

**REQUEST FOR PROPOSALS
FOR
CUSTODY and SAFEKEEPING SERVICES**

Office of State Treasurer Young Boozer

Issue Date: June 26, 2017

Due Date: July 24, 2017

***BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT
COMPLIANCE***

The Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§§31-13-1 et seq, Code of Alabama, 1975 as amended by Act 2012-491) regulates illegal immigration in the State of Alabama. All contracts with the State or a political subdivision thereof must comply with that law.

For the purposes of this RFP and any responding Proposal, the following sections of that law impose specific requirements: Section 9 (a) of the Act provides “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees, the business entity or employer shall not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama.”

Section 9(b) of the Act requires “As a condition for the award of any contract, grant, or incentive by the state, any political subdivision thereof, or a state-funded entity to a business entity or employer that employs one or more employees within the State of Alabama, the business entity or employer shall provide documentation establishing that the business entity or employer is enrolled in the E-Verify program.”

As provided in the Act a “**business entity**” is *any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit* and an “**employer**” is defined as *any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.*

A Proposal must include a statement that the Proposer has knowledge of this law and is in compliance. Before a contract is signed, the Contractor awarded the contract must submit a Certificate of Compliance using the form at Exhibit D to this RFP and, unless exempt because it has no employees in the State of Alabama, a complete copy of the Memorandum of Understanding issued by the United State Department of Homeland Security upon enrollment in the E-Verify Program. E-Verify enrollment can be accomplished at the website of the United States Department of Homeland Security at <http://www.uscis.gov>.

See Section 8 for additional language required by Section 9(k) of the Act to be included in the contract.

Rev.5-14-13

1. Purpose

State Treasurer Young Boozer (“Treasurer”) solicits proposals from qualified professional firms (“Custodian”) interested in providing investment custody and safekeeping services to the State of Alabama.

This Request for Proposals (“RFP”) is issued in accordance with the requirements of Section 41-16-72 (4), Code of Alabama (1975). This RFP is not an offer to contract but seeks the submission of proposals from qualified, professional firms that may form the basis for negotiation of a custody and safekeeping Agreement. *The Treasurer reserves the right to reject any or all proposals and the right to solicit additional proposals if that is determined to be in the best interests of the State of Alabama.*

2. Background

The Treasurer is authorized in accordance with Section 41-14-30, Code of Alabama (1975), (the “Code”) to invest state funds in U.S. Treasury securities, U.S. Agency securities and agency-issued mortgage backed securities, money market mutual funds (if invested in treasury and agencies), repurchase agreements, bankers acceptances and high quality commercial paper. Four professional investment firms manage fixed income portfolios for Treasury. Additionally, one or more of these managers manage investment portfolios for various agencies. Currently, approximately 25 separate portfolio accounts are maintained by the custodian. We are seeking proposals from firms interested in providing custody and safekeeping services for these portfolios.

3. Minimum Qualifications

In order to be considered for selection, Exhibit C should be included as documented proof that the following minimum qualifications listed below are met. The Custodian has a continuing obligation to disclose information throughout the RFP process should any qualifications or situations change that might render the vendor as an unqualified candidate.

- a) The Custodian will register to transact business in Alabama in accordance with Code of Alabama, §10A-1-7.01, et al, if applicable. For more information, visit the Secretary of State website at www.sos.state.al.us and click Corporations.
- b) The Custodian has provided safekeeping and custody services for fixed income securities portfolios for at least five (5) years, as of December 31, 2016.
- c) The Custodian and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.
- d) The Custodian carries errors and omissions insurance or a comparable instrument to cover the firm’s negligent acts or omissions.

- e) The Custodian will maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to this account.
- f) The Custodian has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
- g) The Custodian will comply with *The Beason-Hammon Alabama Taxpayer and Citizen Protection Act*.

4. Fees

The Custodian shall be entitled to receive quarterly compensation, which will be paid in arrears.

