

INVITATION TO BID (ITB) SPECIFICATIONS  
FOR CUSTODY, ACCOUNTING, AND BROKERAGE  
SERVICES FOR UNCLAIMED SECURITIES

1.0 General Description

- 1.01 The Oklahoma State Treasurer ("OST"), Scott Meacham, is charged statutorily with the administration of Oklahoma's Unclaimed Property program. Oklahoma Statutes title 60, §§ 651 (2001) et seq. These duties include the duty to take custody of unclaimed securities as well as other types of property. OST has used a private bank to take custody of unclaimed securities, provide accounting information about these securities, and sell these securities if instructed to do so. The current bank is Bank of Oklahoma, N.A., 9520 N. May Ave., Oklahoma City, OK 73120.
- 1.02 The Oklahoma State Treasurer (OST) requests bids from qualified banks to provide safe custody, accounting, and brokerage services for unclaimed securities held by OST pursuant to the Uniform Unclaimed Property Act, Oklahoma Statutes title 60, §§ 655, 661, 663, and 667 (2001). For purposes of this ITB the term "bank" is the same as used in 15 U.S.C. § 78c(a)(6) and means:
- (A) a banking institution organized under the laws of the United States,
  - (B) a member bank of the Federal Reserve System,
  - (C) any other banking institution, whether incorporated or not, doing business under the laws of any State or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks under the authority of the Comptroller of the Currency pursuant to section 92a of title 12, and which is supervised and examined by State or Federal authority having supervision over banks, and which is not operated for the purpose of evading the provisions of this chapter, and
  - (D) a receiver, conservator, or other liquidating agent of any institution or firm included in clauses (A), (B), or (C) of this paragraph.
- 1.03 OST is seeking a proven securities handling system which incorporates custody of securities, dividend and interest collections, tracking, and accounting for all activity for all issues held on behalf of individuals that cannot be located by Entities holding their securities and dividends. Accounting information must be provided with real time, on-line accessibility, via modem, or an acceptable alternative.
- 1.04 As of June 1, 2008, OST had approximately 1,136 issues of securities with a

value greater than zero. At this time, the portfolio value exceeds \$16.6 million. Since the Holders continually report new securities, the size of OST's holdings can vary on a daily basis. OST reserves the right to liquidate any portion of the securities prior to the effective date of the contract at its sole discretion. Owners may also claim their securities prior to the transfer of custody of securities to the Bank. The most recent list of unclaimed stock is provided in Appendix B.

- 1.05 Stock certificates registered in the name of OST (previously the Oklahoma Tax Commission "OTC") are currently held by OST's custodian. OST reserves the right to determine assets to be transferred to the custodian. The Holder, Owner, and securities information is maintained in OST's database system. OST uses software to help manage the Unclaimed Property program which has been developed by ACS Wagers & Associates, Inc. of 5777 Central Ave. Suite 227, Boulder, Colorado 80301.
- 1.06 By submitting a bid, banks certify that all information provided in response to this ITB is true and accurate. Failure to provide information required by this ITB will ultimately result in the rejection of the bid.
- 1.07 No pre-bid conference will be held for this ITB. In an effort to answer questions and clarify any issues in this ITB, OST will respond to questions that are presented in writing. These questions will be consolidated into a single question and answer document. This document will be distributed to all prospective banks regardless of whether they submitted questions or not.

**Questions are due by September 2, 2008.**

Faxed Questions to the attention of both: Trish Cantrell at (405)521-4993 and  
Kathy Janes at (405)522-0130

Or email to both: [Trish.Cantrell@treasurer.ok.gov](mailto:Trish.Cantrell@treasurer.ok.gov) and  
[Kathy.Janes@treasurer.ok.gov](mailto:Kathy.Janes@treasurer.ok.gov)

If the questions are mailed they must be received by the due date. The consolidated Q&A document will be returned to banks on or about September 5, 2008.

- 1.08 The initial period of contract will be from October 1, 2008, through September 30, 2009, with two successive one-year options to renew in accordance with the terms of the contract, at the option of OST.
- 1.09 The selected Bank will assume total responsibility for all services offered in the bid whether they provide such services or utilize the services of a third party. The Bank will be required to disclose any relationships it may have with respect to any services the Bank proposes to provide as to whether these services are actually provided by the Bank or by contractual arrangement with a third party. If

such relationships exist, list which services and with whom.

