



Town of Elsmere
Directed Pension Trustee
Request for Proposal No.18-01

- Deadline to Respond -
Monday, January 29, 2018
2:00 PM (Local Time)

RFP 18-01
Pension Committee
Directed Trustee

TOWN OF ELSMERE PENSION COMMITTEE

As part of its due diligence process, the Town of Elsmere Pension Committee (the "Committee") is soliciting proposals from qualified financial institutions who can best meet the needs of the Elsmere Police Pension Plan (the "Plan") to act as a directed trustee and of Plan assets. The Committee welcomes proposals from all qualified financial institutions that have demonstrated excellent service and have the ability to act as the Plan's directed trustee. Such directed trustee services would begin as soon as possible following acceptance of the proposal. Attached is a list of the services for which the proposal is being requested.

A. Description of Plan:

The Plan is a qualified governmental defined benefit plan and, as such, is exempt from ERISA and many of the provisions of the Internal Revenue Code that are applicable to qualified plans. The Plan is frozen and, at this point, its only operations are to invest its assets, pay out pensions and issue annual tax statements to the retirees.

As of June 30, 2017, there remain in the Plan only 7 retirees who are receiving monthly benefits from the Plan. There are no active participants and no deferred vested participants in the Plan.

As of June 30, 2017, the Plan had assets of approximately \$2,550,000 at market value.

The Plan is administered by the seven member Committee.

The Plan's current Trustee, Custodian and Investment Manager is Wilmington Trust Company. The purpose of hiring a directed trustee at this time is to permit the Plan's assets to be invested with the assets of the State of Delaware Pension Plan while being held in a separate trust.

B. Proposal Submission:

All interested firms should submit ten (10) bound copies and one electronic of their responses. Proposals received after the due date and time will not be considered. Proposals may either be mailed or hand-delivered. If the proposal is sent by mail or commercial express delivery service, the respondents shall be responsible for actual delivery of the proposal to the proper address before the deadline. Faxed or emailed proposals will not be accepted. All timely proposals become the property of Committee.

All proposals should be considered to be public record (excluding SSAE 16 Type II report) and shall be available for viewing and reproduction as required by law.

Submit the ten (10) copies of the proposal, in a sealed package, and the electronic copy addressed to the Committee's counsel:

Timothy J. Snyder, Esquire
Young Conaway Stargatt & Taylor, LLP
Rodney Square
1000 North King Street
Wilmington, DE 19801
tsnyder@ycst.com

Proposals must be received no later than 2:00 pm EST on January 29, 2018.

C. Questions

Questions may be submitted in writing to Timothy J. Snyder, Esquire and mailed to the above address or emailed to tsnyder@ycst.com. You may also contact Mr. Snyder at (302) 571-6645.

D. Evaluation of Proposals:

Proposals will be evaluated by the Committee with the assistance of the Town of Elsmere staff and if necessary, legal counsel. During the evaluation process the Committee may, at its discretion, request any or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer questions the Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Finalists' presentations:

If the Committee requests presentations by finalists, each finalist will have approximately 30 minutes to meet with the Committee. At that time the respondents may present additional written information. It is highly recommended that the respondent's primary contact be present at the finalist's presentation.

F. Contract negotiation:

A written contract with the financial institution selected will be required. Please state whether or not your financial institution is willing to be subject to the laws of the State of Delaware. The quoted rates must be guaranteed for the contract period and negotiable in subsequent years.

We appreciate your interest in being of service to the Plan and look forward to receiving your proposal.

Request for Proposals for Directed Trustee Services

I. Services requested are described as:

1. Act as directed trustee for the Elsmere Police Pension Plan including, administrative duties, collection of income on investments and reporting to the Fund administrator and investment consultant.
2. Provide administrative services for the Fund such as monthly retirement checks or direct deposit, inclusive of preparation of IRS Form 1099-R and wire transfers.
3. Prepare accounting reports as requested by the Fund's administrator, auditors, actuary, and investment manager.

II. Directed Trustee Background Information

1. Please summarize the services your organization provides to a public defined benefit Plan.
2. Please provide a brief history of your firm's experience as a directed trustee for a public defined benefit plan and a specific discussion of special expertise or unique capabilities.
3. Briefly describe the organizational structure of the directed trustee business.
4. What percentage of revenue and net profit does the directed trustee business represent in the overall organization? Please do not group the revenue and net profit for the directed trustee services with any other business unit or divisions.
5. Briefly summarize the firm's competitive advantages within the directed trustee industry.
6. How do you define your fiduciary responsibility as directed trustee?
7. Describe any ongoing educational programs, user conferences, publications or other means of keeping clients fully educated and providing a forum for new ideas and client needs. Please detail any additional costs that may be associated with these programs.
8. What is the total number of directed trustee accounts? How many are public pension plans?
9. What is the total market value of all directed trustee accounts? What is the total for your public plan clients?

