**THE MUNICIPAL EMPLOYEES’ BENEFIT TRUST**

**(The MEBT)**

**REQUEST FOR PROPOSAL**

**RFP**

**Investment Advisor and General Plan Consultant / Sub-Custodial Services / Trustee and Master Custodian**

**Issue Date: December 15, 2009**

**Due Date and Time: January 29, 2010 @ 4:00 pm Pacific Time**

**REQUEST FOR PROPOSAL**

Notice is hereby given that proposals will be received by the Municipal Employees’ Benefit Trust (MEBT) for:

**Investment Advisor and General Plan Consultant / Sub-Custodial Services / Trustee and Master Custodian**

By filing with MEBT, City of Bellevue - Service First Desk, 450 110th Ave. NE, First Floor, Bellevue, Washington, 98004 until:

Date: **January 29, 2010**

Time: **4:00 pm Pacific Time**

Proposals submitted after the due date and time will not be considered. The proposing party accepts all risks of late delivery of mailed proposals regardless of fault.

Detailed Request for Proposal (RFP) information including general information, general terms and conditions, requested services, proposal requirements and evaluation process is available on MEBT’s website at [www.mebt.org](http://www.mebt.org). You will be asked to complete a brief survey to collect your firm information and then you will be directed to the RFP.

MEBT reserves the right to reject any and all submittals and to waive irregularities and informalities in the submittal and evaluation process. This RFP does not obligate MEBT to pay any costs incurred by respondents in the preparation and submission of a proposal. Furthermore, the RFP does not obligate MEBT to accept or contract for any expressed or implied services.

Dated this 15th day of December, 2009

Jillian Hostenske

Retirement Services Manager

Published: Puget Sound Business Journal

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# Section 1. General Information

**Introduction**

The Municipal Employees’ Benefit Trust (the MEBT) officially began in the City of Bellevue, WA, on October 1, 1972. The Trust was created to manage the assets of the employee retirement benefit Plans (the Plans) of certain cities in the State of Washington. Each of the cities withdrew from or elected not to participate in coverage under the Social Security Administration. The MEBT is governed by a five-member leadership body appointed by the Bellevue City Manager. The MEBT investments total approximately $449.6 million (as of 11/30/2009) for close to 5,000 members in the Entities of Bellevue, Edmonds, Federal Way, Kirkland, Mill Creek, Redmond, and Woodinville, and NORCOM, a shared-services entity providing 911 services to several local municipalities, including some that participate in the MEBT. Although the investments are jointly managed by the MEBT Trust Committee, each entity has its own individually designed Plan document, which governs its participation, contributions and disbursements.

**Purpose of RFP**

The MEBT is soliciting requests for proposals for the purpose of hiring an Investment Advisor and General Plan Consultant. Depending upon the chosen party, the MEBT may also be looking to hire one or more firms to provide sub-Custodial services and Trustee and Master Custodian services. A listing of requested services can be found in Section 4 of this RFP.

Background

A Pacific Northwest 401(a) Group Trust is seeking to gather information on Investment Advisor and master custodian/trustee services. The Municipal Employee Benefit Trust Committee (the MEBT Committee) is testing the market as part of their due diligence process and is satisfied with their current providers. The MEBT is made up of seven Puget Sound-area cities and one shared service organization that have opted out of Social Security and offer a 401(a) Defined Contribution Plan. They have pooled their assets for investment and administration purposes to achieve economies of scale. The Trust currently has approximately $449.6 million in assets and has historically had net positive cash flow of approximately $12 million annually after distributions and expenses, but not including any investment earnings. There are currently approximately 5,000 accounts that require recordkeeping including current employees, retirees, Alternate Payees, and terminated employees. Current eligible employees are approximately 3,700.

The MEBT is currently utilizing a third party Investment Advisor and General Plan Consultant to provide investment guidance, performance monitoring, manager selection, and sub-Custodial services to the plan. Participant investment direction is extremely limited. The majority of the participants are automatically invested in a pooled balanced fund, and the Investment Advisor assists in the selection and monitoring of the managers of this Pool. Participants within three years of their normal retirement age may choose to transfer their balances to a money market fund. Some temporary employees are also invested in the money market fund.

The Trust’s asset allocation and investment direction is conducted by an Investment Advisory Committee (IAC) which makes recommendations to the MEBT Trust Committee. The main the MEBT Trust is approximately $439.2 million and is invested in a combination of Mutual Funds, Commingled Trusts and Separately Managed Accounts. See “Appendix F” for list of investments. There is an additional $10.4 million in the money market pooled trust. There is essentially no participant investment direction allowed. The current master custodian unitizes all of the investment accounts and strikes a daily unit price for valuation purposes for each of the two separate asset pools held by the Trust.

As it is currently structured, the Investment Advisor as serves as the sub-Custodian of the Trust assets. All assets are held by the Investment Advisor and trades are processed through their brokerage arm. Some portfolio managers choose to make their trades outside of the Investment Advisor’s brokerage arm if they feel they can get better execution elsewhere. In these cases, the securities being sold must be delivered to the entity where the trade actually occurs and the securities that are purchased must be sent to the pooled Trust account sub-Custodied by the Investment Advisor. The sub-Custodian provides the Custodian with asset positions and activity by portfolio manager in order for the Custodian to strike the daily Net Asset Value (NAV).

The obvious question is why the Trust utilizes both a Custodian and a Sub-Custodian. The reason is the sub-Custodian does not provide distribution check writing, certified, audited Trust statements and detailed full-fund accounting, but does provide economic value in their execution of trades. Responders to this RFP are encouraged to propose alternative structures that will fulfill all of the services currently being provided,

Each of the 8 participating entities maintains their own plan with regards to plan document and entity-specific provisions. Each plan has a separate plan committee, different plan document, Summary Plan Description, forms, payroll contribution process, vesting rules, distribution rules, Human Resources Staff, etc. This is a very complicated and technical set of plans; however these complexities are primarily an issue for the MEBT’s Recordkeeper and Custodian.

**Definitions**

Contract The agreement to be entered into for services between the MEBT and the successful party(ies) who submits the proposal accepted by the MEBT.

MEBT Municipal Employees’ Benefit Trust

MEBT’s Website www.mebt.org

Proposing Party The firm or individual submitting the proposal.

RFP This Request for Proposal, including any amendments or other addenda hereto.

Selection Committee The RFP Selection Committee is comprised of the RFP Coordinator (defined in Section 1.05) and others associated with the MEBT.

Successful Party The firm(s) or individual(s) awarded the contract.

RFP Coordinator/Communications

Upon release of this RFP, all communications should be directed in writing to the RFP Coordinator and the MEBT's Consultant listed below. Unauthorized contact regarding this RFP with anyone other than the RFP Coordinator and MEBT Consultant may result in disqualification. Any oral communications will be considered unofficial and non-binding on the MEBT. Please copy both the RFP Coordinator and the MEBT's Consultant on any questions, inquiries and responses to this RFP.

RFP Coordinator for this RFP will be:

*Contact Name:*Jillian Hostenske

*Address:* MEBT - City of Bellevue

Street - 450 110th Ave. NE, Bellevue WA 98004

Mailing - P.O. Box 90012, Bellevue, WA 98009-9012

*Telephone:* 425.452.7676

*E-mail:* Jhostenske@bellevuewa.gov

The MEBT Consultant for this RFP will be:

*Contact Name:*Tim Wulfekuhle

*Address:* Northwest Plan Services, Inc.

5446 California Ave. SW, Suite 200

Seattle, WA 98136

*Telephone:* 206.933.1500, Extension 18

*E-mail:* twulfekuhle@nwp401k.com

**Preliminary Schedule**

*These dates are estimates and are subject to change by the MEBT.*

|  |  |
| --- | --- |
| **Event** | **Date** |
| Release RFP | December 15, 2009 |
| Questions (if any) Due | January 6, 2010 – 4:00pm |
| Pre-Submittal Conference Call  Call-in number 877-336-1831  Pass code 852-7372 | January 20, 2010 – 12:30-2:30pm |
| Proposal Responses Due | January 29, 2010 – 4:00pm |
| Proposal Evaluation Complete | March 4, 2010 |
| Interviews at the MEBT (tentative) | March 12, 2010 |
| Announce Apparently Successful Party | March 25, 2010 |
| Complete Contract Negotiations | April 16, 2010 |
| Conversion | May 1, 2010 – June 30, 2010 |
| Transition Complete | July 1, 2010 |

**Response Format**

Proposals should be prepared simply, providing a straightforward, concise delineation of the approach and capabilities necessary to satisfy the requirements of the RFP. Technical literature and elaborate promotional materials, if any, must be submitted separately. Emphasis in the proposals should be on simplicity, brevity, conciseness, completeness, clarity of content and adherence to the presentation structure required by this RFP.

Proposals must be submitted in the format specified below. Please repeat all questions prior to submitting your response and use a different color type for your answers than you use for restating the questions. Proposals that deviate from this format may be deemed non-­responsive.

Proposals will be accepted for Investment Advisor and General Plan Consultant services only, sub- Custodial services only, Trustee and Master Custodian services only, or any combination of some or all of these three service sets. There is one section of this RFP that must be completed by all parties responding. There are three other sections that are to be completed only if you are proposing to provide the services applicable to the individual section. Responders are encouraged to partner with other organizations to provide a proposal for all services covered in this RFP, particularly if you are unable to work with the MEBT’s current Trustee and Master Custodian, Wilmington Trust Company.

**Completeness of Proposal**

Proposals shall include all of the information listed on Attachment A of this RFP and be signed by a representative authorized to bind the proposing party contractually. This statement must identify any exceptions that the proposing party takes to the MEBT’s RFP, or declare that there are no exceptions taken to the RFP. Please note that any response to this RFP may be included as an attachment to a contract or service agreement with the successful firm(s).

**Proposal Response Date and Location**

Proposals must be submitted to the City of Bellevue’s Service First Desk and to the MEBT's Consultant no later than January 29, 2010 at 4:00pm Pacific Standard Time. The Official Clock for submissions is located at the Service First Desk (address listed below). All proposals and accompanying documentation will become the property of the MEBT and will not be returned. Faxed proposals will not be accepted. The proposing party accepts all risks of late delivery of mailed proposal regardless of fault.

Office Location: Mailing Address:

*Address:* Bellevue City Hall City of Bellevue  
 Service First Desk Human Resources Dept

450 110th Ave. NE P0 Box 90012  
 Bellevue, WA 98004 Bellevue, WA 98009-9012

*Telephone:* (425) 452-7676

*Email:* Jhostenske@bellevuewa.gov

The MEBT Consultant:

*Contact Name:*Tim Wulfekuhle

*Address:* Northwest Plan Services, Inc.

