

Borough of Chambersburg

Re: Defined Contribution Arrangement

Notice re: Solicitation of proposals for defined contribution record-keeping, investment management and education services

The Borough of Chambersburg is seeking proposals for record-keeping, investment management and education services relative to its defined contribution (money purchase) arrangement. The RFP, including specifications, procedures to compete for the work, and disclosures are available by writing Carol Ehrenreich, Human Resource Supervisor, Borough of Chambersburg, 100 South 2nd Street, Chambersburg, PA 17201 or by e-mail at cehrenreich@chambersburgpa.gov. Be sure to include your name, address, e-mail, telephone and fax numbers on all correspondence.

The specifications are set forth in the RFP. The RFP includes detailed questions associated with qualifications, experience, expertise and compensation to be charged. In order to compete for the work, a response to the RFP should be made as per the RFP on or before June 13, 2016. As set forth in the RFP, the response should include a completed Disclosure Statement. The Borough reserves the right to request additional information from any or all respondents, to waive any defect or abnormality to award or not award all or any portion of the described work, to issue modifications to the RFP, to award a portion of the work to one responding firm and to award a portion of the work to another responding firm or to otherwise move forward in the best interest of the Borough.

Borough of Chambersburg

**100 South 2nd Street
Chambersburg, PA 17201**

Telephone No.: 717-261-3272

Facsimile No.: 717-264-8408

E-mail Address: cehrenreich@chambersburgpa.gov

June 1, 2016

Carol Ehrenreich, Human Resource Supervisor
Borough of Chambersburg
100 S. 2nd Street
Chambersburg, PA 17201

Re: Request for Proposal – Plan Record-Keeping,
Investment Management and Education Services

To Whom It May Concern:

The Borough of Chambersburg is obtaining proposals relative to record-keeping, investment management and education services of its defined contribution (money purchase) investment arrangement under IRC 401(a). This is an elective plan and it is not clear at this point how many employees will participate. The Borough also maintains several 457 deferred compensation arrangements with various providers. The goal will be to coordinate, as much as practical, 401(a) and 457 balances in one provider. Please review the attached Request for Proposal (RFP) and respond with ten hard copies and two digital copies of your response on or before June 13, 2016 to Carol Ehrenreich, Human Resource Supervisor, Borough of Chambersburg, 100 South 2nd Street, Chambersburg, PA 17201. The specifications are set forth in the RFP. The RFP includes detailed questions associated with qualification, experience, expertise and compensation to be charged. Please respond by printing the question ahead of your response. Remember to complete and submit the Disclosure Form with your proposal.

The Borough reserves the right to request additional information from any and all respondents, to waive any defect or abnormality, to award or not award all or any portion of the work described herein, to issue modifications to the RFP, to award a portion of the work to one responding firm and to award a portion of the work to another responding firm or otherwise to move forward in the best interest of the Borough. If you desire an e-mail copy of this RFP in Word format, please contact Carol Ehrenreich at 717-261-3272 or by e-mail at cehrenreich@chambersburgpa.gov

I look forward to any questions or comments.

Very truly yours,

CAROL EHRENREICH

Enclosures

REQUEST FOR PROPOSAL

**Defined Contribution (Money Purchase) Plan
Recordkeeping, Investment Management and
Education Services**

Borough of Chambersburg

PROPOSALS MUST BE RECEIVED NO LATER THAN JUNE 13, 2016
ALONG WITH A COMPLETED DISCLOSURE STATEMENT

INTRODUCTION

The Borough of Chambersburg is issuing this request for proposal (RFP) to obtain written proposals for a defined contribution/money purchase investment plan under IRC 401(a), plan administration services, record-keeping and education. This Request for Proposals provides additional introductory information, describes the general scope of the work, sets forth proposal requirements, and outlines the Borough selection procedures.

