



**Louisiana
Asset
Management
Pool, Inc.**

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Standard & Poor's*

MEMORANDUM

TO: Banking Institutions Interested in Serving as Custodian for the Louisiana Asset Management Pool

FROM: Theodore C. Sanders, III
Chief Executive Officer 

RE: Request for Proposal for Safekeeping & Custodial Services

DATE: June 22, 2021

Attached is a Request for a Proposal for safekeeping and custodial services for the Louisiana Asset Management Pool (LAMP).

The LAMP program is in its twenty-seventh year of operation and would be pleased to receive your proposal to serve the Corporation. If you have any questions concerning this solicitation, please do not hesitate to contact me.

Thank you for your attention to this request.

Attachment



**Louisiana
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**REQUEST FOR PROPOSALS
FOR
SAFEKEEPING & CUSTODIAL SERVICES
FOR THE
LOUISIANA ASSET MANAGEMENT POOL**

Issued by:

**Louisiana Asset Management Pool, Inc.
The Honorable John M. Schroder, Sr., State Treasurer
LAMP, Inc. President**

Issued:

June 22, 2021

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TIMETABLE FOR SELECTION PROCESS

ACTION	2021 DATES
ISSUE RFP	June 22, 2021
DEADLINE FOR WRITTEN INQUIRIES	July 8, 2021 by 4:30 p.m. CT
DISTRIBUTION OF RESPONSE TO INQUIRIES	July 22, 2021
DEADLINE FOR RESPONSE	August 6, 2021 by 10:30 a.m. CT
ANNOUNCEMENT OF FINALISTS, IF APPLICABLE	August 18, 2021
ORAL INTERVIEWS OF FINALISTS, IF HELD	
SELECTION ANNOUNCED	August 25, 2021

I. INFORMATION ABOUT THE LOUISIANA ASSET MANAGEMENT POOL

The Louisiana Asset Management Pool, (the "LAMP"), is a local government investment pool "LGIP", the use of which is available only to Louisiana local governmental entities and political subdivisions (such as police juries, municipal governments, school boards and others).

The LAMP is administered by Louisiana Asset Management Pool, Inc., a Louisiana nonprofit corporation (the "Corporation"). (If further information about the Corporation is desired, copies of the Corporation's articles of incorporation and bylaws are available upon request.) The LAMP provides to its members with the opportunity to pool or aggregate funds that are available for investment in an arrangement that is intended to ensure:

- Security of funds
- Liquidity
- Higher yield potential
- Convenience
- Professional management
- Diversification

- Accounting (which may include arbitrage rebate accounting).

The LAMP has a balance of over \$3 billion in assets and currently has 774 local governmental participants.

This Request for Proposal ("RFP") is issued in accordance with the Procurement Guidelines adopted by the Corporation. The Corporation proposes to appoint a financial institution to provide certain custodial, trade settlement, and safekeeping services for the assets held by LAMP.

The successful proposer must demonstrate an ability to settle institutional trades on behalf of its clients pursuant to the direction of LAMP's investment manager.

II. INVESTMENT MANAGEMENT SERVICES

American Beacon Advisors serves as investment manager for the LAMP. The investment advisor provides all investment management services consistent with the provisions of La. R.S. 33:2955.

III. FUND ACCOUNTING/TRANSFER AGENCY

Public Trust Advisors provides by contract to LAMP, all participant record keeping services and fund accounting for the pool, including, but not limited to the following:

A. Participant Transactions

1. Processes deposits and withdrawal orders.
2. Sets up Account information, including address, dividend option, taxpayer identification numbers and wire instructions.
3. Issues monthly statements to LAMP participants via email.
4. Processes transfers and exchanges.
5. Processes dividend payments. Including the purchase of new units through dividend reinvestment.

B. Services as Fund Accountant

1. Maintenance of Books and Records. Public Trust Advisors maintains the following books and records of the Pool:
 - a. Journals containing an itemized daily record in detail of all purchases and sales of securities. All receipts and disbursements of cash and all other debits and credits;

- b. General and auxiliary ledgers reflecting all asset, liability, reserve, capital, income and expense accounts; including interest accrued and interest received; and
- c. A monthly trial balance of all ledger accounts.