5446 California Ave. SW, Suite 200

Seattle, WA 98136

*Telephone:* 206.933.1500, Extension 18

*E-mail:* twulfekuhle@nwp401k.com

**Required Number of Proposals**

Seven (7) completed proposals must be received at Bellevue City Hall and three (3) completed proposals must be received by the MEBT's Consultant by the date and time listed in Section 1.09 along with an electronic version of the proposal sent to the email addresses provided. The electronic version of the questions and responses MUST be provided in Microsoft Word format. The MEBT, at its discretion, may make additional copies of the proposal for the purpose of evaluation only. The original proposal sent to Bellevue City Hall will include original signatures, in ink, by authorized personnel, on all documents that require an authorized signature.

# Section 2. Terms and Conditions

**Questions/Clarifications Regarding the RFP**

No oral interpretation or clarification will be made as to the meaning of RFP documents. Written requests for interpretation/clarification shall be addressed to the RFP Coordinator.

**RFP Addendums**

The MEBT reserves the right to change the RFP schedule or issue addendums to the RFP at any time. The MEBT also reserves the right to cancel or reissue the RFP. All such addenda will become part of the RFP. In the event that it becomes necessary to revise any part of this RFP, the MEBT will issue the addenda on the MEBT website and contact the firms who have registered on-line with the MEBT. It is the proposing party’s responsibility to confirm as to whether any addenda have been issued.

**Withdrawal of Proposal**

Proposals may be withdrawn at any time prior to the submission time specified in Section 1.09, provided notification is received in writing. Proposals cannot be changed or withdrawn after the time designated for receipt. It is expected that the pricing you are offering covers the scope of services outlined in each section of this RFP and upward negotiation of pricing after the close of this RFP will not be accepted.

**Rejection of Proposals**

The MEBT reserves the right to reject any or all proposals, to waive any minor informalities or irregularities in the submittal and evaluation process, and to accept any proposal deemed to be in the best interest of the MEBT.

**Proposal Clarifications and Modifications**

The MEBT reserves the right to request that any proposing party clarify its proposal or to supply any additional material deemed necessary to assist in the evaluation of the proposal.

Modification of a proposal already received will be considered only if the request is received prior to the submittal deadline. All modifications must be made in writing, executed and submitted in the same form and manner as the original proposal.

**Proposal Validity Period**

Submission of a proposal will signify the proposing party’s agreement that its proposal and the content thereof are valid until January 1, 2011 unless otherwise agreed to in writing by both parties. The proposal may become part of the contract that is negotiated between the MEBT and the successful party.

**Proposal Signatures**

1. An authorized representative must sign proposals, with the proposing party’s address, telephone and email information provided. Unsigned proposals will not be considered.
2. If the proposal is made by an individual, the name, mailing address and signature of the individual must be shown.
3. If the proposal is made by a firm or partnership, the name and mailing address of the firm or partnership and the signature of at least one of the general partners must be shown.
4. If the proposal is made by a corporation, the name and mailing address of the corporation and the signature and title of the person who signs on behalf of the corporation must be shown.
5. The MEBT reserves the right to request documentation showing the authority of the individual signing the proposal to execute contracts on behalf of anyone, or any corporation, other than himself/herself. Refusal to provide such information upon request may cause the proposal to be rejected as non-responsive.

**Contract Negotiation**

The MEBT reserves the right to negotiate all elements of the requirements, submittals, proposals, terms and conditions, and/or scope of services as part of the contract negotiation process prior to any formal authorization of the contract by the MEBT.

**Public Records**

We want to encourage all qualified applicants to respond to this Request for Proposal. To help you feel comfortable with our process, we would like to provide you a clear understanding of how we intend to handle your materials and proposals should we receive a public records request seeking disclosure of documents you have submitted to the MEBT. As you are likely aware, the MEBT is considered to be a Public Agency. Under Washington state law, the RFP documents we receive through the selection process will likely become public records upon submission to the MEBT. Should we receive a request for inspection or copying of documents a firm has submitted in response to an RFP, we will provide notice to the firm whose materials are being requested, and allow a reasonable period of time to enable the firm to seek a court order prohibiting or conditioning the release of the documents.

**Non-Endorsement**

The successful party agrees to make no reference to the MEBT in any literature, promotional material, brochures, sales presentation or the like without the express written consent of the MEBT.

**Insurance Requirements**

The successful party shall maintain insurance that is sufficient to protect their business against all applicable risks, as set forth in the MEBT’s Standard Insurance Requirements (**Appendix “A”).** Please review insurance requirements prior to submitting a proposal. If you are unable to meet most of these standard requirements but are deficient in a few, please note current or proposed levels of insurance coverage in submittal and describe what you would need to do to obtain coverage. If you are unable to meet most of these standard requirements, please do not submit a proposal. Standard requirements may be negotiated if it is in the best interest of the MEBT, but the listed requirements are the MEBT’s strong preference and weight will be given to those responders that agree to meet or exceed these requirements.

**Required Provisions**

Appendix “C” contains a list of required language that is expected to be included in the successful bidder’s final contract. Appendix “C” also includes a list of preferred provisions that the MEBT strongly prefers to be included in the final contract. Please note any provisions that you would not be able to include and please suggest any similar replacement language you would accept. The MEBT desires to minimize costs of negotiating the contract with the successful vendor. The level of conformance with the MEBT’s Preferred Contract Provisions for these services will be evaluated along with other elements of your proposal.

**Ownerships of Documents**

Any reports, studies, conclusions and summaries prepared by the successful party shall become the property of the MEBT.

**Confidentiality of Information**

All information and data furnished to the successful party by the MEBT, and all other documents to which the successful party’s employees have access during the term of the contract, shall be treated as confidential to the MEBT and will not be disclosed except in the case of a public records request.

# Section 3. Minimum Qualifications

**Signed Statement of Minimum Qualifications.** Please review the minimum qualifications and complete the Statement of Minimum Qualifications (see Attachment A), attesting to adherence with the requirements.

All proposing firms must meet the following qualifications and must complete the Statement of Minimum Qualifications (see Attachment A) attesting to satisfaction of these qualifications.

1. The firm must have all applicable State of Washington business licenses and comply with any contracting requirements.
2. The firm and assigned staff must be licensed and registered under all relevant state and federal laws.
3. The firm and/or key consultant(s) must have at least 5 years of experience providing the services described in the Scope of Work.
4. A copy of the MEBT’s Required and Preferred contract terms and conditions is provided in “Appendix C”. By offering a submittal, the firm represents that it has carefully read these terms and conditions and that they can adhere to all of the required contract terms and conditions. The MEBT will not negotiate changes to the required contract terms and conditions.

# Section 4. Requested Services – Scope of Work

The following are the services being requested in this Request for Proposal.

* Investment Advisor and General Plan Consultant
* Sub-Custodian
* Trustee/Master Custodian

All quoted fees should include all of the services covered under the applicable section.

This will become the Scope of Services for the contract

Investment Advisor and General Plan Consultant Services**:**

**“Manager” includes investment manager of a separately managed account, mutual fund, collective fund, or other allowable the MEBT investment.**

1. **Investment Performance Monitoring**
   1. Measure, monitor and report trust performance against industry benchmarks
   2. Prepare quarterly reports and make quarterly presentation to the Investment Advisory Committee (IAC) and also to the Trust Committee as needed
   3. Provide proactive, timely recommendations regarding investments and investment policies practices, etc. Analyze and communicate trends, market changes and make recommendations based on your analysis
   4. Coordinate and provide a consolidated periodic report (monthly, quarterly and annual) based on and reconciled to the reporting from the Custodian
   5. Provide a preliminary Monthly Report of investment returns of each portfolio manager and aggregate pool returns within 7 business days of month end. Such report should compare asset balances to rebalancing targets in Investment Policy
   6. Provide monthly reconciliation of Trustee and Portfolio Managers reports. Follow up with Managers, Trustee, or others when reconciliations identify issues. Monitor performance of each portfolio and recommend when to place a fund or investment manager on a watch list or search for a replacement
2. **Due diligence**
   1. Meet face-to-face with the MEBT investment portfolio managers at least once per year
   2. Arrange for portfolio managers to meet with the IAC and the Trust Committee as appropriate
   3. Follow up with managers regarding management, legal, performance or other issues
   4. Obtain and review annual ADV’s for managers/funds and provide reports to the IAC and Trust on significant issues on the Form ADV and other similar regulatory reports
   5. Annually solicit information from Investment managers regarding their policies and practices with respect to brokerage, soft dollars, and proxies. Analyze and report findings to the IAC and the MEBT Plan Committee
   6. Assist the MEBT with documentation of due diligence for the above
   7. Provide ongoing and periodic evaluation of Investment Manager performance and develop recommendations based on these evaluations
   8. Recommend policy criteria for retaining and releasing Investment Managers and provide timely recommendations with respect to such actions
   9. Serve as liaison between Investment Managers and the MEBT Trust Committee and IAC
3. **Manager (Fund) Search/Selection**
   1. Lead IAC Investment Manager search process with the IAC
   2. Create and maintain a substantial list for selecting managers
   3. Prepare, distribute, receive, and evaluate RFP’s for manager replacements along with IAC
   4. Conduct full day interviews for potential managers along with IAC and assist IAC in selection of Manager
   5. Analyze and recommend optimum investment selection based on fees and returns (class of fund, separately managed account, collective fund, index fund, etc)
   6. Assist IAC with a recommendation regarding the manager and the transition process (e.g., using a transition company)
   7. Present the IAC recommendation to the MEBT Trust Committee
   8. Update the Investment Manager’s preferred contract provisions with the MEBT Legal Advisor and include in RFPs
   9. Assist the MEBT and the MEBT Legal Advisor with fee and contract negotiations for Managers
   10. Coordinate paperwork for setting new managers at the Custodian (currently Wilmington Trust)
   11. Assist with transitions between Investment Managers
   12. Track and verify all funds are appropriately transferred to the new manager
4. **Investment Policy Statement**
   1. Draft Investment Policy Statement for Trust Committee. (See “Appendix E” Attached)
   2. Provide annual review and update of the Investment Policy Statement
   3. Provide alternatives to and recommend implementation plans for changes to the Investment Policy in line with industry best practices
   4. Provide information including, but not limited to: periodic industry updates, market education, investment trends, etc.
5. **General Investment Consulting**
   1. Provide market updates and commentary for the Investment Advisory Committee and Trust Committee as requested
   2. Provide communication and liaison between the MEBT Trust Committee which is separate from the IAC. The IAC makes recommendations and the Trust Committee has decision-making authority. The Investment Advisor will attend meetings with each Committee
   3. Attend at least 4 meetings per year with the Investment Advisory Committee and 4 meetings per year with the MEBT Trust Committee (include a total of 8 meetings per year in pricing)
   4. Manage monthly re-balancing process – including oversight of notification of Managers and tracking of funds
   5. Document monitoring of issues related to managers and funds and provide to the MEBT scenario modeling to illustrate alternative risk/return and asset allocation options
   6. Evaluate portfolio option such as one balanced fund in place of the pooled fund
   7. Respond to general issues and routine questions
   8. Assist independent auditor with annual audit requests
6. **General Investment Consulting**
   1. Analyze, benchmark, and report on all fees and expenses of the Trust (e.g. revenue sharing, commissions, vendor payments, etc.)
   2. Help assure that the Investment Advisory and Trust Committees are aware of all fees
   3. Providing an accounting of all Trust fees
   4. Assure that each entity that provides services to the Trust has properly disclosed all fees they are receiving

## Sub-Custodial Services for Separately Managed Accounts (SMA):

1. **Handle trades for SMA**
2. **Manage “trade-aways” (trades that managers make outside of main Trust account using another brokerage firm**
3. **Connect with Custodian to provide daily positions and trust activity**
4. **Manage trade commission recapture and rebate to the MEBT**
5. **Physical custody of the investment options offered under the MEBT**
6. **Execution of daily purchases and sales of the investment options based on instructions provided by the plan’s Recordkeeper in a same-day, late-day trading environment**
7. **Clear all trades**

## Trustee and Custodian Services:

1. **Provide annual certified trust statements and monthly non-certified trust statement****s**
   1. Statements should be both electronic and hard-copy
2. **Prepare and send distribution and loan checks based on information prepared by the plan’s Recordkeeper**
3. **Prepare annual Form 1009-R based on information provided by the plan’s Recordkeeper**
4. **Strike daily NAV’s for the plan’s two aggregate investment pools**
5. **Provide trust reconciliations for the plan’s auditors.**

# Section 5. Miscellaneous Information

**Company Information**

The forms referenced below must be submitted with the proposal. Those areas that do not apply to your proposal, **please mark with an N/A** - **do not leave any space blank**.

