

Financial Affairs
Richard H. Hinds, Chief Financial Officer

**SUBJECT: REQUEST FOR PROPOSAL FOR TRUST AND SAFEKEEPING SERVICES;
SUPPLEMENTAL EARLY RETIREMENT PLAN**

The contract with SunTrust as safekeeper and trustee of the Supplemental Early Retirement Plan (SERP) is expiring. The services provided to the SERP include custody of securities purchased for the plan, disbursements to active participants (some 700 persons), periodic tax reports and year-end IRS forms to all recipients of income and other disbursements to providers such as actuaries and auditors. The cost for all services rendered by the Bank is currently under \$50,000 annually, paid by the SERP.

A proposed Request for Proposal is attached for the Board's consideration. Once approved by the Board, the new or continuing Bank entity will commence its services on or about July 1, 2002.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

- a) Approve the issuance and distribution of the Request for Proposal presented as Exhibit B,
- b) Approve the Selection Committee, presented as Exhibit A and,
- c) Appoint a Board member to serve on the Selection Committee.

SELECTION COMMITTEE

Dr. Richard H. Hinds, Chief Financial Officer
Financial Affairs

Mr. Eduardo A. Alfaro, Treasurer
Office of Treasury Management

Ms. Connie Pou, Controller
Office of the Controller

Mr. James Hayes, Administrative Director
Office of Labor Relations

Mr. Arthur J. Miles, Executive Director
Office of Leave & Retirement

Ms. Patricia Freeman, Director
Business Development and Assistance

Mr. Andres J. Bolaños, Member
Investment Advisory Committee

School Board Member

REQUEST FOR PROPOSAL

FOR

MIAMI-DADE COUNTY PUBLIC SCHOOLS

SUPPLEMENTAL

EARLY RETIREMENT PLAN

TRUST AND CUSTODIAL SERVICES

Issued:

March 14, 2002

MIAMI-DADE COUNTY PUBLIC SCHOOLS, FLORIDA

I. INTRODUCTION

A. PURPOSE

The School Board of Miami-Dade County, Florida, hereinafter referred to as the "School Board", requests proposals with competitive data from local financial institutions for trust and custodial services related to the Miami-Dade County Public Schools Early Retirement Plan hereinafter referred to as the "Plan".

A summary description of the required services is as follows:

1. The School Board buys and sells investments on behalf of the Plan from/to numerous banks and brokers and each seller must deliver securities to the Plan's custodian who forwards to the School Board a safekeeping receipt. The selected financial institution will act as the School Board's safekeeper. When collateral securities are pledged to, or actual securities purchased by the School Board, the custodian receives securities by physical delivery or book entry. On investment purchases monies will not be released until the security has been received; and conversely, on investment sales, securities will not be released until monies have been received. The selected financial institution must be a Depository Trust Company (DTC) participant. The amount of cash and securities involved is approximately \$31,000,000 currently.
2. In addition, the School Board utilizes mutual funds who allocate funds to equity and fixed income investments. The selected financial institution will be responsible for settling these trades as needed and holding custody of the securities, if applicable.
3. Production of monthly retirement benefit checks and mailing at end of each month to beneficiary (or beneficiary's bank for deposit into his/her account); production of required IRS forms. Benefits are also payable through ACH. (The Plan currently has approximately 700 beneficiaries.)
4. Production of a verification report by the 20th of each month, listing the payees and amounts to be paid at the end of that month.
5. Production of a summary report of all actual payments made during the month.
6. Processing payments of administrative expenses of the Plan upon instruction by the Plan Administrator.
7. Development of a notification form to be used to set new retirees up for payment of benefits, stop payments when necessary, change payees upon death of participant, change addresses, and all other related file maintenance.
8. Computer capability to monitor payment of benefits with different option conditions (e.g. stop after 10 years; increase benefits by 3% cost-of-living adjustment each July 1) and produce special reports as required.
9. Production of an annual report detailing all account activity during the previous fiscal year as well as the end-of-year financial statement. (Fiscal year ends June 30)
10. Filing all reports and returns required by the United States and the State of Florida.

11. Compliance with all other requirements contained in the M-DCPS Supplemental Early Retirement Trust, a copy of which is attached.
12. Assumption of liability for any erroneous payments made which are not specifically authorized by the Plan Administrator.

B. ELIGIBILITY REQUIREMENTS

To be eligible to submit a proposal financial institutions must:

1. Have an office located within Miami-Dade County, Florida.
2. Be a member of the Federal Reserve System.
3. Be a participant in the Depository Trust Company (DTC).