IV. MINIMUM REQUIREMENTS FOR SAFEKEEPING AND CUSTODIAL SERVICES

At the time of submission of the proposal, the financial institution must certify that it is capable of performing all tasks and activities associated with the requirements of the RFP. The following minimum criteria must be met:

- A.** The proposer (or each proposer, in the case of a joint proposal) must currently have and maintain, throughout the term of the contract, a minimum of \$500 million in assets.
- B.** The proposer (or each proposer, in the case of a joint proposal) must currently be and remain, throughout the term of the contract, a designated fiscal agent of the State of Louisiana, in accordance with LA-R.S. 49:317.
- C.** The proposer (or each proposer, in the case of a joint proposal) must currently have and maintain, throughout the term of the contract, a minimum of \$1 billion in assets under custody in the proposer's trust and/or safekeeping departments, excluding the assets of LAMP).
- D.** The proposer (or each proposer, in the case of a joint proposal) must currently be and remain, throughout the term of the contract, a member of, or have access to the Federal Reserve System with full wire transfer capabilities in order to send requests to the United States Government, receive funds, transfer funds to other banks as directed by the pool's fund accountant/transfer agent.

V. SERVICES REQUIRED OF THE SAFEKEEPING AND CUSTODIAL BANK

The custodial arrangement was established as a part of the ongoing investment activities of the LAMP and is generally intended to facilitate the collection of funds pending the acquisition of securities, the safekeeping of securities, the settlement of transactions, and the remission of funds to depository institutions. **Overview of Accounts Needed** - the following is a list of the specific services required to be provided by the successful proposer for safekeeping and custodial services:

- A.** **LAMP Custodial Account** - safekeeping and settlement of securities, both book entry and physical entry, subject to the direction of LAMP's investment advisor. The successful proposer can expect to handle multiple transactions daily and will be expected to settle trades, including trades for cash, and report to the investment manager, either via facsimile or by electro-sharing information on a same-day

basis. Web based account access will need to be granted to LAMP, Inc., the investment management team, fund accountant/transfer agent and LAMP's investment consultant.

B. LAMP Checking Account - Pending investment, the successful proposer will be required to provide certain cash/Treasury management services on behalf of the LAMP and its members. Anti-fraud measures, such as ACH debit block and Positive Pay will need to be established on this account. It is anticipated that deposits from participants will be accepted into a checking account as follows:

1. By federal funds wire transfer,
2. By deposit of checks by mail, through a lock-box arrangement,
3. By deposit of checks at a local depository bank, or
4. By automated clearing-house (ACH) same-day and next-day ACHs.

It is anticipated that redemptions to local depositories will be made as follows:

1. By federal funds wire transfer (on a same-day basis), or
2. By automated clearing-house (ACH) same-day and next-day ACHs.
3. Bank draft as requested.

**** Web based account access will need to be granted to LAMP, Inc., the investment management team, fund accountant/transfer agent. It is necessary for the selected custodial bank to work with LAMP's transfer agent (Public Trust Advisors) to set up electronic transmission of out-going bulk batch wires and NACHA file transmission for ACH transactions.**

C. LAMP, Inc. Checking Account – a checking account for the Corporation will be required. Operating fees from the custodial account will be transferred to this account monthly. Anti-fraud measures, such as ACH debit block and Positive Pay will need to be established on this account.

Web based account access will need to be established for LAMP, Inc. and it's outside CPA firm staff.

D. The successful proposer must have the ability to complete all deposits and redemptions received before close on a same-day basis. LAMP's fund accountant will provide a daily cash sheet via email with the money move expected from the custodial account to the LAMP checking account as soon as possible after the fund's 12 noon cut-off time. The investment manager will require a daily

reporting of deposit and redemption information, either via facsimile or by electronic sharing of information.

Subject to the direction of LAMP, Inc., make payments to vendors of LAMP, Inc., or the LAMP and establish one or more interest bearing accounts to facilitate such payment.

- E.** FASB 157 classification reporting annually, and such other reporting support as may be requested, from time to time, by LAMP, Inc. and the Louisiana Legislative Auditor during the course of the annual audit.
- F.** Daily reporting of holdings and transactions of the LAMP by electronic sharing of information.
- G.** The custodian is expected to smoothly interface and interact with the Corporation's designated transfer agent, Public Trust Advisors its investment manager, American Beacon Advisors, and the pool's investment consultant, UBS Financial Services Inc.

VI. INFORMATION REQUESTED

Please prepare your response in the following order to facilitate comparisons between proposers.

