

**CITY OF KNOXVILLE**

**REQUEST FOR PROPOSALS**

**Securities Safekeeping/Custodial Services**

**Proposals to be Received by 11:00:00 a.m., Eastern Time  
September 6, 2018**

Submit Proposals to:  
City of Knoxville  
Office of Purchasing Agent  
City/County Building  
Room 667-674  
400 Main Street  
Knoxville, Tennessee 37902

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**City of Knoxville**  
**Request for Proposals**  
Securities Safekeeping/Custodial Services

**I. Statement of Intent**

The City of Knoxville is requesting proposals from responsible firms or teams to provide Securities Safekeeping/Custodial Services to include, but not be limited to, safekeeping, settlement, valuation, performance measurement, collection of income, and an information retrieval system. Fund accounting services shall include monthly NAV valuation (utilizing both share and unitization methods), the ability to transmit the NAV valuations to the City, the ability to accept and process same day trade tickets from the City, the ability to provide same day settlement for trades, and dedicated resources to communicate to the City on an on-going basis. The selected institution may also provide other banking services as needed on a fee basis. The City intends to award a three-year contract with the option for two additional one-year renewals for these services.

**II. RFP Time Line**

Availability of RFP ..... August 16, 2018

Deadline for questions to be submitted in writing to the  
Purchasing Agent ..... August 29, 2018

**Proposals Due Date .....September 6, 2018**

This timetable is for the information of submitting entities. These dates are subject to change. **However, in no event shall the deadline for submission of the proposals be changed except by written modification from the City of Knoxville Purchasing Division.**

**III. Background**

The City of Knoxville is a frequent investor in certificates of deposit, federally guaranteed securities, and municipal bonds. The City's portfolio is made up of municipal bonds, treasury bonds, and CDs and the City does not hold any physical securities. Relative to these investment purchases, the City is seeking to engage the best-qualified firm to provide safekeeping/custodial services related to these securities. The Custodian will be responsible for those assets which it receives from the City.

**IV. General Conditions**

4.1 The following data is intended to form the basis for submission of proposals to provide Securities Safekeeping/Custodial Services for the City of Knoxville.

4.2 This material contains general conditions for the procurement process, the scope of service requested, contract requirements, instructions for submissions of proposals, and

submission forms that must be included in the proposal. The RFP should be read in its entirety before preparing the proposal.

4.3 All materials submitted pursuant to this RFP shall become the property of the City of Knoxville.

4.4 To the extent permitted by law, all documents pertaining to this Request for Proposals shall be kept confidential until the proposal evaluation is complete and a recommendation submitted to City Council for review. No information about any submission of proposals shall be released until the process is complete, except to the members of the Evaluation Committee and other appropriate City staff. All information provided shall be considered by the Evaluation Committee in making a recommendation to enter into an agreement with the selected consultant.

4.5 Any inquiries, suggestions or requests concerning interpretation, clarification or additional information pertaining to the RFP shall be made **in writing and be in the hands of the Assistant Purchasing Agent by the close of the business day on August 29, 2018.** Questions can be submitted by letter, fax (865-215-2277), or email to [powens@knoxvilletn.gov](mailto:powens@knoxvilletn.gov). The City of Knoxville is not responsible for oral interpretations given by any City employee, representative, or others. The issuance of written addenda is the only official method whereby interpretation, clarification, or additional information can be given. If any addenda are issued to this Request for Proposals, the Purchasing Division will post them to the City's website at [www.knoxvilletn.gov/bids](http://www.knoxvilletn.gov/bids). Submitting organizations are strongly encouraged to view this website often to see if addenda are posted. Failure of any proposer to receive such addendum or interpretation shall not relieve such Proposer from any obligation under his proposal as submitted. All addenda so issued shall become part of the Contract Documents.

4.6 The City of Knoxville reserves the right to (a) accept or reject any and/or all submissions of proposals; (b) to waive irregularities, informalities, and technicalities; and (c) to accept any alternative submission of proposals presented which, in its opinion, would best serve the interests of the City. The City shall be the sole judge of the proposals, and the resulting negotiated agreement that is in its best interest, and its decision shall be final. The City also reserves the right to make such investigation as it deems necessary to determine the ability of any submitting entity to perform the work or service requested. Information the City deems necessary to make this determination shall be provided by the submitting entity. Such information may include, but is not limited to, current financial statements by an independent CPA, verification of availability of equipment and personnel, and past performance records.

4.7 Included in the Contract Documents is an affidavit that the undersigned has not entered into any collusion with any person in respect to this qualification. The qualifier is required to submit this affidavit with the submission. Also included is the Diversity Business Program contracting packet. Submissions must indicate on the enclosed form whether or not the proposer/qualifier intends to use subcontractors and/or suppliers from one of the defined groups. Proposers/Qualifiers are advised that the City tracks use of such use, but it does not influence or affect evaluation or award.

4.8 Subsequent to the Evaluation Committee's review and the Mayor's recommendation of a firm(s), Knoxville City Council approval may be required before the final contract may be

executed.

4.9 All expenses for making a submission of proposal shall be borne by the submitting entity.

4.10 Any submission of proposals may be withdrawn up until the date and time for opening of the submissions. **Any submission not so withdrawn shall, upon opening, constitute an irrevocable offer for a period of 120 days to the City of Knoxville for the services set forth in the Request for Proposals until one or more of the submissions have been duly accepted by the City.**

4.11 Prior to submitting their proposals, proposers are to be registered with the Purchasing Division through the City of Knoxville's online Vendor Registration system. Instructions for registering on-line are available at [www.knoxvilletn.gov/purchasing](http://www.knoxvilletn.gov/purchasing). **Proposals from un-registered proposers may be rejected.**

4.12 **NO CONTACT POLICY:** After the posting of this solicitation to the Purchasing Division's website, any contact initiated by any proposer with any City of Knoxville representative concerning this proposal is strictly prohibited, unless such contact is made with the Purchasing Division representative listed herein or with said representative's authorization. Any unauthorized contact may cause the disqualification of the proposer from this procurement transaction. Proposals must include a notarized No Contact/No Advocacy Affidavit (to be found in the "Submission Forms" section of this document).

