

TRI-STATE LOTTO COMMISSION
INVESTMENT MANAGEMENT, CUSTODY, AND REPORTING
SERVICES

RFP 2021-01

SECTION 1 – Overview and Schedule

A. Executive Summary

The Tri-State Lotto Commission (“Tri-State”) is an interstate compact between the states of Maine, New Hampshire and Vermont for the purposes of offering lottery games across the Tri-State region. Presently, Tri-State operates the draw games Megabucks Plus, Pick 3, Pick 4, Gimme 5, and a selection of traditional instant ticket games and terminal generated instant games. Tri-State is governed by a compact which has been adopted into law by all of three states. Tri-State is comprised of one member of each party state and meets bi-monthly to conduct the business of the commission.

Tri-State is seeking proposals from qualified individuals or entities to perform investment management services for its’ short term bond fund in accordance with the Tri-State short term investment policy. This includes custody and reporting services. A copy of this policy is attached as Appendix B to this RFP. Tri-State anticipates entering into a service agreement with the successful proposer.

B. Schedule

The following table provides a Schedule of Events for this RFP through agreement finalization and approval. Tri-State reserves the right to amend this schedule at its sole discretion and at any time through a published Addendum.

EVENT	DATE	LOCAL TIME
RFP Released to Proposers (Advertisement)	February 22, 2021	
Proposer Inquiry Period Ends	March 3, 2021	4:00 PM
Final Responses to Proposer Inquiries	March 10, 2021	4:00 PM
Proposers Submit Proposals	March 15, 2021	4:00 PM
Estimate Timeframe for Proposer Oral Presentations and Interviews (if applicable)	The Week of March 22, 2021	
Estimated Notification of Selection and Begin Agreement Negotiations	April 2, 2021	
Estimated Date of Approval of Final Agreement/Work Begins	April 9, 2021	

SECTION 2 – Proposed Scope of Work

The Successful proposer will be responsible for providing the following services:

- Invest assets in accordance with Tri-State's policies and short term investment objectives.
- Review investments periodically to ensure optimal performance of Tri-State's assets in accordance with the investment objectives.
- Utilize brokerage services to effectuate the investment objectives
- Provide a monthly statement of income, a record of transactions, and a statement of assets at current market value.
- Collect interest, dividends and other forms of income and credit those amounts to the customer account.
- Make payments of assets to Tri-State as directed.
- Collect proceeds from securities which mature or are called for redemption and credit those amounts to the Tri-State account.
- Promptly deliver any assets to Tri-State upon request.
- Attend Tri-State meetings in person at least once annually for the purposes of reviewing investment performance.
- Provide quarterly updates to the Tri-State board in the form and substance requested by Tri-State.

SECTION 3 – Process for Submitting a Proposal

A. Proposal Submission, Deadline, and Location Instructions

Proposals submitted in response to this RFP must be received by Tri-State no later than the time and date specified in the Schedule section herein. Proposals may be submitted electronically to James Duris at James.C.Duris@lottery.nh.gov.

Proposals must be clearly marked as follows:

TRI-STATE LOTTO COMMISSION

**RESPONSE TO RFP 2021-01
TREASURY CUSTODY SERVICES**

Unless waived as a non-material deviation in accordance with Section 5B, late submissions will not be accepted and will be returned to the proposer unopened. The time of receipt shall be considered when a Proposal has been officially documented as received by the email system of the designated recipient. Tri-State accepts no responsibility for mislabeled responses or responses that are not delivered or are undeliverable for whatever reason.

B. Proposal Inquiries

All inquiries concerning this RFP, including but not limited to, requests for clarifications, questions, and any changes to the RFP, shall be submitted via email to the following RFP designated Points of Contact:

James Duris, CFO, New Hampshire Lottery Commission (James.C.Duris@lottery.nh.gov)

Inquiries must be received by Tri-State's RFP Points of Contact no later than the conclusion of the Proposer Inquiry Period (see Schedule of Events section, herein). Inquiries received later than the conclusion of the Proposer Inquiry Period shall not be considered properly submitted and may not be considered.

Tri-State intends to issue official responses to properly submitted inquiries on or before the date specified in the Schedule section, herein; however, this date is subject to change at Tri-State's discretion. Tri-State may consolidate and/or paraphrase questions for sufficiency and clarity. Tri-State may, at its discretion, amend this RFP on its own initiative or in response to issues raised by inquiries, as it deems appropriate. Oral statements, representations, clarifications, or modifications concerning the RFP shall not be binding upon Tri-State. Official responses by Tri-State will be made only in writing by the process described above.

