

CHARTER TOWNSHIP OF SHELBY
GOVERNMENTAL DEFINED CONTRIBUTION PLAN
&
ELIGIBLE DEFERRED COMPENSATION PLAN
REQUEST FOR PROPOSAL FOR
INVESTMENT CONSULTANT SERVICES

I. OVERVIEW

The Charter Township of Shelby (“Shelby Township”) is in the process of considering proposals for institutional investment consulting services for its Defined Contribution Plan and Trust (“DC Plan”), qualified under Sections 401(a) and 501(a) of the Internal Revenue Code, as well as its Eligible Deferred Compensation Plans (“457 Plan”), qualified under Section 457(b) of the Internal Revenue Code. The DC Plan and 457 Plans (currently 2) are each administered by a Plan Administrator (“Plan Administrator”).

The Investment Consultant to the Plans will assist the Administrator with strategy, implementation, and oversight of the investment of the trust assets. The purpose of this Request for Proposal (RFP) is to define the Administrator’s minimum requirements, solicit proposals and to gain adequate information from which the Administrator may evaluate such services.

The Defined Contribution Plan. The Shelby Township DC Plan is a governmental 401(a) defined contribution plan with approximately \$25.32 M in assets and 201 total participants. Plan Participants have a selection of approximately 176 investment options which are essentially mutual funds that are available to plans invested with the trustee/custodian with advisory services through John Hancock.

Deferred Compensation Plan 1. The Shelby Township 457 Plan is an eligible deferred compensation plan with approximately \$8.78 M in assets and 163 total participants. Plan Participants have a selection of approximately 176 investment options which are essentially mutual funds that are available to plans invested with the trustee/custodian with advisory services through John Hancock.

Deferred Compensation Plan 2. The Shelby Township 457 Plan is an eligible deferred compensation plan with approximately \$18.35 M in assets and 160 total participants. Plan Participants have a selection of approximately 51 investment options which are essentially mutual funds that are available to plans invested with the trustee/custodian with advisory services through Nationwide.

A. THE SELECTION PROCESS

1. Non-Qualifying Responses

The Administrator will evaluate each response to determine if it meets the submission requirements set forth in this RFP, including whether the proposing firm meets the minimum criteria. All non-qualifying responses not subject to the waiver/cure of minor information will be rejected.

2. Selection

The Administrator will evaluate all responses that meet the established criteria. Based upon this review, the Administrator may invite chosen candidates to make a presentation. The Administrator may invite certain finalists to return after the finalist presentation for further discussions. The Administrator may approve or modify the scope of services for the selected investment consultant firm or elect to renegotiate the proposed fee schedule. Additionally, the Administrator may choose different service providers to serve each plan. Your response should also clearly delineate which services you are proposing to provide and to which Plan.

3. Insurance Requirements

The Administrator requires that each proposing firm have the following insurance coverage. If retained, the firm will be required to certify that the firm complies with this requirement by producing written evidence of each insurance coverage annually.

- Errors and omissions
- Professional liability
- Employee malfeasance and dishonesty
- Property and casualty, including auto used for business
- General liability
- Worker's compensation

4. Minimum Qualifications

The Administrator requires that all prospective service providers have the following minimum qualifications. The Administrator further requires that each service provider affirm satisfaction of the following representations to be signed by an individual authorized to bind the firm contractually. These affirmations are to be included with your RFP response. If you are affiliating or partnering with a national firm, or are a local office of a national firm, the minimum qualification requirements must be satisfied by the affiliated individual or entity submitting this proposal.

- a. The investment consultant (sometimes hereinafter referred to as the "firm") must have a minimum of five (5) years' experience in providing institutional investment consulting services and the primary consultant/client representative

assigned to these accounts have at least five (5) years' experience with institutional clients at an investment-consulting firm.

- b. The firm must have provided investment consulting services for a minimum of three (3) years to at least three (3) public employee retirements systems, defined contribution plans and/or 457 plans, with at least one (1) such plan with assets in excess of thirty (30) million dollars.
- c. The firm must provide investment consultant services to clients whose combined fund assets total at least two hundred fifty (250) million dollars.
- d. The investment consultant must be a registered investment advisor under the Investment Advisers Act of 1940; and
- e. All proposing consulting firms must affirm that they accept the role of a fiduciary to the Plans.