4.13 **INCLEMENT WEATHER:** During periods of inclement weather, the Purchasing Division will enact the following procedures with regard to solicitations and weather delays:

- If City offices are closed due to inclement weather on the date that bids/proposals/qualifications/letters of interest are due into the Purchasing Office, all solicitations due that same day will be moved to the next operational business day.
- The City of Knoxville shall not be liable for any commercial carrier's decision regarding deliveries during inclement weather.

## V. Scope of Service

The general custodial responsibilities required will include, but not be limited to, the collection of income, disbursements of funds, and monthly reporting of all transactions, in compliance with generally accepted accounting principles and applicable Federal and State of Tennessee laws and regulations.

The City estimates the following volumes:

- The average holdings in safekeeping/custody would be approximately \$130,000,000.
- The number of subaccounts (investment firms represented) would average ten (10).
- The number of transactions per month would average eighty (80).

### A. Safekeeping Accountancy

Securities shall be held in an account entitled as follows:

City of Knoxville  
Investment Securities Account

Within the City of Knoxville account, subaccounts must be maintained which identify all securities placed by each bank/broker-dealer/money-manager.

**B. Reporting Frequency**

The safekeeping/custodial agent must submit a monthly report of accountancy as of each month end. The monthly report shall be submitted to the City no later than ten business days after the end of each month.

**C. Release of Securities**

Securities shall not be sold by the safekeeping/custodial agent without written authorization for release from the Finance Director of the City of Knoxville or their designated representative. Custodian shall provide written confirmation of any release completed to the City and shall contain pertinent identifying information.

**D. Deposit/Placement Confirmation**

The safekeeping/custodial agent shall issue a written confirmation to the City upon receipt of any securities. The confirmation shall contain pertinent identifying information.

**E. Book Entry Only Capabilities**

The safekeeping/custodial agent shall also have book-entry only capabilities via access to the Depository Trust Company System.

**F. Services**

The Respondent must be able to provide all of the services listed below unless otherwise indicated:

**1. Accounting**

- a) Must provide accounting for the following:
  - Dividends and interest (including mergers, acquisitions, tenders, stock splits and dividends, warrants and spin-offs)
  - Domestic fixed income and equity portfolios
- b) Must provide payable date posting for bond interest and principal.
- c) Accounting must be on a fiscal year basis (July 1-June 30).
- d) Investments must be reported at cost and market value.
- e) The Respondent must confirm that all information concerning holdings and transactions will be available for inquiry, download or print capabilities.
- f) Must interact with the City's contracted auditors in furtherance of the audit process and supply information specific to the audit process in a downloadable format, as requested by the auditors.

**2. Securities Settlement**

- a) Must be a participating member and have access to securities settlement through DTC, Federal Reserve wire system, PTC and at other depositories (both domestic and international).
- b) Must have the ability to settle physically held securities.
- c) Must provide buy-fail float and contractual settlement date posting of sales.
- d) Trade data must be electronically accessible by the City of Knoxville.

### **3. Cash Management**

- a) Must provide for same day settlement of cash trades, such as physical, DTC, and Fed wireable repo and term purchases.
- b) Must transfer cash between accounts, make and accept wire transfers of funds (including provision of Fed reference numbers upon request), and accept fund contributions via ACH.

### **4. Technology and Systems Support**

- a) Must provide access to:
  - Current and historical prices, market values, and exchange rates in effect at times of pricing international securities
  - Composite portfolios
  - Current and historical transactions by security, by account, and by asset class
  - On-line access to current and historical holdings in any aggregate
  - Customized reports as required
  - Ad hoc query and reporting
- b) Must safeguard against potential loss of destruction by fire, theft, vandalism, storm, earthquake, or any other hazard, by retaining backup data in a secure off-site location so that records (current at least to the prior month-end and the end of the preceding day) can be recreated within a 24-hour period.
- c) Must have an established and proven business continuity plan for emergency situations in place that provides for record re-creation and operation resumption within twenty-four hours of any occurrence of any major disaster or other cause which destroys records and/or disrupts normal operation of the Custodian's systems.
- d) Computer records of all audited investment transactions and month-end positions must be maintained on electronically readable storage media for eight years. These records must be checked for viability on an annual basis and migrated, if necessary, to more current technology in order to maintain accessibility during the entire retention period.

## **5. Reporting Requirements**

- a) Must provide accurate monthly, quarterly, and year-to-date reports (including performance measurement reports and audited monthly holding reports) on all transactions, income, and other pertinent investment data, in a format acceptable to the City of Knoxville no later than ten business days after the end of each month.
- b) Must provide a delivery mechanism to create annual extract reports of portfolio activity for the City's annual financial and compliance audits.
- c) Must provide other reports as may be requested by the City.

## **6. Fund Accounting Services**

- a) Must accept daily trade ticket electronically via email from record-keeper by 3:30:00 EST. Trade is executed at prior day's NAV.
- b) Must provide resources to facilitate periodic reconciliation with questions from the City.

### **G. Invoicing**

Invoices for fees payable by the City shall be sent to:

City of Knoxville  
Treasurer's Office  
400 W. Main St. Suite 685  
Knoxville, Tennessee 37902

### **H. Notice of Changes**

The safekeeping/custodial agent must give 30 days' prior written notice of changes in its procedures, charges, etc. Such notice shall be provided to the address above.

