of central depository facilities and the Federal Reserve book entry system.
24. Is there anything special or distinctive about your safekeeping abilities that the Board should know? If yes, please describe.

INCOME COLLECTION

25. The Custodian shall collect all interest, dividends, proceeds of called and matured securities and all other monies which shall arise from, or accrue to, or on account of the property from time to time, and shall credit such collections to the account of the Plan. Please explain your income-collection verification procedures.
26. Describe the systems and procedures you have developed for ensuring that all income is collected when due and describe when income is credited.

INVESTMENT ACCOUNTING

27. Identify the software applications used in the custodial area of your operations. Are applications in use fully integrated?
28. Describe both the features and benefits of your accounting system. Be sure to include descriptions of your accrual accounting capabilities, availability of trade date and/or settlement date information, securities-pricing capabilities, front-end and back-end editing procedures, and internal audit practices.
29. Describe the infrastructure you have built for providing investment accounting services. Be sure to include a description of your computer hardware configuration, a separate description of your software applications, and a discussion of the staff dedicated to the accounting function.
30. How many employees support the data processing and programming needs of the custodial area?

31. Describe your accounting philosophy as it relates to the "effective" dating of transactions (trade vs. settlement date), the use of correcting and reversal entries, and the use of miscellaneous receipt and disbursement accounts.
32. Describe your ability to shadow or include assets held under separate custody for the Plan to consolidate reporting, including procedures and delays for updating asset values.
33. What pricing sources do you use and how do you ensure accurate pricing? Describe your procedures to value any thinly traded securities accurately to market.
34. Are costs of securities sold derived using specific lots or average cost?
35. Please indicate whether you will open access to the accounting records that you maintain to auditors for the Plan if so requested.

REPORTING

36. Describe your reporting and data processing capabilities. Be sure to comment on issues relating to accuracy and timeliness of monthly and fiscal trust reports.
37. Describe your ability to produce any special reports that may be requested by the Board or other service providers engaged by the Board.
38. How frequently do you audit investment manager accounts, thereby alleviating the need to correct reports after the fact? (Please provide a sample of your audited monthly asset and transaction reports.)
39. Describe remote-access computer systems capabilities for retrieval of statements and reports. Can clients remotely retrieve, manipulate, or generate any reports?
40. Please describe plans for improving remote-access computer system capabilities.
41. Describe capabilities to generate any special reports or analysis, and detail the programming time and cost involved if any.
42. Confirm that you can provide monthly and year-end custodial reports in both a consolidated format and by manager account on a trade date basis.
43. Describe any online administrative access strictly for reporting purposes available to the Plan or its members. Is access on an inquiry-only basis?

CASH MANAGEMENT

44. Do you use a fully automated system for sweeping cash balances? Do you sweep to the penny? Describe your procedures for "sweeping" uninvested cash balances from investment accounting into your short-term investment funds (STIF).
45. When do you invest cash receipts deposited to the Plan? When do you invest cash received from sales of securities and collected income?
46. How many types of collateral STIF funds (commingled, separate or customized) do you offer? Describe the investments for any STIF options.
47. Do your month-end statements include daily balances and transfers to STIF?

48. Please enclose the quarterly returns associated with your short-term investment funds and detail the management fees associated with your STIF. What is the average net annual rate of return for the STIF funds over the past 5 years?
49. Describe any controls in place to accurately classify contributions and distributions as these amounts get recorded on the trust accounting system.

SECURITIES LENDING

50. Describe your securities lending program, including fees and income sharing.
51. How many clients currently participate in the program?
52. What is the current market value of lendable securities in your program?
53. Do you offer "broker indemnification"? (Do you promise to return to your client's portfolios securities and accrued interest in a case of a broker default?) Have you ever experienced a broker default in your securities lending program?

GLOBAL CUSTODY

54. When did the firm begin providing Global Custody? Provide a brief history of your Global Custody operations including the dates of implementation of key elements and enhancements.
55. What are the total Global Custody assets?
56. How many Global Custody clients do you currently have?
57. Outside of the U.S., do you use any central depository facilities? Describe your settlement and clearing facilities for depository eligible and physical securities.
58. Describe your tax reclaim policy and procedures. How do you notify clients of any foreign tax reclaims or changes in tax laws? How frequently are reclaims performed?

