

ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

Equipment and Procurement Division

**Request for Proposals (RFP) No. 10-002P**

**Custodial Services**

Proposals must be submitted  
No later than **2:00 p.m. CDT**  
**October 15, 2009**

To constitute a valid submission, proposal must:

- (1) Be submitted by the prescribed date and time (Paragraph II.4);
- (2) Address all of the requirements set forth herein;
- (3) Contain Page 10, completed with the following information:
  - a) Company name, address, and phone number.
  - b) Original signature in ink, not photocopied or stamped.

For further information regarding this RFP contact  
Danny Keene, Division Head  
AHTD Equipment and Procurement Division  
at 501-569-2672 or by e-mail at [Danny.Keene@arkansashighways.com](mailto:Danny.Keene@arkansashighways.com)

Arkansas State Highway and Transportation Department  
RFP No. 10-002P – Custodial Services

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Arkansas State Highway and Transportation Department  
Request for Proposals No. 10-002P

**REQUEST FOR PROPOSAL FOR CUSTODIAL SERVICES**

**SECTION I. INTRODUCTION**

- I.1** This **Request for Proposal** (RFP) is issued by the Arkansas State Highway Employees Retirement System hereinafter called "ASHERS" and "the System" to a qualified financial institution to provide custodial services for cash and securities. The Arkansas State Highway Employees Retirement System, located in Little Rock, Arkansas, has a \$1.1 billion portfolio. The System proposes to implement these services on a date to be determined by ASHERS and the Contractor.
- I.2** **Term of Contract:** Will be for 1 year, but the first year will be from the start of the contract through June 30, 2011, and may be amended for an additional six annual contracts. Pursuant to Ark. Code Ann, § 19-11-238 (c) (Supp.1997), the contract shall automatically terminate at the end of any fiscal year if funds have not been appropriated or are otherwise unavailable for the following year, in which case the successful Contractor shall be reimbursed only for any non-recurring cost that was incurred but not amortized in the contract price.
- I.3** **Point of Contact:** This RFP is issued by the Arkansas State Highway and Transportation Department, Equipment and Procurement Division on behalf of the Fiscal Services Division. Questions concerning submission of a proposal in response to this RFP should be addressed to the AHTD officials named below:

Bid Submission Questions  
Danny Keene, Division Head  
Equipment and Procurement Division  
Arkansas State Hwy. and Transp. Dept.  
P. O. Box 2261  
Little Rock, AR 72203  
Phone: 501-569-2672  
Fax: 501-569-2679  
E-Mail: [Danny.Keene@arkansashighways.com](mailto:Danny.Keene@arkansashighways.com)

Technical Questions  
Larry Dickerson, CPA  
Chief Fiscal Officer  
Arkansas State Hwy. and Transp. Dept.  
P.O. Box 2261  
Little Rock, AR 72203  
Phone: 501-569-2515  
Fax: 501-569-2551

Inquiries may be referred to other System employees for detailed answers or clarifications. Written inquiries are encouraged and will be responded to in writing. Oral communications shall not be binding on the System and can in no way modify the terms, conditions, or specifications of this RFP or relieve the successful Contractor of any obligations under any contract resulting from this RFP. In the event that it becomes necessary to provide additional clarifying data or information, or to revise any part of this RFP, revisions, amendments or supplements will be provided to all recipients of this initial RFP and all who have requested information in writing.

- I.4 Information Restrictions:** All information received by ASHERS regarding this RFP is restrictive and will not be available before award is made to the successful Contractor.

**Choice of Law and Choice of Forum:** This RFP and any resulting contract shall be governed by and construed in accordance with the laws of the State of Arkansas. Any proceeding relating to any cause of action of any nature arising from or related to the RFP or contract may be brought only before the appropriate forum in Pulaski County, Arkansas.

- I.5 Ethics:** *“It shall be a breach of ethical standards for a person to be retained, or to retain a person, to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the contractor for the purpose of securing business.”*  
Ark. Code Ann. §19-11-708(a).

## **SECTION II. PROPOSAL PROCEDURES**

### **II.1 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.

- II.2 Proposal Format:** The proposal must be formatted and presented in the same order as listed below. The proposer should provide a detailed response to each specification listed.

