

STATEWIDE SECURITIES CUSTODY SERVICE PROVIDER

REQUEST FOR PROPOSAL

October 30, 2015



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WASHINGTON STATE TREASURER

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SECTION I: INTRODUCTION

1. DEFINITIONS

All capitalized terms and abbreviations used in this Request for Proposal (RFP) shall have the meanings as set forth below.

“Business Day(s)” means Monday through Friday, 8:00 AM to 5:00 PM, Pacific except for bank holidays and holidays observed by the State.

“Calendar Day(s)” means day reckoned from midnight to midnight.

“Custody Services” may also be referred to as "Services," and shall be inclusive of all services, including associated support services and maintenance provided pursuant to this Agreement.

“Eligible Entity” means any Local Government or institution of higher education.

“Fee Schedule” means the Fee Schedule negotiated between the State Treasurer and the Statewide Custodian setting the fees to be charged under the Statewide Custody Contract.

“Financial Institution” means a bank chartered and supervised under State or federal law.

“Laws and Regulations” means all applicable laws, codes, ordinances, rules, restrictions, regulations, and orders of the Federal, State, regional, or any Local Government, and any judicial or administrative order or decree in effect as of the commencement date of the Agreement or any time thereafter during the term of the Agreement.

“Letter Agreement” or “Agreement” means an Agreement entered into between the State and the Statewide Custodian setting the term of appointment, the Fee Schedule, and the Statewide Custody Contract.

“Local Government” means any county, city, town, special purpose district, political subdivision, municipal corporation, or quasi-municipal corporation, including any public corporation created by such an entity, which legally possesses and exercises investment authority.

“OST” means the State Treasurer or Office of the State Treasurer.

“Proposal” means a formal written offer submitted in response to this RFP to perform the Services in accordance with the terms of this RFP.

“Proposer” means any respondent to this RFP, and as the context requires, any firm, provider, organization, individual, personnel, or other entity, and its employees, agents, and Subcontractors, performing in whole or in part the activities required by or resulting from this RFP.

“Proposer Contracting Officer” means the Proposer’s officer with signature authority, or the person to whom signature authority has been delegated in writing to legally bind Proposer to a contractual relationship.

“Proposer RFP Coordinator” means that person designated by Proposer as Proposer’s primary contact throughout the procurement process.

“Proprietary Information” means information owned by the Proposer to which the Proposer claims a protectable interest under law. Proprietary Information includes, but is not limited to, information protected by copyright, patent, trademark, or trade secret laws.

“RCW” means the Revised Code of Washington.

“Request for Proposal” or “RFP” means this Request for Proposal for Statewide Securities Custody Service Provider issued by the State.

“Services” or “Custody Services” means Services performed by a Financial Institution such as the settlement, safekeeping, valuation, and market-value reporting of negotiable instruments owned by the Eligible Entity.

“State” means the State of Washington.

“State Treasurer” or Treasurer” means the Washington State Treasurer.

“Statewide Custodian” means the Financial Institution with whom the State Treasurer has negotiated a Statewide Custody Contract and entered into a Letter Agreement.

“Statewide Custody Contract” or “Model Contract” means a contract negotiated between the State Treasurer and a Financial Institution that establishes terms and fees for Custody Services which are optional to any Local Government for the term of the contract.

“State RFP Coordinator” means the Deputy State Treasurer for Investments as identified in Section I – 3.1 of this RFP.

“Subcontractor” means one not in the employment of the Proposer, who is performing all or part of those Services under this Agreement.

“WAC” means Washington Administrative Code.

2. GENERAL INFORMATION

2.1 INTRODUCTION

The State Treasurer is charged with designating a Statewide Custodian pursuant to RCW 43.08.280 and seeks Proposals from qualified Financial Institutions to serve as Statewide Custodian for Eligible Entities. As Statewide Custodian, the Financial Institution will provide Custody Services as identified in this RFP.