BACKGROUND

The Borough of Chambersburg currently has a defined benefit arrangement for non-uniformed employees. The Retirement Plan for Full-Time Bargaining and Administrative Employees defined benefit plan currently has approximately 143 active participants. It also includes a voluntary defined contribution/money purchase pension plan under IRC 401(a). A copy of the draft Ordinance adopting the defined contribution pension plan for employees has been attached. The Borough also has a 457 deferred compensation plan with several firms (ICMA, MetLife and Nationwide) that may be placed along with the defined contribution/money purchase plan.

PROPOSAL – SCOPE OF SERVICES

The proposal should describe your firm’s approach to the Scope of Services. The proposal should provide sufficient detail to enable the Borough to thoroughly evaluate and compare it to other proposals. The proposal format should follow the format of the RFP. Please print the RFP question before your response. It must include the following information and any other information your firm believes is pertinent.

Organization

1. Provide the name of the proposing organization and its address, telephone and fax number. Provide the same for your organization’s contact for this proposal along with an e-mail address.
2. How many public sector 401 defined contribution/money purchase and 457 deferred compensation plans does your firm currently administer? What are the assets and number of participants in these public sector retirement plans? Please provide data as of the most recent quarter.

3. What percentage of (a) your firm's total retirement plan business and (b) your firm's total business is serving public sector plans?
4. Describe any regulatory censure or litigation involving the business of your firm with relation to its deferred compensation, 457 or defined benefit contribution services in the past ten years.
5. Provide three references of public sector retirement plan clients. Include a contact name, title, phone number and e-mail address.
6. Provide your public sector retirement plan client retention rates for the last five years.
7. Are you willing to service a start-up plan?
8. Describe the account team that would deal directly with the Borough during the implementation and ongoing. Provide background information and brief bios on each member of the account team including their years of service with your firm, approximately how many plans each is assigned to serve, and their individual responsibilities as they relate to the plan.
9. Please describe how your organization will assist the Borough with meeting its fiduciary responsibilities as it relates to oversight of the plan, especially compliance with State and Federal regulations. What fiduciary responsibility does your firm assume?
10. Describe in detail your experience in coordinating 401(a) defined contribution and 457 arrangements.
11. Describe how you would coordinate the 457 and 401(a) arrangements for the Borough.
12. Describe the insurance coverage you carry for services you deliver to public sector firms including professional liability coverage.
13. Describe how you handle minimum required distributions.
14. Describe how you evaluate and process QDROs/DROs.

Investments

1. Discuss your firm's ability to provide investment vehicles for defined contribution plans. Be sure to disclose if you are providing these vehicles

in-house or through external managers such as mutual funds. **Provide a listing of the available investment options by completing the chart below. You may identify more than one fund per category. Also, please confirm each investment option is available to 457 participants.**

Stable Value/Cash Management	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Mstar. Rating
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average					N/A
Guaranteed Lifetime Income					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Intermediate-Term Bond					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Treasury Inflation Protected Bond					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
High-Yield Bond					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Large Cap Growth					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Large Cap Blend					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Large Cap Value					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Mid Cap Growth					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Mid Cap Blend					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average					N/A

Mid Cap Value	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Mstar. Rating
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Small Cap Growth					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Small Cap Core					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Small Cap Value					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Foreign					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Real Estate					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Balanced Asset Allocation					
Fund/Ticker					
Index Benchmark					N/A
Morningstar Category Average					N/A
Risk-Based/Lifestyle					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A
Time-Based/Lifecycle					
Fund/Ticker					
Index Benchmark:					N/A
Morningstar Category Average:					N/A

Attach copies of Morningstar summary sheets for each fund proposed.

2. How do you monitor the funds that are chosen and what is the process to replace an underperforming fund?

3. What are the number of investment fund options the Borough's plan can have? Are there any inherent limitations about this number or the kind of options we can have? How many funds did you assume in your fee quote? What is the cost per fund in excess of your quote?
4. What information will participants, Pension Committee, and Borough Council receive about investment options? Please provide copies of all reports that are available.
5. Will your firm's representatives be available to meet no less than bi-annually, on site, with our Pension Committee and plan participants to review the plan and investment options? What information will you be providing at these meetings?
6. Who will have custody of the assets?