#### **II.2.1 Technical Proposal**

Cover Letter – should state the RFP name and number; Proposer’s name; Proposer’s business address, telephone number, name of authorized contact person for proposal questions and authorized contact person for contract questions/negotiations. The cover letter must be dated and signed.

Table of Contents – clearly identify the material by section and page number.

Project Understanding – should provide a response in narrative form that convinces the evaluators that the proposer has a clear understanding of the background and of the proposed scope of work to be performed.

Requirements – provide a positive or negative conformation to each of the specifications contained in Section IV and a detailed response to each of the specifications contained in Section IV subsection 1.0 of this RFP.

Experience – provide a detailed response to each of the specifications contained in Section V of this RFP.

Cost Requirements – provide a detailed response to each of the specifications contained in Section VI of this RFP.

- II.3 Incurring Costs:** Neither the System nor the DF&A shall be liable for any cost incurred by proposers in replying to this RFP.
- II.4 Time and Place for Submission of Proposal:** Proposers must submit an original and two (2) copies of all materials required for acceptance of their proposal by **2:00 p.m. CDT on October 15, 2009.**
- |   |  |
|---|--|
| <u>Mail To:</u><br>Arkansas State Hwy. and Transp. Dept.<br>Equipment and Procurement Division<br>P. O. Box 2261<br>Little Rock, AR 72203 | <u>Deliver To:</u><br>Arkansas State Hwy. and Transp. Dept.<br>Equipment and Procurement Division<br>11302 W. Baseline Road<br>Little Rock, AR 72209 |
|---|--|
- II.5 Late Proposals:** Proposals received after the date and hour established will be considered late proposals and will be automatically disqualified. Late proposals will be returned unopened.
- II.6 Unsigned Proposals:** Page 10 of the RFP must be signed, completed and included with proposal to constitute a valid submission. The signature must be legible, original (not stamped or photocopied) and in ink. Unsigned and improperly signed proposals will be automatically disqualified.
- II.7 Withdrawing or Modifying Proposals:** A proposal may be withdrawn, modified, or corrected by a Proposer after it has been submitted only if a written request to do so is filed with the Equipment and Procurement Division prior to the date and time set for opening. Telegrams or letters received before the date set for opening of proposals will be accepted and attached to the unopened proposal, and the proposal will be considered withdrawn, modified, or otherwise changed accordingly. No proposal may be withdrawn, modified, corrected, or otherwise changed after the date and time set for opening.
- II.8 Assignment:** No contract resulting from this RFP may be assigned, sold, or transferred without the prior written consent of the System, and no obligation incurred pursuant to this RFP and any resulting contract may be delegated without written consent of the System.
- II.9 Advertisement:** The successful contractor is prohibited from using any contract award information in any advertisement, including press releases, without the prior written consent of the System.
- II.10 Cancellation of Contract:** The System reserves the right to cancel any award or contract without recourse upon written notice to the Contractor.

- II.11 Default and Remedies:** Non-performance of any requirement or condition of any contract resulting from this RFP shall constitute default. Upon default, the System shall issue a written notice of default providing a period in which the Contractor shall have thirty (30) days, or if the default is repeated during the term of the contract or any extension thereof, the System may, in its sole discretion, terminate the contract(s) or remaining portions thereof and exercise any remedy provided by law.
- II.12 Oral Presentations and Site Visits:** Selected Proposers may be required to make oral presentations and/or arrange visits at client sites to supplement their proposals, if requested by the System. The System will make every reasonable attempt to schedule each presentation at a time and location that is agreeable to the proposer. Failure of a Proposer to conduct a presentation on the date scheduled may result in rejection of the Proposer's proposal.
- II.13 Right of Rejection By:** the Arkansas State Highway Employees Retirement System

The Arkansas State Highway Employees Retirement System reserves the right to award this contract to the financial institution that best meets the requirements of the RFP, and not necessarily to the lowest bidder. The Arkansas State Highway Employees Retirement System reserves the right to reject any or all proposals prior to execution of the contract, with no penalty to the Arkansas State Highway Employees Retirement System.

