



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

109 State Street, 4th Floor
MONTPELIER, VERMONT 05609-6200
802-828-2301
www.vermonttreasurer.gov

SEALED BID REQUEST FOR PROPOSAL

SECURITIES LIQUIDATION AND CUSTODY SERVICES OF UNCLAIMED PROPERTY

DATE: January 29, 2013
QUESTIONS DUE BY: February 8, 2013
DATE OF BID OPENING: February 22, 2013
TIME OF BID OPENING: 4:00 P.M.
LOCATION OF BID OPENING: 109 State Street, Montpelier, VT, 4th Floor

ALL NOTIFICATIONS, RELEASES AND AMENDMENTS WILL BE POSTED AT:
www.vermonttreasurer.gov

THE OFFICE OF THE STATE TREASURER WILL MAKE NO ATTEMPT TO CONTACT BIDDERS WITH UPDATED INFORMATION. IT WILL BE THE RESPONSIBILITY OF EACH BIDDER TO PERIODICALLY CHECK THIS SITE FOR THE LATEST DETAILS.

CONTACT: JP Isabelle
TELEPHONE: (802) 828-1451
E-MAIL: jp.isabelle@state.vt.us
FAX: (802) 828-2772



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SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 109 State Street, 4th Floor, Montpelier, VT 05609-6200. **BID ENVELOPES MUST BE CLEARLY MARKED ‘SEALED BID’ AND SHOW THE PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in the office of the State Treasurer by the time of the bid opening. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to ensure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand-carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.



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DATE: January 29, 2013

REQUEST FOR PROPOSAL
THIS IS A SEALED BID RESPONSE
BIDS MUST BE RECEIVED BY February 22, 2013, at 4:00 P.M.

This form must be completed and submitted as part of the response for the bid to be considered valid. The undersigned has read, understood and accepted all provisions, terms and conditions of this proposal.

VERMONT TAX CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/individual 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 as of the date this statement is made.

Quotation Valid for _____ Days Date: _____

Telephone Number: _____

Name of Company: _____

Fax Number: _____

Federal Identification Number: _____

E-mail address: _____

By: _____

Name: _____

Signature (Proposal Not Valid Unless Signed)

(Type or Print)



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1 OVERVIEW

The following subsections provide general information about the RFP.

1.1 Executive Summary

The office of the Vermont State Treasurer is requesting proposals for securities liquidation and custody services in accordance with 27 V.S.A., CHAPTER 14.

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.

The selected firm will not have investment discretion over the portfolio. The selected firm will, however, once the property/securities are received, hold the stock for at least one reporting period, unless a claimant files a claim for the property. In the event of a large settlement amount, the State would typically request a wire transfer on the settlement date. For smaller settlements, the amount would be held in a custody account for accumulation, to an amount determined by the State, and wire transferred at a later date.

During FY '12 approximately 600 total items, to include physical certificates, book entry and DTC were reported, and approximately 150 security/mutual fund claims were paid during the same period. In very rare occasions foreign securities are received. The selected firm should be capable to accommodate the custody/brokerage of foreign securities.

The selected firm will functionally work closely with staff of the Unclaimed Property Division of the Office of the State Treasurer. The selected firm will demonstrate extensive experience and superior capability for providing securities liquidation and custody services of unclaimed property.

Proposal specifications are set forth in Section 2, "Scope of Services."

Proposals in response to this RFP are due no later than 4:00 P.M. Eastern Time (ET) on February 22, 2013.

1.2 Minimum Bidder Qualifications

The bidder must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

1. The bidder must provide securities liquidation and custody services to clients and demonstrate a minimum of five (5) years of experience.
2. Experience of the firm and its staff with providing similar services to other states' unclaimed property divisions.
3. Financial stability and ability of the firm to provide such a service.
4. Ability to meet the conditions of the standard state contract.

1.3 Single Point of Contact

The sole point of contact for questions and all other contractual matters relating to this RFP is:

Name: Mr. JP Isabelle
Vermont State Treasurer's Office
109 State Street, 4th Floor
Montpelier, Vermont 05609-6200
Telephone: 802-828-1451
FAX: 802-828-2772
E-Mail: jp.isabelle@state.vt.us

All e-mail communication with Mr. Isabelle must include the words "UP Securities Liquidation RFP" in the subject line.

