
**REQUEST FOR PROPOSALS
SECURITIES LIQUIDATION AND CUSTODY SERVICES
OF UNCLAIMED PROPERTY IN
ACCORDANCE WITH 27 VSA, CHAPTER 13**

**OFFICE OF THE STATE TREASURER
State of Vermont
RFP NUMBER 200407**

JULY 26, 2004

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I. SUMMARY

The office of the Vermont State Treasurer is requesting proposals for securities liquidation and custody services in accordance with the requirement of the State's unclaimed property law. Proposals must be received no later than 4:00 p.m. Eastern time on August 15, 2004. Proposals should be sent to:

Donna Holden
Vermont State Treasurer's Office
133 State Street
Montpelier, VT 05633-6200

Notwithstanding any other provisions of the RFP, the State Treasurer reserves the right to reject any or all proposals, to waive any irregularity or informality in a proposal, and to accept or reject any item or a combination of items when to do so would be to the advantage of the State or its taxpayers. It is further within the right of the State to reject proposals that do not contain all elements and information requested in this document. The State of Vermont shall not be liable for any losses incurred by the bidders throughout this process.

II. GENERAL INFORMATION

The Unclaimed Property Division of the State Treasurer's Office is responsible for soliciting, receiving and disbursing of financial assets and other property deemed "unclaimed" under State statute. In many cases, such property is reunited with its original owner or beneficiary in its original form. In the instance of a financial asset, it is current policy to liquidate (sell) such an asset in order to avoid a potential loss in value and to provide cash revenue to the Unclaimed Property fund.

III. SCOPE OF SERVICES

The selected firm shall provide to the State services required to receive, deposit, take custody of, sell, and remit proceeds of publicly traded securities (principally, but not limited to, common shares of publicly owned corporations). The firm's responsibilities shall include:

- Receipt of securities titled in the name of the State of Vermont in certificate form and via DTC.
- Necessary actions to achieve or confirm status of fully deliverable/negotiable shares, bonds, units, etc., through transmittal of certificates to transfer agents.
- Deposit of negotiable shares into custody account for benefit of the State maintained by the firm.
- Sale of securities as instructed by representatives of the State in terms of "best execution available."
- Record keeping of securities, deposit dates, trade dates, and settlement dates.
- Record keeping of sales proceeds; gross and net of commissions.
- Confirmation of commission levels as consistent with contractual terms.
- Record-keeping of changes in addition to commissions, if any such additional changes occur.
- Monthly sale activity and account balance statements.
- A triple-A-rated money market investment vehicle in which to invest settled funds pending transfer to the State.
- Upon request, wiring of settled funds to the State.

IV. PROCESS FOR SUBMITTING PROPOSALS

- **Preparation of Proposal**

Each proposal shall be prepared simply and economically, avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate, and reliable presentation.

- **Packaging of Proposal**

The proposal must be enclosed in a **sealed envelope or box, plainly marked as “Proposal 200407, Disposition of Unclaimed Securities Property.”**

- **Number of Proposal Copies**

Please submit five copies of your proposal to the Treasurer’s Office.

- **Submission of Proposals**

Please submit 5 copies of your proposal to:

Donna Holden
Vermont State Treasurer’s Office
133 State Street
Montpelier, VT 05633-6200

All proposals must be delivered to the above office no later than **4:00 p.m. Eastern** time on **August 15, 2004**. Proposals received after the above date and time may not be considered. Faxed proposals will not be accepted.

- **Inquiries**

Questions about this RFP may be directed to:

David Minot
Director of Finance & Investments
Office of the State Treasurer
133 State Street
Montpelier, VT 05633
(802) 828-5197

- **Contract Term**

The contract period is for two years, with the option to extend it annually for up to two additional years.

V. MINIMUM QUALIFICATIONS

- Experience of the firm and its staff with providing similar services to other states’ unclaimed property divisions.

- Financial stability and ability of the firm to provide such a service.
- Ability to meet the conditions of the standard state contract.