C. Restriction of Contact with Tri-State Employees

From the date of release of this RFP until an award is made and announced regarding the selection of a Proposer, all communication with personnel employed by or under contract with the Tri-State regarding this RFP is forbidden unless first approved by the RFP Points of Contact listed in the Proposal Inquiries section, herein. Tri-State employees have been directed not to hold conferences and/or discussions concerning this RFP with any potential contractor during the selection process, unless otherwise authorized by the RFP Points of Contact. Proposers may be disqualified for violating this restriction on communications.

D. Validity of Proposal

Proposals must be valid for one hundred and eighty (180) days following the deadline for submission of Proposals in Schedule of Events, or until the Effective Date of any resulting Agreement, whichever is later.

SECTION 4 - Content and Requirements for a Proposal

Proposals shall have the following form and content:

A. Qualifications and Experience

Proposers shall provide a narrative (no longer than 5 pages, excepting requested attachments) identifying their qualifications and experience in the form of investment management including the following:

- The number of years in business;
- The physical location of the office or offices;
- The type of investment services offered by the proposer;
- Number of clients including an identification of how many clients are governmental, institutional, and individual;
- The amount of funds under management at the time of the proposal;
- All licenses and certifications relevant to the services requested in this proposal;
- The resumes of all personnel who would be assigned to the Tri-State account.

B. Investment and Custody Plan (Confidential)

Based on the investment objectives identified by Tri-State, provide a proposed investment strategy for the Tri-State account. Please provide a detailed explanation of how the investment plan is designed to meet the Tri-State objectives.

C. Reporting and Customer Relationship (Confidential)

Please identify how the proposer will communicate and support Tri-State during the term of the relationship. Please provide a generic example of the reporting that will be provided to Tri-State on a monthly basis.

D. References (Confidential)

Please provide contact information for at least two (2) references who currently use your services. Tri-State prefers references from governmental or similar institutional clients.

E. Price

Please provide a Portfolio Investment Management Fee expressed as a percentage basis of the funds invested.

SECTION 5 – Evaluation of Proposals

A. Criteria for Evaluation and Scoring

Each responsive Proposal will be evaluated and considered with regard to the following criteria:

A. Qualifications and Experience (40 Points)

Points awarded based on the proposer's identified experience and financial strength and the quality of the personnel assigned to the account based on the information provided in the proposal and the references identified by the proposer.

B. Investment Strategy (10 Points)

Does the proposed strategy represent a well-considered investment approach that adheres to the Tri-State investment objectives?

C. Customer Service and Reporting (15 points)

Does the proposal identify a clear customer service strategy? Is the reporting clear and include all information required by Tri-State?

D. Price (35 points)

Price proposal will be evaluated given the criteria identified in Section 5G.

If Tri-State, determines to make an award, Tri-State will issue an “intent to negotiate” notice to a Proposer based on these evaluations. Should Tri-State be unable to reach agreement with the selected Proposer during negotiations, Tri-State may then undertake negotiations with the second preferred proposer and so on, or Tri-State may reject all proposals, cancel this RFP, or solicit new Proposals under a new acquisition process.

Tri-State will use a scoring scale of 100 points, a maximum of 35 points awarded based on the Price Proposal, a maximum of 65 points awarded for the Technical Proposal, which will be distributed as set forth in the table below.

CATEGORIES	POINTS
TECHNICAL PROPOSAL with the following potential maximum scores for each Technical Proposal category;	65
Qualifications and Experience	40
Investment Strategy	10
Customer Service and Reporting	15
PRICE PROPOSAL POTENTIAL MAXIMUM POINTS	35
TOTAL POTENTIAL MAXIMUM POINTS AWARDED	100

Tri-State will select a Proposer based upon the criteria and standards contained in this RFP and from applying the weighting in this section. Oral interviews and reference checks, to the extent they are utilized by Tri-State, will be used to refine and finalize scores.

B. Planned Evaluations

Tri-State plans to use the following process:

- Initial screening to ensure that the Proposals are in compliance with submission requirements;
- Preliminary evaluation of the Proposals;
- Oral interviews (if necessary);
- Final Evaluation of Technical Proposals and scoring;
- Review of Price Proposals and final scoring; and
- Select the highest scoring Proposer and begin negotiation.