This RFP solicits technical and fee Proposals to provide Custody Services for an initial period of four years, commencing, April 1, 2016, and ending on March 31, 2020. The successful Proposer will enter into a Letter Agreement with OST establishing a Statewide Custody Contract and a set Fee Schedule for eligible entities who wish to utilize the Services of the Statewide Custodian.

2.2 BACKGROUND

The State Treasurer is an officer established by the constitution of the State of Washington. In January 1999, the State Treasurer requested legislation designed to enable Eligible Entities to contract with a custodian for their investments on terms and conditions negotiated by OST. The legislation, now codified as RCW 43.08.280, was passed unanimously by both House and Senate, and was signed into law by the Governor, with an effective date of September 1, 1999.

The intent of the legislation was to make third-party Custody Services available to as many local entities as possible on the best terms that could be negotiated on a statewide basis. The legislation is designed to enable the State Treasurer to select a custodian and negotiate a Model Contract and fees with the selected Financial Institution. The Model Contract and Fee Schedule would then be available to any Eligible Entity in the State for an agreed upon time period.

The Eligible Entity may execute the Model Contract with the Statewide Custodian once it receives notification by OST that a Letter Agreement has been signed appointing the Statewide Custodian. The local entity would therefore not have to conduct its own RFP. However, the decision to sign the Model Contract would rest entirely with the local entity. Nothing in the legislation prevents the local entity from entering into its own contract with the same or a different firm.

The current statewide provider is Bank of New York Mellon. The original appointment was effective from April 1, 2012 through March 31, 2016. As of September 30, 2015 there were 20 local entities utilizing the statewide custody program, with portfolios having a combined market value of \$4.892 billion.

2.3 GENERAL AGREEMENT REQUIREMENTS

- 2.3.1** The successful Proposer will be required to enter into a Letter Agreement with the OST in substantially the same form as the Agreement attached hereto as Exhibit A to this RFP. The Letter Agreement will evidence an Agreement as to the terms and conditions contained in the Model Contract and Fee Schedule that the successful Proposer will make available to eligible entities.
- 2.3.2** Term and Extension. The initial term of the Agreement will be for a period of four years, with an option to renew the Agreement. The initial term of the Agreement will begin on April 1, 2016, and end on March 31, 2020. The total length of the Agreement, with extensions, will not exceed eight years, provided that the OST reserves the right to extend the Agreement beyond the eight-year period for the sole purpose of transitioning the Services provided herein to a new Statewide Custodian and/or unwinding the Agreement and the Model Contract.
- 2.3.3** Fee Schedule. A standard Fee Schedule will be negotiated as part of the Letter Agreement with the OST and will be applicable to all Eligible Entities that enter into the Model Contract.
- 2.3.4** Model Contract. A Model Contract will be negotiated as part of the Letter Agreement with the OST and will be made available to all Eligible Entities seeking to use the Services of the Statewide Custodian. The Statewide Custodian will be obligated to offer the Model Contract to all Eligible Entities. However, terms of any contract entered into by an Eligible Entity and the Statewide Custodian may vary somewhat from the Model Contract as a result of the need for each Eligible Entity to review the terms and conditions and to have their legal counsel review prior to signing. Each Eligible Entity that chooses to use the Statewide Custodian may negotiate its own terms and conditions, using the Model Contract as a basis. However, the Fee Agreement cannot be modified.

Administration of each individual Contract between the Statewide Custodian and an Eligible Entity will be administered by the Eligible Entity and not by OST.

As Proposers review the Services to be provided, it will be evident that the requirements of the Eligible Entities differ in scope. The objective of the Model Contract is to provide a structure that sets forth standard terms and conditions.

OST will not be a party to the contracts executed between the Statewide Custodian and participating Eligible Entities. OST will not act as principal or arbitrator with respect to executed contracts, but will act to ensure that all parties to executed contracts are treated in accordance with the terms of the Letter Agreement.