- 1.09.01 OST must approve any sub-contractors prior to award of a contract for custody, accounting, and brokerage services.
- 1.09.02 OST must approve any post contractual agreements between Bank and any sub-contractors the Bank is considering for custody, accounting, and brokerage services.

## 2.0 Selection Criteria

OST will evaluate all bids according to a uniform process. Banks should separate detailed responses to the specific requirements listed in three categories. Bids will be evaluated on a scale of one hundred (100) points distributed among these three categories as follows:

• Bank Qualification	20 Points
• Custody, Accounting, and Brokerage Service Bid	30 Points
• Fees	<u>50 Points</u>
Total	<u>100 Points</u>

Bids will receive a raw score in each category based upon OST's evaluation of responses to specific requirements. Banks may refer to attachments to bid submissions, but may not substitute such material for explicit responses to the requirements as enumerated in this ITB. The Bank with the highest raw score in a category will receive the maximum points allowed with the other Banks receiving points based upon their raw score as a percentage of the highest Bank's score. In the fee category, the highest raw score will be given to the bank bidding the lowest rate.

## 3.0 Bank Qualifications

Banks must include complete written responses to the following requirements in order of requirement number, and include specified documentation and any additional information which the bidder finds appropriate.

- 3.01 Experience. The Bank must be a bank, as defined in ¶ 1.02, and have had at least three (3) years experience in providing custody, accounting, and brokerage services for securities.
- 3.02 Customer References. Provide names, addresses, and phone numbers of four (4) major accounts for which the Bank has provided similar services as specified herein within the past five (5) years.
- 3.03 Knowledge of Unclaimed Property Act. All Banks must demonstrate that they

are thoroughly familiar with Oklahoma Statute Title 60, §§ 651 et seq., and the Uniform Unclaimed Property Act(s).

3.03.1 Banks shall provide a detailed description of all previous unclaimed property experience in the last five years.

- 3.04 Bank Complaints. List the total number of complaints filed within the last twelve (12) months and number of unsettled claims on file with any Regulatory Reporting Agencies, including, but not limited to the Better Business Bureau, the U.S. Securities and Exchange Commission and/or the National Association of Securities Dealers, Inc., Municipal Securities Rulemaking Board, National Credit Union Administration, Office of Thrift Supervision, American Stock Exchange, New York Stock Exchange, and the Oklahoma State Banking Department. Indicate which of these claims have been unsettled more than sixty (60) days.
- 3.05 Financial Stability. Banks shall have a minimum of Five Hundred Million Dollars (\$500,000,000) in assets to be eligible for selection. Banks shall provide their last two audited annual reports, audited balance sheets, or financial statements.
- 3.06 Liability Insurance. Provide a copy of business liability insurance policy with appropriate provisions highlighted. The minimum acceptable level of coverage is Twenty-Five Million Dollars (\$25,000,000.00).

#### 4.0 Bids for Custody, Accounting, and Brokerage Services

- 4.01 Bids must be signed by an officer authorized to bind the Bank and include a statement guaranteeing terms for minimum of sixty (60) days from the closing date.
- 4.02 Bids must include a written bid that specifically addresses the requirements below in order of requirement number.
- 4.03 The Bank shall furnish supervision, labor, materials, and other resources necessary to provide OST with custody, accounting, and brokerage services for unclaimed securities. The Bank shall address each of the items, listed herein, which describe the absolute minimum requirements.
- 4.04 The Bank must establish an account for the safekeeping of securities. The Bank must have an automated system capable of accounting for a wide variety of securities which includes, but not limited to, common and preferred stocks, stock warrants and options, corporate, government and municipal bonds, and mutual funds. The Bank must have the capability to update each security for corporate activity on an ongoing basis. **The Bank is required to maintain all records for**

**a period of five (5) years.**

4.05 In order for OST to process owner claims.

4.05.01 The Bank must transfer certificate(s) into the Owner's name and forward the stock certificate(s) to OST within 30 days from the date of OST's request.

4.05.02 The Bank is required to transfer and confirm Direct Registration Shares (DRS) and/or book shares have been "deposited" into an account for the Owner or Entity as directed by OST within 30 days from the date of OST's request. The Bank is required to verify the following account information is correct:

- ✓ Owner or Entity's complete name
- ✓ Owner or Entity's complete address
- ✓ Owner or Entity's account number
- ✓ Date of transfer (actual date deposited into account)
- ✓ Security's CUSIP

The Bank will be required to handle inquiries from Owners, Entities and/or transfer agents regarding the transfer of DRS and/or book shares. The Bank shall provide OST the date of transfer (actual date deposited into account) upon request and reflect the date of transfer (actual date deposited into account) on the monthly Custodian statement.