Proposal Form – Complete **Form #1**

* Please note any exceptions that you will be taking to this RFP
* The form must be signed by the representative authorized to bind the proposing party contractually.

Company Information – Complete **Form #2**

Client References - Complete **Form #3**

Insurance Requirements – Complete **Form #4**

Contracts Terminated for Default – Complete **Form #5**

Contract Required Provisions – Complete **Form #6**

Equal Opportunity Requirement – Complete **Form #7**

**Compensation**

Present detailed information of the proposed fee schedule for the requested scope of services and for any variation for services not identified in the scope of services. Please show all fees inclusive of Washington state sales tax (B&O) and any other applicable governmental charges. Provide specifics and separate pricing for all proposed services not originally identified in the requested Scope of Services.

Payment by the MEBT for services will only be made after the services have been performed. Unless a fixed fee is being proposed, an itemized billing statement must be submitted in a format specified by the MEBT which shall specifically set forth the services performed, the time period the services were performed, the name of the person(s) performing such services, and the hourly labor charge rate for such person (if applicable). Payment will be made thirty (30) days from the date of invoice. No unauthorized work outside of final contract scope of services will be paid without prior approval of the MEBT.

# Section 6. RFP Questions

## Part I General Questions – to be answered by all Respondents

#### Organization and Background

1. Please provide a *brief* history of your organization including the following:

* Year founded
* Firm’s ownership structure
* Credit rating of firm
* Number of years providing proposed business(es)
* Total firm assets as of 9/30/09
* Major organizational issues/changes within the last three (3) years
* Insurance rating if firm is an insurance carrier

1. Please describe the current structure and size of your organization. Please provide an organizational chart(s). Has ownership of your firm changed within the past three years? If so, please describe the change and how will it affect your ability to perform the services we need.
2. Does your organization maintain a code of ethics? How does your organization train employees to live by the code of ethics and ensure the highest level of integrity? What measures of enforcement are instituted for breaches of the code? Please provide a copy of your code of ethics.
3. Please discuss the level of key employee turnover by your organization during the past three (3) years. Please discuss the cause of any employee turnover and your firm’s practice for retaining valued employees?
4. How are you organized to deliver exceptional customer service? Who is your customer?
5. If you are a privately held company, please describe your ownership succession plan.
6. If you are a privately held company, are you willing to provide audited financial statements should you be chosen as a finalist?
7. Provide an overview of the firm’s vision and mission including its size, scope of activity; its customer service philosophy and any performance standards with respect to customer service (responsiveness to client calls, timeliness of reports, etc).
8. Please provide a brief description of any unique qualifications of the firm, including the firm’s consulting specialties, strengths and limitations.
9. What negotiating experience and strengths does your firm have?
10. Has your firm resolved quality and service delivery issues between Plan Sponsors and Service Providers? If yes, please describe.
11. Provide examples of “value-added” advice and problem-solving capabilities that you bring to your clients.
12. Describe the firm’s experience in providing Investment Advisory services as it relates to the Scope of Work outlined in Section 4 of this RFP and please include the number of years the firm has provided these services.
13. Describe your firm’s philosophy regarding investment performance monitoring and your role with respect to the Committees. What would be the ideal working relationship with the Committee and staff?
14. List representative clients and approximate size and the firms’ experience working with entities similar to the MEBT Plan. Please identify the total number of investment consulting clients the firm services by assets by completing the following table:

|  |  |  |
| --- | --- | --- |
|  | Total Clients | Public Clients |
| Less than $10 million |  |  |
| $10 million to $100 million |  |  |
| $100 million to $500 million |  |  |
| $500 million and above |  |  |
| Total |  |  |

1. What was your firm’s client turnover the past three years? (Gained and lost?)

Clients gained\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Clients lost\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

#### Client Service – Team and Approach

1. Please describe the structure of the service team that will service the MEBT engagement.
2. Please discuss the following regarding each member of the team that would be assigned to the MEBT account with particular attention to the Account Manager:

* Name and Title
* Academic credentials and Professional credentials and/or affiliations
* Office Location
* Hours of availability
* Brief biography, including experience and training
* Number of current clients assigned to Account Manager
* Number of hours spent away from the office and accessibility (is the absence seamless?)
* Number of years in the investment industry
* Years with your firm and years in current position
* Size of portfolios advised, number of accounts assigned/asset size of account
* Role on the consulting team
* Relevance of assignments/work experience to Scope of Work in this RFP
* Physical location of consultant’s office
* Back-up services provided when the primary consultant is unavailable
* Describe the service delivery team and who/how processes are delivered when the Account Manager unavailable time per month/quarter would be budgeted for our account
* Commitment to keep the team members in place for up to four years

1. Will the Account Manager and/or staff acknowledge email/phone inquiries from the MEBT’s staff within 1 business day? MEBT requires that, at the very least, the Account Manager (or knowledgeable team member) will commit to acknowledging the email/phone inquiry within 1 business day, even if the final resolution will take longer.
2. Please provide statistics related to the turnover your firm has experienced in each of the positions on your service team. Please break turnover percentages down between voluntary and involuntary turnover.

1. Please provide an example of how your firm has coordinated service with different parties, including but not limited to, client’s staff, client’s outside investment consultant, client’s auditors, client’s attorney, etc. to enhance your client’s experience and bring the best to the table for your client.
2. How do you monitor client satisfaction?
3. Why does your organization believe its client service team has a competitive edge?
4. Please provide specific examples where you have been a value-added team player and provided services that are above and beyond the scope of services you generally provide to your clients.
5. Please provide any commitments that you will make to leave the Account Manager initially assigned to this engagement in place after the conversion.
6. Can the MEBT request a replacement of any of the team members assigned to this account in the event there in the event that there isn’t a good fit with one of them?

#### Fiduciary Responsibility/ Disclosure/ Independence

1. Will you accept fiduciary responsibility in writing? Can you state, “Our Firm acknowledges and agrees that in providing these services, it will act as a fiduciary to provide investment advice to the Client based on the particular needs of the Plan and its participants and beneficiaries and such services will serve as a primary basis for investment decisions with respect to Plan assets.”
2. Define your organization’s fiduciary responsibility, as it would pertain to the MEBT. Specifically, what are the scope, depth and limitation of such fiduciary conduct relative to all services required by this RFP (Investment Advisory, Custodial, sub-Custodial, etc)?
3. During the past seven (7) years, has your organization been subject to any governmental regulatory or law enforcement agency’s investigation, examination, or other proceeding directly involving the organization, its owners, or employees other than such examination or other proceedings as are routinely conducted in the ordinary course of the firm’s business? If so, please describe in detail.
4. Do you, the firm, its employees and/or any of its affiliates or related entities own any interest in or are a part of a broker/dealer, money management firm, third party administrator, insurance company or other organization that sells investments, administration, auditing, legal or related services to retirement plans? If so, please describe all in detail.
5. Do you, the firm, its employees and/or any of its affiliates or related entities receive any remuneration or other economic benefit from any broker/dealer, money management firm, third party administrator, insurance company or other organization that sells investments, administration, auditing, legal or related services to retirement plans?  If so, please describe all in detail.
6. Is your firm willing to disclose any and all sources of revenue it receives, directly or indirectly, for its services to the plan from sources other than the plan and credit any revenues to the benefit of the plan or to offset fixed fees?
7. Briefly describe your policies and procedures to prevent possible conflicts of interest which may result from other services or products provided by or to your firm or affiliated organizations?
8. Would your firm be truly independent? Would your firm agree not to be the broker of record and only receive the hard-dollar contract fees?
9. Are there any current or pending litigation or administrative actions against you or your firm?  If so, please describe them.
10. Please describe your firm’s policy on any error for which you may be responsible that results in financial loss to the plan, a participant and/or the sponsor. Does your firm’s policy include paying for the costs of other parties necessary to make the correction (including outside attorneys’ fees, record keeping, and investment consultant) as it pertains to the error that you were responsible for? What is your firm’s policy on communicating the error to the MEBT’s participants?
11. Please provide documentation of how you (or you and the client) communicated an error committed by your firm to the plan participants, including how your firm communicated this error to your client and the plan participants.
12. Have there been any disputes against your firm that resulted in settlement payments (from you or your insurance carriers) to a client or trust? If so, please provide details as to the nature of the dispute and settlement.
13. Is your firm required to answer "Yes" to any elements of question 11 of ADV Part I? If so, please explain.

#### Technology/Systems/Research & Development

1. What platform(s) do your research, reconciliation, and reporting systems run on? Are these purchased or proprietary systems?
2. Please describe your system back-up and business continuity plans.
3. Do you have a disaster recovery plan? If so, please include a copy of the plan, the last time it was tested, and the results of this most recent test.
4. Are you willing to incorporate your disaster recovery and business continuity plans into the final contract?