3. RFP ADMINISTRATION AND PROPOSAL INSTRUCTIONS

3.1 STATE RFP COORDINATOR

3.1.1 The State RFP Coordinator, identified below, is the sole point of contact during the selection process. Upon issuance of this RFP and until the OST has entered into the Agreement with the Apparent Successful Proposer, all communications about this procurement must be directed solely to the following person:

Douglas D. Extine, Deputy Treasurer
Office of the State Treasurer
416 Sid Snyder Ave.
Legislative Building
2nd Floor, Room 230
Olympia, WA 98504-0200
Telephone:(360) 902-9012
E-mail: doug.extine@tre.wa.gov

3.1.2 All Proposals and communications must be addressed to:

If using US Postal Service:
Douglas D. Extine
Office of the State Treasurer
PO Box 40200
Olympia, WA 98504-0200

If using UPS, FedEx, etc.:
Douglas D. Extine
Office of the State Treasurer
416 Sid Snyder Ave
Legislative Building
2nd Floor, Room 230
Olympia, WA 98504

3.1.3 All Proposals and communications must also be electronically mailed to:

INVRFP@tre.wa.gov

4. COMMUNICATIONS RELATED TO THIS RFP

4.1 Upon receipt of this RFP and until the OST has awarded an Agreement, Proposers' communications regarding this RFP shall be addressed solely to the State RFP Coordinator. Communication regarding this RFP with any OST employee or any member of the evaluation team other than the State RFP Coordinator will be considered

by OST to be unofficial and not binding on the OST. Solicitation to any OST employee or member of the evaluation team is prohibited in any form and may result in disqualification of the Proposer.

4.2 Proposers are to rely only on written statements issued by the State RFP Coordinator which may be in the form of email. Any oral communications will be considered unofficial and non-binding.

5. NO OBLIGATION TO CONTRACT

This RFP does not obligate the OST to enter into an Agreement as specified herein. The OST also reserves the right to cancel or reissue the RFP in whole or in part, for any reason, at the sole discretion of the OST at any time prior to the execution of the Agreement.

6. WAIVERS

The OST reserves the right to waive specific requirements contained in this RFP. However, it shall be understood by all Proposers that their Proposal is predicated upon compliance with all requirements of this RFP, unless the Proposer has obtained such a waiver in writing from the OST prior to submission of the Proposal. Such a waiver, if granted, will be granted to all Proposers. The OST will issue a notice of the waiver to all Proposers who have timely submitted a Letter of Intent to Propose as required by Section I- 11 of this RFP to the individual and at the address identified in the Letter of Intent to Propose.

7. MOST FAVORABLE TERMS

The OST reserves the right to make an award without further discussion of the Proposal submitted. Therefore, the Proposal should be submitted initially on the most favorable terms that the Proposer can offer. At its discretion, the OST reserves the right to request best and final offers from the RFP finalists. The Proposer should be prepared to accept this RFP for incorporation into the Agreement resulting from this RFP. The Agreement may incorporate some or all of the Proposer's Proposal. It is understood that the Proposal will become a part of the official file on this matter without obligation to the OST.

8. PROPOSER EXPENSES

The OST will not be liable for any costs incurred by the Proposer in preparation of a Proposal submitted in response to this RFP, in the conduct of a presentation, or any other activities related to responding to this RFP.

9. RFP COMPLAINTS

Proposers may file complaints with the OST up to five Business Days prior to the deadline for submission of Proposals on the grounds that the (a) solicitation unnecessarily restricts competition, (b) evaluation or scoring process is unfair or flawed, or (c) requirements are inadequate or insufficient to permit the preparation of a Proposal. Such complaints shall (a) be in writing, (b) be submitted to the State RFP Coordinator in the manner set forth in Section I-

3.1.2 and Section I – 3.1.3 above, (c) clearly articulate the basis for the complaint, and (d) include a proposed remedy. The OST will respond to the complaint in writing within five Business Days of receipt of the complaint. Such decision is final and conclusive and no further administrative appeal is available.