C. Initial Screening

Tri-State will conduct an initial screening step to verify Proposer compliance with the technical submission requirements set forth in the RFP and the minimum content set forth in Section 4 of this RFP. Tri-State may waive or offer a limited opportunity to cure immaterial deviations from the RFP requirements.

D. Preliminary Technical Review

Tri-State will establish an evaluation team to initially review the Technical Proposals. This evaluation team will review the technical proposals and determine if oral presentations are warranted.

E. Oral Interviews

If Tri-State determines that it is appropriate, proposers may be invited to oral interviews. Tri-State retains the sole discretion to determine whether to conduct oral interviews, with which proposers; and the number of interviews. Proposers are advised that Tri-State may decide to conduct interviews with less than all responsive proposers.

The purpose of oral interviews is to clarify and expound upon information provided in the written Proposals. Proposers are prohibited from altering the basic substance of their Proposals during the oral interviews and product demonstrations. Tri-State may ask the Proposer to provide written clarifications of elements in their Technical Proposal regardless of whether it intends to conduct oral interviews.

Information gained from oral interviews will be used to refine technical review scores assigned from the initial review of the Proposals.

F. Final Technical Scoring of Proposals

Following oral interviews, product demonstrations, reference checks (if applicable/appropriate) and/or review of written clarifications of Proposals requested by Tri-State, the evaluation team will determine a score for each Technical Proposal.

G. Price Proposal Review

Price Proposals will be reviewed upon completion of the final technical scoring of Proposals. The Proposer's Price Proposal will be allocated a maximum potential score of 35 points. Proposers are advised that this **is not a low bid award** and that the scoring of the Price Proposal will be combined with the scoring of the Technical Proposal to determine the overall highest scoring Proposer.

The following formula will be used to assign points for costs:

$$\text{Proposer's Price Score} = (\text{Lowest Proposed Price} / \text{Proposer's Proposed Price}) \times 35 \text{ points}$$

For the purpose of use of this formula, the lowest proposed price is defined as the lowest price proposed by a Proposer who has scored above the minimum necessary for consideration on the Technical Score.

H. No Best and Final Offer

The Proposal should be submitted initially on the most favorable terms which the Proposer can offer. There will be no best and final offer procedure. The Proposer should be prepared to accept this RFP for incorporation into a service agreement resulting from this RFP. Negotiations may incorporate some or all of the Proposal.

I. Final Selection

Tri-State will conduct a final selection based on the final evaluation of the initial proposals or, if requested, as a result of the Best and Final Offer and begin negotiations with the selected Proposer.

J. Rights of the Tri-State in Accepting and Evaluating Proposals

Tri-State reserves the right to:

- Make independent investigations in evaluating Proposals;
- Request additional information to clarify elements of a Proposal;
- Waive minor or immaterial deviations from the RFP requirements, if determined to be in the best interest of the State;
- Omit any planned evaluation step if, in Tri-State's view, the step is not needed;

- At its sole discretion, reject any and all Proposals at any time; and
- Open negotiations with the second highest scoring Proposer and so on, if Tri-State is unable to reach an agreement on Agreement terms with the higher scoring Proposer(s).

SECTION 6 – Terms and Conditions Related to the RFP Process

A. RFP Addendum

Tri-State reserves the right to amend this RFP at its discretion, prior to the Proposal submission deadline. In the event of an addendum/addenda to this RFP, Tri-State, at its sole discretion, may extend the Proposal submission deadline, as it deems appropriate.

B. Non-Collusion

The Proposer's signature on a Proposal submitted in response to this RFP guarantees that the prices, terms and conditions, and Work quoted have been established without collusion with other Proposers and without effort to preclude Tri-State from obtaining the best possible competitive Proposal.

C. Property of the Tri-State

All material received in response to this RFP shall become the property of Tri-State and will not be returned to the Proposer. Upon award, Tri-State reserves the right to use any information presented in any Proposal.

D. Confidentiality of a Proposal

Unless necessary for the approval of an Agreement, the substance of a Proposal must remain confidential until the award of an agreement resulting from this RFP.

E. Public Disclosure

The content of each Proposer's Proposal may become public information subject to disclosure as required under the laws of Maine, Vermont or New Hampshire.