#### Existing Clients – Statistics & References

1. Using Client References Form #3 attached to this RFP, please provide a minimum of three (3) client references of plans similar to the MEBT, to which you have provided the services you are proposing on in this RFP. Please describe the circumstances of your engagement and include the following: Company name, contact name and title, telephone number, number of participants, total plan assets, and length of relationship.
2. How many public fund clients does your organization currently service? Please briefly describe the services you provide. Do you think this experience is helpful in providing the services requested in this RFP? Why or why not?
3. What is the size of the Defined Contribution Plans do you serve? Please fill out the following charts:





1. Please provide the number of defined contribution plans that you provide pooled trust services for, similar to what is being requested in this RFP:



1. Please complete the following chart indicating the total number of clients who have left your firm in the last 3 years.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2009** | **2008** | **2007** |
| **Total # of DC Plans** |  |  |  |

### Part II - General Questions – For Investment Advisor and General Plan Consultant Services Only

#### A. General Questions

1. Please discuss your organization’s ability to identify, investigate, recommend, and report on investment vehicles for defined contribution plans. Please disclose if you are providing these services in-house or through external managers.
2. Are there any limitations on the investment options that you can recommend due to firm constraints, such as a lack of trading agreements with certain fund families? If so, please detail which fund families you are not able to trade with.
3. Which performance measures do you emphasize? (Benchmarks, peer groups, etc.)
4. Please outline your investment selection process, including how you identify prospective investment options, your criteria for selecting from prospective options, the research and analytical tools you use in making these selections, and whether you present a list of options for the Trustees to choose from and/or whether you provide a single recommendation. Please discuss the objective vs. subjective decision points you use in your investment selection process.
5. What is your approach to working with the Investment Advisory Committee in terms of educating them on available options, alternatives to the Plan’s investment approach, and emerging changes in products and services available to the Plan? Do you anticipate interaction with the IAC and Investment Managers? Do you typically ask the Managers to prepare periodic performance reports for the IAC?
6. Please provide a sample report that you would provide to the Investment Advisory Committee at the quarterly meetings. Please customize this sample to include the current investment options with fund information as of September 30, 2009
7. Do you account for manager replacements in your performance displays? (i.e. the cumulative performance in an asset class that has gone through a series of fund/manager changes) If so, how?
8. Please provide a sample performance report and/or market commentary that could be uploaded to the participant website. Please state how often this report is produced.
9. Please provide any comments you may have on the current investment policy included in Appendix “E”.
10. Philosophically, where do you foresee adding value to our investment process?
11. Please provide a brief description of your engagement terms (length of commitment, etc).
12. Please list any and all types of revenue sharing that you may be able to capture and return to the MEBT.
13. How soon after the end of the quarter are performance reports available? Can you customize them? What do you think is the best feature in your reports?
14. Describe your firm’s experience with fee and contract negotiations.
15. What methodology does your firm use to assess investment performance? How is the information gathered, analyzed and reported? How do you assure the accuracy/integrity of data in your reports?
16. What criteria are used to hire or release an Investment Manager or Fund Manager? Does your firm use a “watch list” or other device and what steps are taken to trigger that designation, and what steps are taken following that designation?
17. Please detail any suggestions you have to streamline the selection and monitoring process for investment managers.
18. Please comment on the relative merits, or lack thereof, of using a retail balanced fund rather than the pooled separately managed account that the MEBT currently uses. Which approach do you think is better, and why?
19. How does your firm bring expertise and knowledge of what is current in the industry to include the relevant technological and legal changes to reflect the evolution of successful and effective statements?
20. Describe your firm’s experience with monitoring revenue sharing and developing participant fees to meet the financial needs of the Plan.
21. Having reviewed some information about the Investments in our plan, please provide any general observations or comments that you feel might be important for us to consider. (See attached list of investments Attachment F)
22. Are you unable to work with any of the MEBT’s current investment managers?
23. Do you require investment managers to provide any sort of payment to be included on your list of managers that you will recommend to your clients? If so, please describe these payments in detail and list any managers that are not available because they will not “pay to play”.
24. Are you willing to be engaged as a fully discretionary Investment Advisor? If so, please describe any impact on fees that this engagement will have.

#### B. Fees

1. Please provide the following fee information assuming a three year contract. Would there be any fee reductions assuming a five year contract? If yes, please specify.
2. Please detail your fees for providing Investment Advisor and General Consultant services using the following table:

| **Item** | **One-time Fee** | **Basis**  **(fixed, hourly, assets)** | **Ongoing Fee** | **Basis**  **(fixed, hourly, assets)** |
| --- | --- | --- | --- | --- |
| **One-time Conversion & Setup** |  |  |  |  |
| **Base Fee** |  |  |  |  |
| **Other** |  |  |  |  |
|  |  |  |  |  |
| **Ongoing Fees** |  |  |  |  |
| **Fixed Fee – Investment Advisor** |  |  |  |  |
| **Travel for meetings (8/ year)** |  |  |  |  |
|  |  |  |  |  |
| **General Consulting** |  |  |  |  |
|  |  |  |  |  |
| **Transaction Fees** |  |  |  |  |
| **Commissions** |  |  |  |  |
| **Other** |  |  |  |  |
|  |  |  |  |  |
| **Other** |  |  |  |  |
|  |  |  |  |  |
| ***TOTAL (estimated)*** |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Fee quote good until** |  |  |  |  |
| **Fee quote guarantee period** |  |  |  |  |

1. Will you commit to a fee guarantee or maximum annual increases for the first 5 years of the contract? If so, please detail the guarantees or maximum annual increases that you are willing to offer.

### Part III - General Questions – For Sub-Custodial Services Only

#### A. General Questions

* + - 1. Do you allow plans to pay your consulting fees using the plan’s brokerage commissions? If so, how do you assure best execution and make sure that fees do not exceed reasonable consulting charges?
      2. Do you have arrangements with internal or external broker-dealers under which you or a related company collect commissions when managers place trades for their clients with such broker-dealers? If so, what portion of the recaptured commissions is reimbursed to clients? Do you provide a full accounting of all such commissions?
      3. What percentage of your clients utilizes money managers, investment funds, brokerage services or other service providers from whom you receive fees?
      4. Do you have experience in managing and reporting on “trades-away”? If so, please explain in detail your coordinating with the organization that is executing the trade and the Trustee/Custodian.
      5. Are you able to provide full custody, or must each Investment Manager provide custody for the assets under their individual control?
      6. Do you offer a guaranteed commission rate and/or split commissions with your clients? If so, please provide details.
      7. Do you anticipate that there will be an blackout associated with this conversion? If so, please outline your blackout expectations.

#### B. Fees

1. Please provide the following fee information assuming a three year contract. Would there be any fee reductions assuming a five year contract? If yes, please specify.
2. Please detail your fees for providing sub-Custody services using the following table:

| **Item** | **One-time Fee** | **Basis**  **(fixed, hourly, assets)** | **Ongoing Fee** | **Basis**  **(fixed, hourly, assets)** |
| --- | --- | --- | --- | --- |
| **One-time Conversion & Setup** |  |  |  |  |
| **Sub-Custody** |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Ongoing Fees** |  |  |  |  |
| **Fixed Fee – Sub-Custodian** |  |  |  |  |
| **Travel for meetings (8/ year)** |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Transaction Fees** |  |  |  |  |
| **Commissions** |  |  |  |  |
| **Other** |  |  |  |  |
|  |  |  |  |  |
| **Revenue Sharing** |  |  |  |  |
| 12(b)1 |  |  |  |  |
| **Commission recapture** |  |  |  |  |
|  |  |  |  |  |
| **Other** |  |  |  |  |
|  |  |  |  |  |
| ***TOTAL (estimated)*** |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Fee quote good until** |  |  |  |  |
| **Fee quote guarantee period** |  |  |  |  |

1. Will you commit to a fee guarantee or maximum annual increases for the first 5 years of the contract? If so, please detail the guarantees or maximum annual increases that you are willing to offer.

### Part IV - General Questions – For Trustee and Master Custodian Services Only

#### A. Internal Controls

1. Please provide an overview of your firm’s master custody, trustee, and full fund accounting capabilities.
2. Please provide a brief overview of the internal control environment of your organization.
3. Please describe the process your organization uses to evaluate the effectiveness of internal controls and the ongoing monitoring of the internal controls. Specifically, how does your organization assure that Master Trust/Custody services are provided in accordance with proper standards of care, regulatory requirements, and the executed service agreements?
4. Does your organization employ an internal audit department? If so, to whom does this department report? How often are internal audit reviews performed on custody and fund accounting services?
5. Describe the internal audit procedures, including:

* Number of staff
* Professional qualifications of staff (CPA, CIA, etc)
* Training in securities and operations
* Safekeeping, custody control
* Asset reconciliation
* Vault (physical assets)
* Security operations
* Systems data processing controls (e.g. systems access, program change controls)
* General systems control review

1. Please describe your internal controls related to daily reconciliation of positions and cash.
2. Please discuss the frequency of custodian to sub-custodian reconciliations for cash and shares.
3. Briefly discuss your organization’s policy and procedures for assuring that clients’ assets are properly held in safekeeping and positions are accurately maintained electronically. In other words, how does your organization know that the client truly has what you say they have? Include information on segregation of assets and distinctions between physical and book entry positions. How often does your organization reconcile the accounting positions to the custody positions? At what point are clients notified of exceptions?
4. How does your firm keep up to date on legislative changes? How do you update your clients? What is the timing and process for system changes required by changes in legislation once the legislation is announced?

#### B. Pricing/Striking Daily NAV

1. What are your primary sources for pricing publicly traded stock, bonds, ordinary shares international fixed income bonds, ADRs, convertible securities, straight high yield debt, etc? Are there any securities that your firm cannot price daily? If so, please explain. Are there any securities that your firm finds are difficult to price daily or create difficulty in pricing in general? If so, please explain.
2. Please describe any secondary or back up pricing methods that are in place.
3. Please describe how your organization prices difficult to price securities (e.g. infrequently or illiquid traded securities).
4. Do you apply any threshold level for pricing discrepancies? For example, are there times when an error in pricing would not be fully corrected at the participant level (e.g., If you valued a security at $100x and it should have been $105x)? Please describe how this type of correction would satisfy DOL VFC and IRS EPCRS programs for correction of errors related to participant accounts.
5. Please describe control procedures in place to ensure that individual securities are priced accurately. Does someone or an automated system perform a “reasonableness” check to ensure that securities are priced accurately? How often is the “reasonableness” check performed? Please refer to Appendix D – Current Managers, Assets and Transactions for a list of the MEBT’s managers and assets as of 12/31/07 and total transactions for each manager.
6. Are monthly and daily valued clients serviced on the same system? Please describe any differences. Please describe the online access to the system(s).
7. Please describe your organization’s process of striking the unit price to pass to the record keeper. At what time of day will your organization strike the NAV to pass onto the record keeper to execute the participant trades? If this NAV should change, how is it handled?
8. Does your organization have the ability to accrue investment manager fees for separately managed accounts (SMAs) or any additional fees as specified by the MEBT?

#### C. Pricing Errors

1. Describe what constitutes a pricing error. Describe the acceptable methods to deal with a pricing error and how you would discover and communicate the error.

1. Are there pricing errors that you feel should be borne by the Plan or Participants because the cost to correct them does not merit the expense to correct. Please describe in detail.
2. If one of your pricing sources, such as Bloomberg, IDC, or the sub-custodian, passes an incorrect price, does this constitute an error? Who is responsible for paying for all costs associated with the pricing discrepancy/error? Describe what you think are acceptable correction methods and whether IRS or DOL approval is necessary.
3. Please describe three (3) past pricing errors that occurred at your organization within the last three (3) years. If none, please describe any you have experienced in the last 5 or more years. How were the pricing errors identified and corrected? What was the lag time between the pricing error occurring, identifying that an error had occurred, and correcting the pricing error to the client’s account? Please describe how many pricing errors have occurred in the last 3 years. If none, please describe any you have experienced in the last 5 or more years.
4. If there is a pricing error, what is your policy regarding the following: client notification, payment for loss of earnings plus interest, payment for the MEBT’s other service providers, IRS fees, attorney fees, etc to correct the error?
5. Are all transactions re-posted back to their error date? Who absorbs all fees for the record keeper, additional legal counsel, etc.?
6. What does your organization do to ensure that the same type of pricing error is not repeated in the future?