10. PROCUREMENT ACTIVITIES – SCHEDULE AND DESCRIPTION

10.1 RFP PROCUREMENT SCHEDULE

All Proposers shall adhere to the following schedule of activities. Mailed Proposals should allow for normal mail delivery time to ensure timely receipt of their Proposals by the State RFP Coordinator. Table 1 – Schedule of Procurement Activities shows the schedule of activities for this procurement, unless explicitly amended by the OST in writing. The OST reserves the right to revise the below schedule.

TABLE 1 – Schedule of Procurement Activities

Activity	Due Dates*
Official Publication of RFP	October 30, 2015
Letter of Intent to Propose	5:00 PM, November 6, 2015
Proposer Submittal Due Date for Written Questions	5:00 PM, November 10, 2015
Answers to Written Questions	November 17, 2015
Amendments to RFP, if any	November 20, 2015
Proposals Due	5:00 PM December 4, 2015
Interviews/Conference Calls (at OST’s discretion)	January 11-25, 2016
Notice of Apparently Successful Proposer	January 28, 2016
Execute Agreement	February 12, 2016

*Times given are for Pacific Time

** Preliminary, subject to change

11. LETTER OF INTENT TO PROPOSE

A letter indicating the Proposer's intent to respond to this RFP must be received by the State RFP Coordinator no later than the date and time listed in Table 1 in Section I – 10.1. Only Proposers who properly submit a Letter of Intent to Propose will directly receive written answers to written Proposer questions, amendments, waivers, and other information issued by the OST regarding this RFP.

By submitting a Letter of Intent to Propose, the Proposer accepts the procedure, review criteria, and the administrative instructions of this RFP subject to its right to file a complaint in accordance with Section I – 9.

The Letter of Intent to Propose must include the following information:

- a) Proposer RFP Coordinator’s name, title, address, telephone number, and email address
- b) Statement of intent to propose

12. QUESTIONS AND ANSWERS

It is incumbent upon each potential Proposer to carefully examine the RFP requirements, terms, and conditions. Should any potential Proposer find discrepancies, omissions, or ambiguities in this RFP, the Proposer may request, in writing, an interpretation from the State RFP Coordinator. The OST must receive all written inquiries and correspondence from Proposers by the date and time shown in Table 1 in Section I – 10.1 herein. The OST will provide written answers by the date shown in Table 1 in Section I – 10.1 herein.

Any changes or clarifications to the information provided in this RFP will be provided in writing to each Proposer that has timely submitted a Letter of Intent to Propose through the contact provided in the Letter of Intent to Propose.

13. RFP AMENDMENTS

The OST reserves the right to amend the RFP and revise the RFP Schedule at any time. In the event that it becomes necessary to revise any part of this RFP, the OST will issue an amendment to the RFP to all Proposers who have submitted a Letter of Intent to Propose by the date and time specified in Table 1 in Section I – 10.1 through the contact information provided in the Letter of Intent to Propose. Proposers are instructed to disregard any oral representations they may receive. Proposal evaluation will be based on the material contained in the RFP and any amendments to the RFP that have been issued. If a conflict exists between amendments, or between an amendment and the RFP, the document issued last shall take precedence.

14. PROPOSAL ACCEPTANCE PERIOD

Proposals must be valid for at least 180 Calendar Days from the due date set for receipt of Proposals.

SECTION II: STATEMENT OF WORK

1. SCOPE

The selected Financial Institution will negotiate a Model Contract, including a Fee Schedule, with the State Treasurer, and sign a Letter of Agreement with OST to offer this contract to Eligible Entities. The Financial Institution will be designated as the Statewide Custodian, as authorized in RCW 43.08.280, to provide the following:

Domestic Custody and Record Keeping

The custodian will provide safekeeping Services for investment securities of participating entities.

Cash Management

The custodian will accept cash from, and transmit cash to, the participating entities for all activities associated with those securities being held by the custodian.