10. Please complete the following table:

Clients	Total Assets	Number of Client Type	
Public Plans			
Corporate Plans			
Taft-Hartley Plans			
Insurance Reserves			
Endowment/Foundation			
Private Client/Wealth Mgt.			
Family Office			
Other (please describe)			

11. List the types of insurance carried, name of carrier(s), and deductibles for calendar year 2018 and 2019 policies. Address whether or not insurance policies cover situations where the organization's internal controls fail. What risks are not covered by these policies?
12. Would you agree to indemnify the Plan against any losses sustained by the Plan resulting from your negligence, errors or omissions?
13. What effect has the current market environment had on your organization's institutional trust and custody business unit (layoffs, departures, etc.)?

III. CLIENT SERVICE

1. Please provide an organizational chart and describe your approach to client service.
2. Please provide biographies of the individuals/team that would be responsible for this relationship. How many accounts does this individual/team service? What is the total market value of all directed trustee accounts that this individual/team services? What is the total for their public plan clients?
3. Is the client relationship person that would be responsible for this account also assigned non-custodial duties? If so, what percentage of time is allocated to these duties?
4. From which location(s) would the service team be located? Please specify which services will be performed in each location.
5. In what ways do you distinguish yourself from other directed trustees in the area of client relations?
6. Does your organization have capability for individual retirees of the Plan to log in and review, print, and update their own personal information and payment history, etc.?

IV. ACCOUNTING AND REPORTING

1. Please provide an overview of your accounting system.
2. What steps are taken to ensure the accuracy of your reports?
3. What standard reports are provided with your directed trustee services? Please provide a sample report. Is there adaptability in your computing process to allow for the creation of a limited number of custom reports? Would such reports require a fee?
4. How does your organization support the advancement of systems technology? Briefly describe your organizational goals and budget allocation toward product development and technology enhancement.

V. SYSTEMS, DATA PROCESSING AND ON-LINE SERVICES

1. Discuss the hardware and software systems in place that support your directed trustee services.
2. How long has the current software been in place?
3. What security systems do you have in place?
4. Please provide a description of your disaster recovery plan, including back-up systems and their locations. How often are your plans tested?
5. Does your on-line system allow clients the option to export transactional data?
6. Please describe and discuss the various levels of security used to protect client data.
7. Can non-standard reports be created? If so, how is this accomplished?
8. Do you plan any major systems changes/conversions within the next three years?
9. Describe the geographic location of your primary administrative operations and data processing units

VI. FEE PROPOSAL

The respondent should detail fees charged by category. Using the Fund's financial profile information, please present the fees:

Category:

1. Initial setup charge
2. Trustee Fee
3. Benefit Payment Fee
 - a. Monthly Check
 - b. Direct Deposit
 - c. IRS Form 1099-R
4. Wire Transfer Fee
5. Reporting Fees
6. Other Charges (please describe)

For what period of time will the above fees be guaranteed?

VII. CORPORATE ACTIONS

1. What services do you utilize for corporate actions?
2. Are you responsible for initiating corporate action claims on behalf of the Plan?
3. Do you have a centralized corporate action area? What procedures and control points are used to monitor outstanding corporate actions?
4. Who is responsible for communicating corporate action information to the client? Is there a process in place to provide feedback on settlements or outstanding claims?
5. Please provide a sample semi-annual report that identifies corporate actions filed and settlements received.

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VIII. GASB40

1. Do you have a report package designed to meet the compliance requirements pertaining to GASB 40? If so, has this reporting package been reviewed by GASB and have they acknowledged it to be compliant with the requirements of GASB 40?
2. Are there any additional fees associated with this service?
3. Please provide a sample report.

IX. OTHER

1. Describe the conversion process in terms of timing and the requirements of the client. How long does it typically take to convert new clients to your system?
2. Are there any contemplated or pending changes/actions of which we should be aware (i.e. ownership, departure of key personnel, organizational restructuring, or some other action of significance involving your firm)?
3. Do you have your auditors prepare a SSAE 16 report? If so, please submit a copy of your most recent report.
4. Do you currently provide a compliance monitoring service in which you take responsibility for notifying the client when violations occur? If yes, how many clients do you provide this service to and describe any additional fees that might be associated with this service.
5. Please describe any soft dollar programs currently in place.
6. Please describe any potential conflicts of interest that may arise from your servicing of this account.