Bidder's proposals, due by 4:00 PM for bid opening on February 22, 2013, are to be delivered to the Treasurer's Office, marked to the attention of Mr. JP Isabelle.

Attempts by bidders to contact any other party may result in the rejection of their proposal.

1.4 Bidder Questions

Questions must be submitted in writing until the date and time specified in Section 1, *RFP Timetable*.

E-mail is the preferred method of communicating questions.

Response to questions will be posted to our Web site at www.vermonttreasurer.gov. All questions submitted must include the name of the firm and the person submitting the questions.

1.5 RFP Timetable

| | |
|---|-------------------|
| RELEASE DATE OF THE RFP: | January 29, 2013 |
| QUESTIONS DUE BY: | February 8, 2013 |
| ANSWERS TO QUESTIONS POSTED ON www.vermonttreasurer.gov | February 8, 2013 |
| ALL PROPOSALS MUST BE SUBMITTED NO LATER THAN 4:00 P.M. Eastern Time ON: | February 22, 2009 |

1.6 Attachments to RFP

VSERS has provided the following information as attachments to the RFP:

- **Attachment A** – Standard Contract Provisions

2 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). Services will include mutual funds. 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 negotiable shares into a custody account maintained by the firm for benefit of the State.
- Sell 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.

2.1 Requirements Related to Conflicts of Interest and Independence

Bidders shall identify all existing or potential conflicts of interest that would prevent the bidder from fully performing the tasks described in this RFP. Such disclosure will be a continuing requirement subsequent to award of a Contract and for the life of the Contract.

In all matters relating to work required by the State the bidder shall remain free from personal and external impediments to independence, and verify their organization is independent and will maintain an independent attitude and appearance with respect to the services required.

2.2 Insurance Coverage

The Contractor shall maintain an errors and omissions insurance policy, which provides a prudent amount of coverage for the negligent acts or omissions of any shareholder, employee or agents thereof. The Contractor shall also maintain policies pursuant to the State's Standard Contract provisions as defined in Attachment A.

3 PROCUREMENT AND CONTRACTUAL ADMINISTRATION

The following subsections discuss the administrative and contractual requirements that pertain to this procurement.

3.1 Bidding and Contractual Requirements

The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a proposal. Bidders may be asked to give a verbal presentation. Failure of bidder to respond to a request for additional information or clarification could result in rejection of that bidder's proposal. The State reserves the right to accept or reject any and all bids, in whole or in part, with or without cause. The State reserves the right to make an award without further discussion of the proposal submitted. The State does not guarantee that an award will be made as a result of this RFP.

3.1.1 Incurred Expenses

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of this engagement, preparation of the proposal, submitting the proposal, negotiating for the contract, and other costs associated with this RFP.

3.1.2 Public Records and Bidder Proprietary Information

All responses will become the property of the State of Vermont and will be a matter of public record. Pursuant to Title 1 §317 (15), public records requests for information regarding this RFP will not be acted upon pending contract negotiations, and until a signed contract has been recorded by the State.

3.1.3 Pricing

The bidder must be aware the State wants the most effective combination of price, performance, and quality possible within the constraints of their budget. Pricing must be a firm fixed price, including all expenses. The State will not accept any open-ended, time and materials bids. There may be no best and final offer procedure. Therefore, the proposal shall be submitted on the most favorable terms that the bidder can provide.

3.1.4 Subcontracting

The State of Vermont will only enter into contracts with the primary contractor, and the State must approve any subcontractor contract in writing (See ATTACHMENT A, sub-Attachment C: **Sub-Agreements**). The selected bidder must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The successful bidder will be expected to execute sub agreements for each subcontractor named in the proposal upon award of this contract. The bidder must provide a brief description in the cost proposal in regard to the basis for selecting each subcontractor (low bid, competitive negotiation, technical capabilities, etc.). The bidder must provide subcontractor cost estimates in the bidder's cost proposal.

3.1.5 Doing Business in Vermont

The bidder awarded this contract shall, upon notification of award, apply for registration with the Vermont Secretary of State's Office to do business in the State of Vermont, if not already so registered. The registration form may be obtained from the Vermont Secretary of State, 128 State Street, Montpelier, VT 05633-1104. The telephone number is (802) 828-2386. The Treasurer's Office will not execute the contract until the bidder is registered with the Secretary of State's Office.