2. SERVICES TO BE PROVIDED

The local entities that have indicated they would be likely users of the Statewide Custody Contract include a wide range of portfolio sizes and frequency of trades. All current participating local entities require basic custody Services, with no added bells and whistles.

The preferred method of communicating with the custody provider for relaying trade information or receiving reports will vary among Eligible Entities. On-line access via the Internet, fax or telephone, and hard copy are all possible methods for communication and should be available during times appropriate for Washington State entities. For phone communication, a toll free number to the daily account administrator must be available for participating entities.

The custodian will make available for selection, at the option of a participating entity, the following:

A. Trade Settlement and Custody

1. On-line security clearing at the DTC, Federal Reserve and other security clearing operations;
2. The ability to settle and safekeep physically held securities;
3. Settlement of all trades, income payments and maturities;
4. Settlement on a delivery versus payment basis. Free delivery settlement must receive prior approval by participating entities within established policies and procedures; and,
5. Procedures must allow for same-day client notification, of failed trades and tracking and resolution of those trades.
6. Payable date posting for bond interest and principal, interest on collateralized mortgage obligations, mortgage-backed securities, and mortgage pass-through certificates;
7. Notification of bond calls and other non-scheduled redemptions and corporate actions must be made available online, via email or fax and within one business day of the custodian receiving notification;
8. A pricing system which ensures the accuracy of the prices received. The majority of the participating entities will require month-end pricing of their portfolios within one day of month-end. However, some entities may require more frequent pricing, i.e., daily pricing of repo collateral;

B. Cash Management

1. Provide entities the option of sending money to the provider via ACH or Fed wires.
2. Transmit cash generated from investment activity to participating entities. Most entities will require a same-day wire of funds. Transmission of cash to entities via ACH would be a nice option.
3. Provide daily cash flow projections and other standard cash management reports.

C. Technology/Systems

The systems configurations and capabilities of potential participants in the statewide contract vary greatly. As a result, these requirements are broadly stated. The apparent successful Financial Institution should be able to:

1. Provide various options for communicating trades to the bank for settlement, e.g., faxing, via the internet, online entry;
2. Provide a month-end file for upload into investment management systems at participating entities, e.g., Sympro;
3. Provide on-line or other electronic access to portfolio data. Complete histories of investment activity for current holdings should be maintained indefinitely. In addition, ad hoc query and reporting functions should be available;
4. Provide on-line or other electronic access to reports;
5. Make documents transmitted via electronic communication available as attachments on e-mails (for those participating entities with internet e-mail capability, but no Web access);
6. Provide adequate protection against unauthorized access to participant's records;
7. Safeguard records against potential loss or destruction by fire, theft, vandalism, storm, earthquake, or any other hazard, by retaining backup data and systems in a secure location;
8. Re-create records and resume operations in the event of a disaster or other event which results in records being destroyed and/or interrupts normal operation of the offeror's systems -- and guarantee such resumption of service -- within twenty-four hours;
9. Retain computer records of all audited investment transactions and month end positions on magnetic media for six years.

D. Reporting Requirements

1. Provide accurate electronic reports of all holdings and cash projection on a daily basis, as well as other pertinent investment data;

E. Transition

The scope of Services and minimum requirements set forth in this RFP define the conditions, provisions, qualifying factors, and prerequisites that are necessary to compete successfully in this process. Some of the local entities that expressed interest in participating in the contract do not currently utilize a third-party custodian, but instead safekeep the securities at the dealer(s) where they purchased the securities. Other interested local entities currently utilize a third-party custodian, with either an open Agreement or a specific contract end-date. Still other local entities either did not respond to the survey or were not interested at this time. It is reasonable to assume that more local entities will be interested in participating in the contract as they are made aware of the success and the terms of the Statewide Custody Contract. In other words, the transition for this contract will be unusual in that it will involve a number of different local entities, a number of different custody or safekeeping providers, and differing conversion dates. The firm selected to provide the statewide custody Services must be prepared to do the following:

1. If applicable, perform all procedures necessary to convert from the current custodian's system to the new system of record; and,
2. Upon termination of any contract with a local entity under this Agreement, the custodian shall cooperate fully with the successor custodian to facilitate the transition from the custodian's system to the successor's system.