B. TIMELINE

The Administrator has set the following timeline, which can be modified at the sole discretion of the Administrator as it deems necessary:

- ***6/1/2017 Request for Proposal Issued***
- ***6/22/2017 Proposals due by 2:00 p.m.***
- ***7/14/2017 Review Proposals/Select Finalists***
- ***Finalist Interview dates to be determined***
- ***Final Selection by 8/31/2017***

C. TERMS AND CONDITIONS

1. The Administrator makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in this RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all of the information that may be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of the information and data contained or referenced herein. The Administrator does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of the Administrator.
2. The Administrator reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any response, in whole or in part, to negotiate modifications or revisions to a response and to negotiate with any one or more respondents to the RFP.
3. The Administrator is not and will not be under any obligation to accept, review or

consider any response to the RFP, and is not and will not be under any obligation to accept the lowest offer submitted or any offer at all. The Administrator is not and will not be under any obligation to any recipient of, or any respondent to, the RFP except as expressly stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise.

4. This RFP is not an offer but a request to receive qualifications and proposals of potential firms. The Administrator will consider a substantially completed response as an offer to develop an agreement based upon the contents of the response. Respondents agree that the contents of their responses are valid for one (1) year from the date of submission. The Administrator will not be liable for any cost incurred in the preparation of a response and will not reimburse any respondents for their submission. Expenses related to the production of a response to this RFP are the sole responsibility of the respondent.
5. Any response submitted will become the property of Shelby Township and will be maintained consistent with each Administrator's Record Retention Policies and Schedules. The Administrator reserves the right to retain all responses submitted, and to use any information contained in a response except as otherwise prohibited by law. All responses and the contents thereof will be deemed to be public record open to public inspection after the conclusion of the RFP process, and award and execution of a contract, if any; provided that all proprietary information, "trade secret", if clearly marked as such, will not be disclosed except as required by law.

The Administrator appreciates the time and effort you will have expended in responding to this RFP.

II. RFP SUBMISSION REQUIREMENTS

To achieve a uniform review process and obtain the maximum degree of comparability, **it is required** that the proposal be organized in the following manner:

1. **Title Page:** Please indicate the RFP subject and the Investment Consultant position(s) (i.e., the DC Plan, the 457 Plan, or a combination thereof, etc.) to which you are submitting your response, the name of your organization, address, telephone number, name of contact person and date.
2. **Table of Contents:** Clearly identify the material included in your proposal by section and page number.
3. **Letter of Transmittal:** The proposal must be accompanied by a cover letter, signed by an individual who is authorized to bind the firm contractually. The cover letter must include: a) the firm name, address, E-mail address and telephone/fax numbers; b) the contact person for this RFP; c) the title or position which the signer of the cover letter holds in the firm; and d) a statement to the effect that the Proposal is a firm and irrevocable offer of the firm that will remain valid for a period of one (1) year. Please state in your Letter of Transmittal if you

submitting your proposal to provide consulting services to: a) the DC Plan; b) both of the 457 Plans; or c) a combination thereof.

4. **Response to Request for Proposal:** Please respond to each question in order of sequence as provided in the Request for Proposal sections of this RFP. **Section II is applicable to all responses, Section III is applicable to consulting services for the DC Plans and Section IV applies to the consulting services to the DC Plans.**

5. **Submission:** The Administrator requests that a total number of five (5) complete sets of your proposal be submitted. The Administrator also requests that you provide one (1) electronic copy on a USB flash drive. Proposals must be presented in a sealed opaque envelope clearly marked as follows:

Investment Consultant Services RFP

Charter Township of Shelby
c/o Stanley Grot
Township Clerk
52700 Van Dyke
Shelby Township, MI 48316-3572