Participant Services

1. Describe the enrollment and educational program that your on-site service representatives will perform during the initial set-up and on an ongoing basis.
2. What web-based services are available to participants?
3. What transactions and information are accessible through call center representatives? Are they dedicated to public sector 401/457 participants or do they cover all aspects of your business?

Administration and Record-Keeping

1. Does your firm provide one main contact for the daily administrative needs of the plan?
2. Does your firm provide participant direction and daily valuation?
3. Are employer and employee contributions tracked separately? Can you track pre and post tax employee contributions?
4. Are rollover contributions tracked separately?

5. What options are available to terminated/retired participants? Can funds be kept under the plan?
6. Since our Plan is a government pension plan, exempt from annual Federal government reporting requirements, what annual filing will you be providing?
7. Describe how you would transition assets from existing 457 providers to your platform. What problems do you foresee in this process?
8. Will your firm serve as trustee? Is there any additional cost for this service and, if so, what is the cost?

Reporting

1. Describe the standard reporting package that your firm would provide the Borough as well as the medium used. Please provide samples.
2. What is the typical timeframe, after the reporting period ends, for providing each standard report?
3. Please provide a sample participant quarterly statement.
4. How many days after quarter-end are participant statements mailed?
5. Are participant statements available electronically?
6. Do your firm's participant statements provide personalized investment performance?
7. Does your firm provide aggregate account information for participants if you administer both the 401 and 457 plans for the Borough?
8. Confirm that your firm provides tax reporting including 1099 reporting.

Fees and Expenses

1. Provide a description of your firm's fees. All fees, including but not limited to setup fees, plan asset based fees, participant fees, fund expenses, ancillary service fees, 12b-1 fees, and any other fees/expenses must be fully disclosed in response to this question. Your firm will not be

permitted to assess fees or expenses of any kind for services you have proposed that are not clearly disclosed in this written response. All fees, including soft dollar fees, must be disclosed. Please disclose which fees will be paid by the plan sponsor and which fees will be paid by the participant. How will the fees be determined and allocated between the plan sponsor and participant?

2. Complete the following table to provide all asset-based fees and current expenses (as of the latest quarter-end) that your firm and the funds you propose will assess.

Asset Category	Fund Name	Gross Expense	Net Expense	All Other Asset Fees*	Total Fees & Net Expenses**	Total Revenue To Vendor
Stable Value						
Guaranteed Lifetime Income						
Intermed Term Bond						
Treas. Infl Prof Bond						
High-Yield Bond						
Large Cap Growth						
Large Cap Blend						
Large Cap Value						
Mid Cap Growth						
Mid Cap Blend						
Mid Cap Value						
Small Cap Growth						
Small Cap Blend						
Small Cap Value						
Foreign (1)						
Foreign (2)						
Real Estate						
Balanced Asset Allocation						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						
Risk/Time Based						

- * Administration fees, risk & mortality expense fees, etc. Do not include asset based fees for advice or managed accounts in this table.
- ** Total fees and expenses is the net expense ratio plus all other asset-based fees and expenses.

3. How are fees adjusted as the participant base expands?
4. If the Borough's current 457 Plan is moved to your organization, or a new 457 Plan is started with your organization along with the 401(a) Plan, what impact will this additional business have on fees? The Borough currently has 80 participants in a 457 Plan arrangements with an asset value of approximately \$220,000 as of December 31, 2015.
5. Are there any additional costs for your firm to serve as trustee?