A. Firm Information

1. Provide institution's name and business address for each proposer.
2. Provide a description of how your institution is organized to accomplish the services requested, and how the required services will be performed or, in the case of joint proposals, a description of how the various proposers will operate to provide the services requested.
3. Provide the 2020, 2019 and 2018 annual audited financial statements (if applicable) and the first and second quarter of 2020 call report of your financial institution or for all financial institutions in the case of a joint proposal. Provide for the same periods, except for the call report, the holding company 10-K reports.
4. Provide SSAE 16 SOC 1 and or type II audits of your internal controls and other financial and performance audits from outside companies to assure both the financial viability of the (outsourced) program and the operational viability, including the policies and procedures placed into operation.

B. Experience as a Safekeeping Custodian (provide for each proposer)

1. Provide a list of institutional clients and contact information (name, title, company, name, address and phone number) which you currently serve. Include the length of the relationship and asset size for each of the client listed.

2. Provide a list of LGIP clients and contact information (name, title, company, name, address and phone number) which you currently serve. Include the length of the relationship and asset size for each of the client listed.

3. Provide a list of safekeeping and custody clients with respect to which your institution holds greater than \$50 million in assets as of 12/31/20 and for each calendar year:

	2020	2019	2018	2017	2016
Total # of custodial clients					
# of custodial clients added					
# of custodial clients lost					
# of custodial clients > \$100 million					
# of custodial clients < \$100 million					
Total custodial assets (in millions)					
Total # of LGIP custodial clients					
Total public fund custodial assets (in millions)					
Total # of custodial personnel					
Custodial personnel added					
Custodial personnel lost					

4. Has your institution lost any LGIP client(s) in the last three (3) years? If so, please state the reason why, and the name(s) of the the contact person of the account relationship.

5. Has your institution ever been brought to arbitration? Has your institution ever been sued for breach of fiduciary duty? If yes, what was the outcome?
6. Has your institution ever been cited by a government agency, noted or fined for improper controls, accounting, management or securities irregularities?

C. Personnel

1. Provide the names and biographies of all persons who will be assigned to perform the requested services to the LAMP as well as the anticipated extent of their assignment (i.e., part-time or full-time and for what length of time). Please provide an organization chart and a discussion of your staff structure.
2. Indicate whether your personnel are active in public-related professional associations in the State of Louisiana.

D. Service Information

1. Describe your institution's system of registration and custody of assets, including depositories used.
2. Does your institution carry errors and omissions insurance to protect against the loss of assets (provide for each proposer)? (Please provide coverage information relevant to master trust/custody functions.) Indicate type and amount.
 - a. Does your institution monitor investment activity for compliance with the client's investment policies?
 - b. Outline your institution's plan to implement the requirements of this proposal given the guidelines of this RFP. Please detail your process for cash movement including wire transfers.
 - c. Please tell us about your custody experience working specifically with LGIP's.
 - d. Please tell us what measures have been put in place with your organization to guard our assets against a security breach.

E. Investment Manager Support

1. Describe how your organization interacts with investment managers.

2. How do you monitor investment manager satisfaction? Are managers contacted at regular intervals to solicit feedback?
3. Do you provide investment managers with access to a remote inquiry service? If so, what information or reports are available to them online?
4. Through what vehicles can managers communicate trade data?
5. What procedure is used to assure accurate information is entered into the system? How is trade information matched between manager and broker? What automatic edits are built into the system?
6. What is the error rate on trade input?
7. How are peak trading volume periods handled?
8. Will you timely provide to each investment manager or named fiduciary all relevant, material information regarding shareholder rights received by you which relates to such securities held in an account managed by the investment manager or named fiduciary, and follow the directions of such investment manager or named fiduciary regarding the exercise of such rights?

F. Data Processing / Computer Systems

1. Please indicate the location(s) of your administrative operations and computer facilities that support your custody operations.
2. Please describe your system's hardware configuration. Indicate how long the current hardware has been in place.
3. Please describe your system's software. Indicate who designed the software (developed in-house or purchased?)
4. How long the current system has been in use?
5. How does your organization support the advancement of systems technology? Briefly describe your organizational goals and philosophy regarding systems.
6. Describe your firm's authorized signature control procedures. How are records maintained and updated?
7. If your system prices holdings, how are prices updated? What are your pricing sources and how are prices verified?

8. Please describe the independent audit review that is performed on the computer system.

G. Disaster Recovery

1. Describe your emergency disaster recovery procedures.
2. Do you have duplicate offsite backup location in case of emergency? If so, where is this office located?
3. When was the last full backup test?

H. Online System

1. What reports and functions are available online? Please provide examples.
2. Can the client download the data to create custom reports?
3. Are transactions and valuations in real time?
4. How many of your clients are currently regular users of the online service?
5. Describe your system's customer availability timeframes.
6. Is there a help desk available?
7. What are the times representatives are available?
8. Describe your system security (e.g., encryption and online authentication).