#### D. Relationship with Investment Manager

1. Can you accommodate total open architecture, including mutual funds, separately managed accounts, and commingled trust fund selection? Can the MEBT choose any investment they want, which may not include any proprietary funds? If you have a proprietary fund requirement, please explain.
2. Can your firm accommodate the current investment lineup, including separately managed accounts (SMAs), mutual funds (MFs), and commingled trust fund (CTF), in Appendix F? If no, please explain.
3. Who is responsible for notifying the investment managers of the separately managed accounts of deposits and/or withdrawals? If the Master Custodian/Trustee is responsible, will your firm commit to being financially responsible for loss of earnings and interest and additional the MEBT attorney fees if an oversight occurs and the manager is not informed within a reasonable time?
4. Can your firm price potential new investment vehicles, such as mutual funds, commingled trust funds, and separately managed accounts? Please explain any inabilities to accommodate new investment vehicles.
5. Please describe, in detail, your revenue capture and revenue sharing capabilities.
6. Who is responsible for tracking and collecting revenue sharing fees?
7. Are you willing to provide a quarterly report declaring any and all revenue generated by the plan? This includes, but is not limited to, finder’s fees, 12-b-1, sub transfer agent, shareholder service fees, etc. Please provide a sample report.
8. Will you provide “Full Disclosure” of all fees and revenues associated with the Plan, including, but not limited to sub-transfer agent agreements, finder’s fees, 12-b-1 fees, trailers, mutual fund expense ratios, sub-advisory fees, etc.?
9. Will you provide a revenue sharing capability to offset plan admin fees, audit fees, legal fees, investment consulting fees and other plan related fees?

#### E. Class Action Lawsuits

1. Describe your organization’s procedures for identifying, reporting, collecting, and accounting for proceeds from class action securities lawsuits or other litigations. Specifically comment on the following:

* How your organization would identify class action securities lawsuits affecting the MEBT, including your standard sources of information about new lawsuits and settlements of pending lawsuits;
* How you would notify the MEBT and the pertinent investment managers of new lawsuits and settlements of lawsuits;
* Whether, and if so, how you would file proofs of claim for securities class action proceeds on behalf of the MEBT.
* Whether, and if so, how, you would report and account for proceeds collected on behalf of the MEBT;

1. Describe the reporting capabilities your organization has regarding tracking class action securities lawsuits, including pending filings and settlement information.
2. If awarded the Master Custody/Trustee Services agreement, what role would your organization play in class action lawsuits for securities transactions that occurred prior to January 1, 2009? Would you process filings on the MEBT’s behalf?
3. For how long do you maintain records of trading history? In what medium(s)?
4. After termination of a client relationship, does your organization provide former clients with trading history for class action filings? Is there a fee associated with providing this information?
5. Does your organization file claims on former clients’ behalf when the class action period was within the time your organization was their custodian? Is there a fee associated with providing this service?

#### F. Proxy Voting

1. Do any existing clients utilize Institutional Shareholder Services, Inc. for proxy voting? What other vendors do you have a relationship with for proxy voting services?
2. The MEBT currently owns 3 mutual funds and 1 commingled trust fund. Who is/should be responsible for voting the proxies? To what location would your organization mail proxy votes (e.g. client, record keeper, no mailing because Master Custodian/Trustee would vote, etc)?
3. If Master Custodian/Trustee will vote proxies, do you accept fiduciary responsibility for doing so? (See current proxy policy included in the MEBT’s Investment Policy – “Appendix E”

#### G. Reporting & Statements

1. Please include samples of the following deliverables and report in business days your best estimate for delivery of the following:

* Monthly Master Custody Statement
* Annual Certified Trust Statement

1. Please describe your standard audit package and provide samples. Will there be additional fees if the MEBT’s auditors request additional reports not included in your standard audit package?
2. Can your firm provide the Investment Advisor with a monthly electronic file with the following data for each investment manager (not aggregate): buys, sells, income, withdrawals/contributions, fees, etc)? What type of file (text, excel, etc) will you provide? Please provide a sample of what you can provide.

#### H. Conversion & Implementation

1. Please describe your procedures and how the conversion would be handled when converting Master Custody/Trustee services to your firm.
2. Do you have a special team and/or department assigned to handle the conversion of new clients?
3. Please provide a sample, step-by-step process, including timeline, for converting a new client.
4. What is required of the MEBT staff to facilitate the conversion to your firm?
5. What dedicated resources (personnel, equipment, training, consultants, etc), procedures and controls will you provide in the transition/conversion process prior to and after the transition date?
6. Of the Master Custody/Trustee conversions completed in the last two years, what percentage was completed on time (and how long was this time? If a conversion was not completed on time, what was the reason for the delay?
7. Of the Master Custody/Trustee conversions completed in the last two years, what errors have you seen, and how have you corrected them?
8. What support will be provided to automate the conversion process? How (if at all) will the MEBT Plan Administration be involved?
9. Please describe how unsettled transactions are handled in the conversion process.
10. Describe the level of assistance your firm will provide in any conversion from the MEBT at a later date to a new provider and any costs.
11. Will there be a blackout period? If so, for how long?

#### I. Trading

1. Do you trade in a same-day, late-day trading environment?
2. Are there any limitations on the investment options that you can custody and trade due to issues such as a lack of trading agreements with certain fund families? If so, please detail which fund families you are not able to trade with.
3. Please explain your process for adding funds to the plan’s investment options in situations where you already have a trading agreement with that fund.
4. Please explain your process for adding funds to the plan’s investment options in situations where you do not already have a trading agreement with that fund.
5. What is your cut-off time for receiving the nightly trade file?
6. What is the settlement period for mutual fund trades?
7. What is your turnaround time for mailing distribution checks after receipt of the check request file?
8. What is your turnaround time for checks that need to be voided and reissued?
9. Do you provide a daily download of positions and transactions?
10. Please provide the web address and login information that may be used for viewing the information that will be available to the MEBT and the plan’s Recordkeeper.
11. Please list any and all types of revenue sharing that you may be able to capture and return to the plans.

#### J. Fees

1. Please detail your fees for providing Trustee and Master Custodial Services using the following table:

| **Item** | **One-time Fee** | **Ongoing Fee** |
| --- | --- | --- |
| **One-time Conversion & Setup** |  |  |
| Base Fee |  |  |
| Other |  |  |
| **Ongoing Fees** |  |  |
| **Master Custody Fees** |  |  |
| **Trustee Fees** |  |  |
| **Full Fund Accounting Fees** |  |  |
| **Asset Based Fees** |  |  |
| **Unitization Fees** |  |  |
| **Transaction Fees** |  |  |
| **Fed Wire Fees** |  |  |
| **Overnight Shipping Fees** |  |  |
| **1099-R Fees** |  |  |
| **Tax Filing Statements** |  |  |
| **Other Consulting Fees** |  |  |
| **Other** |  |  |
|  |  |  |
| **Fee quote good until** |  |  |
| **Fee quote guarantee period** |  |  |

1. Will you commit to a fee guarantee or maximum annual increases for the first 5 years of the contract? If so, please detail the guarantees or maximum annual increases that you are willing to offer.

# Section 7. Proposal Evaluation

* 1. **Evaluation Procedures**

Proposals will be evaluated by the Selection Committee. The Selection Committee will consider the completeness of a proposal and how well the proposal meets the needs of the MEBT. Evaluations will be based on criteria as outlined in Section 4.02. All proposals will be evaluated using the same criteria.

**Scoring and Evaluation Factors**

* A firm who would be a value-added team player working effectively with consultant/provider team
* Quality, accuracy, timeliness and service with a customer-focused public culture
* Experienced/well-trained staff who can handle diverse plans and highly involved plan sponsors
* Experience with engagements of the structure, asset size and complexity of the MEBT
* Experience with monitoring and selecting investments that fit with the MEBT’s Statement of Investment Policy
* Ease of use of performance reports to monitor and select investment managers/funds.
* Experience developing Investment Policies
* Experience with a pooled account, re-balancing at the Trust level, etc
* Experience working with an Investment Committee comprised of different members than the Trust Committee
* Financial reporting and audit assistance
* History of investment performance on similar plans
* Perceived compatibility between primary consultant and the MEBT
* Central location of service team with an effective support of “headquarters” group
* Cost
* Financial strength and stability of the parent organization
* A firm who can make a realistic commitment of staff to support these high expectations
* Contract compatibility with the MEBT”s required and preferred contract provisions
* References

The evaluation factors reflect a wide range of considerations. While cost is important, other factors are also significant. Consequently, the MEBT may select someone other than the lowest cost proposal. The objective is to choose the proposal that offers the highest quality services that will achieve the MEBT’s goals and objectives of the requested services within a reasonable budget.

**Presentations, Committee Interviews and/or Additional Information/Reviews**

After the proposals are evaluated, the Selection Committee will hold formal presentations/interviews and potentially site visits. The MEBT may choose not to require formal presentations or interviews. The MEBT may choose to contact others regarding the proposing party, their prior work experience and their ability to successfully complete the scope of services. The MEBT may request clarification or additional information from a proposing party in order to assist in the MEBT's evaluation process. Finally, the MEBT may require changes in the scope of services as deemed necessary by the MEBT, before execution of the contract.

**Provider Selection**

The Selection Committee will formulate their recommendation for award of the contract, and forward their selection to the MEBT Trust Committee for approval. The selection will not be final until the formal contract has been negotiated and finalized.

**Contract Award and Execution**

The MEBT reserves the right to enter into a contract without further discussion of the proposal submitted. Therefore, the proposal should be initially submitted on the most favorable terms the proposing party can offer. The MEBT required and preferred contract provisions are provided in this RFP, as well as the preferred contract. Please review these prior to submitting a proposal and please do not submit a proposal if you are not able to agree to the required contract provisions. It is also expected that the finalists will either accept The MEBT’s preferred contract language as-is or redraft their contract to include their suggested alternatives prior to any final selections.

The RFP document and the successful party’s proposal response, as amended by agreement between the MEBT and the successful party, including e-mail or written correspondence relative to the RFP, may become part of the contract documents. Additionally, the MEBT may verify the successful party’s representations that appear in the proposal. Failure of the successful party to perform as represented may result in elimination of the successful party from competition or in contract cancellation or termination.

The successful party will be expected to enter into a contract with the MEBT. If the successful party fails to sign the contract within 28 calendar days following notification of intent to contract, The MEBT may elect to negotiate the contract with another party.

The MEBT shall not be bound, or in any way obligated, until both parties have executed a contract. No party may incur any chargeable costs prior to the execution of the final contract.