PROPOSAL SPECIFICS

1. All proposals, responses, inquiries, or correspondence relating to or in reference to this RFP, and all reports, charts, displays, schedules, exhibits, or other documentation submitted shall become the property of the Borough when received and are subject to public disclosure to the extent required by Act 44. Any restrictions on the use of data contained in the proposal which you consider to be confidential within the meaning given that term in Act 44 must be clearly stated in the proposal itself. In the event the Borough disagrees with your designation of any material in the proposal as confidential, the Borough will bring the disagreement to your attention before disclosing the information to the public. Unresolved differences of opinion as to what is and is not confidential information may be grounds for rejecting your proposal.
2. The Borough reserves the right to request additional information from any and all respondents, to waive any defect or abnormality, to award or not award all or any portion of the work described herein, to issue modifications to the RFP, to award a portion of the work to one responding firm and to award a portion of the work to another responding firm or otherwise to move forward in the best interest of the Borough. If you desire an e-mail copy of this RFP in Word format, please contact Carol Ehrenreich at cehrenreich@chambersburgpa.gov or 717-261-3272.
3. Submit ten (10) hard copies of the proposal within a single sealed envelope or container. The lower left corner of the envelope or container should have the following notation: **“PROPOSAL – CHAMBERSBURG BOROUGH 401(a) DEFINED CONTRIBUTION/MONEY PURCHASE PLAN INVESTMENT, ADMINISTRATION AND EDUCATION SERVICES.”** You should also submit two digital copies.

All proposals must be received no later than 4:00 p.m. on Monday, June 13, 2016 addressed to:

Carol Ehrenreich, Human Resources Supervisor
Borough of Chambersburg
100 South 2nd Street
Chambersburg, PA 17201

4. Respondent's e-mail address, telephone and fax numbers must be included with proposal.
5. All questions regarding this RFP must be in written form and be directed only to Carol Ehrenreich, Human Resource Supervisor, Borough of Chambersburg, 100 South 2nd Street, Chambersburg, PA 17201. Other employees will not respond to any questions, written or verbal.
6. Acceptance of a proposal is anticipated to be completed and approved by Council by September 2016.
7. All costs incurred in the preparation and/or presentation of the proposal shall be the responsibility of the responding firm.
8. The attached Disclosure Statement must be completed and returned with your Proposal to be considered for selection.

PROPOSAL DUE DATE

Responses to the RFP will be due in the Chambersburg Borough office by 4:00 p.m. on Monday, June 13, 2016. Proposals received after that day and time will NOT be accepted. Actual receipt by stated time is required and deposit in the mail is insufficient.

PROPOSAL REVIEW

All proposals received will be reviewed. Depending upon the responses received to the RFP, the Borough may elect to short list firms that demonstrate the qualifications, expertise and experience required by the Borough. These firms may be scheduled for interviews.

INTERVIEW

Firms submitting complete proposals for this project may be scheduled for interviews. The interview will enable your firm to present your proposal and approach to the scope of services.

1. Your firm is expected to make a presentation if selected for an interview.
2. Your presentation during the interview should be limited to 15-20 minutes with questions to follow.
3. The interview may be attended by representatives of Borough Council, the Pension Committee and/or Borough staff.

SELECTION CRITERIA

The Borough will consider firms that best meet the needs of the Borough which may include factors such as:

1. Past record of performance of the firm/project team with similar municipal clients.
2. Quality and content of written proposal/interview presentation.
3. Specialized experience and technical competence of the firm and team assigned including any subcontractors and associate firms as they relate to the specific needs of the Borough as set forth in the Scope of Work.
4. Familiarity of the firm with applicable Federal statutes, Pennsylvania statutes, Borough regulations, and the type of local issues and potential alternatives applicable to the Borough's and employees' needs.
5. Understanding and agreement with the firm's approach and methodology including our general feeling or confidence in the firm to perform the work.
6. Cost to Borough and employees.

SCOPE OF SERVICES

The Human Resource Supervisor and Director of Finance will be the initial points of contact. Attendance will be required at meetings of the Borough Pension Committee not less often than semi-annually. Representatives of the firm should be available to meet with participants no less than annually.

The Scope of Services to be provided by the Consultant shall include, but not be limited to, the elements identified in this RFP. This is a guide to prospective consultants.

Consultant creativity and ideas on approaches for strengthening the process are encouraged. The Borough expects any firm selected to meet the specific needs and unique circumstances of the Borough and its employees.

GENERAL OBJECTIVES – SCOPE OF SERVICES

All applicants that respond to the RFP must be capable of providing the following minimum general specifications related to a 401(a) defined contribution/money purchase plan, plan investment, administration, and record-keeping. Coordination of 457 balances is also a goal.

