

**Haverhill RETIREMENT BOARD
REQUEST FOR PROPOSAL**

CUSTODIAL/MASTER TRUST SERVICES

I. INTRODUCTION

The Haverhill Retirement Board (“Board”) is seeking proposals from qualified financial institutions to provide custodial services for the Haverhill Retirement System’s (“System”) \$285 million investment portfolio. The portfolio is currently comprised of multiple funds. Qualified respondents will have established experience servicing public fund retirement plans and have reporting capabilities to meet the specialized requirements of the System.

The custody agreement made between the selected vendor and the Retirement Board is subject to mandatory contract terms and provisions of the Massachusetts General Laws, Chapter 32 section 23B, as amended by Chapter 176 of the Acts of 2011, and the rules and regulations of the Public Employee Administration Commission ("PERAC"), 840 CMR. The selected vendor must have familiarity and agree to comply with all applicable laws and PERAC regulations.

The Board reserves the right to cancel or reject in whole or part any or all proposals in the best interest of the System. The proposal deadline is **Friday, April 05, 2024 at 11:59 AM EST**. Late proposals will not be accepted.

Expected Timing of Award

Vendor selection is expected to take place within **180** days of the RFP’s submission deadline. The timing of the award of the contract may be extended at the Board’s discretion upon mutual agreement between the Board and the bidder(s).

For assistance with any questions with respect to this search, please contact via email at .

II. SCOPE OF SERVICES

The firm selected through this process will enter into a written contact with the Haverhill Retirement Board for the purpose of providing custodial/master trust services for all managed assets of the System.

1. Provide custody, accounting, and reporting capabilities.
2. Provide sub-accounting for investment funds and separately managed funds as well as a consolidation of all funds.
3. Provide on-line reporting services for the System and our investment manager(s).
4. Provide monthly accounting of all account activities and holdings.
5. Provide daily cash sweep to a short-term investment fund approved by the System.
6. File claims for class actions.
7. Follow directions from investment managers regarding corporate actions and proxy voting.
8. Provide annual PERAC reporting schedules.

All contracts shall be for not more than seven years, including any renewal period. The Board reserves the right to limit the term of years to fewer than seven at its sole discretion.

III. SUBMISSION OF PROPOSALS

1. Submission of RFP (Respondents must provide all versions requested below)

- A. Submit one (1) USB Drive and six (6) hard copies of the RFP, cover letter, organizational chart and sample contract, and all other requested documents and separately sealed fee schedule document to:

Haverhill Retirement Board
Attn: David S. Van Dam, Administrator
4 Summer Street, Room 303
Haverhill, MA 01830

- B. Email all requested documents except for the fee schedule document (hardcopy only) to: dvandam@haverhillretirement-ma.org

- i. Submission emails should only contain RFP information, with no questions or important content referenced within the body of the email itself.
ii. Email attachments must not exceed 25 MB in total.

Proposers may correct, modify or withdraw their proposals prior to the submission deadline only. Requests to withdraw proposals must be in writing.

The Retirement Board reserves the right to accept or reject any or all proposals or any parts thereof, and to waive any formalities in the submission of proposals if deemed in the best interests of the Board to do so.

IV. REQUIRED DOCUMENTS

The respondent must submit the following documents, which are available through the PERAC website <https://www.mass.gov/lists/perac-compliance-investments-forms>:

- Vendor Contact Information – Form C-2281
- Vendor Disclosures – Form C-0576
- Vendor Certification – Form C-8135
- Placement Agent Statement for Investment Managers – Form C-1034

Please include a scanned signed copy of all forms with the digital copy of the Proposal.

Additionally, please include the following:

- Signed cover page, the RFP for which you are responding to, and the proposed services. The proposal must be signed by an official authorized to bind the firm, and it shall contain a statement to the effect that the proposal is a firm offer for acceptance by the Retirement Board for **180** days from the date of submission.
- Copy of custodial/master trust agreement;
- Sample monthly statement, sample monthly summary/recap of account activity reporting receipts, disbursements, payables and receivables by asset class, and reports routinely provided such as PERAC Annual Schedules;
- Documentation providing proof of insurance coverage levels;
- Completed custodial/master trust questionnaire.
- Other attachments as may be specified in the questionnaire
- Fee schedule document in a separate, sealed envelope (hard copy submission only).

V. ACCEPTANCE AND AWARD

The Board may elect to schedule an interview process with respondents based upon the proposals' relative merits and relative prices. The Board reserves the right to reject any or all proposals at its sole discretion whether prior to or after the interview. The Board shall also have sole discretion in deciding which respondents will be considered/interviewed in compliance with M.G.L. Chapter 32 sec. 23B.

