



REQUEST FOR PROPOSALS INVESTMENT MANAGEMENT AND ADMINISTRATION OF THE MONTSERRAT UTILITIES LIMITED DEFINED CONTRIBUTION PENSION PLAN

INTRODUCTION (SERVICES)

Montserrat Utilities Ltd. (MUL) is seeking bids from interested firms to invest, manage and administer MUL's Defined Contribution Pension Plan (hereinafter referred to as "DCPP").

The requested services will include the supervision, monitoring and ongoing management and evaluation of the MUL's Defined Contribution Pension Plan. The selected party will report to MUL via its designated Group Administrator and will work closely with MUL employees who have accounts under the DCPP.

The effective date of the Plan is **December 1, 2019**. This new Plan will bring together members from two existing plans with slightly different rules. We expect this new plan to be fully operational by **October 1, 2019**.

BACKGROUND INFORMATION

- i. MUL is a limited liability company which provides electricity and water to consumers on the Caribbean island of Montserrat.
- ii. MUL currently has two defined contribution pension plans with a combined sixty (60) members. One key objective of the new plan is to have a common set of rules for all members but it may be possible that there are up to three sets of contribution rates in the new plan.
- iii. Participation of all existing employees and by future hires is mandatory.
- iv. All of the initial sixty (60) members in the DCPP at its inception will have a starting account balance representing pension entitlements for past service from existing plans.
- v. Under the MUL's DCPP, eligible employees will each have their own account into which contributions are made and investment earnings credited.
- vi. Consideration is being given to allowing members to direct the investment of the funds in their account.
- vii. A summary of the new DCPP's rules are shown in Appendix A.

SPECIFICATIONS

MUL seeks a firm that will perform all of the following services and any other associated/required functions:

- i. Complete all administrative and maintenance functions including transferring funds from the MUL to the appropriate DCPD accounts in a timely manner and complete all non-actuarial reporting that may be required by governmental agencies, the MUL or MUL Employees.
- ii. Provide periodic statements to members that show a reconciliation of contributions, investment earnings, withdrawals and any other adjustments to their account along with their net account balance.
- iii. Provide MUL with monthly written reports that describe the transfers made from MUL to the DCPD, the fees charged to MUL and the fees charged to DCPD account holders.
- iv. Provide annual Statements that include a list and the amount of all the fees charged to DCPD account holders as well as the monthly returns.
- v. If member-directed investing is permitted, work with the members to develop an investment strategy that is appropriate for their risk tolerance, desired returns and expected retirement date.
- vi. Develop a default investment strategy for the DCPD that invests for accounts where investment strategies have not been identified/developed with individual account holders. This default investment strategy should provide the account holder with the highest possible rate of return while maintaining the security of the funds, preservation of principal and the generation of income and liquidity of funds.
- vii. The successful firm must appoint a client representative who is accessible by phone/emails; provide access to view account details online; and must be available for quarterly meetings to interact with MUL officials and personnel, to answer questions or concerns as needed and to assist with implementing changes, additions, adding employees, etc., at no additional cost to MUL.
- viii. Participate in and support the annual audit exercise.
- ix. Provide descriptive written and electronic plan materials and a firm contact directory of key representatives to each account holder.
- x. Provide timely customer service and assistance to all members with issues, including but not limited to, matters involving fees, allocation of funds, interpretation of contracts and services, changes and general trouble shooting issues

TENDER PROCEDURES

Candidates for the proposed services must submit a proposal that comprises the following:

- i. Company Information,
- ii. Summary of Services,
- iii. References,
- iv. Fees,
- v. Other Services,
- vi. Conflicts of Interest, and
- vii. Contract and Professional Service Contract Disclosure

Supporting documentation may also be attached, and any exceptions to the scope of each question and section can be highlighted and justified in this proposal. Failure to furnish all information requested in the proposal in the order and format requested could disqualify the proposal at the discretion of the MUL.

Electronic proposals, in accordance with the specifications and procedures provided herein, shall be addressed and sent to:

Ms. Dorette Cameron
Human Resources Manager (Ag)
Montserrat Utilities Ltd.
Davy Hill, Montserrat
dorettecameron@mul.com

1. Proposals must be received via email no later than **3:00pm (local time) on Friday 30th August, 2019**
2. All costs incurred by the respondents in the preparation and submission of the proposal shall be the sole responsibility of the respondents.
3. Upon submission, all proposals become the property of MUL and will not be returned.
4. Any request for technical clarification of this proposal should be made via email to Dorette Cameron at email address dorettecameron@mul.com, at least three (5) working days prior to the closing date for submission of proposals:
5. The DCP Administrator may not cause, or agree, to allow, a third party to communicate with officials or employees of MUL, except to request technical clarification and nothing shall preclude a potential DCP Administrator from responding to requests for clarification or additional information from the MUL.