4.05.03 The Bank must be able to transfer securities (including mutual funds, dividend reinvestment plans, book shares, etc.) from the designated nominee to the Owner name and make delivery to OST within 30 days from the date of OST's request.

4.06 The Bank must have the capability of handling a large number of small denominations of various securities.

4.07 The Bank must provide knowledgeable staff available during normal working hours (8:00 a.m. to 5:00 p.m. CST, five days a week) that are able to respond within 24 hours to inquiries from the Unclaimed Property Division, of OST, with no particular frequency, concerning account information.

4.08 The Bank must be able to provide on-line access to account information, corporate activity, reorganization information, sale of securities, transfers of securities, and other inquiries. The Bank will provide:

- a. OST access to the on-line systems during normal working hours.
  - b. The capability to retrieve and/or print on-line information.
- 4.09 The Bank must have the capability of researching unpublished and unknown securities within fifteen (15) working days from the date requested by OST.
- 4.10 The Bank must monitor and collect proceeds for bonds upon maturity and calls.
- 4.11 The Bank must have the ability to execute sales of securities involving liquidating mutual fund accounts upon instructions from OST.
- 4.12 The Bank is responsible for collection of dividends, **all** proceeds from sale of securities, interest, cash in lieu, etc. OST requires collection of dividends, interest, and cash in lieu, etc., be deposited into OST's custody account upon receipt by the custodian. The bank shall remit the related proceeds to OST within thirty (30) days. Proceeds from the sale of stock must be remitted through wire transfer within five (5) working days from the date of the sale.
- 4.13 The Bank must provide a monthly evaluation statement of the entire portfolio (hard copy). The Bank must also be able to transmit portfolio data in an electronic medium to OST.

The monthly evaluation statement should include the following:

- Security description
  - CUSIP number
  - Class of security
  - Maturity date and interest, if applicable
  - Number of shares (or par value)
  - Market value
  - Date of sale or receipt of securities, the price received per share, and any commissions paid
  - Detail for cash income activity
- 4.14 The Bank must provide access to all pertinent data on all corporate restructures, mergers, spin-offs, tenders, etc.
- 4.15 Upon completion of the contract, the Bank must, at no charge: (i) transfer all securities designated by OST to the successor Bank; (ii) provide the successor Bank with all information related to the services; and (iii) respond to any questions from OST or a successor Bank related to the Bank's prior administration of the program.

- 4.16 Based on criteria provided by OST, the Bank must provide a list of securities available for sale with the estimated value upon request.
- 4.17 Upon acceptance of the bid and execution of the contract, the Bank will take possession of all securities that OST elects to transfer for safe custody, accounting services, and sale of securities.
- 4.18 The Bank will be responsible for reimbursement to OST for securities lost or stolen while in its possession.
- 4.19 The Bank must propose a method to determine the reimbursement amount for items lost or stolen items while in its possession.
- 4.20 OST will deliver securities to the Bank as agreed between OST and the Bank.
- 4.21 As provided in Okla. Stat. tit. 60, § 667(d) (2001), securities listed on an established stock exchange must be sold at prices prevailing at the time of sale on the exchange. Other securities may be sold over the counter at prices prevailing at the time of sale or by another method OST considers advisable.
- 4.22 Unclaimed securities must be held at least for a period of one (1) year before they are sold unless otherwise specifically directed by OST in writing. OST will direct Bank when to sell securities.
- 4.23 The Bank will be responsible for satisfactorily settling any disputes with the purchasers of securities which may arise as a result of the sale.
- 4.24 The Bank will be required to maintain the minimum amount of liability insurance coverage. The insurance coverage must be at least in the amount of Twenty-five Million Dollars (\$25,000,000.00) to indemnify OST against any loss resulting from non-performance of the requirements of this ITB by the Bank.
- 4.25 A Bank may submit other services or features that the Bank feels are appropriate, as long as they are not inconsistent with this ITB.
- 4.26 The Bank must include a statement in its bid that the Bank understands the provisions of this ITB in all its sections, and agrees to their terms.

## 5.0 Bid Prices

Bid prices should be listed using the format provided in this ITB in Appendix A, Statement of Charges. The bid should be inclusive of all services, including but not limited to, start-up and/or conversion costs (if applicable), custody, accounting, and sale

of securities. Any charge for services not addressed in the Statement of Charges will not be allowed in the course of the Contract.

