

Department of Materials Management
Procurement Unit
MONTGOMERY COUNTY PUBLIC SCHOOLS
45 W. Gude Drive, Suite 3100
Rockville, Maryland 20850

February 21, 2022
NOTICE TO OFFERORS

The following are questions and responses regarding
RFP# 1200.1 Custodian Bank Services for Montgomery County Public Schools (MCPS)
Retirement System Trust

Question 1: Annual Number of Periodic payments reflecting the split between ACH and Check?

Answer: Direct deposit is mandatory unless it causes an undue hardship (example, not able to maintain a bank account, living outside of U.S., account with financial institution not on the U.S. Federal Reserve Automated Clearing House System). So, the overwhelming majority of payees have ACH direct deposit. The amount of check payments is nominal.

Question 2: Are recurring payment advices suppressed?

Answer: Yes. Advices are only sent for changes in the gross and/or net benefit amounts

Question 3: Annual Number of Non-periodic payments reflecting the split between ACH and Check?

Answer: Individuals have a choice of direct deposit or rollover for non-periodic payments. Rollovers need to be paid to the designated financial institution via check. Direct deposit is through ACH.

Question 4: Who is currently taking participant calls?

Answer: Both benefit payment services provider and MCPS take participant calls. For questions related to pension calculation or health insurance premium calculation, MCPS responds to the retiree's queries. For information regarding tax documents, pension payment history after the initial year of retirement is handled by the current benefit payment services provider.

Question 5: Do the participants have access to a website to check the status of an outstanding payment, view and print presented check and tax form images, change an address, change tax withholding elections and change banking information? If so, who manages this participant website?

Answer: Yes. Current benefit payment services provider provides secure website access for accessing viewing and updating the following information: Address, Email, Phone Number, Payment Method, Federal and State Withholding Elections, Bank Account Information, payment history, viewing and printing tax statements, creating verification of income documents, and downloading forms.

Question 6: Annual number of TEFRA notices

Answer: Not applicable.

Question 7: Annual number of 1099's/W-2's/1042s

Answer: 1099s/1042s: 14,336 as of 06/30/2021.

Question 8: How many payments are currently being made monthly: periodic and non-periodic? Can you identify how many of the payments are made via check vs. ACH?

Answer: Periodic: 14,336 as of 06/30/2021 pension payments. Direct deposit is mandatory unless it causes an undue hardship (example, not able to maintain a bank account, living outside of U.S., account with financial institution not on the U.S. Federal Reserve Automated Clearing House System). So, the overwhelming majority of payees have ACH direct deposit. The amount of check payments is nominal.

Non-periodic: an average of 4 rollovers or direct deposits per month. Rollovers need to be paid to the designated financial institution via check. Direct deposit is through ACH.

Question 9: Due to COVID protocol, we currently have staff working remotely. Is there any flexibility on the requirement to submit hard copy responses?

Answer: We request at least one hard copy of the original and all copies, including the redated version be placed on a flash drive and mailed with one printed original.

Question 10: Are LPs each maintained in an individual account or grouped by strategy?

Answer: Each LP investment is maintained in an individual account.

Question 11: In the account list provided there is no indication whether the Western Asset Fund is commingled or separately managed. Please confirm.

Answer: The Western Asset Fund is separately managed.

Question 12: Please provide annual transaction volume for purchases and sales

Answer: The Trust holds one separately managed account with ~4,500 transactions annually.

Question 13: Please provide the total number of derivative holdings by type (ETD/OTC)

Answer: There are ~60 derivate holdings on a monthly average, in one separately managed account.

Question 14: Please provide annual transaction volume for derivatives transactions by type (ETD/OTC)

Answer: There are ~1200 derivative transactions annually, in one separately managed account.

Question 15: Are you requiring Cost or Equity accounting for your alternative holdings?

Answer: We require the availability of both Cost and Equity accounting. The choice of which method will be determined at a later point of time.

Question 16: There are several questions on Plan Accounting. Is this product in scope for custody services?

Answer: Preparation and review of accounting and performance measurement reports is in the scope of work of this RFP.

Question 17: There are several questions on daily valuation services. Is this product in scope for custody services?

Answer: Valuation support services is in the scope of work of this RFP.

Question 18: Who is your current provider for benefit payment services?

Answer: Aetna

Question 19: Is securities lending in scope?

Answer: No, securities lending is not part of the scope.

Question 20: Are there any specific issues you are attempting to address with this RFP?