Bidders are responsible for complying with all statutory provisions applicable to doing business in the State of Vermont (see above and Attachment A), attached to this RFP, which is required to execute after the specific

details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder.

3.1.6 Minority Business Enterprises

The State of Vermont recognizes the important contribution and vital impact that small businesses have on the state's economy. In this regard, the state subscribes to a free and open bidding process that affords all businesses equal access and opportunity to compete for state contracts for goods and services. The state also recognizes the existence of businesses owned by minorities and women and has directed all state agencies and departments to make a good faith effort to encourage these firms to compete for state contracts.

3.1.7 Duration of Proposal Offer

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals. This period may be extended at the request of the State, and with the bidders' written approval.

3.1.8 Revisions to the Solicitation

The State reserves the right to modify requirements should a bidder inquiry identify a change that is in the best interest of State. Such modifications (or amendments) to the RFP will be posted to the Treasurer's Web site at www.vermonttreasurer.gov and will not be distributed through any other means. It is the bidder's responsibility to check the Web site for such changes.

3.1.9 General Conditions

The general conditions and specifications of the RFP, the successful bidder's response/proposal, all questions and answers, and all RFP amendments (if any) will become part of the contract by reference.

The bidder is expected to respond with due diligence by providing the requested information in the designated manner. Bidders failing to respond to this RFP as prescribed will place themselves at a comparative disadvantage or will be subject to disqualification at the discretion of the State.

3.1.10 Contract Duration

The successful bidder to this RFP can expect a contract with the State (see sample contract Attachment A), for a term of two years, with the option of two one-year extensions.

The successful bidder will be required to execute the State's standard contract after the specific details of the transaction have been inserted. Any objections, or requested changes to the standard form language must be provided with the bid, or they shall be waived by the bidder. Any additional contract language sought by the bidder must be provided with the bid, or such language requests shall be waived by the bidder. Any bidder seeking changes to the State standard form contract, or to add additional language to the contract must state whether the request is a requirement of their bid, or simply a request for the State's consideration. In the event the State determines that an otherwise apparent winning bidder's requirements are unacceptable, it may handle the bid in the manner it deems most appropriate, including but not limited to rejecting the bid as not complying with this RFP. Bidders should be aware that the State of Vermont rarely accepts amendments to its standard form contract.

4 PROPOSAL PREPARATION

This section sets forth the format that must be followed by bidders in developing their proposals in response to this RFP. The instructions provided and format requested for bidder proposals are designed to ensure a clear and complete understanding and comprehensive evaluation of each proposal. There is no intent to limit the content of the proposals or to inhibit a presentation in other in than the bidder’s favor.

4.1 Proposal Acceptance

The bidder is encouraged to include additional information or data as may be appropriate or to offer alternate solutions. However, the bidder should not exclude from its proposal any portion requested in this document. Proposals that vary materially from this prescribed format may be judged non-compliant and withdrawn from consideration.

The bidder must understand that the State will view the degree of compliance with this section as an indication of the degree of cooperation to be expected from the bidder in working with the State after contract award.

4.1.1 Proposal Packaging and Required Copies

Cost Proposals (Part V below) must be packaged separately from Technical Proposals (Parts I, II, III, and IV below) and sealed in a separate envelope, so labeled.

Bidders must submit four (4) bound copies of their proposals. In addition, the bidder must provide one (1) unbound master copy of the technical proposal and one (1) unbound master copy of the cost proposal, each packaged separately.

We point out that the requirement for separate Cost Proposals actually doubles the above numbers.

The information in the table provided below must appear on the title page of each copy of each proposal and on the outside of the packages in which they are shipped (if proposals are shipped by overnight courier, the title sheet may be affixed to the package inside the courier’s packaging material):

Contents of Response Cover Page

| | |
|---|--|
| RFP title: | UP Securities Liquidation and Custody Services RFP |
| RFP section: | Technical or Cost |
| <i>Closing date and time for submission of proposals: February 22, 2013 4:00 pm.</i> | |
| Name, address, e-mail, and (voice) telephone number of firm submitting proposal | |

Proposals must be addressed for this RFP to the point of contact identified in Section 1, *Single Point of Contact*.