F. Personnel

Personnel must be available for conducting site visits, if deemed necessary by participating entities, for attendance at local conferences, and to meet with the Local Government Investment Pool Advisory Committee to discuss Services related to particular needs of the participating entities and the overall administration of custody Services. Additionally, the firm selected must agree to make appropriate personnel available for addressing questions regarding trade settlement, accounting issues, and systems development during Washington State business hours.

SECTION III: PROPOSAL REQUIREMENTS

Proposals must conform to the information and attachments provided, including any amendments made to the RFP and OST's responses to questions received and other communications per **SECTION I – INTRODUCTION**. Proposer must address each of the following parts in the same order listed to be considered responsive. Proposals should be concise with emphasis placed on completeness and clarity of content. Proposers must consider the required Services outlined in **SECTION 1 - INTRODUCTION** in formulating Proposals.

Proposals shall include the following information with each major section separated by tab:

1. **COVER LETTER:** Provide a cover letter, signed and dated by the Proposer

Contracting Officer. Indicate that the signer is authorized to commit the Proposer to the terms presented and include the title or position the signatory holds. The letter must also include:

- a) A statement that all terms and prices included in the Proposal are guaranteed for 180 Calendar Days from the Proposal due date.
 - b) A statement that the Proposer has read and fully understands the RFP requirements, terms and conditions, and has asked questions and received satisfactory answers from the OST regarding any provision of the RFP with regard to which the Proposer desired clarification.
 - c) A statement expressing the Proposer's commitment to perform the Services described in this RFP in accordance with applicable Laws and Regulations.
- 2. TABLE OF CONTENTS:** Include a table of contents showing the Proposal's content and sequence. All pages should be numbered, and each section must reference the corresponding part of this Proposal Requirements section.

3. PROPOSAL CONTENTS

Financial Institution's Proposal must address each of the requirements noted below in the same order as listed to be considered responsive. The Proposal should be as thorough and detailed as possible so that the evaluation team can properly evaluate your organization's capability to provide the required Services and the proposed pricing structure. Proposals that merely state that the firm will conduct the Services in accordance with the respective sections shall be considered non-responsive to this request.

Responses must include the "Summary Information and Proposal Return Cover Page" and must address each question in the "Statewide Securities Custody Questionnaire – Attachment A". Each question must be addressed in the order in which they are asked and any supplemental information must be included in the section where it is requested. Responding Financial Institutions must provide answers to the questions by reiterating the number and text of the question in sequence and providing answers immediately following each question. To assist in the evaluation process, each answer should start on the same page as the question. Furthermore, questions with multiple parts are broken down with "a, b, c, etc." Answers to these questions must indicate where each portion of the question is answered. For example, place an "(a)" next to the text which pertains to portion (a) of the question, place a "(b)" next to the text which pertains to portion (b) of the question, etc.

The Proposal shall include the following sections, separated by tabs:

TAB 1: Summary Information and Proposal Return Cover Page

TAB 2: Attachment A – Organizational Background

TAB 3: Attachment A –Services

TAB 4: Attachment A –Automation and Communication

TAB 5: Attachment A –Fee Schedule

TAB 6: Attachment B –Contract Provisions – Please note that the draft model contract will be provided to Financial Institutions that submit a letter of intent to propose.

SECTION IV: PROPOSAL SUBMISSION

Proposals should only include information essential to meet the requirements of the RFP. Failure to respond to specific requirements may be the basis for elimination from further consideration.