5. Proposal Required Information

Proposals should be as thorough and detailed as possible so that your capabilities to provide the required services can be properly evaluated.

To be considered, responses to this RFP must include: (1) brief transmittal letter, (2) Exhibit A, Qualifications, (3) Exhibit B, Statement of Charges, (4) Exhibit C, Minimum Qualifications, (5) Exhibit D, Certificate of Compliance and (6) Disclosure Statement. All proposals submitted in response to this RFP must include a completed Disclosure Statement as required by Section 41-16-80, et seq., Code of Alabama (1975). Copies of the Disclosure Statement, and information, may be downloaded from the Alabama Attorney General's website at www.ago.state.al.us/ag_items.cfm.

6. Submission of Proposals

Issuing Office:

Office of State Treasurer Young Boozer
Alabama State Capitol
600 Dexter Avenue, Suite S106
Montgomery, AL 36104

Submission Deadline It is the responsibility of the Custodian to ensure that its proposal is timely delivered and received in the Treasurer's Office on or before 5:00 p.m. on July 24, 2017. Provide an original response, two copies and an electronic version of the response. The Treasurer will not consider proposals received after the date and time specified herein. The Treasurer assumes no responsibility for late delivery by the U.S. Mail, the State's Central Mail Facility, a commercial courier service, or any other method of delivery selected by the Custodian. The response may be emailed by the submission deadline with the paper documents delivered within two business days.

Questions and Inquiries. The sole point of contact for purposes of this RFP is Debra Arrington. Any questions or inquiries should be emailed to debra.arrington@treasury.alabama.gov. All written questions should be submitted by July 17, 2017. Any oral communications shall be considered unofficial and nonbinding on Treasury.

Rejection of all Proposals. The Treasurer reserves the right to reject any or all proposals and/or to solicit additional proposals if that is determined to be fiscally advantageous to the State or otherwise in its best interests.

7. Evaluation and Selection.

All proposals timely received will be reviewed by a Proposal Evaluation Committee. The Committee will recommend proposals to the Treasurer that most closely meets the requirements of the RFP.

Discussions and/or Presentations. After the review and evaluation of the proposals, the Treasurer may conduct interviews. Finalists chosen for interviews will be notified. The Treasurer reserves the right, in his sole discretion, to award one or more contracts based upon the written proposals received without prior discussion or negotiations.

Selection. The Treasurer's Office will select the Custodian the Treasurer determines, in his sole discretion, to be fully qualified and best suited among those submitting proposals to fulfill the purposes of the RFP in a cost-effective manner.

The Treasurer shall post the RFP on the treasury website www.treasury.alabama.gov. Interested parties may monitor the progress and status of this RFP process on the website.

8. Custody Agreement

All duties of the Custodian shall be set forth in a contract agreement between the Custodian and the Treasurer. The contract will incorporate reference to the requirements of the RFP and the Custodian's proposal as negotiated.

In compliance with the Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§31-13-9(k), Code of Alabama, 1975, as amended), the contract will include the following language:

“By signing this contract, the contracting parties affirm, for the duration of the agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.”

In compliance with Act 2016-312, §1.(Section 41-16-5, Code of Alabama, 1975, as amended) the contract will include the following language:

“The contractor hereby certifies that it is not currently engaged in, and will not engage in, the Boycott of a person or entity based in or doing business with a jurisdiction with which this state can enjoy open trade.”

State law prohibits the Treasurer from agreeing to (1) indemnify the Custodian; (2) waive the right for jury trial; (3) grant a security interest; or (4) binding arbitration. Additionally, it is mandatory that Alabama laws apply to the performance of the contract and that jurisdiction and venue be in Montgomery, Alabama for state and federal courts.

9. Efforts to Influence Selection Process Prohibited

The integrity of the RFP process is of primary importance and will not be compromised. Any written or oral communications beyond the RFP response made by Custodians, or others on their behalf, whether paid or unpaid, to influence the selection process, from the time the RFP is issued through its conclusion, made directly or indirectly to the Treasurer or Treasury staff will be grounds for immediate elimination from the selection process.