Bidders’ are to organize their proposals into four parts with a cover letter and other administrative information as follows:

| | |
|-------------------------|---|
| Part I – Administrative | Cover page Cover Letter as described below Tax Certificate Table of Contents |
| Part II | Bidder Information |
| Part III | Technical Approach |
| Part IV | Bidder References |

| | |
|------------------------------------|------|
| Part V (to be packaged separately) | Cost |
|------------------------------------|------|

The following subsections describe the required content of the bidder's proposal.

4.2 Bidder's Proposal Part I -Administrative Section

In addition to the cover page and table of contents, the items that need to appear in the Administrative Section of the proposal are described below.

4.2.1 Cover Letter

The response should contain a cover letter and introduction, including: the company name and address, and the name, e-mail address, and telephone number of the person or persons authorized to represent the respondent regarding all matters related to the response. The cover letter must contain the following statement:

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

A person authorized to bind the firm to all commitments made in its response shall sign this letter.

In addition, the cover letter must certify that:

- The response is genuine, and is not collusive or a sham.
- The response is not made in the interest of or on the behalf of any person not named therein.
- The bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal.
- The bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
- The bidder has thoroughly examined the RFP requirements, and the proposed fees cover all the services that the State has requested.
- The bidder acknowledges and accepts all terms and conditions included in the RFP.
- The bidder agrees to provide services in a manner acceptable to the State, and as stipulated in the RFP and subsequent contract.
- The bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Unclaimed Property Division.
- The bidder and key professionals do not accept fees and derive no benefit from relationships with any persons involved in the RFP.
- The bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP.
- The bidder has submitted financial information. Publicly owned businesses agree to provide their most recent annual and quarterly reports, current balance and income statement, and D&B report. Privately owned businesses agree to provide company financials, and D & B reports. Proprietary and/or confidential materials must be marked accordingly.

4.2.2 Tax Certificate

This certificate appears on page 3 of this RFP and must be completed and submitted with the response to the RFP.

4.3 Bidder's Proposal Part II – Bidder Information

4.3.1 Section 1 – General

In this section, the bidder shall provide basic information about its firm and staff, including the following:

- a. Please provide a description of the ownership and structure of the firm, which includes the parent company and any affiliated companies and/or joint ventures.
- b. Are any near-term changes to the firm's corporate or organizational structure anticipated? If yes, please specify.
- c. Please list all office locations and the number of individuals working in each office. Please specify which office would be the primary relationship office.
- d. List the owners of the firm (from largest to smallest with respect to ownership) and their ownership percentages. Please include individuals and all other entities.
- e. Please list all principals of the firm and their backgrounds, credentials and certifications.
- f. Please provide the most recently completed SAS 70 or external Quality Control Review, if applicable. Also please provide a copy of your firm's most recent internal controls review.
- g. Please provide the most recently completed audited financial statements for your firm.
- h. Please furnish the names and biographies of personnel that would be assigned to the State of Vermont for the services requested herein.

4.3.2 Section 2 – Financial and Regulatory Disclosure

- a. Please list all services your firm, its principals or any affiliate provide that generate revenues for the firm.
- b. If the firm has an ultimate parent company, please list the percentage of total income that the firm's services represent to the ultimate parent company.
- c. Does the firm and/or any affiliates accept soft dollars as a method of payment for services provided? If yes, please provide an explanation.
- d. Within the last five years, has your organization or an officer or principal been involved in any business litigation or other legal proceedings. If yes, please provide an explanation and indicate the current status or disposition.
- e. Please describe the firm's ethics and conflict of interest policy. If the firm, its affiliates, or the ultimate parent company provides investment management services, brokerage services, or services to investment managers, please include an explanation of how this policy, and any other measures taken by the firm, limit the likelihood that the client could receive investment advice that is not solely aligned with their best interests.
- f. Please list all securities regulatory authorities memberships held by your firm. Over the past three years, has your firm been subject to any regulatory findings of an adverse nature, not included in the litigation question above? If so, please describe the findings and the outcome.