## **VI. Contract Requirements**

Submitting entities, if selected, must be willing to sign a contract with the City which will include certain provisions, among which are the following:

6.1 **Contract Documents.** The contract shall consist of (1) the RFP; (2) the proposal submitted by the contractor to this RFP; and (3) the contract. In the event of a discrepancy between the contract, the RFP and the submitted proposal, the terms that provide the greater benefit to the City and/or impose the greater obligation to the contractor will prevail.

6.2 **Administration.** The contract will be administered by the City of Knoxville's Finance Department.

6.3 **Invoices.** Invoices for services will be submitted to the City in accordance with the contract terms.

6.4 **Independent Contractor.** The relationship of contractor to the City will be that of independent contractor. The contractor will be solely and entirely responsible for its acts and for



the acts of its agents, employees, servants and subcontractors done during the performance of the contract. All services performed by the contractor shall be provided in an independent contractor capacity and not in the capacity of officers, agents, or employees of the City.

6.5 Assignment. The contractor shall not assign or transfer any interest in this contract without prior written consent of the City of Knoxville.

6.6 Indemnification and Hold Harmless. The successful proposer will be required to sign a contract with the City which contains the following indemnification clause. This indemnification clause will not be altered in any way. Failure to agree with this indemnification clause in the contract may result in the City moving to the next responsible responsive proposer.

Contractor shall defend, indemnify and hold harmless the City, its officers, employees and agents from any and all liabilities which may accrue against the City, its officers, employees and agents or any third party for any and all lawsuits, claims, demands, losses or damages alleged to have arisen from an act or omission of Contractor in performance of this Agreement or from Contractor's failure to perform this Agreement using ordinary care and skill, except where such injury, damage, or loss was caused by the sole negligence of the City, its agents or employees.

Contractor shall save, indemnify and hold the City harmless from the cost of the defense of any claim, demand, suit or cause of action made or brought against the City alleging liability referenced above, including, but not limited to, costs, fees, attorney fees, and other expenses of any kind whatsoever arising in connection with the defense of the City; and Contractor shall assume and take over the defense of the City in any such claim, demand, suit, or cause of action upon written notice and demand for same by the City. Contractor will have the right to defend the City with counsel of its choice that is satisfactory to the City, and the City will provide reasonable cooperation in the defense as Contractor may request. Contractor will not consent to the entry of any judgment or enter into any settlement with respect to an indemnified claim without the prior written consent of the City, such consent not to be unreasonably withheld or delayed. The City shall have the right to participate in the defense against the indemnified claims with counsel of its choice at its own expense.

Contractor shall save, indemnify and hold City harmless and pay judgments that shall be rendered in any such actions, suits, claims or demands against City alleging liability referenced above.

The indemnification and hold harmless provisions of this Agreement shall survive termination of the Agreement.

6.7 Termination. The City may terminate this Agreement at any time, with or without cause, by written notice of termination to the Contractor.

If the City terminates this Agreement, and such termination is not a result of a default by the Contractor, the Contractor shall be entitled to receive as its sole and exclusive remedy the following amounts from the City, and the City shall have no further or other obligations to the Contractor: the amount due to the Contractor for work executed through the date of termination, not including any future fees, profits, or other compensation or payments which the Contractor

would have been entitled to receive if this Agreement had not been terminated.

The City may, by written notice of default to the Contractor, terminate the whole or any part of this Agreement if the Contractor fails to perform any provisions of this Agreement and does not cure such failure within a period of ten (10) days (or such longer period as the Purchasing Agent may authorize in writing) after receipt of said notice from the Purchasing Agent specifying such failure. If this Agreement is terminated in whole or in part for default, the City may procure, upon such terms and in such manner as the Purchasing Agent may deem appropriate, supplies or services similar to those terminated.

6.8 Insurance. When applicable and prior to the commencement of the contract, contractor must, at its sole expense, obtain and maintain in full force and effect for the duration of the Agreement and any extension hereof at least the following types and amounts of insurance for claims which may arise from or in connection with this Agreement. Contractor shall furnish the City of Knoxville with properly executed certificates of insurance which shall clearly evidence all insurance required by the City. All insurance must be underwritten by insurers with an A.M. Best rating of A-VIII or better. Such insurance shall be at a minimum the following:

- A. **Commercial General Liability Insurance;** occurrence version commercial general liability insurance, and if necessary umbrella liability insurance, with a limit of not less than \$2,000,000 each occurrence for bodily injury, personal injury, property damage, and products and completed operations. If such insurance contains a general aggregate limit, it shall apply separately to the work/location in this Agreement or be no less than \$3,000,000.

Such insurance shall:

- (a.) Contain or be endorsed to contain a provision that includes the City, its officials, officers, employees, and volunteers as additional insureds with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed insureds. Proof of additional insured status up to and including copies of endorsements and/or policy wording will be required.
- (b.) For any claims related to this project, Contractor's insurance coverage shall be primary insurance as respects the City, its officers, officials, officers, employees, and volunteers. Any insurance or self-insurance programs covering the City, its officials, officers, employees, and volunteers shall be excess of Contractor's insurance and shall not contribute with it.
- (c.) At the sole discretion of the City, dedicated limits of liability for this specific project may be required.