VI. EVALUATION OF CRITERIA

The factors to be used by the Treasurer's Office in evaluating the proposals will include, but are not limited to, the following:

- Knowledge of the State's Unclaimed Property Law.
- Experience with liquidation/disposition of unclaimed securities.
- Timeliness of reporting requirements.
- Proposed fees and compensation.
- Effectiveness of proposed staffing.

VII. CONTENT OF PROPOSAL

The purpose of this section is to identify the information that should be submitted in response to the RFP, and the order in which it should appear in the proposal.

- **Cover Letter**

The proposal should contain a cover letter and introduction, including: the company name, address, and the name and telephone number of the person or persons authorized to represent the company regarding all matters related to the proposal. The letter should contain the following statement and must be signed by the individual authorized to represent the firm.

We have read the State's Request for Proposals (RFP) for consulting services and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services. We understand that our ability to meet the criteria and provide required services shall be judged solely by the State Treasurer's Office.

In addition, we certify that:

- Our proposal is not made in the interest or on behalf of any person not named therein;
- We have not directly or indirectly induced or solicited any person to submit a false or misleading proposal or to refrain from proposing;
- We have not in any manner sought by collusion to secure an advantage over any other proposer;
- We have thoroughly examined the RFP requirements, and our proposed fees cover all the services that we have indicated we can provide; and
- We acknowledge and accept all the terms and conditions included in the RFP.
- We have not been subject to any litigation, arbitration, or regulatory proceedings, either pending, adjudicated, or settled, within the last five years, that involve allegations of improper, fraudulent, disreputable, or unfair financial activities.
- We have not been subject to a regulatory, state, or federal agency investigation within the last five years for alleged improper, fraudulent, disreputable, or unfair financial activities.

- **Summary of Understanding of Proposed Services**

The Proposer should indicate its understanding of the requested services and describe how it proposes to service the State of Vermont.

- **Cost of Services**

The Proposer must specify the total cost of services for the contract period. This may include commission costs, per-certificate processing costs, and wire transfer fees. Proposers may include a maximum cost provision per defined number of certificates.

APPENDIX

Contract #

**STATE OF VERMONT
STANDARD CONTRACT FOR PERSONAL SERVICES**

1. **Parties:** This is a contract for personal services between the State of Vermont, _____ (hereafter called "State"), and _____ with _____ principal place of business in _____ (hereafter called "Contractor"). Contractor's form of business organization is _____. Contractor (is/is not) required by law to have a Business Account Number from the Vermont Department of Taxes. Account Number is (# _____/not required by law).

2. **Subject Matter:** The subject matter of this contract is personal services generally on the subject of _____. Detailed services to be provided by the Contractor are described in Attachment A.

3. **Maximum Amount:** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$_____.00.

4. **Contract Term:** The period of Contractor's performance shall begin on _____, 20____ and end on _____, 20____.

5. **Prior Approvals:** If approval by the Attorney General's Office or the Secretary of Administration is required (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

- Approval by the Attorney General's Office is/is not required.
- Approval by the Secretary of Administration is/is not required.

6. **Amendment:** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered, and signed by the duly authorized representative of the State and Contractor.

7. **Cancellation:** This contract may be canceled by either party by giving written notice at least ____ days in advance.

8. **Attachments:** This contract consists of ____ pages including the following attachments which are incorporated herein:

- Attachment A - Specifications of Work to be Performed
- Attachment B - Payment Provisions
- Attachment C - "Customary State Contract Provisions" (revision date 2/95).