Plan Design and Compliance

The Borough requires a plan design that is commensurate with Federal and State statutes and incorporates contemporary investment strategies and methods for 401(a) defined contribution/money purchase plans for employees. The Borough also requires continuing monitoring of current and proposed regulations that relate to public sector retirements plans and recommended compliance measures.

Relationship Manager

The Relationship Manager shall be a day-to-day contact person who provides rapid responses to requests and inquiries for retirement plan solutions and assists with legal and compliance issues relating to regulation changes. The Relationship Manager shall assist the Borough in monitoring plan activities and fulfilling fiduciary responsibilities.

Retirement Plan Specialist

The firm must provide a Specialist who provides on-site enrollment and conducts at least yearly group education seminars and consultation services for employees.

Employee Investment Plan

A typical plan will include a wide range of options, from more conservative funds to more aggressive bond and stock funds. Employees must direct their investments and be able to build a diversified portfolio of various funds. The Plan will allow for lump-sum withdrawals from the employee's account when employment ends.

Electronic Access for Borough and Employee Participants

Examples of required capabilities include:

- Access plan-specific information
- Enrollments
- Contribution processing
- Reporting
- Publications and forms fulfillment
- Statements
- Provide participants with real-time investment status

DISCLOSURE FORM

Complete the following form:

Name of Firm: _____

1. List the names and titles of each individual who will be providing professional services relative to this contract including advisors and subcontractors.

2. Relative to question 1 above, describe the following:
 - A. Are any of the above current or former officials of employees of Borough of Chambersburg? When were they last employed by Borough of Chambersburg?

 - B. Are any of the above a registered federal or state lobbyist?

 - C. What are the responsibilities of each individual with regard to the proposed services?

3. Have you in the last year or do you now retain a third-party intermediary, agent or lobbyist to directly or indirectly communicate with Borough of Chambersburg? If so, please describe.

4. Has your firm or anyone in your firm solicited a contribution to any municipal official or candidate for municipal office in Borough of Chambersburg or to the political party or political actions committee of an official at Borough of Chambersburg or candidate for elected office at Borough of Chambersburg?

5. Confirm that no one at your firm after May 15, 2016 will cause or agree to allow a third party to communicate with officials or employees of Borough of Chambersburg except for requests for technical clarification which should be directed to Carol Ehrenreich.

6. List all contributions made by your firm or an Affiliated Entity to a municipal official or candidate for office in Borough of Chambersburg made on or after December 17, 2009. An affiliated entity means:
 - (1) A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm.
 - (2) An organization recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §501(c)) established by a lobbyist or lobbying firm or an affiliated entity.

7. List any direct financial, commercial or business relationship with any official of Borough of Chambersburg or the pension system of Borough of Chambersburg held by your firm or any Affiliated Entity.

8. Confirm that no one at your firm or an Affiliated Entity was employed by Borough of Chambersburg in the last 12 months.

9. Disclose all contributions of at least \$500 (singly or in the aggregate) made within the last five years by an officer, director, Executive-Level Employee or owner of at least 5% of your firm or an Affiliated Entity to any candidates for public office or the holders of such offices in the Commonwealth and to any political committees of such candidates or office holders. An Executive-Level Employee is:
 - (1) An employee of your firm or an Affiliated Entity who can either affect or influence the outcome of the actions, policies or decisions of your firm or the actions of an Affiliated

Entity relating to pensions and the conduct of business with a municipality or pension system; or

- (2) Is directed involved in the implementation or development of policies relating to pensions, investments, contracts or procurement or to the conduct of business with a municipality or pension system.

10. With respect to contributions disclosed in question 9, please provide:

- A. The names and addresses of the individuals making the contributions;
- B. The relationship of the individual disclosed in part A of this question to your firm;
- C. The name and office or position (held or sought) of the person receiving the contribution;
- D. The amounts of the contributions; and
- E. The dates of such contributions.

11. List any other disclosures made pursuant to Act 44 of 2009.