C. CALENDAR

| <u>Event</u> | <u>Date</u> |
|---|--------------------------|
| Request for Proposal mailed, advertised and distributed | March 14, 2002 |
| Proposal Submission Date | 2:00 p.m. April 18, 2002 |
| Submission of Superintendent's recommendation to the School Board | May 2002 |
| Implementation date | on or about July 1, 2002 |

II. GENERAL INFORMATION

A. PROPOSAL PREPARATION

All proposals must be submitted in sealed envelopes bearing on the outside the name of the financial institution, the address and the words "The School Board of Miami-Dade County, Early Retirement Plan, Proposal for Trust and Custodial Services". The Proposal must be signed by a person or persons legally authorized to conduct business in the name of the financial institution. Also, the name, business address and telephone number of the financial institution's representative designated to serve as liaison with the Plan shall be included.

The proposal package must be submitted in the manner and format described, and on the forms provided. Proposals received which are at variance with these instructions will not be given further consideration.

The submittal of a proposal by an eligible financial institution will be considered as constituting an offer to provide in full the service as described herein.

An original and eight copies of the proposal package are to be submitted not later than 2:00 p.m., April 18, 2002 to:

Mr. Eduardo A. Alfaro, Treasurer
Office of Treasury Management
School Board Administration Building
1450 Northeast Second Avenue, Room 615
Miami, Florida 33132-1308

In order to maintain a fair and impartial competitive process, the School Board will avoid private communications with prospective proposers. Questions and/or clarifications may be addressed to Mr. Alfaro at (305) 995-1684.

B. CORE SERVICES

SAFEKEEPING

1. Describe your depository memberships and the services you use at these depositories.
2. Describe your system for the registration and custody of assets.
3. Are there any restrictions on the types of securities that may be held for safekeeping? If so, what are they?
4. List all insurance coverage relevant to the custody department and all sub-custodians. Indicate the type and amount. Does the insurance include:
 - a. Mysterious disappearance?
 - b. Computer related crimes?
 - c. Loss of securities in transit?
5. Describe the physical security systems and procedures of your vault and custody areas, or that of any sub-custodian utilized.
6. What, if any, securities have been misplaced or lost during the past three years? If any, describe the circumstance(s) and what was done to correct the problem.
7. Is the bank willing to accept responsibility for losses of securities held in depository and clearing agencies?
8. Is the bank willing to accept the burden of proof that it exercised due care in the event of a loss of property? If no, describe the time frame and process for resolution and compensation or asset replacement.
9. Briefly describe the procedures used to ensure that physical securities are properly registered, transferred and in general, held, delivered and/or received in good deliverable form.
10. Describe where and how the receipt and delivery of physical securities occurs and how they are secured. Describe any involvement of second-party banks in the clearing of such transactions.

11. How are vault inquiries handled? Indicate the benchmark time for a response.
12. Is the bank willing to hold physical securities in the name of M-DCPS ERP rather than its own?

TRADE INSTRUCTION AND SETTLEMENT

13. Briefly describe how your bank handles securities processing on behalf of its clients for each of the items listed below. Where automated processing is available, indicate the nature of the automation and level of availability (e.g., overnight batch, real-time).
 - a. Receipt of trade instructions including same-day (cash) trades
 - b. Affirmation processing (DTC). Indicate what provisions have been made for interactive ID.
 - c. Notification of settled trades, failed trades, available balances, etc.
 - d. Securities position reporting and reconciliation
 - e. Reporting of income on securities held
 - f. Trade discrepancies (e.g. DK's)
14. Does your system have built-in edit features to ensure accuracy in trade input (e.g., security description/security identifier cross check features, calculations of remaining par on factor-based securities, computation of accrued interest)?
15. Do you currently use electronic transmissions to communicate trades, holdings and other information to and from clients? Describe the level of automation, standby procedures and customization options.
16. How do you handle corrections/reversals (i.e., as adjustments or as offsetting purchases and sales)? Does your custody/trade entry system allow clients to process their own trade corrections?
17. What are your requirements for handling same-day turn around transactions for actively traded accounts?

BENEFIT PAYMENTS

18. Do you provide benefit payment services? Is benefit payment processing done internally or through an outside service bureau?
19. How are you organized to process retirement benefit payments?
20. Describe the normal pension payment cycle. Indicate the dates for file maintenance, check preparation and mailing, etc.
21. Do you offer any online services pertaining to benefit payments?
22. What reports are available?
23. What systems record changes in beneficiary status (e.g., addresses, mortality, check clearing)?

24. What is your procedure for initiating a stop payment order?
25. Describe your multiple address capability and indicate whether you will electronically transfer funds to pensioner checking accounts.
26. Do you offer tax withholding services?
27. Do you offer ACH, controlled disbursement and/or wire transfers for disbursement processing?