DELIVERY: One hard copy of the Proposal must be delivered or mailed to the State RFP Coordinator at an address outlined in Section I – 3.1.2. The copy must have original signatures. The copy must be unbound and be clearly labeled, “Proposal for Statewide Securities Custody Service Provider.” Proposals must be submitted with tabs separating the major sections of the Proposal.

ELECTRONIC COPY: Proposer must also submit an electronic copy of the Proposal in .pdf format and include all supplemental material, excluding the regulatory audit reports requested in the Statewide Securities Custody Questionnaire.

DEADLINE: Proposals must be received in accordance with Table 1 in Section I – 10.1 above. Any Proposal received after the prescribed deadline will be marked as “Late” and, at the discretion of the State, may not be considered.

PROPRIETARY OR CONFIDENTIAL INFORMATION: All Proposals, including attachments and other inclusions, become public records upon receipt by the OST. Proposals shall be deemed disclosable pursuant to Chapter 42.56 RCW except as exempted by law. Proposers should mark materials claimed to be exempt from disclosure as “confidential.” Marking the entire Proposal or an entire section as proprietary will be neither accepted nor honored. The Proposal’s cover letter should identify specific material claimed to be exempt, corresponding page number(s), and a statement of basis for each claim.

If the OST receives a request to view a Proposer’s Proposal, the OST will respond in accordance with RCW 42.56.540. If any requested information marked as “confidential” or “proprietary” does not in the OST’s sole judgment clearly meet one of the enumerated exemptions from disclosure, the State will give notice of the request to the affected Proposer that the material will

be made available in no less than 10 Business Days unless the affected Proposer obtains a court order restraining the OST from disclosing such information.

Failure to label materials as “confidential” or “Proprietary” or failure to timely respond after notice of request has been given shall be deemed a waiver by the Proposer of any claim that such materials are exempt from disclosure.

INCURRED COSTS: The OST will not reimburse Proposers for any costs associated with preparation or submittal of any Proposal or for any travel and/or per diem expenses incurred in any presentations of such Proposals.

WITHDRAWAL OF PROPOSALS: Proposers may withdraw a Proposal that has been submitted at any time up to the Proposal due date and time set forth in the Table 1 in Section I – 10.1. A written request to withdraw, signed by the Proposer Contracting Officer, must be submitted to the RFP Coordinator by postal mail or other method of physical delivery, and by e-mail pursuant to Section I – 3.1. After withdrawing a previously submitted Proposal, the Proposer may submit another Proposal at any time up to the Proposal due date and time set forth in the Table 1 in Section I – 10.1.

PROPOSER’S ACKNOWLEDGEMENT: By submitting a Proposal in response to this RFP, each Proposer unequivocally acknowledges that the Proposer has read and fully understands this RFP, and that the Proposer has asked questions and received satisfactory answers from the State RFP Coordinator regarding any provisions of this RFP with regard to which the Proposer desired clarification.

FAILURE TO COMPLY: For a Proposal to be considered complete, all requirements of this RFP must be addressed. Proposer’s failure to comply with any part of this RFP may result in the Proposer’s Proposal being disqualified for being non-responsive to this RFP. Proposals that do not address all areas requested by this RFP may be deemed non-responsive and may be disqualified from further consideration unless a waiver has been requested and granted.

ERRORS IN PROPOSAL: Proposers are liable for all errors or omissions contained in their Proposals. Proposers will not be allowed to alter Proposal documents after the deadline for Proposal submission. The OST is not liable for any errors in Proposals. The OST reserves the right to contact a Proposer for clarification of a Proposal’s contents.

In those cases where it is unclear to what extent a requirement or price has been addressed, the members of the evaluation committee may, at their discretion and acting through the State RFP Coordinator, contact a Proposer to clarify specific points in the submitted Proposal. However,

under no circumstances will the responding Proposer be allowed to make changes to the proposed items after the deadline stated for receipt of Proposals in Table 1 in Section I– 10.1.