Upon completion of the services the successful Bank shall submit an invoice for the fees due. Invoices must contain the method of computation with any applicable documents and attachments which provide verification of charges due. Brokerage commissions may be netted out by the Bank before remitting the sales proceeds for securities to OST. However, OST must be furnished a detailed statement with each remittance of proceeds, which discloses the exact amount of commissions and which shows the computation the Bank used to determine the amount of the commissions.

#### 6.0 Applicable State Laws and Encumbrances

This agreement in its entirety shall be governed in all respects by the laws of the state of Oklahoma, without regard to principles of conflicts of laws. In the event any litigation shall occur concerning the terms and conditions of this agreement or the rights and duties of the parties, the parties agree that any such suit shall be maintained in the District Court of Oklahoma County, State of Oklahoma. Any out-of-state Bank shall have a service agent registered with the Oklahoma Secretary of State. The State of Oklahoma shall not be liable in the event of loss, incident, destruction, theft, damage, etc., for any products or services offered. It shall be the selected Bank's sole responsibility to obtain insurance coverage for such loss in an amount that the Bank deems appropriate.

#### 7.0 Liability, Rights, and Remedies

7.01 The Bank shall agree that OST shall not be responsible for any liability incurred by the Bank or its employees arising out of the sale of securities, licensing, ownership, selection, possession, leasing, renting, operation, control, use, maintenance, delivery, and/or return and installation of any products or property or services provided by the Bank, except as otherwise provided in this contract.

7.02 The Bank may have access to private or confidential data maintained by OST to the extent necessary to carry out its responsibilities under this contract. The Bank must comply with the Oklahoma Open Records Act, as directed by OST. No private or confidential data collected, maintained or used in the course of performance of this contract shall be disseminated by the bank except as required by statute or court order, either during the period of the contract or thereafter. The Bank must agree to return any and all data furnished by OST promptly at the request of OST in whatever form it is maintained by the Bank. On the termination or expiration of this contract, the Bank will not use any such data or any material derived from the data for any purpose and where so instructed by OST, will destroy or render it unreadable.

- 7.03 Each bank must disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this ITB. Any such relationship that might be perceived or represented as a conflict should be disclosed. Any attempt to intentionally or unintentionally conceal a conflict of interest will automatically result in the disqualification of bank's bid. The Treasurer reserves the right to determine, at his sole discretion, whether any information, assertion, or claim received from any source indicates the existence of a real or apparent conflict of interest and whether it may reflect negatively on the Treasurer's selection of a bank.
- 7.03.01 Any existing or potential post contract conflict of interest must be disclosed to OST in writing immediately upon the Bank's knowledge. The Treasurer reserves the right to determine, at his sole discretion, whether any information, assertion, or claim received from any source indicates the existence of a real or apparent conflict of interest. The Treasurer reserves the right to determine, at his discretion, whether this post contract conflict of interest terminates the contract.
- 7.04 No provision in this document or in the bid shall be construed as an express or implied waiver by OST of any existing or future right and/or remedy available by law in the event of any claim of default or breach of contract made by the Bank.
- 7.05 OST may suspend or terminate this contract upon finding that:
- 7.05.01 Its terms have been breached by the Bank.
- 7.05.02 The Bank has not complied with federal or state laws, regulations or interpretative guidelines.
- 7.05.03 The Bank is unable to perform its obligation due to circumstances beyond its control.
- 7.05.04 There is failure of revenues sufficient to meet obligations.
- 7.05.05 In the event of assignment, conveyance, encumbrance, or other transfer by the Bank without the prior consent of OST.
- 7.06 Suspension or termination for the above stated reasons may be immediate upon issuing a written notice.
- 7.07 Upon conclusion of the contract, the Bank agrees to cooperate in an orderly settlement of its account with OST.

- 7.08 Either party to the contract may seek legal redress in the courts and each party reserves any right or privileges provided them by law.
- 7.09 Either OST or successful bank may terminate this agreement upon giving the other party sixty (60) days written notice. The successful bank shall be entitled to its fees for services under this contract rendered prior to the termination date.

## 8.0 Contract Documents

- 8.01 Banks must submit a proposed contract for review. The final written contract will be subject to negotiation. However, the proposed contract may not contain provisions inconsistent with the provisions of this ITB.
- 8.02 The Bank shall not assign, convey, encumber, or otherwise transfer its rights or duties under the contract without prior written consent of OST.
- 8.03 The State of Oklahoma and its agencies such as OST are constitutionally prohibited from entering into contracts which have the effect of waiving any defense in advance of litigation, limiting liability, or agreeing to indemnify a Bank.
- 8.04 To the extent that a provision of the contract is contrary to the constitution or laws of the state of Oklahoma, or of the United States, the provision shall be void and unenforceable. However, to the extent possible, the balance of the contract shall remain in force between the parties.