The respondents are hereby advised that any proposal selected shall be subject to (a) approval of the Board, (b) a written contract, and (c) approval by PERAC. Failure of the parties to agree on mutually acceptable contract language will void the award of the proposed engagement to the selected candidate. The Board shall have sole discretion in determining whether the parties are unable to reach agreement on the language of the written contract. The Board may require that the contract contain mandatory contractual terms and language.

The contract, at a minimum, must contain terms and conditions that:

- A. Incorporate by reference the selected respondent's proposal;
- B. Specify that the contract shall have a seven-year term and that the contract may be terminated earlier by the Board upon thirty (30) days written notice and by the respondent upon ninety (90) days written notice. The respondent may exercise such termination right only for reasonable cause related to its continued ability to effectively provide services, such as, but not limited to, insolvency, sale of the business, or substantial turnover of key personnel. The Board reserves the right to terminate the contract at any time to protect the assets of the System from loss due to insolvency of the vendor.
- C. Prohibit the assignment of any interest to the contract;
- D. Acknowledge that the respondent is a fiduciary with respect to the assets held and that the respondent shall act solely in the interests of plan participants and beneficiaries;
- E. Provide that the respondent shall at all times act in accordance with applicable state and federal laws; and
- F. Satisfy related PERAC reporting requirements;

- G. Acknowledge the respondent has complied with the provisions of M.G.L. Chapter 32 Section 23B in the Request for Proposal process.

Per Section 23B, contracts must include all mandatory terms and conditions specifically those set forth in §23B (k)(1)(a) thru (e), which depending on whether it is a separate contract or a commingled fund, will need to be in a side letter. Subsections (c), (d) and (e) may simply reference the forms previously filed with PERAC.

§23B (k) (1) states:

In the event of a competitive process to select an investment service provider the request for proposals shall include mandatory contractual terms and conditions to be incorporated into the contract including provisions:

- (a) stating that the contractor is a fiduciary with respect to the funds which the contractor invests on behalf of the retirement board;
- (b) stating that the contractor shall not be indemnified by the retirement board;
- (c) requiring the contractor to annually inform the commission and the board of any arrangements in oral or in writing, for compensation or other benefit received or expected to be received by the contractor or a related person from others in connection with the contractors services to the retirement board or any other client;
- (d) requiring the contractor to annually disclose to the commission and the retirement board compensation, in whatever form, paid or expected to be paid, directly or indirectly, by the contractor or a related person to others in relation to the contractors services to the retirement board or any other client; and
- (e) requiring the contractor to annually disclose to the commission and the retirement board in writing any conflict of interest the contractor may have that could reasonably be expected to impair the contractor's ability to render unbiased and objective services to the retirement board. Other mandatory contractual terms and conditions shall address investment objectives, brokerage practices, proxy voting and tender offer exercise procedures, terms of employment and termination provisions.

Additionally, MGL Chapter 32 Section 23B (k)(3) states:

A person submitting a proposal for the procurement or disposal of services to a retirement board shall certify in writing on the proposal as follows:

The undersigned certifies under penalties of perjury that this proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean a natural person, business, partnership, corporation, union, committee, club or other organization, entity or group of individuals.

NCPERS Code of Conduct

Submitting firms should adhere to the following code of conduct:

1. Act in a professional and ethical manner at all times in dealings with public plan clients.
2. Act for the benefit of public plan clients and in accordance with codes of professional conduct.
3. Act with independence and objectivity.
4. Fully disclose to public plan clients conflicts of interest that arise that may impair the ability to act independently or objectively.
5. Act with reasonable care, skill, competence, and diligence when engaging in professional activities.
6. Communicate with public plan clients in a timely and accurate manner.
7. Uphold the applicable law, rules, and regulations governing your sector and profession.
8. Fully disclose to public plan clients all fees charged for the products or services provided to said client.
9. Support the sustainability of public defined benefit plans and retirement arrangements that add to overall retirement security
10. Fully disclose all contributions made to entities enumerated in Schedule A that advocate for the diminishment of public defined benefit plans.

Does your firm adhere to the above code of conduct, bound by the signature on the attached cover letter?

Yes / No

VI. SEARCH EVALUATION CRITERIA

The Board will determine the most advantageous proposal from the bidder through the following process:

- The Board will determine which submitted proposals meet the minimum criteria set forth in this RFP.
- Those proposals meeting the minimum criteria will be ranked in accordance with the evaluation criteria.
- The Board reserves the right to make any inquiries about the firm to facilitate this process.
- A contract award will be made by the Board.