- B. **Professional Liability (including Errors & Omissions).** Contractor shall

maintain professional liability insurance covering claims arising from real or alleged errors, omissions, or negligent acts committed in the performance of professional services under this Agreement with limits equal to the general liability requirement but no less than \$2,000,000. Coverage for contingent bodily injury and property damage should be included or endorsed onto the policy,

- C. **Automobile Liability Insurance;** including vehicles owned, hired, and non-owned, with a combined single limit of not less than \$1,000,000 each accident. Such insurance shall include coverage for loading and unloading hazards. Insurance shall contain or be endorsed to contain a provision that includes the City, its officials, officers, employees, and volunteers as additional insureds with respect to liability arising out of automobiles owned, leased, hired, or borrowed by or on behalf of Contractor.
- D. **Worker's Compensation Insurance.** Contractor shall maintain workers' compensation insurance with statutory limits as required by the State of Tennessee or other applicable laws and employers' liability insurance with limits of not less than \$500,000. Contractor shall require each of its subcontractors to provide Workers' Compensation for all of the latter's employees to be engaged in such work unless such employees are covered by Contractor's workers' compensation insurance coverage.
- E. **Other Insurance Requirements.** Contractor shall:
- Prior to commencement of services, furnish the City with original certificates and amendatory endorsements effecting coverage required by this section and provide that such insurance shall not be cancelled, allowed to expire, or be materially reduced in coverage except on 30 days' prior written notice to the City Attorney of Knoxville; P.O. Box 1631; Knoxville, Tennessee 37901. Proof of policy provisions regarding notice of cancellation will be required.
  - Upon the City's request, provide certified copies of endorsements and policies if requested by the City in lieu of or in addition to certificates of insurance. Copies of policies will only be requested when contracts are deemed to be extremely or uniquely hazardous, include a dollar amount that is significant to the overall budget of the City or a City Department, or the coverage(s) may not follow standard insurance forms. A policy will only be requested after the City's Risk Manager has reviewed the contract and proof of coverage has been provided. Should the certificate of insurance refer to specific coverage wording or endorsements(s), proof of such policy wording or endorsement(s) will be required.
  - Replace certificates, policies, and endorsements for any such insurance expiring prior to completion of services.
  - Maintain such insurance from the time services commence until services are completed. Failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract.

- If Contractor cannot procure insurance through an insurer having an A.M. Best rating of A-VIII, Contractor may, in the alternative, place such insurance with insurer licensed to do business in Tennessee and having A.M. Best Company ratings of no less than A. Modification of this standard may be considered upon appeal to the City Law Director.
- Require all subcontractors to maintain during the term of the Agreement Commercial General Liability insurance, Business Automobile Liability insurance, and Workers' Compensation/Employer's Liability insurance (unless subcontractor's employees are covered by Contractor's insurance) in the same manner as specified for Contractor. Contractor shall furnish subcontractors' certificates of insurance to the City without expense immediately upon request.
- Large Deductibles; Self-Insured Retentions. Any deductibles and/or self-insured retentions greater than \$50,000 must be disclosed to and approved by the City of Knoxville prior to the commencement of services. Use of large deductibles and/or self-insured retentions may require proof of financial ability as determined by the City.
- Waiver of Subrogation Required. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, and employees for losses arising from work performed by Contractor for the City. Proof of waiver of subrogation up to and including copies of endorsements and/or policy wording will be required.
- Occurrence Basis Requirement. All general liability policies must be written on an occurrence basis, unless the Risk Manager determines that a claims made basis is reasonable in the specific circumstance. Use of policies written on a claims made basis must be approved by the City. Risk Manager and retroactive dates and/or continuation dates must be provided to the City prior to commencement of any work performed. Professional Liability and Environmental Liability (Pollution Coverage) are most commonly written on a claims made basis and are generally acceptable in that form.

6.9 Ethical Standards. Attention of all firms is directed to the following provisions contained in the Code of the City of Knoxville: Chapter 24, Article II, Section 24-33 entitled "Debts owed by persons receiving payments other than Salary;" Chapter 2, Article VIII, Division 11. the Contractor hereby takes notice of and affirms that it is not in violation of, or has not participated, and will not participate, in the violation of any of the following ethical standards prescribed by the Knoxville City Code:

A. Section 2-1048. Conflict of Interest.

It shall be unlawful for any employee of the city to participate, directly or indirectly, through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing or otherwise, in any proceeding or application, request for ruling or other determination, claim or controversy or other matter pertaining to any contract or subcontract and any solicitation or proposal therefore,

where to the employee's knowledge there is a financial interest possessed by:

- (1) the employee or the employee's immediate family;
- (2) A business other than a public agency in which the employee or member of the employee's immediate family serves as an officer, director, trustee, partner or employee; or
- (3) Any person or business with whom the employee or a member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment.

**B. Section 2-1049. Receipt of Benefits from City Contracts by Council Members, Employees and Officers of the City.**

It shall be unlawful for any member of council, member of the board of education, officer or employee of the city to have or hold any interest in the profits or emoluments of any contract, job, work or service, either by himself or by another, directly or indirectly. Any such contract for a job, work or service for the city in which any member of council, member of the board of education, officer or employee has or holds any such interest is void.

**C. Section 2-1050. Gratuities and Kickbacks Prohibited.**

It is unlawful for any person to offer, give or agree to give to any person, while a city employee, or for any person, while a city employee, to solicit, demand, accept or agree to accept from another person, anything of a pecuniary value for or because of:

- (1) An official action taken, or to be taken, or which could be taken;
- (2) A legal duty performed, or to be performed, or which could be performed; or
- (3) A legal duty violated, or to be violated, or which could be violated by such person while a city employee.

Anything of nominal value shall be presumed not to constitute a gratuity under this section.

**Kickbacks.** It is unlawful for any payment, gratuity, or benefit to be made by or on behalf of a subcontractor or any person associated therewith as an inducement for the award of a subcontract or order.

**D. Section 2-1051. Covenant Relating to Contingent Fees.**

(a) **Representation of Contractor.** Every person, before being awarded a contract in excess of ten thousand dollars (\$10,000.00) with the city, shall represent that no other person has been retained to solicit or secure the contract with the city upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees or bona fide established commercial, selling agencies maintained by the person so representing for the purpose of securing business.