6. MUL will review all proposals at a date and time to be determined, and will consider procuring external consulting services from a firm for an unspecified time period. In doing so, the following terms and conditions will be a part of the selection process:
 - a) MUL reserves the right to reject any and all proposals.
 - b) MUL shall evaluate the proposals for the services sought and shall select the best evaluated proposal having regard for the Firm's qualifications, experience, expertise and compensation to be charged.
 - c) MUL may select one or more applicants for interviews by the MUL.
 - d) MUL reserves the right to suspend, withdraw or amend the proposal structure and content at any time.
7. All proposals must provide the requested information in a manner that makes it understandable, given the nature of the information. Acronyms and other initials and industry code should be avoided. If not, a user-friendly reference guide must be included for purposes of interpretation.
8. All proposals will clearly indicate a contact person, office address and telephone number(s) for the bidding party.
9. Within ninety (90) days, from the submission of bids, the respondents will receive notice, in writing, from the MUL as to the status of the process and/or the award made pursuant to their proposal.

PROPOSAL SECTION I: COMPANY INFORMATION:

- 1) Provide the full name of the firm.
- 2) List the name and addresses of the parent organization (if any) and / or other affiliates and provide a brief description of each relationship.
- 3) Provide a brief summary of the firm. Attach a copy of the last two (2) most recent annual reports (*inclusive of recent audited balance sheets*).
- 4) List the address of the office that will provide the services.
- 5) Disclose the names and titles of each individual who will be providing professional services to MUL, including advisors or sub-Administrator/sub-Contractor/Broker of the proposed provider. The disclosure and personnel information shall include, but not limited to, the following:
 - a) Whether the individual providing services or any principal in the firm providing services is a current or former official or employee of MUL.
 - b) Whether the individual that intends to enter or enters a Professional Service Contract is or has been employed or compensated by a third-party intermediary, agent or lobbyist to directly or indirectly communicate with a MUL official or employee in connection with any transaction or investment involving the Administrator or MUL's Pension. This disclosure requirement shall not apply to an officer or employee of the investment firm who is acting on behalf of the firm, including the actual provision of the legal,

- accounting, engineering, real estate or other professional advice, services or assistance pursuant to a Professional Service Contract for the management of the MUL's DCP.
- c) A description of the responsibilities of each individual with regard to the contract.
 - d) Resumes of the individuals employed by the firm which intends to provide or provides service to MUL's DCP. To be included should be the name of the main person(s) and contact(s); information on their education, backgrounds, certifications; and levels and duration of experience.
- 6) Provide a summary of any significant changes (*not limited to change in firm name, change in executives, discontinuation of product offering etc...*) in the firm in the past twelve (12) months and include a timeline.
 - 7) Provide a summary of any changes the firm is planning to implement during the next two (2) years and include a timeline.
 - 8) Provide a history of the firm's investment consulting services and include the years of experience.
 - 9) Specify whether the firm is registered as investment advisors and include details.
 - 10) Specify whether the firm has any pending litigation matters, disputes and/or grievances filed in relation to services rendered.

PROPOSAL SECTION II: SUMMARY OF SERVICES

- 1. Provide records of the firm's past performance and its allocation of funds in other DCPs and the performance of these accounts over the past ten (10) years and the capacity to issue payments to account holders as requested.
- 2. Outline the intended method of developing appropriate investment policies for MUL's DCP.
- 3. Outline the firm's opinions and any timeframes for implementing an appropriate asset allocation mix.
- 4. Describe the firm's intended interaction and involvement with the MUL and DCP account holders during the asset allocation process.
- 5. Comment on the frequency with which portfolios would be priced and the treatment of the fees.
- 6. Provide the methodology used to compute investment manager rates of return. If rates of return include the use of accrued income, please explain. Provide a description of how the firm incorporates accrued income into the calculations of returns.
- 7. Provide a description of how the firm evaluates "value added" in active management.
- 8. Describe the firm's process for reviewing investment manager compliance of investment objectives and guidelines.