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the **STATE OF VERMONT:**

by the **CONTRACTOR:**

Date: _____

Date: _____

**STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT A
SPECIFICATIONS OF WORK TO BE PERFORMED**

1. Contractor shall act as an investment adviser for the State. Contractor shall supervise and direct the investment and reinvestment of the assets allocated to it by making investments in _____. Contractor shall manage investment funds consistent with the State's Investment Objectives & Policies. Contractor's goal is to attempt to provide a return after fees and commissions, over rolling 10-year periods, in excess of the _____ index(es). Performance results will be calculated in accordance with AIMR standards.
2. Contractor shall discharge its duties solely in the interest of the participating members and retired employees and with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
3. Contractor shall ensure that investments in the portfolio managed by Contractor are suitably diversified so that an adversity affecting a particular sector will not impact a substantial share of the total portfolio.
4. It is anticipated that the assets will be invested principally in _____. However, investments may be made in short-term fixed income securities and cash equivalents when Contractor believes such investments are appropriate. Cash investments in which Contractor may invest are limited to the investments permitted by State's "Investment Objectives and Policies."
5. Contractor shall ensure that securities brokerage transactions are carried out for the benefit of the State with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the State.
6. Contractor shall vote proxies in the best interests of the State, and shall include a proxy voting section in every quarterly report (whether or not any proxies were voted in that quarter).
7. Contractor shall also vote proxies in accordance with Vermont State Statutes as reflected in the guidelines as amended by the State from time to time.
8. Contractor will provide monthly reports on the portfolio's holdings, transactions, income, and performance. Contractor will reconcile all portfolio balances with the custodian bank, and will cooperate with the State's consultant and Director of Investment Services to assure that reports are prepared and presented in a useful format. Contractor will make at least two presentations per year in Montpelier, or when requested by State.
9. Contractor represents that it is registered as an investment adviser under the Investment Advisers Act of 1940 and that such registration is currently effective.
10. Notices: All notices required by this contract shall be directed to:

if for the State:

David Minot
Director of Finance and Investments
Office of the State Treasurer
133 State Street Montpelier, VT 05633
Phone: 802-828-5197
Fax: 802-828-5182
e-mail: dminot@tre.state.vt.us

and if for the Contractor:

**STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT B
PAYMENT PROVISIONS**

(Insert Attachment B)

**STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES**

**ATTACHMENT C
CUSTOMARY STATE CONTRACT PROVISIONS**

1. **Entire Agreement:** This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This contract will be governed by the laws of the State of Vermont.
3. **Appropriations:** If this contract extends into more than one fiscal year of the State (July 1 to June 30) and if appropriations are insufficient to support this contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriations authority.
4. **No Employee Benefits for the Contractor:** The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, workers' compensation, or other benefits or services available to State employees, nor will the State withhold any State or Federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont including, but not limited to, income, withholding, sales and use, and rooms and meals must be filed by the Contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
5. **Independence, Liability:** The Contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend, and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this contract.
6. **Insurance:** Before commencing work on this contract, the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with the State through the term of the contract.

Workers' Compensation: With respect to all operations performed, the Contractor shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations
Independent Contractor's Protective
Products and Completed Operations
Personal Injury Liability
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence
\$1,000,000 General Aggregate
\$1,000,000 Products/Completed Products Aggregate
\$50,000 Fire/Legal Liability

Errors and Omissions: \$5,000,000.00 per occurrence.

Automotive Liability: The Contractor shall carry automotive liability insurance covering all motor vehicles, no matter the ownership status, used in connection with the contract. Limits of coverage shall not be less than \$1,000,000 Combined Single Limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of the State.

7. **Reliance by the State on Representations:** All payments by the State under this contract will be made in reliance upon the accuracy of all prior written representations by the Contractor, including but not limited to bills, invoices, progress reports and other proofs of work.

8. **Records Available for Audit:** The Contractor will maintain all books, documents, payrolls, papers, accounting records, and other evidence pertaining to costs incurred under this agreement, and make them available at reasonable times during the period of this contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.

9. **Fair Employment Practices and Americans with Disabilities Act:** The Contractor agrees to comply with the requirements of 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.

10. **Set Off:** The State may set off any sums which the Contractor owes the State against any sums due the Contractor under this contract, provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

11. Taxes Due to the State:

a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.

b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.

c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due to the State of Vermont.

d. Contractor also understands the State may set off taxes (and related penalties, interest, and fees) due to the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.

12. **Child Support:** (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or

- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. **Subcontractors:** Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with Paragraph 11 above.

14. **No Gifts or Gratuities:** Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract.

15. **Copies:** All written reports will be printed using both sides of the paper.

16. Notwithstanding any other provision in this contract, the parties understand that this contract is a public record.

- END -