Each proposal will be ranked as:

- Highly Advantageous: Proposing firms that provide a detailed, logical, methodical and efficient explanation of their custodial services;
 - Advantageous: Proposing firms that provide a credible approach for providing custodial services;
 - Not Advantageous: Proposing firms that provide little detail or logic on how they will provide custodial services;
- or
- Unacceptable: Proposing firms omit important information or fail to meet an acceptable standard.

Proposals ranked as "Advantageous" or "Highly advantageous" will have demonstrated:

- The ability to perform custodial duties under the objectives established by the Board and in accordance with requirements and restrictions mandated by MGL c. 32, and the Public Employees Retirement Administration Commission.
- Experience in dealing with public pension systems and agencies;
- An acceptable level of client satisfaction;
- A sufficiently broad scope of products and services;
- Strong internal controls for monitoring and controlling the accuracy of portfolio information;
- Strength, stability, and longevity of the firm;
- The ability to provide reporting as required by the Massachusetts Public Employee Retirement Administration Commission (PERAC) and the Retirement Board;
- The ability to provide these services at competitive rates.

Custodial/Master Trust Questionnaire

Please provide responses to questions using information as of June 30, 2023, unless otherwise requested.

I. Organizational Background

1. Firm Identification
 - a. Name of Firm
 - b. Type of Firm
 - c. Headquarters Address
 - d. Address of Servicing Office

2. Contact Identification
 - a. Name
 - b. Title
 - c. Telephone Number
 - d. Email address

3. History and Structure
 - a. Year founded
 - b. Please describe your organizational structure
 - c. Number of owners and distribution of ownership
 - d. Relationship of owners to firm
 - e. Please describe the history of your firm (including any prior working experiences the founders and/or key investment personnel may have had together).
 - f. Please explain any previous changes to your organizational structure and/or distribution of ownership.
 - g. Please describe any anticipated changes to your organizational structure and the reason(s) for those changes.
 - h. If your organization has multiple office locations, please describe the general role and functionality of those offices.
 - i. Please describe any major business affiliations and/or joint ventures that your organization participates in.

4. Indicate the number of personnel involved in the delivery of custodial/master trust services, divided into appropriate functional categories. Also, indicate the level of turnover of personnel over the last five years.

5. How long has the firm and the key personnel been providing custodial/master trust services? Describe the contractual arrangement under which you normally operate.

6. Please provide information regarding the financial strength of your institution.

7. Describe all the insurance coverage provided by your institution (include limits) for this account.

8. Has the firm, its parent organization, subsidiaries, affiliates or any key personnel been subject to any litigation or legal proceedings related to investment operations during the past five years? If yes, please explain.

9. Has the firm or any senior member of the firm been reported to or investigated by any regulatory authority within the past ten years? If yes, provide full, detailed explanation, including outcome, and a copy of regulatory body report.
10. Will your firm accept fiduciary responsibility for the assets committed to its discretion?
11. Please indicate the face amount of insurance that the firm carries with respect to:
 - a. Errors and omissions
 - b. Fiduciary liability
 - c. Fidelity bonding
12. Is your firm related by ownership or formal business agreement to any provider of brokerage, consulting and/or research services? If yes, please explain.
13. Are there any potential conflicts of interest that may be created by awarding the contract to your firm? If yes, please explain.
14. Are any arrangements maintained whereby your firm or any individual within the firm pays referral fees, finder's fees, soft dollars or other similar consideration or benefits to consultants, brokers or any other third party? If yes, please explain. Is your firm in compliance with CFA Institute Soft Dollar Standards?
15. Will anyone, outside of your firm, be paid a finders fee, bonus or any fee or compensation if your firm is retained by the Fund?
16. Discuss the hiring practices and how your firm ensures and promote diversity in the workplace.
17. Is the firm minority or women owned? If yes, please state the percentage of women and/or minority owned.

II. Account Staffing and Services

1. Please supply the following information for each individual named in response to any question in this section:
 - Name
 - Title
 - Role
 - Years with the firm
 - Years investment experience
 - Degrees and professional designations
2. Who would have overall responsibility for the account? Primary client contact? Backup assigned to this account?
3. Other than those named above, who else would work with this account?
4. Is someone available to attend board meetings when needed?

5. Who handles relationships with outside investment managers and brokers?
6. What is the average number of accounts handled by each administrator?
7. Please provide an organizational chart of the custodial department, showing the interaction between each area in the department and other areas of the bank/financial institution.