I. Accounting and Reporting

1. Describe your accounting and reporting system.
2. Describe what format is used to report data (i.e., trade-date, settlement date or cash-basis).
3. What reports are provided as part of your standard custody package? Please provide examples of these reports. How are the monthly statements provided?
4. How frequently are they produced and how quickly are they available after the close of the month?
5. How are special requests handled? Is your system flexible enough to accommodate tailored reporting requirements? Would this require

programming time or can it be accomplished at the desktop level.

6. How do asset valuations and transactions statements reflect pending transactions?
7. How do asset statements reflect accrued items such as accrued income and expenses? Is the custodian able to calculate shareholder gain/loss using the cost basis method of client's choice? If so, is it available for all types of funds, i.e. securities, mutual funds, fixed income, etc.

J. Securities Processing

1. Which major depository and clearinghouse facilities are you a member of?
2. Describe your procedures for processing domestic settlements.

K. Procedures and Controls

1. Is there a general audit system in place? Does a major public accounting firm certify it? Discuss frequency and scope of review performed.
2. Please describe the organizational structure of your internal audit department including the following:
 - Size of professional staff.
 - Reporting relationship of Chief Internal Auditor.
 - Adequacy of overall control environment over trustee/custody operations.
 - Frequency and scope of audits performed over trustee/custody area by internal auditors.
3. What is your system of quality control to ensure reporting accuracy?
4. Describe your securities settlement and clearance procedures and systems.
5. How long do you maintain client records post termination?

L. Cash Management

1. Describe your money market investment fund options.
2. Is income reported on a cash or accrual basis and when is it available for investment?
3. Please provide a list of transaction types and deadlines.
4. How do you minimize the fail float impact?

5. Are transactions posted in immediately available funds?

M. Implementation

1. Do you have a dedicated conversion team? Please include a conversion plan and an outline of the process.
2. What amount of lead time do you recommend is necessary to proceed with a conversion?

N. Sample Contract

Please attach a copy of your institution's sample custodial agreement along with any other documents which will need to be signed.

VII. COMPENSATION AND FEES

Each proposal must be accompanied by the proposer's (or the lead proposer in the case of a joint proposal) published standard fee schedule for similar custodial accounts. Each proposer must also fill out the schedule of fees set out below applicable only to the LAMP, computed as a basis point fee expressed as a percentage of average total assets under custody.

The LAMP will not pay "per transaction" costs or monthly account fees of any kind.

All costs, charges and expenses to perform the services outlined in this RFP must be included in the basis point charge below.

	<u>Asset Base</u>	<u>Basis Point Fee*</u>
1.	\$1.5 billion	
2.	\$2 billion	
3.	\$2.5 billion	
4.	\$3 billion	
5.	\$3.5 billion	
6.	\$4 billion and above	

***All fees and expenses necessary to perform the services required of the program described in this RFP must be included in the basis point fee.**

In addition to completing the Fee Table above please provide a fee estimate/calculation based on \$1.5 billion in assets, \$2 billion, \$2.5 billion and \$3.5 billion.

The Corporation reserves the right to further negotiate any fee schedule or the manner of computing fees.

VIII. EVALUATION CRITERIA

The mission of this Request for Proposal is to identify one or more financial institutions, independent of any governmental agency, to provide safekeeping, trade settlement, and custodial services for the LAMP. The institution or institutions that best meet the requirements of the proposed pool will be selected at the discretion of the Corporation.

The evaluation criteria and the weight assigned to each are as follows:

- A. Cost of requested services (30%).
- B. Technical capability and compatibility of services (30%).
- C. Qualifications, financial strength and experience of the institution as a whole (or all institutions in the case of a form proposal) in the performance of safekeeping and custodial services (30%).
- D. Qualifications and experience of assigned personnel. This will be based on the resumes of the individuals who will oversee and perform the services required in the proposal (10%).

Proposals meeting the requirements set forth in this document will be evaluated by assigned LAMP, Inc. staff and our investment counsel under the supervision of the Corporation's President. If needed, finalists' oral interviews will be conducted by our investment counsel, LAMP, Inc. Board of Directors, Executive Committee and staff.

However, if no finalists are announced, the President shall announce a selection which selection shall not be operative until the next regularly scheduled LAMP, Inc. Executive Committee and Board of Directors meeting. The Executive Committee and Board of Directors may ratify or reject the selection.