9. Specifically describe the firm's performance evaluation system and philosophy related to investment objectives and guidelines.
10. Provide a list of relevant services that the firm outsources. Include information on the firm's ability to influence changes to the services or software to meet the reporting needs of MUL.
11. Provide information on the timing of distributing copies of the investment performance measurement reports to MUL and DCPD account holders following the end of a reporting period. Specifically describe what types of exhibits would be used in a summary report presented to MUL and DCPD account holders and include other types of exhibits that the firm would want to include in a detailed performance analysis. Provide copies of sample reports.
12. Provide the firm's custodial services/online access for MUL and DCPD account holders to view assets and account values. Include a description of how often the values are updated.
13. Provide a typical (draft) Professional Services Contract that the firm presently uses or proposes to use for these services.

PROPOSAL SECTION III: REFERENCES

1. Quantify the number of clients using the firm's services and include the value of funds currently under existing consulting agreements.
2. Provide the number of clients, participating in the retirement plans. Include the number of Defined Contribution (DC) clients currently under existing consulting agreements.
3. Provide three client references with at least two (2) being DC Retirement Plans and identify their approximate asset size, contact name and phone numbers.

PROPOSAL SECTION IV: FEES

1. Provide a detailed description of the fees for proposed services.
2. Specify fees or expenses that would be recurring versus "one time" or initial fees.
3. Provide the period of time that the fee schedule is guaranteed.
4. Describe any additional charges that might apply.

PROPOSAL SECTION V: OTHER SERVICES

1. Indicate whether members will be able to have online access to their account information.
2. Provide a description of any other relevant services, and the details of those services, that are included in this proposal.
3. Provide any additional comments, or suggestions, that MUL should consider.
4. Specify, where applicable, where "bundling" of services will yield a lower cost for participants.

PROPOSAL SECTION VI: CONFLICTS OF INTEREST

In order to prevent conflicts of interest on the part of any person providing services to MUL's DCP, the following conflict of interests are to be disclosed:

1. Describe the firm's intended interaction and involvement with MUL and DCP account holders during the investment policy development process.
2. Explain in detail, any potential conflicts of interest that may exist should your firm be selected. Please include any activities of affiliated or parent organizations, as well as, other client relationships, which may inhibit services.
3. The firm who enters into or proposes to enter into a Professional Service Contract may not offer or confer a gift having more than a nominal value, including a gift of money, services, loan, travel, lodging, entertainment, discount or other thing of value, to any MUL official, employee or fiduciary.
4. Person(s) or an affiliated firm that enters into a Professional Service Agreement with MUL may not have a direct financial, commercial, or business relationship with any official of MUL unless the MUL consents to the relationship following full disclosure.
5. If the firm charges direct or indirect fees for investment managers, the same is to be included in the firm's database, including a listing and description of the fees. Provide a summary of how the firm prevents conflicts of interest.
6. A minimum one –year restriction on: participation by a former employee of the firm in the review of a proposal or negotiation of a Contract with the firm; and participation by a former employee of MUL in the submission of a proposal or the performance of a Professional Service Contract.

Key Features of the Proposed Montserrat Utilities Limited Defined Contribution Pension Plan (DCPP)

PROVISION/RULE	DETAILS
1. Eligibility & Membership	Mandatory for all confirmed employees (includes pre-MUL employees)
2. Member Contributions	7.5% of base salary
3. MUL Contributions	7.5% of base salary
4. Vesting	Less than 5 years – 0% 5 to 9 years – 50% 10+ years – 100%
5. Normal Retirement Age:	60
6. Early Retirement Eligibility:	As per MUL HR rules (If there are no other benefits that are affected by early retirement then not that important.)
7. Retirement Benefit	100% of the combined accumulated member & MUL contributions with interest paid as a lump sum. (Vesting does not apply)
8. Withdrawal Benefit (before early retirement eligibility)	100% of the accumulated member contributions with interest plus the vested portion of MUL's accumulated contributions with interest, paid as a lump sum.
9. Voluntary Contributions	Additional contributions in excess of the required 7.5% of salary, up to 3% of salary, are permitted. There shall be no more than one change per annum of the rate of voluntary contributions and no more than one withdrawal from the voluntary contributions account in each calendar year.
10. Death Benefit (in service)	100% of combined accumulated member & MUL contributions with interest paid as a lump sum to the named beneficiary.
11. Interest Credits	Monthly based on the value of the DC Fund's investments. Member to receive statements that reflect both MUL and member contribution and accumulated interest.
12. Unvested Balances	Used to supplement MUL contributions or meet Plan expenses.

PROVISION/RULE	DETAILS
13. Loans	Not permitted
14. Assignments	Not permitted
15. Plan Expenses	Payable by the MUL or the Fund (TBD)
16. Administration of the DCPP	External
17. Investment Management	External with possibly some member choice
18. Pension Plan Committee	Representatives from MUL Board, Executives and Staff