office (586) 726-7241

HR@Shelbytwp.org

6. **Response Deadline:** Your response to this RFP must be received at the above address **by 2:00 p.m. on June 22, 2017.** All questions about this RFP must be submitted in writing no later than seven (7) days prior to the due date for proposals and shall be directed to the Administrator. All questions received after the deadline established herein shall not be considered.
7. **Quiet period/No Contact:** Actual and prospective respondents (including their representatives or persons acting on their behalf) are prohibited from contacting individuals other than the Administrator in any manner regarding the issued RFP. All inquiries regarding the RFP shall be directed to the Administrator in writing, as indicated above. This communication restriction exists from the date that the RFP is published on the Michigan Intergovernmental Trade Network (MITN) until the contract is awarded. Addendums to this RFP will be published on MITN.
8. **Pre-Qualification:** Inviting a proposal does not assume a “pre-qualification” of any proposer.
9. **Proposal Preparation Cost:** The Administrator will not be liable for any costs incurred in preparation of proposals.
10. **Certification as to “Request for Proposal” Content:** By submitting a proposal, the proposer certifies that he/she has fully read and understands the “Request for Proposal” and has full knowledge of the scope, nature, quantity, and quality of

work to be performed. Unless specified to the contrary, submitting a proposal will be interpreted as agreement to all provisions in and requirements of the RFP.

11. **Additional Information and Instruction:** The proposer shall furnish such additional information as the Administrator may reasonably require. The Administrator reserves the right to investigate the qualifications of all proposers as it deems appropriate.
12. **Negotiations:** The Administrator reserves the right to conduct pre-contract negotiations with any or all proposers.
13. **Proposal Rejection:** The Administrator reserves the right to reject any or all proposals; and reserves unto it the right in its sole discretion, to accept the proposal which it considers most favorable to the Administrator's best interests, and the right to waive minor irregularities in the procedures. The Administrator further reserves the right to seek new proposals when such a procedure is in its best interest.
14. **Proposals Binding for 1 Year:** All proposals submitted shall be binding for one (1) year following the above due date for receipt of proposals to allow for evaluation and award of contract.
15. **Late Proposals:** Proposals received by the Administrator after the time specified for proposal opening will not be considered.
16. **Completeness:** All information required by the Request for Proposal shall be supplied to constitute an acceptable proposal. Failure to submit a complete proposal may result in the disqualification of your proposal.

III. REQUEST FOR PROPOSALS – REQUIRED INFORMATION

Firms desiring consideration should fully respond to the following items. The administrator reserves the right to include any, all, or none of the listed items or services in any agreement resulting from this Request for Proposal process.

A. FIRM INFORMATION – [Applicable to all RFP Responders]

1. Name of your firm, its address, telephone number, and primary contact for the request for proposal. Give the names of the persons who will be authorized to make presentations for your organization, their titles, addresses, and telephone numbers.
2. Briefly state your organization's understanding of the nature of the work.
3. Is your organization a subsidiary, parent, or affiliate of any other firm? If so, please describe in detail. Do any of these affiliates provide any other 401(a) Defined Contribution Plan or 457 Plan services such as investment management, actuarial work, etc.? If you provide more than one service, how do you protect against

conflicts of interest? Have you ever included your own firm, subsidiary or sponsored investment vehicle in a manager search you are conducting?

4. What is the number of full time employees in your firm? How many professionals have left your company in the last 3 years? How many senior people have left your company in the last three (3) years? How many support staff have left your company in the last three (3) years?
5. What is the location of your nearest office?
6. Include a chart showing the current ownership structure of the company including any parent, affiliated, and/or subsidiary company, and any business partners. Indicate if consulting personnel in the firm are employed or perform work for any parent, affiliate, and/or subsidiary company or business partner.
7. List your company's lines of business (including all affiliated companies).
8. Please disclose all formal or informal business relationships and/or association with Shelby Township, the DC Plan, the 457 Plan and any individual trustees of the Administrator.
9. Please describe the firm's disaster recovery plan as it relates to equipment, software, data and personnel in relations to providing services to the plans.
10. If any portion of your services are to be subcontracted, please indicate the part(s) to be subcontracted, the reasons for subcontracting, and a listing of subcontractors including revenue sharing arrangements.

B. REGULATORY DISCLOSURES

1. Has your office/consultant(s) been the subject of any complaint filed with any state or federal regulatory agency in the past five years? Has your company ever had a license to do business, an agent/broker license or any other insurance license revoked or suspended? Has your company ever been reprimanded or otherwise cited by a licensing agency? If any of these apply, please describe fully.
2. Has your office/consultant(s) been the subject of any legal action or litigation in the past five years? Have you ever been sued by a client?
3. Are there any potential conflicts of interest the firm would have in providing services to the Administrator? If yes, please explain.
4. Does the firm have a written code of conduct and standards for professional behavior? If so, please attach a copy. Explain how compliance with the code is enforced.