PROPOSAL CLARIFICATION: The OST, in its sole discretion, will make the determination of clarity and completeness in the Proposals to any of the provisions in this RFP. The OST reserves the right to require clarification, additional information, and materials from any Proposer in any form relative to any or all of the provisions or conditions of this RFP.

REJECTION/WAIVER: The OST reserves the right to reject any or all Proposals and to waive irregularities contained in any Proposal received. Additionally, the OST reserves the right, at its sole option, to make corrections to a Proposer’s Proposal when an obvious arithmetical error has been made in the fee quotations. Proposers will not be allowed to make changes to their quoted fee after the Proposal submission deadline.

SECTION V: EVALUATION PROCESS

1. EVALUATION PROCEDURES

The Financial Institution must satisfy the requirements of this RFP to qualify for further consideration. Staff from the Treasurer’s Office and the evaluation team will perform a technical and financial evaluation of each Financial Institution’s response. The evaluation process will determine the merits of the Financial Institutions’ approach and relative competitive position.

It is the intent of this section to indicate the basic methodology that will be used to evaluate all Proposals.

2. BASIS FOR EVALUATION

The Organizational Background, Services, Automation and Communication, Proposed Model Contract Changes, and Fee Schedule will be evaluated on the basis of information provided in the Proposal and any subsequent interviews, presentations, and clarification response. The evaluators will consider how well the Financial Institution’s response meets all requirements as described. It is important that the responses be clear and complete so that the evaluators can adequately understand all aspects of the Proposal.

3. EVALUATION COMMITTEE

All Proposals will be reviewed by members of an evaluation team, which consists of potential users of the Statewide Custody Contract and OST staff.

4. EVALUATION CRITERIA

The Evaluation Committee will evaluate Proposals based on their technical merits and cost factors. The following criteria, not listed in order of significance, including but not limited to the following will be used to evaluate Proposals.

- Compliance with RFP requirements
- Financial Institution’s qualifications and experience in providing required Services
- Qualifications and relevant experience of personnel assigned
- Cost of Services
- References
- Degree of acceptance of contract terms
- Prior experience with the Financial Institution

These criteria, combined with information obtained from interviews and other sources, if any, will be used to determine the successful Financial Institution(s).

Note: Cost will not be the sole determining factor in the selection.

SECTION VI: MODEL CONTRACT AND LETTER OF AGREEMENT SPECIFICATIONS

1. MODEL CONTRACT NEGOTIATION

The Treasurer’s Office shall conduct contract negotiations with the Financial Institution that has most closely met the requirements on the basis of the Evaluation Criteria points. If the Treasurer’s Office and the apparent successful Financial Institution fail to negotiate an Agreement deemed acceptable by the Treasurer’s Office, the Treasurer’s Office reserves the right to negotiate a Model Contract with the next most qualified Financial Institution.

As noted above, the Model Contract will be provided to all Proposers within 3 Business Days of receiving a letter of intent to Propose.

2. LETTER OF AGREEMENT NEGOTIATION

After successful Model Contract negotiations have been completed, a Letter of Agreement will be negotiated and signed. This letter will include all requirements, terms and conditions of this solicitation and the Financial Institution’s response. The negotiation of the Letter of Agreement should be brief in duration. However, if no Agreement can be reached during this negotiation, the Treasurer’s Office reserves the right to negotiate a Model Contract and Letter of Agreement with the next most qualified Financial Institution.

3. DESIGNATION OF STATEWIDE CUSTODIAN

After successful Letter of Agreement negotiations have been completed, the apparent successful Financial Institution will be awarded a Letter of Agreement for statewide Custody Services for the State of Washington. The term of the Letter of Agreement will be as set forth in Section I-2.3.2 of this RFP.

SECTION VII: PROTEST PROCEDURES

PROTEST PROCEDURES: After submitting a Proposal, if a Proposer protests this RFP process or the selection of an apparent successful Proposer, the Proposer shall follow the procedures set forth in the WAC 200-320-500 through 510. Protests shall be resolved in accordance with above referenced WAC.