# Attachment A:

## Statement of Proposal Checklist

Submittal elements:

The following information is attached as required by the RFP:

**All Responders:**

Form 1: Acceptance of Terms and Conditions \_\_\_\_\_

Form 2: Company Information \_\_\_\_\_

Form 3: References \_\_\_\_\_

Form 4: Acceptance of Insurance Requirements \_\_\_\_\_

Form 5: Contracts Terminated for Default \_\_\_\_\_

Form 6: Acceptance of Contract Terms and Conditions \_\_\_\_\_

Form 7: Compliance with Equal Opportunity Requirements \_\_\_\_\_

Organizational Chart \_\_\_\_\_

Code of Ethics \_\_\_\_\_

**Investment Advisor and General Plan Consultant Responders:**

Sample Quarterly Report \_\_\_\_\_

Sample Performance Report \_\_\_\_\_

**Trustee and Master Custodian Responders:**

Monthly Master Custody Statement Sample \_\_\_\_\_

Annual Certified Trust Statement Sample \_\_\_\_\_

Electronic Transaction File Sample \_\_\_\_\_

Web Address and Login Info for Recordkeeper Access \_\_\_\_\_

Supplemental Services Offered:

In addition to the basic services set forth in the RFP, we agree to provide the following additional services to the MEBT Plan, the cost of which is shown separate from the rates listed in the Fee Schedule.

Basic Services Confirmation:

Our authorized signature in the space below indicates our acceptance of all the terms and conditions as presented in the Request for Proposal and preferred contract provisions.

Exceptions, if any:

Firm Name:

By:

Authorized Signature Title Date

## Proposal Form #1

To: **The MEBT**

From:

**1. Proposal:**

**2. Exceptions:**

Except as noted below, the undersigned hereby agrees to comply with all the terms and conditions put forth in the MEBT’s Request for Proposal.

**Signed: Dated:**

**Title:**

## Company Information Form #2

Company Name:

Home Office Address:

Washington Business Address:

Website Address:

Name, Title, Address, Telephone Number, FAX Number and Email Address of the person to be contacted concerning the proposal:

If Applicable, Name of the Parent Company:

Home Office Address, Telephone Number and Website Address of the Parent Company:

Describe the parent company's relationship with the proposing party:

If applicable, does the person signing the proposal have the authority to sign on behalf of the proposing party?

Yes No

Names of companies that will share significant and substantive responsibilities with the proposing party in performing the scope of services under the contract:

## Client References Form #3

**Client References #1**

|  |  |
| --- | --- |
| Client Name |  |
| Contact Name |  |
| Title |  |
| Phone Number |  |
| Email Address |  |
| Type of Services Provided |  |
| Number of Participants |  |
| Assets (9/30/2009) |  |
| Services Provided Similar to the MEBT’s Scope of Services? | Yes – Explain similarities:  No |

**Client References #2**

|  |  |
| --- | --- |
| Client Name |  |
| Contact Name |  |
| Title |  |
| Phone Number |  |
| Email Address |  |
| Type of Services Provided |  |
| Number of Participants |  |
| Assets (9/30/2009) |  |
| Services Provided Similar to the MEBT’s Scope of Services? | Yes – Explain similarities:  No |

**Client References #13**

|  |  |
| --- | --- |
| Client Name |  |
| Contact Name |  |
| Title |  |
| Phone Number |  |
| Email Address |  |
| Type of Services Provided |  |
| Number of Participants |  |
| Assets (9/30/2009) |  |
| Services Provided Similar to the MEBT’s Scope of Services? | Yes – Explain similarities:  No |

## Proposal Form #4

To: **The MEBT**

From:

**1. Proposal:**

**2. Exceptions:**

Except as noted below, the undersigned hereby agrees to comply with the Insurance Requirements detailed under Appendix A.

**Signed: Dated:**

**Title:**

## Proposal Form #5

To: **The MEBT**

From:

**Contracts Terminated for Default**

If the proposing party has had any contracts terminated for default during the past five (5) years, all such incidents must be described. “Termination for default” is defined as notice to stop performance due to the proposing party’s non-performance or poor performance, and the issue was either (a) not litigated; or (b) litigated and such litigation determined the proposing party to be in default.

Submit full details of all terminations for default experienced by the proposing party during the past five (5) years, including the other party’s name, address and telephone number. Present the proposing party’s position on the matter. The MEBT will evaluate the facts and may, at its sole discretion, reject the proposal if the facts discovered indicate that completion of a contract resulting from this RFP may be jeopardized by selection of the proposing party.

If the proposing party has had a contract terminated for convenience, non-performance, non-allocation of funds or any other reason, which termination occurred before completion of the contract, during the past five (5) years, describe fully all such terminations, including the name, address and telephone number of the other contracting party.

Declarations:

Proposing party has not had any contracts terminated for default in the last five (5) years:

True\_\_\_\_\_ False\_\_\_\_\_\_

Proposing party has not had any contracts terminated for convenience, non-performance, non-allocation of funds, or any other reason which termination occurred before the completion of the contract in the last five (5) years:

True\_\_\_\_\_ False\_\_\_\_\_\_\_

Description of incidents causing number 1 and/or number 2 above to be markedFalse:

**Signed: Dated:**

**Title:**

## Proposal Form #6

To: **The MEBT**

From:

**1. Proposal:**

**2. Exceptions:**

Except as noted below, the undersigned hereby agrees to comply with the Required Contract Terms and Conditions detailed under Appendix C.

**Signed: Dated:**

**Title:**

## Proposal Form #7

To: **The MEBT**

From:

**1. Proposal:**

**2. Exceptions:**

Except as noted below, the undersigned hereby agrees to comply with the Equal Opportunity Requirements under Appendix D.

**Signed: Dated:**

**Title:**

# Appendix A-1

## Insurance Coverages – Investment Advisor and General Plan Consultant

The Contractor shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The cost of such insurance shall be paid by the Contractor. The insurance coverages herein in no way limit the indemnity covenants contained in this Agreement. The MEBT in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liability. Contractor Financial Consultant, his agents, representatives, employees or subcontractors and Consultant is free to purchase additional insurance as may be determined necessary. Insurance shall meet or exceed the following unless otherwise approved by the MEBT.

A. **Minimum Scope of Insurance**

1. Commercial General Liability–ISO CG 0001 Form or equivalent. Coverage to include Premises and operations; personal injury/advertising injury; and liability assumed under an Insured Contract

2. Commercial Automobile Liability .Coverage for all owned vehicles, non-owned vehicles, hired vehicles covering bodily injury and property damage

3. Workers’ Compensation coverage as required by the Industrial Insurance Laws of the State of Washington.

4. Errors & Omissions Liability coverage, including coverage for fiduciary liability, applying to all professional activities performed under the contract.

B. **Minimum Levels of Insurance**

1. Commercial General Liability: $1,000,000 Each Occurrence, $1,000,000 Personal Injury/Advertising Injury, and $2,000,000 General Aggregate.

2. Commercial Automobile Liability: $1,000,000 combined single limit per accident

3. Workers’ Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

1. Investment Advisors Errors & Omissions Liability: $10,000,000 Per Loss / $10,000,000 annual

aggregate.

**For All Coverages**: Each insurance policy shall be written on an “occurrence” form; except that insurance on a “claims made” form may be acceptable with prior the MEBT approval. If coverage is approved and purchased on a “claims made” basis, the Contractor warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of Contract termination, and/or conversion from a “claims made” form to an “occurrence” coverage form.

C. **Deductibles and Self-Insured Retentions**

Any self-insured retentions must be declared to and approved by the MEBT. In the event the self-insured retentions are not acceptable to the MEBT, The MEBT reserves the right to negotiate with the Contractor for changes in coverage self-insured retentions; or alternatively, require the Contractor to provide evidence of other security guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. **Other Provisions**

Wherever possible, the policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial Liability and Commercial Automobile Liability Coverages

a. The MEBT, its officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the contractor; products and completed operations of the Contractor; premises owned, leased or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the MEBT, its officials, employees or volunteers.

b. The Contractor's insurance shall be primary insurance as respects the MEBT, its officials, employees and volunteers. Any insurance or self-insurance maintained by the MEBT, its employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the MEBT, its officials, employees or volunteers.

d. Coverage shall state that the Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. All Coverages

Each insurance policy required by this clause shall state that coverage shall not be canceled by either party except after thirty (30) days prior written notice has been given to the MEBT.

The Contractor's insurance shall be primary insurance and non-contributory with respect to all other available sources.

E. **Acceptability of Insurers**

Insurance is to be placed with insurers with a current AM Bests' Rating of not less than A: VI, or with an insurer acceptable to the MEBT. The MEBT in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

F. **Verification of Coverage**

Contractor shall furnish the MEBT with certificates of insurance affecting coverage required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf and shall name the MEBT as an "additional insured" except for coverages identified in A.3.and A.4. above. The certificates are to be received and approved by the MEBT before work commences. The MEBT reserves the right to require complete, certified copies of all required insurance policies at any time.

G. **Subcontractors**

Contractor shall include all subcontractors as insureds under its policies or shall require subcontractors to provide their own coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein.

# Appendix A-2

# Insurance Coverages – Sub-Custodian Services and Trustee and Custodian Services

The Contractor shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The cost of such insurance shall be paid by the Contractor. The insurance coverages herein in no way limit the indemnity covenants contained in this Agreement. MEBT in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liability. Contractor Financial Consultant, his agents, representatives, employees or subcontractors and Consultant is free to purchase additional insurance as may be determined necessary. Insurance shall meet or exceed the following unless otherwise approved by the MEBT.

A. **Minimum Scope of Insurance**

1. Commercial General Liability–ISO CG 0001 Form or equivalent. Coverage to include Premises and operations; personal injury/advertising injury; and liability assumed under an Insured Contract

2. Commercial Automobile Liability .coverage all owned vehicles, non-owned vehicles, hired vehicles covering bodily injury and property damage

3. Workers’ Compensation coverage as required by the Industrial Insurance Laws of the State of Washington.

4. Trustee’s Errors & Omissions Liability coverage, including coverage for fiduciary liability, applying to all professional activities performed under the contract.

5. Fidelity or Crime coverage

B. **Minimum Levels of Insurance**

1. Commercial General Liability: $1,000,000 Each Occurrence, $1,000,000 Personal Injury/Advertising Injury, and $2,000,000 General Aggregate.

2. Commercial Automobile Liability: $1,000,000 combined single limit per accident

3. Workers’ Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

1. Trustee’s Errors & Omissions Liability: $5,000,000 per occurrence and as an annual aggregate.
2. Fidelity or Crime coverage: $1,000,000 per occurrence.

**For All Coverages**: Each insurance policy shall be written on an “occurrence” form; except that insurance on a “claims made” form may be acceptable with prior MEBT approval. If coverage is approved and purchased on a “claims made” basis, the Contractor warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of Contract termination, and/or conversion from a “claims made” form to an “occurrence” coverage form.