4.4 Bidder's Proposal PART III – Technical Approach

This part of the bidder's proposal shall address the following:

- *Section 1 – Summary/Overview.* This should include a statement in the bidder's own words of the overall nature of the services requested in this RFP and a narrative of how it will provide the requested services identified in the RFP. The narrative should address all services outlined in the "Scope of Services" and should be prepared simply and economically, providing a straightforward and concise description of the bidder's philosophy, services and qualifications.
- *Section 2 – Questions.* Please provide a full but concise response to the following questions.
 1. For each of the past three years through December 31, 2012, what was the volume of trades conducted for all clients? Please include dollar volume and number of trades.
 2. Over the past three years, have any public clients disputed any trading activities conducted by your firm on their behalf? If so, please describe the dispute and how it was resolved.
 3. Please indicate your ability to accommodate 1.) standing liquidation order instructions for security sales, and 2.) direct requests for securities liquidation sales. For direct requests, how soon after the request is made will the sale transaction occur?
- *Section 3 – Proposed Value-Added Options –* The State will consider any option proposed by the bidder as a value-added option that will substantially reduce costs, and improve efficiency of operations. This Section is optional (but desirable) in the bidder's proposal.
- *Section 4 – Assumptions and Exceptions –* Identification of all assumptions that the bidder made in preparing its proposal as well as any exceptions that the bidder takes with regard to the requirements expressed in the RFP. This section must contain a list of **all** assumptions and exceptions, with a cross-reference to the specific section of the RFP to which the assumption or exception applies.

4.5 Bidder's Proposal PART IV – Bidder References

The bidder shall provide a minimum of three (3) references. At least two must be for public sector clients with similar scope of services as defined in this RFP. For each reference, the bidder must include the name, address, e-mail address, and telephone numbers of individuals qualified to provide information from both the management and technical viewpoints. For each reference, the bidder must specify:

- The length of time during which services were performed;
- A description of the specific services provided;
- Project statistics such as size of funds, number of investment types, number of indices, etc.

4.6 Bidder's Proposal PART V – Cost

A. Fees:

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

B. Additional Fees:

Please provide a fee quote for any services, if any, that would not be covered in the fees proposed in part A above. Please state as flat fees or hourly rates. Flat fees and/or hourly rates must be all inclusive of all administrative, travel, labor and incidental costs.

| | |
|---------------|----------|
| Service _____ | \$ _____ |
| Service _____ | \$ _____ |
| Service _____ | \$ _____ |

C. Additional Information:

Please provide any additional information that may assist us in more clearly understanding your proposed fee. This might include any combination of discounts for award by more than one board.

NOTE: This part of the proposal must be bound separately and sealed in an envelope separate from the technical proposal and be labeled “Cost Proposal.” Cost information is NOT to be provided in any other part of the bidder’s proposal.

5 BIDDER EVALUATION AND SELECTION CRITERIA

5.1 Bidder Evaluation

The Office of the State Treasurer will conduct a fair and impartial evaluation of the proposals received in response to this RFP.

Fees and compensation will be an important factor in the evaluation of responses. However, the Office of the State Treasurer is not required to select the low-cost bidder, but may select the bid that demonstrates the “best value” overall, including proposed alternatives and that meets the objectives of this RFP. The Office of the State Treasurer reserves the right to negotiate a change in any element of contract performance or cost identified in the RFP.

| Evaluation of Proposals |
|---|
| A. Knowledge of the State’s Unclaimed Property Law and responsiveness to Scope of Services and ability to provide requested services |
| B. General Experience and Qualifications of Firm regarding liquidation of unclaimed securities. |
| C. Timeliness of reporting requirements |
| D. Proposed Fees and Compensation |
| E. Effectiveness of proposed staffing |

The Office of the State Treasurer reserves the right to seek clarification of any proposal submitted, request oral presentations and to select the proposal considered to best promote the public interest.

The State of Vermont is conscious of and concerned about collusion. It should therefore be understood by all that in signing the bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company.

Note: Cost proposals will be opened and reviewed only for those bids that meet the established minimum technical thresholds.

ATTACHMENT A – STANDARD CONTRACT PROVISIONS

1. **Parties.** This is a contract for 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 _____. It is the contractor’s responsibility to contact the Vermont Department of Taxes to determine if, by law, the contractor is required to have a Vermont Department of Taxes Business Account Number.

2. **Subject Matter.** The subject matter of this contract is 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 – “Standard State Contract Provisions,” a preprinted form (revision date 7/1/2012), except that the following numbered paragraphs are not included:_____.
- [CONTRACTOR DOCUMENTS WILL BE ATTACHED, IF APPLICABLE]

Signature Page:

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.
by the **STATE OF VERMONT:** by the **CONTRACTOR:**

**Attachment A:
Specifications of Work to Be Performed**

To be inserted by the State.