PROXY ADMINISTRATION

59. Describe your proxy administration policies. In general, the Custodian shall provide to the Investment Manager, all proxy requests, notices of shareholder meetings and the like. The Custodian shall not vote upon any stocks, bonds or other securities, or exercise any proxies with respect to same, unless the ballots or other similar materials are delivered to the Custodian by the Trustees with explicit written instructions as to the action to be taken.
60. Describe any alternatives (such as endorsing and sending back to clients or investment managers, or voting with management) that you offer for proxy administration.

CORPORATE AND CLASS ACTION FILINGS

61. How are corporate actions processed and reported to client?
62. How are class actions processed and reported to client? Does your company separate them from corporate actions?

63. Are there any charges for said services? If so, how are they paid and reported?

RISK MANAGEMENT

64. Describe your system of controls to assure the accuracy of the processing and reporting of the master custody division.

65. Describe the various types of insurance and indemnification provided to protect clients of service(s) proposed, including coverage for Errors and Omissions and Bonding. Identify carriers, levels of coverage, limits, and deductibles.

66. Please describe your system backup processes. Are files archived and stored at an off-site location? If so, what is the location? Have procedures been tested?

67. Please explain the security procedures in place to ensure the integrity of sensitive or confidential information.

68. Please provide a copy of the current Disaster Recovery Plan and the schedule for testing that plan. Provide details for any incidents that required implementation of disaster procedures during the last five (5) years and describe any challenges or hurdles encountered during the implementation.

LEGAL REQUIREMENTS

69. Please indicate whether your firm will approve an agreement construed under the laws of the state of Florida and federal law where applicable.

70. Please state whether your firm agrees to venue for any judicial proceeding to be in the county in which the Board sits.

QUALITY MANAGEMENT

71. Describe measures implemented by your firm to insure quality and customer service.

72. Outline your organization's commitment to service the public sector market.

73. What capital investments have occurred in the last three years? What capital investments are budgeted for the current and following year?

74. Do you survey your clients? If yes, provide the results for the last three years.

75. Describe other methods used by your company to monitor client satisfaction.

C. BENEFIT PAYMENTS AND REPORTING:

1. Describe in detail the timeline and process for transition of benefit payments to your organization.

2. Describe your procedures and controls to ensure that you receive and accurately record benefit payment information received during transition from the prior custodian.

3. Describe your procedures to reconcile payment batches with the prior custodian.

4. Describe the options available for payment of the following items:
 - a. Periodic payments to retired members and beneficiaries (check, direct deposit, debit card).
 - b. Non-periodic payments such as lump-sum distributions.
 - c. Payment of authorized invoices and plan expenses.
5. Indicate how early your company typically cuts off the setup of any new periodic payments from scheduled payment batches.
6. Describe the process and supporting documentation required to setup new periodic payments, to issue non-periodic payments, and to pay invoices.
7. Describe procedures, verification, and quality controls to ensure accuracy of payments and avoid any duplication of payments.
8. Describe your ability to process federal and state income tax withholding and reporting. Please indicate whether your system can report any safe harbor amounts paid to the member as non-taxable.
9. Indicate how the primary mailing address for a retired member affects options for local tax reporting.
10. Describe your ability to process multiple deductions for such items as insurances maintained through a City or a credit union or savings account selected by the member.
11. Describe the process and detail that you provide for any batch deductions for insurance to the City where the member retired.
12. Can your system handle direct deposits to multiple accounts?
13. Describe options for payments to members residing outside the US.
14. Describe payment details provided to members receiving periodic payments. Do you provide monthly deposit advices?
15. Can you accommodate inserts or messages with normal monthly check mailing?
16. Describe the flexibility that you have to credit member accounts on a specific monthly cycle or day. How much allowance is provided for mail time?
17. When is the account debited for benefit payments?
18. Who receives non-deliverable checks?
19. Is benefit payment processing done internally or through an outside service bureau?
20. Describe your responsibility for tax and/or legal advice to the administrator or participants regarding lump-sum distributions, payment advices, and coding of the Form 1099R.
21. Describe procedures for coding the Form 1099R to members receiving disability payments.
22. How do members of plans communicate changes for tax withholding, deductions, address changes, and account changes?