C. **Deductibles and Self-Insured Retentions**

Any self-insured retentions must be declared to and approved by MEBT. In the event the self-insured retentions are not acceptable to MEBT, MEBT reserves the right to negotiate with the Contractor for changes in coverage self-insured retentions; or alternatively, require the Contractor to provide evidence of other security guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. **Other Provisions**

Wherever possible, the policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial Liability and Commercial Automobile Liability Coverages

a. MEBT, its officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the contractor; products and completed operations of the Contractor; premises owned, leased or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to MEBT, its officials, employees or volunteers.

b. The Contractor's insurance shall be primary insurance as respects MEBT, its officials, employees and volunteers. Any insurance or self-insurance maintained by MEBT, its, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to MEBT, its officials, employees or volunteers.

d. Coverage shall state that the Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. All Coverages

Each insurance policy required by this clause shall state that coverage shall not be canceled by either party except after thirty (30) days prior written notice has been given to MEBT.

The Contractor's insurance shall be primary insurance and non-contributory with respect to all other available sources.

E. **Acceptability of Insurers**

Insurance is to be placed with insurers with a current AM Bests' Rating of not less than A:VI, or with an insurer acceptable to MEBT. MEBT in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

F. **Verification of Coverage**

Contractor shall furnish MEBT with certificates of insurance affecting coverage required by this clause. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf and shall name MEBT as an "additional insured" except for coverages identified in A.3.and A.4.. above. The certificates are to be received and approved by MEBT before work commences. MEBT reserves the right to require complete, certified copies of all required insurance policies at any time.

G. **Subcontractors**

Contractor shall include all subcontractors as insureds under its policies or shall require subcontractors to provide their own coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein.

# Appendix B

## Sample Contract

**Professional Services Contract**

**The Municipal Employees Benefit Trust (“the MEBT”) Contract Identification Information:**

Contract Title: Independent Consulting Services Agreement

This AGREEMENT is entered into between the **Municipal Employees Benefit Trust (“the MEBT”)**and **XYZ** - **("CONSULTANT").**

**1.  SERVICES BY CONSULTANT**

1. Performance of Services.  The Consultant shall perform the services described in the Scope of Services, which is attached hereto as Attachment "A" and by this reference is incorporated herein.  All Services will be rendered to the best of the Consultant's ability and in a timely and professional manner in compliance with all standards and rules reasonably established by the MEBT.
2. Modification.  The MEBT periodically may make changes to the Services that are within the general scope of the Agreement, by giving the Consultant written notice of such changes. If any change results in an increase or a reduction in the work that was contemplated to be performed by the Consultant as described in Attachment "A", the Consultant’s compensation hereunder shall be modified accordingly.

**2.  PAYMENT**

A. The MEBT will be paying the Consultant for such services: See Attachment A for all services performed, and expenses incurred under this agreement. Consultant represents that it receives no other compensation or revenue as a result of the Plan’s investments other than that in Attachment A, and in the event that it does, it will disclose such revenue in writing and pay the amount of such Fees to the Plan within thirty (30) days after each calendar quarter end to be used for Plan purposes as directed by the Plan. Any such disclosure will be in the form of a detailed listing of all investment or service providers that paid Consultant, directly or indirectly, the amount they paid and a statement that such listing is a complete and full disclosure of all revenues Consultant, or any of its affiliates, received from each investment or service provider. Consultant will further disclose any potential conflicts of interest to the MEBT, in writing.

B. The Consultant shall maintain time and expense records, report them to the MEBT monthly and shall submit invoices to the MEBT monthly for payment of work performed to the date of the invoice.  Invoices shall be in a format acceptable to the MEBT.

C. The MEBT shall pay all invoices from the Consultant by mailing payment within 30 days of receipt of a properly completed invoice after approval of the Consultant's completed tasks/deliverables to the date of the invoice or monthly report, as appropriate.

D. All records and accounts pertaining to this Contract are to be kept available for inspection by representatives of the MEBT for a period of three (3) years after final payment. Copies shall be made available to the MEBT upon request.

E. If during the course of the Contract, the work performed does not meet the requirements set forth in the Contract, the Consultant shall correct or modify the work to comply with the Contract requirements and the MEBT shall have the right to withhold payment for such work until it meets the requirements of the Contract.

**3.  DISCRIMINATION AND COMPLIANCE WITH LAWS**

1. The Consultant agrees not to discriminate against any employee or applicant for employment or any other person in performance of this Agreement because of race, creed, color, national origin, marital status, sex, age, disability, or other circumstance prohibited by federal, state, or local law or ordinance, except for a bona fide occupational disqualification. Without limiting the foregoing, Consultant agrees to comply with the provisions of Attachment "C", attached hereto and incorporated herein by this reference.
2. The Consultant shall comply with all current federal, state, and local laws and ordinances applicable to the work to be done under this Agreement, including where applicable Bellevue City Code 4.28.143.
3. Violation of this Section 3 shall be a material breach of this Agreement and grounds for cancellation, termination or suspension of the Agreement by the MEBT, in whole or in part, and may result in ineligibility for further work for the MEBT.

**4.  TERM AND TERMINATION OF AGREEMENT**

1. Term.  This Agreement shall remain in effect until completion of the services described in Attachment "A" and final payment therefore unless terminated earlier in accordance with Paragraph 4.B. of this Agreement.
2. Rights upon Termination.  This Agreement may be terminated by either party without cause upon 180 days' written notice, in which event all finished or unfinished documents, reports, or other material or work of Consultant pursuant to this Agreement shall be submitted to the MEBT, and the Consultant shall be entitled to just and equitable compensation at the rate set forth in Paragraph 2 for any satisfactory work completed prior to the date of termination.
3. Non-Interference with Business.  During the course of the Consultant's performance of the Services for the MEBT and for period of twelve (12) months after the completion of such Services, the Consultant will not interfere with the MEBT's business in any manner, including without limitation, encouraging anyone to leave the MEBT's employ or encouraging any employee or independent Consultant to sever that person's relationship with the MEBT.

**5.  OWNERSHIP OF WORK PRODUCT**

All data, materials, reports, memoranda and other documents developed under this Agreement whether finished or not shall become the property of the MEBT, shall be forwarded to the MEBT at its request and may be used by the MEBT as it sees fit. The MEBT agrees that if it uses products prepared by the Consultant for purposes other than those intended in this Agreement, it does so at its sole risk and it agrees to hold the Consultant harmless therefore.

**6.  GENERAL ADMINISTRATION AND MANAGEMENT**

The MEBT Chair, or his/her designee, shall be the MEBT's representative, and shall oversee and approve all services to be performed, coordinate all communications, and review and approve all invoices, under this Agreement.

**7.  RESERVED**

**8.  INSURANCE; RISK OF LOSS**

The Consultant shall maintain insurance that is sufficient to protect the Consultant's business against all applicable risks, as set forth in Attachment "B". The Consultant will cause the MEBT to be named as additional insureds on the policy required under the Agreement and shall cause its insurance to be primary to any insurance carried by the MEBT. The Consultant will provide the MEBT with certificates of insurance and other supporting materials as the MEBT reasonably may request to evidence Consultant's continuing compliance with this Section 8. The Consultant will be liable for all loss or damage, other than ordinary wear and tear, to the MEBT's property in the Consultant possession or control that is caused by the Consultant. In the event of any such loss or damage, the Consultant will pay the MEBT the full current replacement cost of such equipment or property within thirty (30) days after its loss or damage.

**9.  INDEPENDENT CONTRACTOR**

1. Nature of Relationship.  The Consultant shall be and act as an independent Contractor (and not as the employee, agent, or representative of the MEBT) in the performance of the Services for the MEBT. The Agreement shall not be interpreted or construed as creating or evidencing an association, joint venture, partnership or franchise relationship among the parties or as imposing any partnership, franchise, obligation, or liability on any party. The Consultant will not represent himself/herself as an employee of the MEBT. The Consultant shall not be entitled to, and shall not attempt to, create or assume any obligation, express or implied, on behalf of the MEBT. So long as the Consultant is able to adequately perform all of the Consultant's obligations under the Agreement in a skilled and workmanlike manner, the Consultant shall not be required to devote the Consultant's full time to the performance of the Services called for under the Agreement, and it is acknowledged that the Consultant has other clients and/or offers services to the general public. Since the Consultant will not be an employee of the MEBT, the Consultant will not be entitled to any of the benefits that the MEBT may make available to its employees, such as but not limited to vacation leave, sick leave, or insurance programs, including group health insurance or retirement benefits; nor shall the Consultant permit or cause any of the Consultant's employees, agents or subcontractors to perform any services under the Agreement in such a way as to cause or enable them to become, or claim to have become, employees, common law or otherwise, of the MEBT. In addition, the Consultant acknowledges that as an independent Contractor, he/she/it and/or his/her/its agents, servants or employees are not eligible to recover worker's compensation benefits from or through the MEBT in the event of injury.
2. Consultant Responsible for Taxes and Records.  The Consultant will be solely responsible for and will file, on a timely basis, all tax returns and payment required to be filed with or made to any federal, state or local tax authority with respect to the Consultant's performance of the Services and receipt of fees under the Agreement. The Consultant will be solely responsible for and must maintain adequate records of expenses incurred in the course of performing the Services under the Agreement. No part of the Consultant's compensation will be subject to withholding by the MEBT for the payment of any social security, federal, state or any other employee payroll taxes; nor shall the MEBT be obligated to make any such withholdings and/or payments on behalf of any employee, subcontractors, supplier, or other person working for or engaged by the Consultant to perform the Consultant's obligations under the Agreement. The MEBT will regularly report amounts paid to the Consultant by filing Form 1099-MISC with the Internal Revenue Service as required by law.

**10. FIDUCIARY STATUS**

A. Consultant acknowledges and agrees it is a registered investment advisor under the Investment Advisors Act of 1940, that the registration is current, and that it will notify the MEBT promptly of any change in the status of its registration as an investment advisor under the act. Consultant acknowledges and agrees it is a fiduciary with respect to the MEBT in rendering investment advice to the MEBT based on the particular needs of the MEBT and its services will serve as a primary basis for investment decisions with respect to Trust assets. Consultant will promptly notify the MEBT in writing of any change in advisor assigned to the account, change in the investment advisor’s investment philosophy with respect to the account, or any other event which in the reasonable opinion of the investment advisor has a material adverse effect on the management, professionalism, integrity or financial position of the investment advisor.

B. Consultant represents and warrants that there are no criminal convictions of the firm or persons in key positions, including those persons directly providing services to the MEBT.

C. Consultant agrees it will act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims and by diversifying the investments held hereunder consistent with investment policies, objectives and guidelines so as to minimize the risk of large losses, unless under the Plans or circumstances it would be clearly not prudent to diversify.

**10.  FUTURE SUPPORT**

The MEBT makes no commitment and assumes no obligations for the support of the Consultant's activities except as set forth in this Agreement.