(b) **Intentional Violation Unlawful.** The intentional violation of the representation specified in subsection (a) of this section is unlawful.

**E. Section 2-1052. Restrictions on Employment of Present and Former City Employees.** Contemporaneous employment prohibited. It shall be unlawful for any city employee to become or be, while such employee, an employee of any party contracting with the

particular department or agency in which the person is employed.

For violations of the ethical standards outlined in the Knoxville City Code, the City has the following remedies:

- (1) Oral or written warnings or reprimands;
- (2) Cancellation of transactions; and
- (3) Suspension or debarment from being a Contractor or subcontractor under city or city-funded contracts.

The value of anything transferred in violation of these ethical standards shall be recoverable by the City from such person. All procedures under this section shall be in accord with due process requirements, included but not limited to a right to notice and hearing prior to imposition of any cancellation, suspension or debarment from being a Contractor or subcontractor under a city contract.

6.10 Firms must comply with the President's Executive Order No. 11246 and 11375 which prohibit discrimination in employment regarding race, color, religion, sex or national origin. Firms must also comply with Title VI of the Civil Rights Act of 1964, Copeland Anti-Kick Back Act, the Contract Work Hours and Safety Standards Act, Section 402 of the Vietnam Veterans Adjustment Act of 1974, Section 503 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990, all of which are herein incorporated by reference.

6.11 Firms shall give consideration to the inclusion of minority firms or individuals in this project, and shall advise the city in this proposal of their efforts to do so.

6.12 Firms shall give consideration to the use of environmentally sustainable best practices, and shall advise the city in this submittal of qualifications of their efforts to do so.

6.13 Federal, State, and Local Requirements. Each submitting entity is responsible for full compliance with all laws, rules and regulations which may be applicable.

6.14 Licenses. Before a contract is signed by the City, the submitting entity, if selected, **must** provide the City Purchasing Division with a copy of its valid business license **or** with an affidavit explaining why it is exempt from the business licensure requirements of the city or county in which it is headquartered. If a contract is signed, the contractor's business license shall be kept current throughout the duration of the contract, and the contractor shall inform the City of changes in its business name or location. The contractor must be a licensed professional as required by the state of Tennessee, see T.C.A. Sections 62-2-101 et. seq., for any services in this contract requiring such licensure.

6.15 Funding. The City's performance and obligation to pay under this contract is subject to funding contingent upon an annual appropriation.

6.16 Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Tennessee and its conflict of laws provisions. Venue for any action arising between the City and the Contractor from the

Agreement shall lie in Knox County, Tennessee.

6.17 Subcontracts to the Agreement. Contractor shall not enter into a subcontract for any of the services performed under this Agreement without obtaining the prior written approval of the City.

6.18 Amendments. This Agreement may be modified only by a written amendment or addendum that has been executed and approved by the appropriate officials shown on the signature page of the Agreement.

6.19 Captions. The captions appearing in the Agreement are for convenience only and are not a part of the Agreement; they do not in any way limit or amplify the provisions of the Agreement.

6.20 Severability. If any provision of the Agreement is determined to be unenforceable or invalid, such determination shall not affect the validity of the other provisions contained in the Agreement. Failure to enforce any provision of the Agreement does not affect the rights of the parties to enforce such provision in another circumstance, nor does it affect the rights of the parties to enforce any other provision of this Agreement at any time.

6.21 No Benefit for Third Parties. The services to be performed by the Contractor pursuant to the Agreement with the City are intended solely for the benefit of the City, and no benefit is conferred hereby, nor is any contractual relationship established herewith, upon or with any person or entity not a party to the Agreement. No such person or entity shall be entitled to rely on the Contractor's performance of its services hereunder, and no right to assert a claim against the City or the Contractor, its officers, employees, agents, or contractors shall accrue to the Contractor or to any subcontractors, independently retained professional consultant, supplier, fabricator, manufacturer, lender, tenant, insurer, surety, or any other third party as a result of this Agreement or the performance or non-performance of the Contractor's services hereunder.

6.22 Non-Reliance of Parties. Parties explicitly agree that they have not relied upon any earlier or outside representations other than what has been included in the Agreement. Furthermore, neither party has been induced to enter into this Agreement by anything other than the specific written terms set forth herein.

6.23 Force Majeure. Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to causes beyond its reasonable control, and performance times shall be considered extended for a period of time equivalent to the time lost because of such delay plus a reasonable period of time to allow the parties to recommence performance of their respective obligations hereunder. Should a circumstance of force majeure last more than ninety (90) days, either party may by written notice to the other terminate this Agreement. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections, riots, landslides, earthquakes, fires, storms, tornadoes, droughts, floods, explosions, breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably

within the control of either party.

6.24 EEO/AA. The City of Knoxville is an EE/AA/Title VI/Section 504/ADA/ADEA Employer.

6.25 By submitting a proposal, the submitting entity agrees to all terms and conditions established in this RFP, including its contract requirements.

## **VII. Instructions to Submitting Entities**

All submissions of proposals shall comply with the following instructions. These instructions ensure that (1) submissions contain the information and documents required by the City RFP and (2) the submissions have a degree of uniformity to facilitate evaluation.

### **7.1 General**

Submission forms and RFP documentation may be obtained on or after August 16, 2018, at no charge from:

City of Knoxville Purchasing Division  
City/County Building  
400 Main Street, Room 667  
Knoxville, Tennessee 37902

between 8:30 a.m. and 4:30 p.m. (Eastern Time), Monday through Friday or by calling 865/215-2070. Forms and RFP information are also available on the City web site at [www.knoxvilletn.gov/purchasing](http://www.knoxvilletn.gov/purchasing) where it can be read or printed using Adobe Acrobat Reader software.