## 9.0 Amendments to Contract

No modification of any provision in the contract shall be made or construed to have been made, without the written agreement of both parties.

## 10.0 Payment of Services

- 10.01 Payment for all services required herein shall be made in arrears upon submission to OST of a proper invoice. OST will not make any advance payments or advance deposits except for the netting of brokerage fees as set forth in 5.0.
- 10.02 If OST finds that an overpayment or underpayment has been made to the Bank, OST may adjust any subsequent payments to the Bank to correct the account. A written explanation of the adjustment shall be issued to the Bank with an explanation of the procedures to be followed to resolve differences.

10.03 OST may withhold a part or all of a final payment until the account is settled, to assure compliance with all the terms of the contract.

11.0 Closing

11.1 Bids are to be submitted in triplicate including all supporting documentation. The original bid document must be notarized. Failure to do so will result in elimination from consideration. **Bids are due by 4:00pm on September 12, 2008.**

11.2 OST will review all bids after bid closing.

11.3 Banks are reminded to comply with the instructions provided with the “Invitation to Bid” form. Mail or deliver your bid to Oklahoma State Treasurer’s Office, Purchasing Division, 4545 N. Lincoln Blvd., Suite 106 Oklahoma City, OK 73105

11.4 Alternative bids by banks are acceptable; however, alternative bids must be submitted as separate bids. Do not include multiple/alternative bids in a single bid.

11.5 Banks should list the name and telephone number, including area code, of the person in your company who may be contacted regarding the ITB. If the Bank has representatives in Oklahoma that may be contacted, please include their names and telephone numbers.

11.6 Neither the State of Oklahoma nor OST is liable for any cost associated with the preparation of Bank’s bid or any cost incurred prior to the issuance of an agreement or contract. All responses, inquiries, or correspondence relating to, or in reference to this ITB, when received by the State, will become property of the State.

**APPENDIX A**

**STATEMENT OF CHARGES  
CUSTODY, ACCOUNTING, AND BROKERAGE  
SERVICES FOR UNCLAIMED SECURITIES**

The Statement of Charges for Custody, Accounting, and Brokerage Services represents the offeror's fee schedule. Please complete each line on the Statement of Charges, as it relates to the objectives of the ITB. This is a requirement. Any charge for services not addressed in the Statement of Charges will not be allowed in the course of the Contract.

Statistics 12/01/00 to 06/01/08:

- Total value of Portfolio as of 6/01/08 – Approx. \$16.6 Million Dollars
- Number of Securities – Approx. 1,136 (Value greater than \$.00)
- Number of DRS/Book Share Accounts – Approx. 200
- Annual Transfers to Custodian:
  - DTC Receipt of Securities – Approx. 550 issues
  - Physical Receipt of Certificates – Approx. 335 issues
- Annual Transfers of securities from Custodian – Approx. 1,200 issues
- Annual Transfers of DRS/Book Shares – Approx. 100
- Approximate Fiscal Year Annual Sale of Securities:
 

1998 - \$1.2 Million	2002 - \$0	2006 - \$6.8 Million
1999 - \$6.9 Million	2003 - \$211 Thousand	2007 - \$12.9 Million
2000 - \$2.0 Million	2004 - \$4.7 Million	
2001 - \$0	2005 - \$33 Thousand	

Note:

Oklahoma's Unclaimed Property Program was transferred by law from the Oklahoma Tax Commission (OTC) to the Office of Oklahoma State Treasurer (OST) on July 1, 2000. Under direction of the OTC, there were no stock sales prior to 1998. Due to transition of the program from OTC to OST there were no stock sales in 2001 and 2002.

<b><u>Statement of Fees to be Charged:</u></b>	<b><u>FEE RATE</u></b>	<b><u>UNIT PRICE</u></b>
Basic Administration Fee.....	_____	_____
Administration Fee – per transfer (DTC) .....	_____	_____
Administration Fee – per transfer other.....	_____	_____
Research Fees.....	_____	_____
Report Fees.....	_____	_____
Sale of Securities – Commissions.....	_____	_____
Sale of DRS/Book Shares – Commissions.....	_____	_____
Other _____	_____	_____
Other _____	_____	_____