**11.  GENERAL PROVISIONS**

1. Governing Law; Forum.  The Agreement will be governed by the laws of Washington and its choice of law rules. The Consultant irrevocably consents to the exclusive personal jurisdiction and venue of the federal and state courts located in King County, Washington, with respect to any dispute arising out of or in connection with the Agreement, and agrees not to commence or prosecute any action or proceeding arising out of or in connection with the Agreement other than in the aforementioned courts. No controversy or claim shall be filed with the courts without first being submitted to mediation through a mediator mutually agreeable to the parties. Mediation shall be deemed to be unsuccessful and the matter subject to arbitration only after a period of sixty days has passed from the first mediation session and a written demand for arbitration has been submitted by one of the parties.
2. Severability.  If any provision of the Agreement is held to be invalid or unenforceable for any reason, the remaining provision will continue in full force without being impaired or invalidated in any way. The MEBT and the Consultant agree to replace any invalid provision with a valid provision that most closely approximates the intent and economic effect of the invalid provision.
3. Nonwaiver.  Any failure by the MEBT to enforce strict performance of any provision of the Agreement will not constitute a waiver of the MEBT's right to subsequently enforce such provision or any other provision of the Agreement.
4. No Assignment.  Neither the Agreement nor any of the rights or obligations of the Consultant arising under the Agreement may be assigned, without the MEBT's prior written consent. Subject to the foregoing, the Agreement will be binding upon, enforceable by, and inure to the benefit of, the parties and their successors and assigns.
5. The MEBT Marks.  The Consultant will not use any trade name, trademark, service mark, or log of the MEBT (or any name, mark, or logo confusingly similar thereto) in any advertising, promotions, or otherwise, without the MEBT's express prior written consent.
6. Notices.  All notices and other communications under the Agreement must be in writing, and must be given by first class mail, postage prepaid, or delivered by hand to the party to whom the communication is to be given, at its address set forth in this agreement.
7. Legal Fees.  In any lawsuit between the parties with respect to the matters covered by the Agreement, the prevailing party will be entitled to receive its reasonable attorney's fees and costs incurred in the lawsuit, in addition to any other relief it may be awarded.
8. Counterparts.  The Agreement may be signed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall be deemed one and the same document.

**12.  EXTENT OF CONTRACT/MODIFICATION**

This Contract, together with the attachments and/or addenda, represents the entire and integrated Agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral.  This Agreement may be amended, modified or added to only by written instrument properly signed by both parties hereto.

In witness whereof, the parties have executed this Agreement and it shall be effective as of the last date written below.

**XYZ The MEBT:**

By: By:

Printed Name: Printed Name:

Title: Title:

Date: Date:

Tax ID: Approved as to

UBI Number: form by:

Phone Number: The MEBT Attorney

# Appendix C

## Required and Preferred Contract Terms

The MEBT wishes to avoid a protracted contract negotiation that could potentially end at an impasse, thereby delaying the finalization of this selection process. Accordingly, the following are a list of required provisions that must be included in the final contract.

**Required Provisions:**

1. Acceptance of fiduciary status of Investment Advisor. Agreement should include
   1. The Investment Advisor is a registered investment advisor under the Investment Advisors Act of 1940, that the registration is current, and that it will notify the Trustee promptly of any change in the status of its registration as an Investment Advisor under the act; and
   2. Acknowledge the Investment Advisor is a fiduciary of the MEBT Plan.
2. Agreement must provide for a representation and warranty that there are no criminal convictions or currently unresolved criminal charges of the firm or persons in key positions. Also a provision to update this if the representation changes.
3. Agreement must not provide for indemnification.
4. Agreement must address termination and prevent assignment
5. Agreement must require the Investment Advisor to notify the Trustee in writing of any of the following events.
   1. Change in advisor assigned to the account.
   2. Change in the Investment Advisor’s investment philosophy with respect to the account.
   3. Any other event which in the reasonable opinion of the Investment Advisor has a material adverse effect on the management, professionalism, integrity or financial position of the Investment Advisor.

In addition to the Required Contract Provisions, The MEBT prefers that the following provisions are included in the final contract. Please note below each of these provisions whether you will accept this a part of your contract, and if not, please provide your alternative provision or contract language that addresses the applicable provision.

1. Agreement should address insurance that is in place to protect against claims and that such insurance meets the minimum insurance requirements outlined in this RFP.

**Preferred Provisions:**

* 1. Agreement should provide for a fixed fee.

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. Agreement should provide for transparency and accounting of all fees.

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

*Please answer 3 or 4:*

* 1. Preferred language: “Advisor will disclose, in writing, all sources of compensation it receives from any source related to the Plan or its investments whether in the form services, research, property, soft or hard dollars, direct or indirect, including through any related or unrelated brokerage services, through directed brokerage, commission recapture or any similar arrangements. In addition, Advisor agrees to provide a description of any benefits received from soft dollar transactions and will provide Client a description of its policies regarding soft dollars. Advisor will further disclose any potential conflicts of interest to Client, in writing.”

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. **OR**: “Advisor represents that it receives no other compensation or revenue as a result of the Plan’s investments other than that in the Fee Schedule, and in the event that it does, it will disclose such revenue in writing and credit it against its Fees above and pay any excess over the amount of such Fees to the Plan within thirty (30) days after each calendar quarter end to be used for Plan purposes as directed by the Plan. Any such disclosure will be in the form of a detailed listing of all investment or service providers that paid Advisor, directly or indirectly, the amount they paid and a statement that such listing is a complete and full disclosure of all revenues Advisor, or any of its affiliates, received from each investment or service provider. In addition, Advisor agrees to provide a description of any benefits received from soft dollar transactions and will provide Client a description of its policies regarding soft dollars. Advisor will further disclose any potential conflicts of interest to Client, in writing.”

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. We prefer mandatory mediation of disputes and arbitration if mediation is unsuccessful.

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. Agreement should address the standard of care. Would like a provision reading: “Investment Advisor agrees it will act will act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims and by diversifying the investments held hereunder consistent with investment policies, objectives and guidelines so as to minimize the risk of large losses, unless under the Plans or circumstances it would be clearly not prudent to diversify.”

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. Agreement should provide that the applicable law is that of the state of Washington, venue in King County, Washington.

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. Agreement should provide for attorneys’ fees in the event of dispute to prevailing party.

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. Are you willing to use our form of contract as our agreement rather than yours (Please see Appendix B)?

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

* 1. The term of the contract with the successful party shall be from the date of execution of the contract for three years with two optional one-year renewals unless a five-year contract is more advantageous (to be discussed and negotiated), with 60-day termination clause for cause.

Responder will agree to this provision: \_\_\_\_\_\_\_\_\_

Responder will not agree to this provision: \_\_\_\_\_\_\_\_\_

# Appendix D

## Equal Opportunity Requirements

**Equal Opportunity Requirements Section:**

General Instructions:

Applications:  The following materials pertain to the Equal Opportunity Requirements of the City of Bellevue as set forth in Chapter 4.28.143 of the Bellevue City Code.  All contractors, subcontractors, consultants, vendors and suppliers who contract with the City in a total amount of thirty-five thousand or more within any given year must comply with these requirements.

Affidavit:  Before being considered for a contract of the magnitude listed above, all contractors will be required to submit the “Affidavit of Equal Opportunity Compliance” as part of their proposal/qualifications or upon the request of the Purchasing Manager.

Compliance:  The City of Bellevue reserves the right to randomly select contractors, subcontractors, consultants, vendors or suppliers to be audited for compliance of the requirements listed.  During this audit, the contractors, etc. will be asked for a specific demonstration of compliance with the requirements.

Noncompliance:  A finding of a noncompliance may be considered a breach of contract and suspension or termination of the contract may follow.

City contact:  The City’s Compliance Officer is the Purchasing Manager, and specific questions pertaining to this section may be directed to the Purchasing Division at (425) 452-7246.

Bellevue City Code Excerpt:

Section 4.28.143 of the Bellevue City Code establishes the requirements for all contractual service providers:

“All contractors, subcontractors, consultants, vendors and suppliers who contract with the City of Bellevue in a total amount of thirty-five thousand or more within any given year are required to take affirmative action and comply with the following requirements of this section.  There shall be included in any contract between such contractual services provider and the City of Bellevue the following provisions:

1.   Contractor shall make specific and constant recruitment efforts with minority and women’s organizations, schools, and training institutions.  This shall be done by notifying relevant minority and women’s organizations.

2.   Contractor shall seek out eligible minority and women contractors to receive subcontract awards.  Appropriate minority and women contractors shall be notified in writing of any bids advertised for subcontract work.

3.   Contractor shall provide a written statement to all new employees and subcontractors indicating commitment as an equal opportunity employer and the steps taken to equal treatment of all persons.

4.   Contractor shall actively consider for promotion and advancement available minorities and women.

5.   Contractor is encouraged to make specific efforts to encourage present minority and women employees to help recruit qualified members of protected groups.

6.   Contractor is encouraged to provide traditional and nontraditional employment opportunities to female and minority youth through after school and summer employment.

7.   Contractor is encouraged to assist in developing the skills of minorities and women by providing or sponsoring training programs.

Willful disregard of the City’s nondiscrimination and affirmative action requirements shall be considered breach of contract and suspension or termination of all or part of the contract may follow.

All contractors, subcontractors, vendors, consultants or suppliers of the City required to take affirmative action must sign the affidavit of compliance and submit with the bid proposal or upon the request of the Purchasing Manager.  All documents related to compliance steps listed above shall be presented upon the request of the Purchasing Manager.  The Purchasing Manager shall serve as the compliance officer for the city and is authorized to develop and issue procedures for the administration of this section.”

**Interpretations:**

In order to more readily determine compliance with BCC 4.28.143, the following interpretations are provided:

Requirement 1.  When a contractor needs to recruit, they must notify minority and women’s organizations, schools and training institutions.  Such “notification” can be in the form of an advertisement in newspapers or trade journals of general circulation in the metropolitan Seattle area.

When the contractor hires through a union hiring hall, the contractor must be able to provide confirmation, upon request by the City, that the hiring hall has an equal opportunity policy.

Requirement 2.  When a contractor intends to subcontract out any work they shall notify minority and women contractors for the subcontract work.  The requirements to notify minority and women contractors of any bids can be satisfied by advertising in newspapers or trade journals that are of general circulation in the metropolitan Seattle area.

Requirement 3.  If and when a contractor hires new employees or contracts with subcontractors, the contractor must alert such employees and subcontractors to the contractor’s commitment as an equal opportunity employer, etc.  This requirement may be complied with by posting a notice of equal opportunity commitment at the job shack, or by the time clock.

Requirement 4.  If and when a contractor promotes or advances employees, the contractor must consider all eligible employees.

The City of Bellevue reserves the right to audit all contractors for compliance with the requirements set forth in BCC 4.28.143.

# Appendix E

## Current Investment Policy

[Please see attached .pdf file](http://www.mebt/Announcements/2009/IA_RFPDocs/AppE.pdf)

# Appendix F

## Current Assets by Manager / Flash Report

[Please see attached .pdf file](http://www.mebt.org/Announcements/2009/IA_RFPDocs/AppF.pdf)