### **7.2 Submission Information**

Proposals shall include six (6) hard copies (one original and five duplicates—**mark the original as such**) and one electronic copy of the proposal (.pdf format on CD or USB flash drive only—**mark the storage device with the company name**); the electronic version shall be an exact duplicate of the original, and the electronic version will be the official document exhibited in the contract. **Electronic submissions must be included with the sealed submissions; do not email your submission.**

**IMPORTANT NOTE: A minimum of one of the submitted proposals must bear an original signature, signed in ink (duplicated signatures substituted for original ink signatures may result in rejection of the proposals). This document is the official, original submission; the required copies may have copied signatures.** The signature must be entered above the typed or printed name and title of the signer. All proposals must be signed by an officer of the company authorized to bind the firm to a contract.

Proposals will be received until 11:00:00 a.m. (Eastern Time) on September 6, 2018. Each proposal must be submitted in a sealed envelope addressed to:



City of Knoxville Purchasing Division  
City/County Building  
400 Main Street, Room 667  
Knoxville, TN 37902

**IMPORTANT NOTE: Each mailing envelope or carton containing a proposal or multiple copies of the proposal must be sealed and plainly marked on the outside “Securities Safekeeping/Custodial Services.”** Proposers are reminded that the Purchasing Division receives many bids and proposals for any number of solicitations; **unlabeled submissions are extremely difficult to match to their appropriate solicitations and therefore may be rejected.**

Any proposals received after the time and date on the cover sheet will not be considered. It shall be the sole responsibility of the submitting entity to have the proposal delivered to the City of Knoxville Purchasing Division on or before that date.

Late proposals will not be considered. Proposals that arrive late due to the fault of United States Postal Service, United Parcel Service, DHL, FEDEX, any delivery/courier service, or any other carrier of any sort are still considered late and shall not be accepted by the City. Such proposals shall remain unopened and will be returned to the submitting entity upon request.

### 7.3 Format

The City is committed to reducing waste. Submissions of qualifications must be typed on 8.5 x 11 inch wide white paper, printed on both sides. **DO NOT BIND** the document; instead, staple or binder clip the submission together and place in a sealed envelope (see Paragraph 7.2). Pages must be consecutively numbered. A table of contents must be included in the proposal immediately after the title page, and each of the following numbered sections must be tabbed.

Proposals shall be structured as follows. Numbered items listed below should have a numbered tab page:

1. Title Page
2. Table of Contents
3. Submission Forms:
  - A. Form S-1
  - B. Non-Collusion Affidavit
  - C. No Contact/No Advocacy Affidavit
  - D. Iran Divestment Act Certification of Noninclusion
  - E. Diversity Business Enterprise Program
4. Body of Proposal: Information which submitting entity wishes to include

NOTE: All required submission forms may be found in this solicitation document.

### 7.4 Evaluation of Proposals

All qualified submissions received by the deadline will be analyzed by the Evaluation Committee according to the criteria outlined in these specifications. Failure to comply with the

provisions of the RFP may cause any proposal to be ineligible for evaluation. Each submittal of proposals will be initially analyzed and judged according to the evaluation criteria below. The maximum score is 100 points.

The City reserves full discretion to determine the capability of proposing entities. Proposers, if asked, will provide, in a timely manner, any and all information that the City deems necessary to make such a decision. In addition to materials provided in the written responses to this RFP, the Committee may request additional material, information, references, a site visit, or a live test demonstration from the submitting entity or others.

The Evaluation Committee may or may not decide to interview any or all proposing entities at a time and date determined by the City in order to address questions and more fully ascertain how the solution to this project satisfies the evaluation criteria. Firms and/or teams responding to this Request for Proposals shall be available for interviews with the Evaluation Committee. Discussions may be conducted with responsible submitting entities for purposes of clarification to assure full understanding of and conformance to the RFP requirements. Selection shall be based on the firms' qualifications applicable to the scope and nature of the services to be performed per this request for proposals. Determination of firms' qualifications shall be based on their written responses to this Request for Proposals and information presented to the Evaluation Committee during oral interviews, if any.

In addition to materials provided in the written responses to this Request for Proposals, the Committee may request additional material, information, or references from the submitting entity or others.

Provided it is in the best interest of the City of Knoxville, the firm or team determined to be the most responsive to the City of Knoxville, taking into consideration the evaluation factors set forth in this Request for Proposals, will be selected to begin contract negotiations. The firm or team selected will be notified at the earliest practical date and invited to submit more comprehensive information if necessary. If no satisfactory agreement can be reached with the "most responsive firm," the City may elect to negotiate with the next best and most responsive firm or team.

### **VIII. Evaluation Criteria**

An evaluation team, composed of representatives of the City, will evaluate proposals on a variety of quantitative and qualitative criteria. Upon receipt of proposals, the City will review to determine whether the proposal is acceptable or non-acceptable based on the criteria outlined below.