Answer: We are issuing this RFP as part of industry best practices.

Question 21: Is it a requirement that Debit Cards be a payment alternative or is direct deposit/physical checks an acceptable payment method?

Answer: Payment must be an electronic funds transfer to any account or financial institution on the U.S. Federal Reserve automated clearing house (ACH) system.

Question 22: Is it a requirement that a physical location be available for picking up checks or is a FedEx delivery to your central location an acceptable alternative?

Answer: In cases of an exception where a physical check is being issued, the check must be mailed to the payee at the mailing address (PO box, business, or home) on file with the third-party administrator.

Question 23: Section 15.0-Multi-Agency Participation in the RFP states MCPS has the right to (i) extend terms and conditions to other agencies, but (ii) each participating agency shall enter its own contract

with firm. The MAPT Cooperative Rider Clause (“Rider”) references Participating Agency and apparently needs to be acknowledged as part of a firm’s proposal.

- a. What entities or agency(ies) will be receiving services under the contract with the firm?
- b. Is it correct that the firm is not obligated to offer other entities or agencies the same terms and conditions?

Answer: Should one of the participating agencies listed in the MAPT rider be interested in utilizing your services, the MAPT Rider may be used as a vehicle to obtain services upon mutual agreement and a contract between the member agency and awardee. This rider allows for a participating agency to obtain services without the need for a separate competitive procurement.

Question 24: Section 19.0-Contract in the RFP references “... the insurance and indemnification provisions set forth in Section 33 of the MCPS General Contracting Articles, as well as the data collection and confidential information provisions set forth in Article 15...”. Are the references to Section 33 and Article 15 correct?

Answer: No, those references are specific to an older version of the general contracting articles. Section 19.0 CONTRACT is replaced with the following language. An Erratum will be issued to reflect the same.

MCPS plans to enter a contractual agreement with the Firm to whom the award is made and intends to make the attached MCPS General Contracting Articles a part of the contract, except and unless modified by MCPS. Proposals must clearly identify any variances from or objections to the specifications in this RFP and the terms and conditions of the MCPS General Contracting Articles. Lacking any response to the contrary, MCPS will infer that the Firm agrees to the specifications of this RFP and each term and condition of the MCPS General Contracting Articles. In particular, the insurance and indemnification provisions set forth in Article 22 and 23 of the MCPS General Contracting Articles, as well as the data collection and confidential information provisions set forth in Article 18, are non-negotiable.

Question 25: Article 18-Data Collection and Confidential Information in the MCPS General Contract Articles makes reference to various types of data, and many laws or regulations, which may not be applicable to provision of custodial services.

- What data, and or personal information about individual people, will MCPS be providing to Contractor or will Contractor be collecting regarding: (i) MCPS students; (ii) MCPS staff; (iii) parents/guardians, or (iv) others?
- Which of the laws or regulations in Article 18 apply to custodians providing the services requested by MCPS?

Answer: This Article typically applies to services that specifically access our student data. This Article is only applicable if the services you would provide would necessitate this information. If awarded, data privacy issues would be further discussed should the pertain to the scope of services.

Question 26: Is it correct MCPS is contracting with the firm for the firm to act as custodian (i.e., not as trustee)?

Answer: MCPS is contracting a Firm to act as custodian of MCPS Retirement System Trust.

Question 27: Based on the account structure provided, it appears that every investment is held in an individual account currently. Does Montgomery County Public Schools (MCPS) require that each of the securities be held in an individual account or could investments be consolidated by Asset Class/Account Type as long as the accounting and reporting needed by MCPS is delivered?

Answer: We would be amenable to consolidated reporting if it makes sense in the cost, structure, and processes of the plan.

Question 28: Please provide an estimated/historical volume assumption for all applicable transactions:

- a. DTC Settlements
- b. # of free receive/deliver transactions occurring book entry through DTC
- c. # FED/REPO Settlements
- d. # of maturities
- e. Benefit Payments
 - i. Number of retirees receiving benefits
 - ii. Annual # of ACH payments with Advice, # without advice
 - iii. Annual # of Lump Sum payments with Advice, # without advice
 - iv. Annual # of Stop Payments

Answer:

a. Not applicable.

b. Not applicable.

c. Not applicable.

d. Not applicable.

e.

i. 14,336 retirees as of 06/30/2021 are receiving pension payments.

ii. All retirees get at least one advice each year due to COLA application.

iii. All individuals receive an advice when lump sum payment is made.

iv. Nominal frequency of occurrence.