If you believe any information being submitted in response to this Request for Proposal, Bid or Information should be kept confidential as financial or proprietary information; you must specifically identify that information in a letter to the Tri-State, and must mark/stamp each page of the materials that you claim must be exempt from disclosure as "CONFIDENTIAL". A designation by the Proposer of information it believes exempt does not have the effect of making such information exempt. Tri-State will determine the information it believes is properly exempted from disclosure.

Marking of the entire Proposal or entire sections of the Proposal (e.g. pricing) as confidential will neither be accepted nor honored. Notwithstanding any provision of this RFP to the contrary, Proposer pricing will be subject to disclosure upon approval of the agreement. Tri-State will

endeavor to maintain the confidentiality of portions of the Proposal that are clearly and properly marked confidential.

If a request is made to Tri-State to view portions of a Proposal that the Proposer has properly and clearly marked confidential, Tri-State will notify the Proposer of the request and of the date Tri-State plans to release the records. By submitting a Proposal, Proposers agree that unless the Proposer obtains a court order, at its sole expense, enjoining the release of the requested information, Tri-State may release the requested information on the date specified in the Tri-State's notice without any liability to the Proposers.

F. Non-Commitment

Notwithstanding any other provision of this RFP, this RFP does not commit Tri-State to award an Agreement. Tri-State reserves the right, at its sole discretion, to reject any and all Proposals, or any portions thereof, at any time; to cancel this RFP; and to solicit new Proposals under a new acquisition process.

G. Proposal Preparation Cost

By submitting a Proposal, a Proposer agrees that in no event shall Tri-State be either responsible for or held liable for any costs incurred by a Proposer in the preparation of or in connection with the Proposal, or for Work performed prior to the Effective Date of a resulting Agreement.

H. Challenges on Form or Process of the RFP

Any challenges regarding the validity or legality of the form and procedures of this RFP, including but not limited to the evaluation and scoring of Proposals, shall be brought to the attention of Tri-State at least ten (10) business days prior to the Proposal Submission Deadline. By submitting a Proposal, the Proposer is deemed to have waived any challenges to the form or procedures set forth in this RFP.

SECTION 7 – Agreement Terms and Award

A. Non-Exclusive Agreement

Any resulting Agreement from this RFP will be a non-exclusive Agreement. Tri-State reserves the right, at its discretion, to retain other entities to provide any of the Services or Deliverables identified under this procurement or make an award by item, part or portion of an item, group of items, or total Proposal.

B. Award

If Tri-State decides to award an Agreement as a result of this RFP process, any award is contingent upon formal approval of the commission.

C. Standard Agreement Terms

The Tri-State will require the successful Proposer to execute an Agreement using the Tri-State Standard Terms and Conditions which is attached as Appendix A.

The Term of the Agreement will be for 2 years from the date of approval. The Agreement term may be extended at the sole option of Tri-State.

The Tri-State may consider modifications of this form during negotiations. To the extent that a Proposer believes that exceptions to the standard form agreement will be necessary for the Proposer to enter into the Agreement, the Proposer should note those issues during the Proposer Inquiry Period. Tri-State will review requested exceptions and accept, reject or note that it is open to negotiation of the proposed exception at its sole discretion. If Tri-State accepts a Proposer's exception Tri-State will, at the conclusion of the inquiry period, provide notice to all potential proposers of the exceptions which have been accepted and indicate that exception is available to all potential proposers. Any exceptions to the standard form agreement that are not raised during the proposer inquiry period are waived. In no event is a Proposer to submit its own standard agreement terms and conditions as a replacement for the State's terms in response to this solicitation.

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APPENDIX A

TRI-STATE LOTTO COMMISSION SHORT FORM STANDARD PROVISIONS

1. Governing Law, Jurisdiction and Venue: This Agreement will be governed by the laws of the State of Vermont. Any action or proceeding brought by the State or the Contractor in connection with this Agreement shall be brought in the Vermont Superior Court, Civil Division, Washington Unit.

2. Independence: The Contractor will act in an independent capacity and not as officers or employees of the Tri-State Lotto Commission (“Tri-State”) or any of its party states.

3. Sovereign Immunity: The Parties acknowledge that Tri-State’s party states reserve all immunities, defenses, rights or actions arising out of the member states’ sovereign status or under the Eleventh Amendment to the United States Constitution. No waiver of Tri-State’s party states’ immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of Tri-State’s entry into this Agreement.