The criteria and the associated weights upon which the evaluation of the proposals will be based include, but are not limited to, the following:

CRITERIA DESCRIPTIONS	POINTS
Proposed Costs for Services	35

Quality and Breadth of Services Provided	30
Financial Resources of Firm	15
Qualifications/Experience of Firm	15
Proposal Content	5

Proposals should include the following information for evaluation purposes, confirmation of the ability to meet the requirements of the Scope of Work, and any additional information that demonstrates the capability to perform the required services:

1. Please provide three client references, include names and telephone numbers.
2. Name and briefly describe your firm's custody system.
3. Briefly describe your firm's custody backup, support, and recovery systems and the security measures in place to protect against unauthorized access to the custody system.
4. Briefly describe the structure of the area of your firm that provides institutional custody services. Please name all key personnel in the area and include a short summary of each individual's background. Provide their name, title, address, phone number and how they would serve as a contact for this relationship.
5. How many accounts does the typical account representative manage?
6. Describe your firm's process for ensuring all trades and other transactions are received and recorded from the investment advisers.
7. When does your firm credit interest, dividend and sales? When does your firm debit purchases?
8. What is your firm's pricing source for each kind of instrument within custody? How does your firm ensure the accuracy of these prices? How frequently are they updated?
9. How long does your firm retain historical information/statements (asset values and transactions)?
10. What is your firm's source of securities prices? What procedures ensure accurate pricing? What procedures does the firm have in effect, if any, to flag and investigate unusual or significant pricing changes from the previous day? Describe your firm's procedures for reconciling prices with investment advisers.
11. How does the firm price securities that are not available from its pricing service, such as private placements? Describe your firm's process of pricing and non-traditional fixed income securities (144As, etc.).

12. What reports are provided as part of your firm's standard package? What reports are available on-line? Can clients retrieve on-line information in a customized format? If so, describe your custom reporting flexibility and limitations. Is the data compatible with Excel or other PC-based software?
13. Is the reporting system trade-date, settlement-date, or cash basis? Do asset valuation and transaction statements reflect pending transactions? Are accrued interest, accrued dividends and other transactions included in asset valuations?
14. What is your firm's policy toward crediting of interest and dividends on payable dates? Are income payments credited in same day funds?
15. What management fees are associated with each short-term investment vehicle?
16. Describe your firm's cash management policies and procedures regarding the purchase and sale of securities and receipt of income.
17. How frequently (quarterly/monthly) are performance calculations prepared and how soon after the end of the period are they available?
18. Is the firm willing and/or able to backload data?
19. Please describe the conversion process (who is responsible for coordinating activities, who participates, what activities must occur, etc.). Include an estimated conversion calendar, including actions required on the part of the client and the time frame to complete each task.
20. Are there any additional costs associated with the conversion?
21. Please provide a detailed fee custody and fund accounting schedule for the provision of custodial services to the City of Knoxville.
22. Do you offer a multi-year guarantee at current fee schedules?
23. If this fee is not all-inclusive, provide a detailed schedule of fees (and an annual estimate) for all other services not included in the annual fee. Is your firm willing to guarantee that these additional fees will not rise above the estimated fee?

## **Submission Forms**

**CITY OF KNOXVILLE  
REQUEST FOR PROPOSALS  
SECURITIES SAFEKEEPING/CUSTODIAL  
SERVICES**

**Submission Form S-1**

**Proposals to be Received by 11:00:00 a.m., Eastern Time; September 6, 2018; in Room 667-674, City/County Building; Knoxville, Tennessee.**

**IMPORTANT:** Proposals shall include six (6) hard copies (one original and five duplicates—**mark the original as such**) and one electronic copy of the proposal (.pdf format on CD or USB flash drive only—**mark the storage device with the company name**); the electronic version shall be an exact duplicate of the original, and the electronic version will be the official document exhibited in the contract. **Electronic submissions must be included with the sealed submissions; do not email your submission.**

**Please complete the following:**

**Legal Name of Proposer:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Fax Number:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Name and Title of Signer:** \_\_\_\_\_

**Note: Failure to use these response sheets may disqualify your submission.**

**NON-COLLUSION AFFIDAVIT**

State of \_\_\_\_\_

County of \_\_\_\_\_

\_\_\_\_\_, being first duly sworn, deposes and says that:

- (1) He/She is the \_\_\_\_\_ of \_\_\_\_\_, the firm that has submitted the attached Proposal;
- (2) He/She is fully informed respecting the preparation and contents of the attached Proposal and of all pertinent circumstances respecting such Proposal;
- (3) Such Proposal is genuine and is not a collusive or sham Proposal;
- (4) Neither the said firm nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly, with any other vendor, firm or person to submit collusive or sham proposal in connection with the contract or agreement for which the attached Proposal has been submitted or to refrain from making a proposal in connection with such contract or agreement, or collusion or communication or conference with any other firm, or, to fix any overhead, profit, or cost element of the proposal price or the proposal price of any other firm, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the City of Knoxville or any person interested in the proposed contract or agreement; and
- (5) The proposal of service outlined in the Proposal is fair and proper and is not tainted by collusion, conspiracy, connivance, or unlawful agreement on the part of the firm or any of its agents, representatives, owners, employees, or parties including this affiant.

(Signed): \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission expires \_\_\_\_\_

No Contact/No Advocacy Affidavit

State of \_\_\_\_\_

County of \_\_\_\_\_

\_\_\_\_\_, being first duly sworn, deposes and says that:

(1) He/She is the owner, partner, officer, representative, or agent of \_\_\_\_\_  
\_\_\_\_\_, the Proposer that has submitted the attached Proposal;

(2) The Proposer \_\_\_\_\_ swears or affirms that he/she will abide by the following “No Contact” and “No Advocacy” clauses:

- a) **NO CONTACT POLICY:** After the posting of this solicitation to the Purchasing Division's website, any contact initiated by any proposer with any City of Knoxville representative concerning this proposal is strictly prohibited, unless such contact is made with the Purchasing Agent (Boyce H. Evans) or Assistant Purchasing Agent (Penny Owens). Any unauthorized contact may cause the disqualification of the proposer from this procurement transaction.
  
- b) **NO ADVOCATING POLICY:** To ensure the integrity of the review and evaluation process, companies and/or individuals submitting proposals for any part of this project, as well as those persons and/or companies representing such proposers, may not lobby or advocate to the City of Knoxville staff including, but not limited to, members of City Council, Office of the Mayor, Department of Finance or any other City staff.