### **SECTION III. SCOPE OF SERVICES**

#### **III.1 SCOPE OF SERVICES REQUIREMENTS**

- a. Maintain three or more custody accounts for the cash and securities owned by the Arkansas State Highway Employees Retirement System.
- b. All securities and cash held by the custodian shall be segregated from the assets of others and shall be and remain the sole property of the Arkansas State Highway Employees Retirement System.
- c. Provide suggestions for any cash not needed for settlements or wire transfers at the end of the business day.
- d. Custodian must provide pricing for International Equities. Custodian must provide exchange and evaluated pricing for listed ADRs and evaluated pricing for unlisted ADRs.
- e. Collect all coupons and other periodic income on securities held and processed per instructions received by authorized persons.

- f. Monitor and record the collection of funds in accounts maintained by the custodian for the Arkansas State Highway Employees Retirement System.
- g. Create, maintain and retain all records relating to securities held in custody in client accounts to meet the requirements and obligations under generally accepted accounting principles.
- h. Provide monthly activity statements and reports for all accounts, including market value of all securities. The statement cut off should be the last day of the month based on settlement date. Statements must be sent no later than the 7<sup>th</sup> business day of the following month. Statements should also be available over the internet.
- i. The custodial services will include domestic and international investments.
- j. The financial institution must interact with investment managers.

## **SECTION IV. INFORMATION REQUESTED**

### **IV.1 QUALIFICATIONS AND EXPERIENCE**

- a. Describe the organization, date founded, ownership and other business affiliations (please provide number and location of affiliated offices.)
- b. Provide the address of the office location that will service the account.
- c. Describe the experience of the financial institution in providing similar custodial services for **public fund** clients.
- d. List the number and market value of public agency custodial accounts for the last three years and the average length of service.
- e. Include a copy of the most recently audited financial statement.
- f. Provide financial strength, as measured by credit rating and key financial ratios.

### **IV.2 PERSONNEL**

- a. Provide biographical information on bank officers that will be directly involved in the management of the Arkansas State Highway Employees Retirement System accounts; the primary contact(s); and what, if any, experience these officers have in working with the public sector.

- b. Provide an organization chart for the personnel who will be associated with the Arkansas State Highway Employees Retirement System account, including the roles of each person, and illustrating the relationship among the personnel.

### **IV.3 CUSTODIAL SERVICES**

- a. Describe any investments that would be available to the Arkansas State Highway Employees Retirement System on a sweep arrangement. Provide a complete listing of associated fees and/or administrative charges in the fee section below.
- b. When do you credit interest and dividends?
- c. Do you provide electronic files to Investment Managers for daily portfolio reconciliations?
- d. Provide a listing of cutoff times for notification of securities transactions. Please specify if the cut off times vary for different types of securities.
- e. Describe any sub custodial arrangements that would be used for securities belonging to the Arkansas State Highway Employees Retirement System. Fully describe the roles and responsibilities of each sub custodian, if applicable.
- f. Describe scope of services for international equities.
- g. Describe how the financial institution interacts with investment managers.
- h. Do you provide custodial information to clients through an on-line inquiry/reporting service?
- i. Describe in as much detail as possible, any plans to sell, merge or dramatically change the institution's corporate trust business.
- j. Invoicing should be quarterly.

### **IV.4 CONVERSION**

- a. Describe steps used to move securities to your institution and the fees for the conversion.
- b. Describe your typical process, if any, of explaining your custody services and reports to your clients.

**IV.5 REPORTING and INVOICING**

- a. Include sample reports and records.
- b. Is the bank willing/able to develop customized reports? If so, please provide specific pricing information below.
- c. Show a sample of an invoice and how it can be reconciled to the transactions being charged during the period.

**IV.6 PRICING AND ACCOUNT ANALYSIS**

Are there any minimum fees? Is the fee for investments that mature or tendered the same as investments that are purchased or sold?

Provide the proposed prices for the following list of custodial services and the length of time these prices will be guaranteed.

- a. Account Maintenance
- b. Wireable/Book Entry Securities
- c. DTC
- d. Free Receipt/Free Delivery
- e. Pay downs of principal and interest
- f. List all charges involved in custody of repurchase agreements
- g. Wire transfers (Incoming, Outgoing, Outgoing-Repetitive)
- h. Other custodial charges, including any sweep fees (please describe in detail)

Provide a schedule of all fees proposed in this proposal.