10. Public Information

All responses received will be subject to the Alabama Open Records Act, §36-12-40, Code of Alabama and may be subject to public disclosure upon request. The Open Records Act is remedial and should therefore be liberally construed in favor of the public. The Alabama Trade Secrets Act is §8-27-1 through §8-27-6, Code of Alabama. Responders are cautioned to be familiar with these statutes. The burden is on the one asserting the trade secret to show that the information sought to be protected meets the definition of a Trade Secret as defined in the Act.

Any RFP response submitted that contains confidential, trade secrets or proprietary commercial information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as such. Identification of the entire bid proposal as confidential is not acceptable unless the Firm enumerates the specific grounds or applicable laws which support treatment of the entire material as protected from disclosure according to the foregoing statutes or other applicable Alabama law.

The owner of the confidential information shall indemnify and hold the State of Alabama, the State Treasurer, and Treasury staff harmless from all costs or expenses, including but not limited to attorney fees and expenses related to litigation concerning disclosure of said information and documents.

EXHIBIT A

PROPOSAL

Part I. Corporate Information

A. Corporation

1. Provide an overview of your firm, including the financial condition of the firm, year of incorporation, overall business objectives, strategic plans for growth, and ownership. Are there any changes pending in this profile?
2. Provide information on all “related” or “affiliated” firms.
3. Provide details of any SEC, state regulatory, self-regulatory organization, or professional organization action taken against your firm or any of its owners, principals, or personnel in the three preceding years.
4. Provide details of all SEC fidelity bonds, errors and omissions coverage, and any other fiduciary insurance, which your firm carries. Include summary of policy.
5. Describe all arrangements or understandings (written or oral) between your firm and any advisor, broker, law firm, or other individual or entity in connection with the solicitation or referral of clients between the firms.
6. Provide details of any claims, disputes, litigation or other legal proceedings where your firm is involved with the State of Alabama or any of its agencies, or has been involved, in the three preceding years.
7. Describe your external audit processes of your custodian system. Has the firm ever received a qualified opinion? If so, please provide detail.
8. Provide an organizational chart and biographies of the person/persons/or team members who will be assigned to this account, including detailed experience relevant to this type account.

B. Clients

1. Provide the following information on at least three clients (including contact persons for whom similar services as described in this RFP are provided):
 - a. Company
 - b. Address
 - c. Contact
 - d. Telephone Number
 - e. Length of Relationship in Year
 - f. Services Provided
2. Provide a representative list of custody clients.

Part II. Custody and Reporting

1. Provide a breakdown of Custodial Separate Accounts as of December 31, 2016.

Size of Account	Domestic \$	Domestic #
Under \$100 million		
\$100 million - \$500 million		
Over \$500 million		

2. Describe the relationship and independence between your custody services and your investment management services.
3. Explain how securities are held in safekeeping, including separation from other accounts.
4. Describe your standard performance measurement reports, and provide a sample report. What is the frequency of the reports? Are the reports available online?
5. Describe your accounting reports, and provide a sample report. Are these accessible online?
6. Describe your income collection capabilities, and availability of income. Income is not reinvested, but distributed to the General Fund as received.
7. Do you offer investment guideline monitoring? If so, describe. Do you recommend this service given the limited scope of the Investment Guidelines?
8. Describe the monthly pricing service. What pricing service(s) do you use? If no price is available, what price is reported? Are we notified that the price is not available?

EXHIBIT B

STATEMENT OF FEES

Any charge for services not addressed in the Statement of Fees in your proposal will not be allowed during the course of the contract. All fees charged must be listed in this schedule.

Investment Custody Services. State the fees charged for custody of four or more managed accounts for approximately \$200 million each. Include breakpoints.

Are your fees negotiable?