**ADDITIONAL TERMS WHICH MAY BE REQUIRED
FOR PURPOSES OF ATTACHMENT A**

(To be inserted by the State as applicable after review of Contractor's Documents)

Form ADV. Contractor shall deliver to the State a copy of the Contractor's Form ADV, Part II and shall deliver each subsequent update during the term of this contract.

In Kind Distributions. In the event of redemption or a distribution in the form of in-kind securities, the Contractor shall cooperate fully and in good faith in the transition of the State's investments as directed by the State. Cooperation shall include, but is not limited to: cooperating fully with any new investment manager or managers selected by the State and promptly providing to the State and any new manager or managers all information necessary to account for the State's investments and to assure a prompt and successful transition of the State's funds.

Sovereign Immunity. The [CONTRACTOR PARTIES] each acknowledge that State reserves all immunities, defenses, rights or actions arising out of State's sovereign status or under the Eleventh Amendment to the United States Constitution. No waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of the State's entry into the [CONTRACTOR DOCUMENTS].

Jurisdiction. Notwithstanding anything to the contrary in the [CONTRACTOR DOCUMENTS], the [CONTRACTOR PARTIES] each agree that any action or proceeding brought by the State against the [CONTRACTOR PARTIES] or against the State alleging a breach with respect to this Contract shall be brought and enforced in the Washington Superior Court of the State of Vermont and the [CONTRACTOR PARTIES] each irrevocably submit to the jurisdiction of such court in respect of any such action or proceeding.

Confidentiality. Each of the [CONTRACTOR PARTIES] acknowledges that the State is subject to the terms of the Vermont Access to Public Records Law, 1 VSA 315 et seq. [CONTRACTOR PARTIES] each agree that it will not make any claim against the State if the State makes available to the public any information it receives from Contractor in response to a binding order from a court or governmental body or agency compelling its production.

Indemnification. By virtue of provisions of the laws of the State of Vermont applicable to the State and the public policy of the State of Vermont which prohibit the State from agreeing to indemnify third parties, the [CONTRACTOR PARTIES], each of their affiliates and each other person, if any, who controls, is controlled by, or is under common control with either of the [CONTRACTOR PARTIES], hereby agree, [and hereby agree to cause the Administrator, each of its affiliates and each other person, if any, who controls, is controlled by, or is under common control with the Administrator to agree,] that Paragraphs _____ of the Subscription Agreement, to the extent that such Paragraphs and any other section of the [CONTRACTOR DOCUMENTS] providing for indemnification of any of the [CONTRACTOR PARTIES] and/or other third parties by the State, shall be waived with respect to State.

Order of Precedence. Any inconsistency between the terms of this Attachment A and any of the other Attachments to this contract shall be controlled by this Attachment A. If any provision of this contract is invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Key Personnel. The [CONTRACTOR PARTIES] each agree that the key personnel identified in the Offering Memorandum, _____ and _____, shall devote a substantial portion of their time to the [Company]. If one of these named individuals terminates participation in the [Company], the State shall be given notice within three (3) business days.

Counterparties. The Contractor shall report to the State, not less than [quarterly], all counterparties and brokers, including the futures clearing broker, appointed or selected by the [CONTRACTOR PARTIES], together with the long term and commercial paper ratings of such brokers and counterparties.

Litigation. The Contractor shall provide the State will notice within thirty (30) business days of any legal or arbitration proceedings which are pending against the [CONTRACTOR PARTIES] which may be material to the investment.

Contractor Code of Ethics/Policies. The State acknowledges receipt of Contractor's Code of Ethics dated _____, as amended, and the Contractor's Soft Dollar Policy dated _____. Contractor represents that no amendments have been made to either the Code of Ethics or the Soft Dollar Policy as of the date of this contract. Contractor shall provide the State with written notice of any amendments to its Code of Ethics and its Soft Dollar Policy not less than thirty (30) days prior to the effective date of any such amendment.

Waiver of Trial By Jury. The [CONTRACTOR PARTIES] each acknowledge and agree that notwithstanding anything to the contrary in the [CONTRACTOR DOCUMENTS] the State does not waive any right to a trial by jury.