5. During the last three years, has the firm, affiliates or employees provided anything of value in excess of one hundred fifty dollars (\$150.00), exclusive of food and beverages provided at a meeting or items required by contract, to any elected officer, staff, public pension fund trustee, plan participant, or employee of current clients or prospective clients? If so, please explain.
6. Describe what procedures and policies you have in place to protect against any potential or perceived conflict of interest involving relationships your firm may have with any service provider for which you may conduct performance review or otherwise evaluate for the Administrator. To what extent and under what circumstances do the individuals who would be directly servicing the Administrator personally meet with service providers?
7. Does the firm hold or sponsor client conferences? If yes, please describe such events occurring in the last year, their usual frequency, and whether the costs of such events are borne by your firm, service providers, or event attendees.
8. The consultant shall disclose any professional or personal financial interest that may pose a conflict of interest in representing the Administrator, elected Township officials, employees or plan participants. Consultant shall further disclose arrangements to derive additional compensation (formal or informal) that your firm or any of its individuals has with the following parties: investment fund providers and managers, custodians, brokerage firms, financial institutions, or other consultants. Disclose any finder's fees, fee splitting, payments to consultants or other contractual arrangements of the firm that could present a real or perceived conflict of interest.
9. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided all the disclosures required under those laws? Provide a complete copy of the firm's most recent Form ADV Part I, Part 2A, Part 2B, and all accompanying schedules including annual financial reports filed with the SEC.
10. Are your consultants registered investment advisor representatives?
11. Are you a financial adviser or financial planner? If yes, please support with documentation.
12. Do you consider yourself a fiduciary as defined under Michigan Law, MCL 38.1133 with respect to recommendations you provide the Administrator?
13. Will you acknowledge, in writing, that you have a fiduciary obligation as an investment adviser to the Administrator while providing the consulting services we are seeking?

C. REFERENCES

Please provide the names, types of plans, contacts, and phone numbers of other defined benefit plan clients, defined contribution plan clients, and retiree health care clients who will share with the Administrator their first-hand experiences regarding your services (preferably public sector plans).

IV. DEFINED CONTRIBUTION PLAN AND DEFERRED COMPENSATION PLAN CONSULTING SERVICES

A. SCOPE OF SERVICES

The primary role of the Investment Consultant to the DC Plan and/or 457 Plan is to provide objective, third-party advice and counsel that will enable the Administrator to make well-informed and well-educated decisions regarding the Defined Contribution Plan and/or 457 Plan service providers and the investment options provided to plan participants. **The Consultant shall acknowledge its responsibilities as a fiduciary to the Administrator and the DC Plan and 457 Plan.** The Investment Consultant must be a registered investment advisor under the Investment Advisors Act of 1940.

1. Review of the Plan Provider's recordkeeping, administration, fees, and revenue sharing reimbursement to determine the benefit to participants.
 - a. Identify additional revenue from fund fees and/or reduce expenses to participants.
 - b. Provide a report identifying all fees Provider receives from mutual fund groups.
 - c. Verify all fees paid to Provider, including fees paid on Provider's proprietary and non-proprietary funds.
 - d. Verify that there is no difference in quarterly yield between the Provider's proprietary and non-proprietary funds due to the receipt of revenue reimbursement currently received from Provider.
 - e. Verify that the current annual Provider administration fee does not contain a "surcharge" to make up for the revenue reimbursement amount Provider is providing to the Administrator.
2. Review of investment lineup for appropriateness of performance and fund fees/expense.
 - a. Determine if investment options offered are optimum choices given the considerations for diversification, risk, and return.
 - b. Provide quarterly performance reports to the Administrator.
 - c. Provide a cost analysis of the Plan's expenses to compare actual investment expenses to those offered by competitors.

- d. Assisting the Client in continuously negotiating contractual terms including expenses of Providers and offer alternative recommendations.
3. Review the Plan's investment policy.
 - a. Review soundness and effectiveness of the policy in terms of addition, removal and retention of the mutual funds and investment products in the Plan.
 - b. Ensure well defined procedures in the policy are in place for the review, maintenance, and monitoring of investment funds.
2. Provide recommendations to ensure that all interested parties are fulfilling their respective fiduciary responsibilities.