EXHIBIT C

MINIMUM QUALIFICATIONS

1. The Custodian is registered to transact business in the State of Alabama in accordance with the Code of Alabama, §10A-1-7.01, et al, if exempt please explain.
Yes No
2. The Custodian has provided safe keeping and custody services for fixed income securities portfolios for at least five (5) years as of December 31, 2016.
Yes No
3. The Custodian and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.

Yes No
4. The Custodian will carry errors and omissions insurance or a comparable instrument to cover the firm's negligent acts or omissions.
Yes No
5. The Custodian will maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to this account.
Yes No
6. The Custodian has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
Yes No
7. The Custodian will comply with *The Beason-Hammon Alabama Taxpayer and Citizen Protection Act*.
Yes No

EXHIBIT D

CERTIFICATE OF COMPLIANCE WITH THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT (ACT 2011-535, as amended by Act 2012-491)

RE Contract/Grant/Incentive (describe by number or subject): _____ **by and**
between _____ **(Contractor/Grantee) and**
_____ **(State Agency or**
Department or other Public Entity)

The undersigned hereby certifies to the State of Alabama as follows:

1. The undersigned holds the position of _____ with the Contractor/Grantee named above, is authorized to provide the representations that are set out in this Certificate as the official and binding act of that entity, and has knowledge of the provisions of THE BEASON-HAMMON ALABAMA TAXPAYER AND CITIZEN PROTECTION ACT (ACT 2011-535 of the Alabama Legislature, as amended by Act 2012-491) which is described herein as “the Act”.
2. Applying the following definitions from the Section 3 of the Act, the Contractor/Grantee business structure is as indicated by my initials.

BUSINESS ENTITY. Any person or group of persons employing one or more persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood, whether for profit or not for profit. "Business entity" shall include, but not be limited to the following:

- a. Self-employed individuals, business entities filing articles of incorporation, partnerships, limited partnerships, limited liability companies, foreign corporations, foreign limited partnerships, foreign limited liability companies authorized to transact business in this state, business trusts, and any business entity that registers with the Secretary of State.
- b. Any business entity that possesses a business license, permit, certificate, approval, registration, charter, or similar form of authorization issued by the state, any business entity that is exempt by law from obtaining such a business license, and any business entity that is operating unlawfully without a business license.

EMPLOYER. Any person, firm, corporation, partnership, joint stock association, agent, manager, representative, foreman, or other person having control or custody of any employment, place of employment, or of any employee, including any including any person or entity employing any person for hire within the State of Alabama, including a public employer. This term shall not include the occupant of a household contracting with another person to perform casual domestic labor within the household.

- _____ a. The Contractor/Grantee is a business entity or employer as those terms are defined in Section 3 of the Act.
- _____ b. The Contractor/Grantee is not a business entity or employer as those terms are defined in Section 3 of the Act.

3. As of the date of this Certificate, Contractor/Grantee does not knowingly employ an unauthorized alien, as that term is defined in Section 3 of the Act, within the State of Alabama and hereafter it will not knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama.

{Alien is any person who is not a citizen or national of the United States, as described in 8 U.S.C. § 1101, et seq., and any amendments thereto.}

{Unauthorized Alien is an alien who is not authorized to work in the United States as defined in 8 U.S.C. § 1324a(h)(3).}

4. Contractor/Grantee is enrolled in E-Verify unless *{initial the following selections which apply}*:

_____ (a) it is not eligible to enroll because of the rules of that program or other factors beyond its control.

_____ (b) it is excused from the requirement of enrollment in E-Verify because it does not have an employee in the
State of _____ Alabama.

Certified this _____ day of _____ 20____.

Name of Contractor/Grantee/Recipient

By:

Its

The above Certification was signed in my presence by the person whose name appears above, on this _____ day of
_____ 20_____.