PERFORMANCE ANALYTICS

28. Provide a comprehensive review of your performance measurement services available to clients, including portfolio analysis, asset allocation and brokerage analysis for both US and non-US accounts. Provide examples of performance reports. Indicate report(s) frequency and delivery dates.
29. Briefly describe any portfolio analytical tools available to clients online to prepare what-if analyses. What variables can the client manipulate?
30. Describe the universe comparison services you offer, including sources of the data.
31. List the indices available and dates of availability.
32. Do you offer clients custom benchmarks?
33. Can your system generate individual portfolios and/or consolidation of individual portfolios? Can different accounts be combined online for performance reporting and analysis?
34. Can performance be calculated by economic sector, country, region, market capitalization, etc.?
35. Can you adjust market values used in performance calculations for accruals (equities and fixed income)?

C. TERMS AND CONDITIONS

1. One financial institution will be selected for the provision of the services desired herein.
2. The School Board reserves the right to reject any or all proposals, to waive any irregularity or informality, and to accept or reject any items. A short-list of finalists may be selected, and the financial institutions thereon would be required to make presentations to the Selection Committee, if deemed advisable by the District.
3. This document provides estimates of the anticipated volume of services that will be required. These are the School Board's best estimates and in no way constitute a guarantee as to the amount of business that will accrue to the successful proposer.
4. Financial institutions shall thoroughly examine and be familiar with this document. The failure or omission by any financial institution to receive or examine this document shall in no way relieve the financial institution of obligations with respect to their proposal.

The submission of a proposal shall be taken as its compliance with this paragraph.

5. The contract between the School Board and the successful proposer is to be for a period of three years, with an option to renew for three additional years. Either party may terminate the contract by giving ninety days written notice to the other party after the end of the initial three year period, unless, in the opinion of the School Board and at its sole discretion, the financial institution is not in compliance with the terms of the contract. The School Board may terminate the contract by giving sixty days written notice to the financial institution upon its determination of such lack of compliance. An event of default, insolvency, protection under United States bankruptcy laws or actions of a similar nature by the financial institution will be cause for immediate termination of the contract.
6. Under the Florida Public Records Act and the Florida "Sunshine" Laws, all proposal materials and results of the School Board's evaluation are open to public inspection, except for what is exempt under Florida Statute Public Records Law, Section 119.07(3)(o)2.c. relating to sensitive information regarding security details. In your response to the RFP please stamp on any page applicable that it is exempt from public inspection under this statute
7. It is imperative that the financial institutions have and maintain sufficient staff to support the required services at all times without interruption due to personnel turnovers, vacations, illnesses, or other internal disruptions. Severe or repeated breakdown of service will be cause for termination of the contract under the non-compliance provision.
8. Proposers must agree that there will be no discrimination as to sex, race, color, creed, or national origin in regard to its obligations, work and services performed under the terms of their proposal.
9. The School Board, or its authorized representatives, shall have access to the books and records maintained by the financial institution with respect to the Plan at all reasonable times. This access will include, but is not limited to, the inspection and/or copying of such books and records and any related memoranda, checks, correspondence or documents. Such books and records shall be preserved by the financial institutions for a period of five years.
10. The selected financial institution will prepare a quarterly service charge billing for services rendered. This billing must be presented in a detailed format.
11. In formalizing this agreement, the School Board reserves the right to restate and/or renegotiate with the selected financial institution such additions, deletions, changes, or clarifications of the provisions of this agreement as may be necessitated by law or circumstance.

III. PROPOSAL SUBMISSION

The proposal package, to be delivered according to the instructions contained in Section II-A, shall include the original and eight copies of all of the items set forth in Subsections A, B, C and D below:

A. PRICE DATA

Price data is to be supplied on a detailed format by categories. Pricing submitted for these services by the financial institutions will be a major consideration.

B. FINANCIAL STATEMENTS

The most recent audited financial statements of the financial institutions must be included with the proposals.

C. AFFIRMATIVE ACTION REQUIREMENTS AND M/WBE PARTICIPATION

1. Equal Employment Opportunity

It is the policy of The School Board of Miami-Dade County, Florida, to ensure the equal employment of all and that no one discriminates against any employee or applicant for employment because of race, religion, color, gender, age, ancestry, marital status, disability, place of birth or national origin.

2. Minority/Women Business Enterprise (M/WBE) Participation

The School Board of Miami-Dade County, Florida has an active Minority/Women Business Enterprise Program to affirmatively increase the level of Minority /Women Business Enterprise participation to the maximum percentage of total annual expenditures. In order to achieve its assistance levels, the Board provides the maximum opportunity for Minority/Women Business Enterprises participation.

In keeping with this policy, each firm will be required to state its Minority/Women Business Enterprise utilization. If a minority firm, which is woman-owned and operated, Hispanic-owned and operated, or African American-owned and operated is used in conjunction with the scope of work, the firm is to indicate the scope of the minority firm's work, experience in this type of required service, and experience of staff who will participate. All Minority/Woman firms must be certified by the Division of Business Development and Assistance prior to contract award.

D. REFERENCES

References concerning clients with similar accounts, including governmental entities, are to be provided including address and telephone number of person to be contacted.