III. Breakdown of Assets and Accounts

1. Total tax-exempt assets in custody (\$ millions) and number of accounts:

	Total Assets (\$ Millions)	#Accounts
a. 6/30/2023	_____	_____
b. 6/30/2022	_____	_____
c. 6/30/2021	_____	_____
d. 6/30/2020	_____	_____
e. 6/30/2019	_____	_____

2. Mean and Median tax-exempt account size (\$ millions) at 6/30/2023:

Mean _____ Median _____

3. Public fund assets in custody (\$ million) and number of accounts as of 6/30/2023:

	Total Assets (\$ Millions)	#Accounts
a. Massachusetts funds	_____	_____
b. Other public funds	_____	_____

4. Mean and Median public fund account size (\$ millions) at 6/30/2023:

Mean _____ Median _____

5. What year did your institution begin providing master custodial services to Massachusetts Public Retirement Systems?

6. How many tax-exempt account relationships have you gained over the last five years (as of 6/30/2023)?

	Total Assets (\$ Millions)	#Accounts
a. Public Funds:	_____	_____
b. Massachusetts Public Funds:	_____	_____
c. Corporations:	_____	_____
d. Taft-Hartley organizations:	_____	_____
e. Non-profit organizations:	_____	_____
f. Total:	_____	_____

7. How many tax-exempt account relationships have you lost over the last five years (as of 6/30/2023)?

		Total Assets (\$ Millions)	#Accounts
a.	Public Funds:	_____	_____
b.	Massachusetts Public Funds:	_____	_____
c.	Corporations:	_____	_____
d.	Taft-Hartley organizations:	_____	_____
e.	Non-profit organizations:	_____	_____
f.	Total:	_____	_____

IV. Cash Management

1. Please describe your policies and procedures for:
 - a. Collecting and crediting dividend and interest income; and
 - b. Debiting and crediting accounts for security transactions.

2. When is income available for investment?
 - a. DTC
 - b. U.S. Government and Agencies
 - c. Mortgage-backed Securities
 - d. Other

3. Describe your policies and procedures for sweeping cash balances:
 - a. What is the timing of the sweep?
 - b. What is the maximum amount of cash left uninvested on any day?

4. What short-term vehicles are available for investment of cash balances? For each vehicle provide:
 - a. A description of the types of securities purchased
 - b. Information regarding the investment advisors to the fund
 - c. Annual rates of return/yields for each of the last five calendar years
 - d. Any management or administrative charges applied to the account

5. For actual settlements, what provisions can be made to keep funds invested if our purchase settlements are delayed by the broker delivering securities.

6. Please describe your procedures for collecting past-due income.

7. Do you provide compensation to your clients when credits to accounts are late or are made after the agreed date? If so, at what rate?

V. Fail Float Protection

1. How do you minimize the number of failed security transactions? How are investment managers advised of fails? How often do fails typically occur on purchases and sales?
2. Describe your procedures for debiting and crediting accounts in the case of failed security transactions and your policies with regard to earnings on fail float.

VI. Accounting and Reporting

1. Describe your reporting system.
2. Describe your standard reporting package and the data provided therein. Indicate the frequency with which each report is generated and the number of business days following the end of a reporting period upon which it is distributed. (Please provide us with sample copies of these reports.)
3. Are your reports on a trade date, settlement date, or cash basis? Are all versions available?
4. Do asset valuations and transaction statements reflect accrued income and pending transactions?
5. How are interest and principal paydowns credited on mortgage pass-thru securities?
6. What optional reports are available with or without added fees?
7. How are special requests handled?
8. Describe your ability to customize reports.
9. Describe any unique features of your reporting system.
10. Do you have the ability to generate reports that reflect PERAC accounting? What is your experience with PERAC reporting? Please provide copies of any and all reports.

VII. Procedures and Controls

1. What kind of internal audit procedures are in place to assure that all reported data is accurate? (Please include procedures for the following items.)
 - a. Disbursements
 - b. Asset detail and transaction
 - c. Commission rates
 - d. Interest received
 - e. Accrued income
 - f. Amortization
2. By whom and how frequently are statements audited prior to sending to the client?
3. What types and how frequent are audits conducted by outside firms?