Question 29: Specific to the Benefit Payment Management services being requested, is MCPS looking for a Third-Party Administrator to perform full-service administration, including calculation of the benefit to be paid?

Answer: No. MCPS calculates and authorizes the initial pension benefit payment to the retiree. The benefit payment services provider needs to provide all the services listed below:

- a. **Establishes and maintains individual payee records necessary for providing benefit payments on time and in the appropriate amounts**
- b. **Provides a notice for delivery to each retired member**
- c. **Disburses benefit payments**
- d. **Deducts from monthly payments amount mutually agreed to by MCPS, payee, and provider to the extent permitted under state and federal law and regulations, including but not limited to health and life insurance deductions and any liability to MCPS**
- e. **Applies the cost of living adjustment each year for a different population of retirees based on MCPS criteria**
- f. **Applies eligible domestic relationship orders, child support orders, and power of attorney**
- g. **Withholds federal and state income tax from benefit payments in accordance with the payee's instructions and applicable law and transfer withheld amounts to the appropriate governmental agency**
- h. **Provides the applicable estate tax and inheritance/succession tax information required by federal and state law, including but not limited to Form 1099R for tax filing each year**
- i. **Provides new payment confirmation notices and benefit revision notices if required**
- j. **Provides customer service for retirees such as self-service access to request duplicate tax returns, change of address, change direct deposit, view check information, lost check replacement, and verification of income letters**
- k. **Provides customer service to MCPS**
- l. **Conducts alive and well searches if benefit checks or electronic fund transfer (EFT) payments are returned, or if payees are over age 90, and suspends payments accordingly with notification to MCPS in writing if payees do not respond**
- m. **Provides reports to MCPS on disbursement register, payment reconciliation and deduction reports, new payment initiations and death/survivor benefits, underpayment/overpayment, address update reports, re-deposits, re-issues, outstanding checks, and other reports requested by MCPS**

Question 30: Would a Master Trustee/Custodian who provides all services noted in the Benefit Payment Management Services section except the actual calculation of benefit to be disbursed be a viable solution? I.e. they perform all of the following:

1. **Establishes and maintains individual payee records necessary for providing benefit payments on time and in the appropriate amounts**
2. **Provides a notice for delivery to each retired member**

3. Disburses benefit payments
4. Deducts from monthly payments amount mutually agreed to by MCPS, payee, and provider to the extent permitted under state and federal law and regulations, including but not limited to health and life insurance deductions and any liability to MCPS
5. Applies the cost of living adjustment each year for a different population of retirees based on MCPS criteria
6. Applies eligible domestic relationship orders, child support orders, and power of attorney
7. Withholds federal and state income tax from benefit payments in accordance with the payee's instructions and applicable law and transfer withheld amounts to the appropriate governmental agency
8. Provides the applicable estate tax and inheritance/succession tax information required by federal and state law, including but not limited to Form 1099R for tax filing each year
9. Provides new payment confirmation notices and benefit revision notices if required.
10. Provides customer service for retirees such as self-service access to request duplicate tax returns, change of address, change direct deposit, view check information, lost check replacement, and verification of income letters
11. Provides customer service to MCPS
12. Conduct alive and well searches if benefit checks or electronic fund transfer (EFT) payments are returned, or if payees are over age 90, and suspend payments accordingly with notification to MCPS in writing if payees do not respond
13. Provide reports to MCPS on disbursement register, payment reconciliation and deduction reports, new payment initiations and death/survivor benefits, underpayment/overpayment, address update reports, re-deposits, re-issues, outstanding checks, and other reports requested by MCPS

Answer: Yes, MCPS calculates and authorizes the initial pension benefit to the retirees. The benefit payment services provider needs to provide the services listed above.

Question 31: Please identify if there is a particular business day following month end that MCPS would like to have audited financial statements/reporting to be made available.

Answer: 20 business days after month-end is preferred.

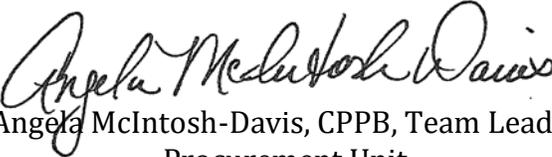
Please indicate your receipt of this notice by signing below and returning with your proposal or under a separate cover.

Accepted By: _____

(Name & Title)

Name of Company: _____

AMD


Angela McIntosh-Davis, CPPB, Team Leader
Procurement Unit