B. INVESTMENT CONSULTING SERVICES – DC PLAN AND/OR 457 PLANS

Firms desiring consideration with respect to consulting for the Defined Contribution Plan and/or 457 Plan should fully respond to the following items. The Administrator reserves the right to include any, all, or none of the listed items or services in any agreement resulting from this Request for Proposal process.

1. Describe the firm's experience with and approach to 401(a) defined contribution and/or 457 Plan consulting.
2. Briefly summarize the firm's philosophy relating to the consultant's relationship with Trustees, administrators, plan participants, and third party plan providers.
3. Describe the services you will provide and incorporate them into a Work Plan. Provide an itemized Work Plan in Excel format that includes a description and proposed timeline of the necessary tasks that define your approach to DC Plan and/or 457 Plan consulting.
4. Further, describe your investment consulting lines of business and explain how these interrelate with other business activities of the company.
5. What 401(a) defined contribution plan and/or 457 Plan experience do you have? Provide a list of the three (3) clients with the highest value of assets under contract to date. Please provide a minimum of 3 references by name of client, type of client, contact person, address and telephone number.
6. If you have lost any 401(a) defined contribution plan or 457 Plan clients in the last 3 years, please explain.
7. Please explain size, composition, and source of your performance measurement data base. What indices are used for relative comparisons? If you do not maintain databases, whose database do you use?

8. Disclose formal or informal business relationships with investment managers or other service providers to defined contribution and/or 457 plans.
9. Provide as an attachment to your response a complete copy of your most recent form ADV as filed with the SEC.
10. Discuss your experience designing Requests for Proposals for plan service providers (including recordkeeping, administration, communications and education, investment management services and enrollment services). Describe your typical development process for this type of RFP, to include the gathering of plan data, establishing timelines, typical number of questions posed, etc. For each of the last three years please indicate the number of third-party provider RFPs issued on behalf of its clients.
11. Describe the resources utilized in generating and reviewing third-party RFP questions and summarizing results for clients. Describe a typical reporting/scoring/analysis for this type of RFP and include a sample deliverable for same (no more than 5 sample pages).

C. PERSONNEL

If you are a regional office, department or divisions of a national firm, please answer the questions specific to the proposing entity.

1. State the number of consultants.
2. Who will provide consulting services to the Plan? For each named individual providing these services:
 - a. Attach a biography including education, formal training, years of institutional consulting experience, and years of Michigan public plan consulting experience.
 - b. Tenure with the firm
 - c. If there is more than one individual, indicate who will be the lead consultant and describe their roles and area of expertise
 - d. Where are individuals located?
 - e. Fully describe the caseload of the lead consultant by listing the other clients handled by the individual
3. Identify and explain the role of any analysts or other personnel who would be involved with servicing this account, including their location, education, formal training, relevant investment experience and role.
4. How does your firm define and measure the success of retirement plan consulting relationships?

5. Describe the resources your firm has available for the purpose of providing investment performance review services for the following:
 - a. Stock and bond asset classes
 - b. Fixed account and stable value offerings
 - c. Money market and bank savings products
 - d. Asset allocation (time-based or risk-based) funds
6. What databases are used in your investment review service? Are they proprietary or obtained from a third party provider?

D. FEES

1. Provide the fee structure for the services proposed by your firm. Specify each service included in your fee proposal and which relate to the Scope of Services outlined herein. Please quote these services on a one-time basis, as well as on an on-going quarterly, semi-annual or annual basis. With respect to an on-going basis, your fee quote should assume a three-year contract and include all travel and other out-of-pocket expenses. If your fee schedule is based on soft dollars, please also quote each service by type on a hard dollar basis.
2. Would you charge separately for travel expenses? If so, explain in detail your policy.
3. Do you offer payment by cash on a *pro rata* quarterly basis billed in arrears?
4. If services are also quoted on a soft dollar basis, what is the cost in cents per share? What is the commission to cash conversion ratio? Also, how do you report to us on commissions received?
5. Does the firm offer an asset-based fee? If so, please provide that fee schedule, as well as the calculated annual fee on the applicable amount of assets.
6. List any additional services not listed in your fee proposal that would incur additional cost for the plans.
7. Attach your standard contract for consulting services.
8. Disclose all other sources of potential compensation in addition to the fee charged to the client.