**Any company and/or individual who does not comply with the above stated “No Contact” and “No Advocating” policies may be subject to having their proposal rejected from consideration.**

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_.

My commission expires: \_\_\_\_\_



## IRAN DIVESTMENT ACT

### Certification of Noninclusion

**NOTICE:** Pursuant to the Iran Divestment Act, Tenn. Code Ann. § 12-12-106 requires the State of Tennessee Chief Procurement Officer to publish, using creditable information freely available to the public, a list of persons it determines engage in investment activities in Iran, as described in § 12-12-105. Inclusion on this list makes a person ineligible to contract with the state of Tennessee; if a person ceases its engagement in investment activities in Iran, it may be removed from the list. A list of entities ineligible to contract in the State of Tennessee Department of General Services or any political subdivision of the State may be found here:

[https://www.tn.gov/content/dam/tn/generalservices/documents/cpo/cpo-library/public-information-library/List\\_of\\_persons\\_pursuant\\_to Tenn. Code Ann. 12-12-106 Iran Divestment Act updated 7.7.17.pdf](https://www.tn.gov/content/dam/tn/generalservices/documents/cpo/cpo-library/public-information-library/List_of_persons_pursuant_to_Tenn._Code_Ann._12-12-106_Iran_Divestment_Act_updated_7.7.17.pdf)

By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to T.C.A. § 12-12-106.

Vendor Name (Printed)	Address
By (Authorized Signature)	Date Executed
Printed Name and Title of Person Signing	

**NOTARY PUBLIC:**

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_.

My commission expires: \_\_\_\_\_

# DIVERSITY BUSINESS ENTERPRISE (DBE) PROGRAM

The City of Knoxville strongly encourages prime contractors to employ diverse businesses in the fulfillment of contracts/projects for the City of Knoxville.

The City of Knoxville's Fiscal Year 2017 goal is to conduct 3.33% of its business with minority-owned businesses, 9.21% of its business with woman-owned businesses, and 45.5% with small businesses.

While the City cannot engage (pursuant to state law) in preferential bidding practices, the City does **strongly encourage** prime contractors to seek out and hire diverse businesses in order to help the City meet its goals as stated above. As such, the City encourages prime contractors to seek out and consider competitive sub-bids and quotations from diverse businesses.

For DBE tracking purposes, the City requests that prime contractors who are bidding, proposing, or submitting statements of qualifications record whether or not they plan to employ DBE's as sub-contractors or consultants. With that in mind, please fill out, sign and submit (with your bid/proposal) the following sub-contractor/ consultant statement.

## CITY OF KNOXVILLE DIVERSITY BUSINESS DEFINITIONS

Diversity Business Enterprise (DBE's) are minority-owned (MOB), women-owned (WOB), service-disabled veteran-owned (SDVO), and small businesses (SB), who are impeded from normal entry into the economic mainstream because of past practices of discrimination based on race or ethnic background. These persons must own at least 51% of the entity and operate or control the business on a daily basis.

Minority: A person who is a citizen or lawful admitted permanent resident of the United States and who is a member of one (1) of the following groups:

- a. African American, persons having origins in any of the Black racial groups of Africa;
- b. Hispanic American, persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race;
- c. Native American, persons who have origin in any of the original peoples of North America ;
- d. Asian American, person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.

Minority-owned business (MOB) is a continuing, independent, for profit business that performs a commercially useful function, and is at least fifty-one percent (51%) owned and controlled by one (1) or more minority individuals.

Woman-owned business (WOB) is a continuing, independent, for profit business that performs a commercially useful function, and is at least fifty-one percent (51%) owned and controlled by one (1) or more women.

Service Disabled Veteran-owned business (SDOV) is a continuing, independent, for profit business that performs a commercially useful function, owned by any person who served honorably on active duty in the armed forces of the United States with at least a twenty percent (20%) disability that is service connected. Meaning such disability was incurred or aggravated in the line of duty in the active military, naval or air service, and is at least fifty-one percent (51%) owned and controlled by one (1) or more service disabled veteran.

Small Business (SB) is a continuing, independent, for profit business which performs a commercially useful function and has total gross receipts of not more than ten million dollars (\$10,000,000) average over a three-year period or employs no more than ninety-nine (99) persons on a full-time basis.

**Subcontractor/Consultant Statement**  
(TO BE SUBMITTED IN THE BID/PROPOSAL ENVELOPE)

We \_\_\_\_\_ do certify that on the  
(Bidder/Proposer Company Name)

\_\_\_\_\_ do certify that on the  
(Project Name)

\$ \_\_\_\_\_  
(Amount of Bid)

**Please select one:**

**Option A: Intent to subcontract using Diverse Businesses**

A Diversity business will be employed as subcontractor(s), vendor(s), supplier(s), or professional service(s). The estimated **dollar value** of the amount that we plan to pay is:

\$ \_\_\_\_\_.  
Estimated Amount of Subcontracted Service

<b>Diversity Business Enterprise Utilization</b>			
Description of Work/Project	Amount	Diverse Classification (MOB, WOB, SB, SDOV)	Name of Diverse Business

**Option B: Intent to perform work “without” using Diverse Businesses**

We hereby certify that it is our intent to perform 100 % of the work required for the contract, work will be completed without subcontracting, or we plan to subcontract with non-Diverse companies.

DATE: \_\_\_\_\_ COMPANY NAME: \_\_\_\_\_

SUBMITTED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_  
(Authorized Representative)

ADDRESS: \_\_\_\_\_

CITY/STATE/ZIP CODE: \_\_\_\_\_

TELEPHONE NO: \_\_\_\_\_