23. Describe your flexibility to provide summary payments reports or detail benefit payment registers in an Excel or text format on request.
24. Describe the frequency and process to complete death searches for members receiving periodic payments.
25. Describe in detail your data tracking capabilities regarding benefit payments and any such payments with end-dates or change dates for specific benefits such as, but not limited to, social security offsets and scheduled cost of living adjustments.

D. FIDUCIARY QUESTIONS:

1. State your relationship, if any, to American Realty, ICC Capital Management, or Sawgrass Asset Management (Investment Managers) and Bodahn Asset Consulting (Investment Consultant).
2. Describe in detail any interest, 12b-1 fees, sub trans-agency fees, commissions, other compensation, or revenue sharing your firm or employees may receive from any investment provider, broker, or other product offered to the Plan.
3. Provide details for any economic benefit derived by your firm, its employees, and/or any affiliated or related entity from any investment entities, intermediaries or service providers currently involved with the Plan, or any that would become involved with the Plan as part of the proposal.
4. Does any subsidiary, parent, or affiliate of your company provide retirement fund, investment, or brokerage services of any kind? If so, describe any policies or procedures in place to prevent conflicts of interest.
5. State your privacy policy with regard to sharing client or account information with a third party.
6. Detail your firm's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks, and data.
7. Has your company or its employees 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.
8. Has your company or its employees 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.
9. If selected as Custodian, the bidder will be required to execute a sworn statement regarding public entity crimes.
10. Please indicate whether your company will acknowledge a fiduciary to the Plan as defined in the Employee Retirement Security Act of 1974 ("ERISA") and Section 112.656, Florida Statutes.
11. Please indicate if your company, parents, affiliates, or subsidiaries contribute to any capital campaigns or lobbying efforts against defined benefit pension plans.

E. FEE PROPOSAL:

1. Provide a complete schedule that details all the fees associated with your program, including any conversion fees, expenses, and fees for additional services. Proposals should quote fees on an annual basis. Proposals that include asset based or activity related fees should provide the expected annual dollar equivalent for such services.
2. Provide a separate fee schedule or retainer for payment of periodic benefit payments, non-periodic benefit payments, invoices, wire fees, and any other distributions required by the Plan. Such fees must include any related tax deposits, annual Forms 1099R, Form 945 and other federal, state or local reporting as may be required.
3. Fees should be inclusive. No other charges will be allowed unless specifically authorized by the Trustees.
4. Detail any pass thru expenses or additional charges for services not covered by the fee agreement. List any or all possible fees or expenses by your firm associated with termination of the account as well.
5. Please disclose any and all additional compensation of any kind and other economic value paid to the firm or individuals associated with the activities of the account.
6. All fees must be guaranteed for a minimum of three years.

F. REQUIRED DOCUMENTS:

1. All responses to this request for proposal must include copies of all specimen agreements and documents to which you expect the Plan to be bound. The proposer must agree to the following conditions:
 - a. The proposer accepts Florida governing law.
 - b. The venue for any judicial proceedings shall be the County for the Board.
 - c. The proposer acknowledges a fiduciary to the Plan as defined in the Employee Retirement Income Security Act of 1974 ("ERISA") and Section 112.656, Florida Statutes.
2. You must also include copies of any additional forms, paperwork, or applications that you would use with the Plan or its participants.
3. Include a prospectus for any fund offered to the Plan as part of the proposal.
4. Provide a copy of your current disaster recovery procedure.
5. Attach a copy of the declaration page for bonding and/ or fiduciary liability insurance maintained by your firm.
6. Provide a sample monthly consolidated trade date trust custody report.
7. Provide a sample check with detail and deposit advice for periodic and non-periodic benefit payments.
8. Provide a sample monthly benefit payment register.
9. Provide a sample copy of reports detailing class action and corporate action filings.
10. Provide a copy of your current SSAE-16 SOC 1 Type 2 Audit.