Deemed Consent Notification. Whenever the [CONTRACTOR DOCUMENTS] call for the consent, approval or vote of the State and "deemed consent" provisions apply pursuant to the [CONTRACTOR DOCUMENTS], the [CONTRACTOR PARTIES] will additionally contact by telephone the person(s) designated by the State as the recipient of notices to the State as set forth above.

Amendment to the [CONTRACTOR DOCUMENTS]. Notwithstanding anything to the contrary in _____ of the [CONTRACTOR DOCUMENTS], the Contractor agrees that the State shall have not less than 45 days to appeal a determination by the [CONTRACTOR PARTIES] that an amendment to the [CONTRACTOR DOCUMENTS] is not adverse to the interests of the State or request a full withdrawal upon notification of any material adverse amendment

EIN Disclosure. Notwithstanding the terms of the Contractor's Privacy Policy, attached as Exhibit ____ to the [CONTRACTOR DOCUMENTS], in no event shall the Contractor disclose the Employer Identification Number of the State without the prior written consent of the State, except the Contractor may disclose the EIN to its Independent Auditor [and Administrator].

Other provisions may be inserted, as required.

**Attachment B:
Payment Provisions**

The maximum dollar amount payable under this agreement is not intended as any form of a guaranteed amount. The Contractor will be paid for products or services specified in Attachment A, or services actually performed, up to the maximum allowable amount specified in this agreement. The payment schedule for delivered products, or rates for services performed, and any additional reimbursements, are included in this attachment. The following provisions specifying payments are:

State shall pay Contractor fees equal to _____% (_____basis points) of the assets invested by Contractor under this contract. Fees shall be calculated based on the end of quarter market values of the assets invested. All fees shall be billed quarterly in arrears and shall be paid in U.S. dollars.

[For Net Fee Contracts]

State shall pay Contractor fees and expenses as follows: _____.

At least once every quarter, Contractor shall provide the State with a written reconciliation of any fees and expenses charged to the State under this Contract. This reconciliation shall describe and itemize the fees and expenses charged and shall reconcile those fees and charges to the fees and expenses described above. Contractor shall also provide the State with an explanation of how the fees and expenses charged to the State are reflected in the financial reports provided to the State's Custodian Bank.

**ATTACHMENT C: STANDARD STATE PROVISIONS
FOR CONTRACTS AND GRANTS**

- 1. Entire Agreement:** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, 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 Agreement will be governed by the laws of the State of Vermont.
- 3. Definitions:** For purposes of this Attachment, "Party" shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
- 4. Appropriations:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.
- 5. No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party 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 Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.

6. Independence, Liability: The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. Insurance: Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party 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 Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

- Premises - Operations
- 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 Operations Aggregate
- \$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

- 8. Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.
- 9. Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and if this Subrecipient expends \$500,000 or more in federal assistance during its fiscal year, the Subrecipient is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program specific audit.

The Subrecipient may elect to have a program specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the Party.

A Subrecipient is exempt if the Party expends less than \$500,000 in total federal assistance in one year.

The Subrecipient will complete the Certification of Audit Requirement annually within 45 days after its fiscal year end. If a single audit is required, the sub-recipient will submit a copy of the audit report to the primary pass-through Party and any other pass-through Party that requests it within 9 months. If a single audit is not required, the Subrecipient will submit the Schedule of Federal Expenditures within 45 days. These forms will be mailed to the Subrecipient by the Department of Finance and Management near the end of its fiscal year. These forms are also available on the Finance & Management Web page at: <http://finance.vermont.gov/forms>

- 10. Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement 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 Agreement.
- 11. Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.
- 12. Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; 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.

13. Taxes Due to the State:

- a. Party 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. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party 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. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party 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. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

14. Child Support: (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement 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.

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

15. Sub-Agreements: Party shall not assign, subcontract or subgrant the performance of his Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in all subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.

16. No Gifts or Gratuities: Party 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 Agreement.

17. Copies: All written reports prepared under this Agreement will be printed using both sides of the paper.

18. Certification Regarding Debarment: Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

19. Certification Regarding Use of State Funds: In the case that Party is an employer and this Agreement is a State Funded Grant in excess of \$1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.

(End of Standard Provisions)

- End RFP -