Assumptions on an annual basis:

Transaction Type	Number of Transactions Sale/Maturity Fiscal Year 6/30/2008	Number of Transactions Sale/Maturity Fiscal Year 6/30/2009
Equities	2,732	2900
Bonds	95	103
Short Term Cash Balance at June 30	\$163,185,182	\$62,799,100

**V. REFERENCES**

- a. Provide three references (public, if possible), including the length of time you have provided custodial services, client name, contact personnel, address and phone number.

**VI. INSURANCE**

State fidelity coverage, errors and omission or other insurance coverage that the firm carries.

**VII. Evaluation and Awards**

**VII.1 Evaluation**

The vendor must address in its response each item listed in this section in order to be guaranteed a complete evaluation.

<b>A. Custody and Cash Investment Experience</b>	<b>100</b>
1. Experience with Custody accounts for cash and securities as it relates to securities and cash held in trust	
2. Experience with Custody accounts for cash and securities as it relates to public plans	
3. Recommendation for investments for the investment of idol cash	
4. Experience with international equities	
5. Exchange in pricing of listed ADR and unlisted ADR	

<b>B. Routine Monthly or Quarterly Activity</b>	<b>100</b>
1. Experience with collecting bond interest and dividend receipts	
2. Experience and proof of flexibility for monthly account statements	
3. Ability to provide information for easy reconciliation of monthly or quarterly invoices	
4. The ability to interact with investment managers	
5. The ability of a vendor to provide electronic files to investment managers for daily portfolio reconciliation	
6. The scope of services provided for international equities	
<b>C. Fiscal Assurances</b>	<b>100</b>
1. Financial strength measured by credit rating and or key financial ratios and substantiated by unqualified financial audit report	
2. Number of clients with assets in excess of one billion dollars within your custody	
<b>D. Organization</b>	<b>100</b>
1. Biographies of bank officers that will be directly involved in the management of ASHERS account	

**VII.2 Award:** Award will be based upon an evaluation of all proposals received in response to this solicitation and the determination of the proposal or proposals considered to be the most advantageous to the State. The System reserves the right to accept or reject in whole or in part any and all proposals submitted, to award to more than one Proposer, to waive any minor technicalities when it is in the best interest of the System, and to negotiate terms of the contract, including the award amount, with the selected Proposer.

Arkansas State Highway and Transportation Department  
Request for Proposals No. 10-002P  
Custodial Services

\*\*\*\*\*This page must be completed, properly signed and submitted for\*\*\*\*\*  
proposal to be considered.

**VIII. Signature Page**

I, the undersigned, affirm that this proposal is made on behalf of the below-named company/individual, for whom I have legal authority to commit to the terms and conditions set forth in the RFP and this response, to which we agree to be bound if this proposal is found acceptable by the System; and that this proposal is made without any collusion or coercion on the part of any person, firm, corporation or other entity.

Company: \_\_\_\_\_ Address: \_\_\_\_\_

Representative: \_\_\_\_\_ City: \_\_\_\_\_

Title: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Federal Tax ID or Social Security No.: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**(Must be legible, original, no photocopies, and in ink)**

**For ASHERS Use Only**

Accepted: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

# ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

## NOTICE OF NONDISCRIMINATION

The Arkansas State Highway and Transportation (Department) complies with the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, Title VI of the Civil Rights Act of 1964 and other federal equal opportunity laws and therefore does not discriminate on the basis of race, sex, color, age, national origin, religion or disability, in admission or access to and treatment in Department programs and activities, as well as the Department's hiring or employment practices. Complaints of alleged discrimination and inquiries regarding the Department's nondiscrimination policies may be directed to James B. Moore, Jr., Section Head - EEO/DBE (ADA/504/Title VI Coordinator), P. O. Box 2261, Little Rock, AR 72203, (501) 569-2298, (Voice/TTY 711), or the following email address: [james.moore@arkansashighways.com](mailto:james.moore@arkansashighways.com).

This notice is available from the ADA/504/Title VI Coordinator in large print, on audiotape and in Braille.