IX. PROCEDURES FOR SUBMISSION OF PROPOSALS FOR SAFEKEEPING & CUSTODIAL SERVICES

A. Governing Procedures

The process of submitting proposals in response to this RFP shall be governed by the timetable on page 2. **Any institution that receives a copy of the RFP but decides not to respond with a proposal is requested to send written notice to the Corporation via email to: korgeron@lamppool.com**

B. Joint Proposals

Several proposers may join for purposes of providing the services described hereunder. In such event, a lead proposer shall be designated to represent all such proposers. Any joint proposal shall clearly identify each proposer. Any joint proposal must include all information and satisfy all criteria of the RFP, when viewed in combination.

C. Financial Responsibility

Proposers, by making proposals in response to this RFP, signify that they understand and agree that they bear sole financial responsibility for any costs incurred in responding to this RFP and in complying with the requirements contained herein or in the proposal process.

D. Inquiries and Submission of Proposals

Inquiries regarding this RFP shall be submitted electronically by email and received by July 8, 2021 at 4:30 p.m. Central Time (CT). All inquiries must include contact person, financial institution and contact information.

Questions about this RFP shall be directed to and proposals shall be sent to

korgeron@lamppool.com

Krissy Orgeron, Chief Administrative Officer
Louisiana Asset Management Pool, Inc.
Telephone (504) 525-5267 Fax (504) 525-5161

All proposals must be delivered electronically by email on or before August 6, 2021 by 10:30 a.m. CT. Proposals received after the above date and time may not be considered.

E. Effective Period of Proposals

All proposals must state the period for which the proposal shall remain in effect. Such period shall not be less than 120 days from the proposal due date.

F. Proposal Interpretations and Addenda

Any change to or interpretation of the RFP by the Corporation will be sent to each firm or individual to whom an RFP has been sent and any such changes or interpretations shall become a part of the RFP for incorporation into any contract awarded pursuant to the RFP.

G. Right of Rejection by the Corporation

The Corporation reserves the right to reject any and all proposals and may be expected to reject automatically all or any that do not contain all elements and information requested in this RFP.

H. Provision for Additional Information

The Corporation reserves the right to request additional information from any or all proposers to assist it in its evaluation process.

L. Contract and Contract Term

The Corporation intends to enter into a written contract with the winning proposer in a form drafted by counsel to the Corporation on the terms and conditions contained in this RFP and otherwise satisfactory to the Corporation. If the proposer to whom the contract is offered does not execute the contract within ten (10) business days of receiving notice as the winning proposer, the Corporation may declare the proposer to be disqualified, and may proceed to contract for the services which are the subject of this RFP with the next ranked proposer.

The Term of the contract shall be for an initial period of three (3) years with the option to renew for two (2) consecutive one (1) year periods at the discretion of the President. In no event shall the contract extend beyond five (5) years. The contract may be canceled without cause by either party after giving proper notice. The Custodian will be required to give the Corporation 120 days notice of cancellation. The Corporation will be required to give the custodian 60 days notice.

J. Records

The successful proposer shall provide access to its records pertaining to the LAMP, during normal business hours, to the Corporation, authorized agents of the Corporation, the Louisiana Legislative Auditor, the Louisiana Department of Justice and federal or local governmental auditors, for the purpose of examining records pertaining to the LAMP. The successful proposer will agree to cooperate in any proceedings involving the Corporation or the LAMP pertaining to the successful proposer. During and after the conclusion of the contract awarded hereunder, all records pertaining to the LAMP shall be the property of the Corporation.

K. Administration and Reporting

The LAMP is administered by the Corporation. The successful proposer will make reports in person to the Corporation, its board or its agent from time to time or as deemed necessary.

L. Obligation of the Corporation

This RFP and any contract awarded hereunder, to the extent either or both create liabilities or obligations, are solely the responsibility of the Corporation and is payable solely out of the income, revenues, and receipts of the Corporation. In no event shall the contract accrue to create an obligation, whether general, special, debt, liability or otherwise of the office of the Treasurer, the State of Louisiana or any municipality, political subdivision or governmental unit thereof. Similarly, no contract awarded hereunder shall constitute or give rise to a pecuniary liability of the State of Louisiana or any municipality, political subdivision or governmental unit thereof. Neither the general credit nor the taxing power of the State of Louisiana or of any municipality, political subdivision or governmental unit thereof is pledged as security for the performance of the contract. Neither the Corporation nor the LAMP has taxing powers.