4. What systems do you use for pricing securities? What is the frequency with which you price securities? (Please list pricing sources and their record of timeliness.)
5. Describe your procedures for notifying investment managers of transactions and cash balances available for investment.
6. How do you report on illiquid investments (ie. real estate, private equity)?
7. Describe any procedures established to assure quality of products and services.
8. How do you monitor client satisfaction?
9. When was the last time your in-house security controls were independently evaluated? Without divulging sensitive information, please describe findings, recommendations and any changes to your procedures and policies as a result of such a review.

VIII. Technical Resources

1. Describe your computer system's hardware and software capabilities. Are your systems developed in-house or purchased from outside vendors? (Please be as concise as possible).
2. How long has the current system been in place?
3. What depth of support staff is available for data processing, programming and supporting the Custodial arrangements?
4. Do you have a dedicated computer system or do you share with other departments?
5. Please define the systems support available to your custodial services for back-up and recovery capabilities, security and emergency arrangements, downtime experience, and audits.
6. Are there any substantial systems changes or innovations being contemplated at this time? Why?
7. What is the dollar amount that has been invested by your company on improvements and upgrades towards your computer systems over the past three years? What is the approximate budgeted dollar amount committed towards system upgrades over the next three years?
8. Describe any on-line capabilities that you can provide to the Board and their advisors. Can reports be downloaded and printed from a local printer? Which portfolio accounting systems can your custody system download to?
9. Is your system batch-oriented or real-time "on-line"? If batch-oriented, please state frequency.

IX. Custody and Securities Delivery

1. Describe your policies and procedures for registration and custody of assets.

2. Describe your procedures for securities settlement and clearance. Include an in-depth explanation of all relationships with depositories and your participation in their services and processes.
3. Describe your safekeeping facilities.
4. Can you effect delivery or settlement of all types of securities transactions?
5. Do you provide delivery of securities to brokers or other parties?
6. If securities are lost or damaged, do you obtain replacement securities?

X. International/Global Custody

1. Does your firm provide global custody? If so, when did you start providing these services?
2. List the number of clients and the dollar value of assets for which Global Custody is provided.
3. Briefly describe your Global Custody capabilities including those items which currently set you apart from your competition.
4. Provide a list of your sub-custodians, the year in which each relationship was initiated and your selection criteria for choosing your sub-custodians.
5. Do you use any central depository facilities outside of the U.S.?
6. Describe your ability to handle foreign exchange transactions.
7. Discuss global dividend and interest crediting procedures. Is it an accrual accounting system?
8. How do you handle tax reclaim processing?
9. Are accounting and reporting capabilities available in both local and base currencies? Please describe.
10. How long has your current global accounting system been in service and what upgrades do you plan on making in the next three years?

XI. References

Please supply the Full Name of Contact, Title, Organization and Telephone Number of each individual named in response to the questions in this section:

1. Please provide five institutional client references (Massachusetts public funds if available).

2. Please provide information (reason for departure) for all institutional clients lost during the last three years.
3. Please list any tax-exempt accounts managed for Massachusetts municipal/governmental entities that the firm has lost.

XII. Other

1. Describe your procedures in place for the transition of assets from the present custodian.
2. What systems do you have in place for internal transition in the event of a change in investment managers? Please include the availability of the following resources in your response:
 - a. Any broker/dealer affiliations
 - b. Security crossing networks in place
 - c. Temporary investment management/Indexing products
3. Explain your procedures relative to proxy voting, class action issues, and corporate actions.
4. Explain briefly any area of expertise that sets you apart from other custodial service providers.

CERTIFICATION OF GOOD FAITH

The undersigned certifies that this questionnaire has been submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity or group of individuals.

Name of authorized person signing Certification (print or type)

Authorized signature

Title

Company

Date

FEES

Please note the Fee Proposal must be submitted separately from the Proposal for Services.

1. Please supply the following fee breakdown as applicable:

Asset based fee	\$ _____
Fees per transaction	\$ _____
Fees related to Short-term Investment options	\$ _____
On-line services	\$ _____
Plan accounting	\$ _____
Line-item accounts/Commingled accounts	\$ _____
Wire and Telex charges	\$ _____
Collection of Interest and Dividends	\$ _____
Optional reports	\$ _____
Additional Client Meetings	\$ _____
PERAC reporting	\$ _____
Other: (please be specific)	\$ _____

2. Will your fee be held for the duration of the contract?

3. Does the fee stated above include all services required to be performed as described in this Request for Proposal? If not, please list any miscellaneous fees not included.

4. Please describe your billing policy, including frequency.

The undersigned certifies that this fee proposal is being submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization, entity or group of individuals.

Name of authorized person signing Certification (print or type)

Authorized signature

Date

Title

Company