WITNESS _____

Print Name of Witness

EXHIBIT E
STATE OF ALABAMA
TREASURY INVESTMENT GUIDELINES
January 2017
1-3 Year Government Only Fixed Income Securities Portfolio

1. Authority
Section 41-14-30, Code of Alabama (1975)
2. Investment Objectives, in priority order:
 - a. Preservation of Principal
 - b. Liquidity
 - c. Maximize Income
3. Investment Goal:
To produce a return, after fees, in excess of the benchmark throughout economic cycles consistent with sector limitations, inherent security risks, and prudent investment principles.
4. Benchmark Index: Barclay's 1-3 Year Government Index
5. Eligible Securities:
 - a. Bonds, notes or treasury bills of the United States;
 - b. Any other obligations guaranteed as to principal and interest by the United States;
 - c. Obligations of any agency or instrumentality of the United States of America, including but not limited to the FHLB, Federal Land Bank, FNMA, FHLMC, FFCB, Federal Intermediated Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies;
 - d. Mortgage backed securities and collateralized mortgage obligations issued by obligations of the United States or its agencies;
 - e. Repurchase agreements secured by obligations of the United States or its agencies. Initial and overnight collateralization at 102% of the market value and accrued interest, and term repurchase agreements at 101% of the market value and accrued interest;
 - f. Money market mutual funds investing solely in securities eligible under this section.
 - g. Highest Quality Commercial Paper per Standard & Poor's/Moody's/Fitch rating agencies (A-1/P-1/F-1)
6. Specific Guidelines:
 - a. Maximum effective maturity of any purchase will be five (5) years
 - i. Market accepted average life at time of purchase shall be used in lieu of final maturity for the purpose of maturity acceptability of mortgage-backed securities
 - b. Maximum exposure to agency sector may be up to 90%
 - c. No more than 25% invested in any single US agency issuer
 - d. Average effective duration should be +/- 30% of the index duration
 - e. Maximum exposure to CP not to exceed 15% of the portfolio.

- f. Limit exposure to individual issuers of commercial paper to 1.5% of the market value of the entire portfolio.

STATE OF ALABAMA
TREASURY INVESTMENT GUIDELINES
January 2017
1-5 Year Government Only Fixed Income Securities Portfolio

1. Authority
Section 41-14-30, Code of Alabama (1975)
2. Investment Objectives, in priority order:
 - a. Preservation of Principal
 - b. Liquidity
 - c. Maximize Income
3. Investment Goal:
To produce a return, after fees, in excess of the benchmark throughout economic cycles consistent with sector limitations, inherent security risks, and prudent investment principles.
4. Benchmark Index: Bofa Merrill Lynch 1-5 Year US Treasury & Agency Index
5. Eligible Securities:
 - a. Bonds, notes or treasury bills of the United States;
 - b. Any other obligations guaranteed as to principal and interest by the United States;
 - c. Obligations of any agency or instrumentality of the United States of America, including but not limited to the FHLB, Federal Land Bank, FNMA, FHLMC, FFCCB, Federal Intermediated Credit Bank, banks for cooperatives, Resolution Trust Corporation, or any of its other agencies;
 - d. Mortgage backed securities and collateralized mortgage obligations issued by obligations of the United States or its agencies;
 - e. Repurchase agreements secured by obligations of the United States or its agencies. Initial and overnight collateralization at 102% of the market value and accrued interest, and term repurchase agreements at 101% of the market value and accrued interest;
 - f. Money market mutual funds investing solely in securities eligible under this section.
 - g. Highest Quality Commercial Paper per Standard & Poor's/Moody/Fitch rating agencies (A-1/P-1/F-1)
6. Specific Guidelines:
 - a. Maximum effective maturity of any purchase will be five (5) years
 - i. Market accepted average life at time of purchase shall be used in lieu of final maturity for the purpose of maturity acceptability of mortgage-backed securities
 - b. Maximum exposure to agency sector may be up to 90%
 - c. No more than 25% invested in any single US agency issuer
 - d. Average effective duration should be +/- 30% of the index duration
 - e. Maximum exposure to CP not to exceed 15% of the portfolio.

- f. Maximum exposure to individual issuers of commercial paper to 1.5% of the market value of the entire portfolio.