4. Defense and Indemnity: Contractor shall defend the Tri-State and its officers and employees, and Tri-State’s party states and their officers and employees, against all third-party claims or suits arising in whole or in part from any act or omission of Contractor or of any agent of Contractor in connection with the performance of this Agreement. Tri-State shall notify Contractor in the event of any such claim or suit, and Contractor shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit. Tri-State and any Tri-State party state retain the right to participate at its own expense in the defense of any claim. Tri-State shall have the right to approve all proposed settlements of such claims or suits. In the event Tri-State or any Tri-State party state withholds approval to settle any such claim, then Contractor shall proceed with the defense of the claim but under those circumstances, the Contractor’s indemnification obligations shall be limited to the amount of the proposed settlement initially rejected by Tri-State or any Tri-State party state.

After a final judgment or settlement, Contractor may request recoupment of specific defense costs and may file suit in Vermont Superior Court, Civil Division, Washington Unit requesting recoupment. Contractor shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party in connection with the performance of this Agreement.

Contractor shall indemnify Tri-State and its officers and employees, and/or Tri-State’s party states and their officers and employees, in the event that Tri-State, its officers or employees, and/or Tri-State’s member states and their officers or employees, become legally obligated to pay any damages or losses arising from any act or omission of Contractor or an agent of Contractor in connection with the performance of this Agreement.

Contractor agrees that in no event shall the terms of this Agreement nor any document required by Contractor in connection with its performance under this Agreement obligate the Tri-State or any Tri-State party state to defend or indemnify Contractor or otherwise be liable for the expenses or reimbursement, including attorneys’ fees, collection costs or other costs of Contractor except to the extent awarded by a court of competent jurisdiction.

5. Insurance: Before commencing work on this Agreement the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor’s operations.

Workers Compensation: With respect to all operations performed, the Contractor shall carry workers’ compensation insurance in accordance with the laws of the State of Vermont. Tri-State will accept an out-of-state employer’s workers’ compensation coverage while operating in Vermont or another Tri-State party state provided that the insurance carrier is licensed to write insurance in Vermont or the other Tri-State party state and an amendatory endorsement is added to the policy adding Vermont or the other Tri-State party state for coverage purposes. Otherwise, the party shall secure a Vermont workers’ compensation policy, if necessary, to comply with Vermont law.

General Liability and Property Damage: With respect to all operations performed under this Agreement, the Contractor shall carry general liability insurance. The policy shall be on an occurrence form and limits shall not

be less than: \$1,000,000 Per Occurrence \$1,000,000 General Aggregate \$1,000,000 Products/Completed Operations Aggregate.

Contractor shall name Tri-State and its party states, officers and employees as additional insureds for liability arising out of this Agreement. Coverage shall be primary and non-contributory with any other insurance and self-insurance.

Automotive Liability: The Contractor shall carry automotive liability insurance Limits of coverage shall not be less than: \$500,000 combined single limit.

Professional Liability: Before commencing work of this Agreement and throughout the terms of this Agreement, Party shall procure and maintain professional liability insurance for any and all services performed under this Agreement, with minimum coverage of \$1,000,000 per claim.

6. Fair Employment Practices and Americans with Disabilities Act: Contractor agrees to comply with the requirement of 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this Agreement. Contractor further agrees to include this provision in all subcontracts.

7. Taxes Due to the State:

- a. Contractor understands and acknowledges responsibility, if applicable, for compliance with Tri-State party state tax laws, including income tax withholding for employees performing services within Tri-State party states, payment of use tax on property used within Tri-State party states, corporate and/or personal income tax on income earned within Tri-State party states.
- b. Contractor certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due Tri-State party states.
- c. Contractor understands that final payment under this Agreement may be withheld if the Commissioner of Taxes from any Tri-State party state determines that the Contractor is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to that Tri-State party state.
- d. Contractor also understands the Tri-State may set off taxes (and related penalties, interest and fees) due to any member state as permitted by law.

8. Child Support: (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the Agreement is signed, s/he: (a) is not under any obligation to pay child support; or (b) is under such an obligation and is in good standing with respect to that obligation; or (c) has agreed to a payment plan with the applicable member state child support office and is in full compliance with that plan. Contractor makes this statement with regard to support owed to any and all children residing in any member state. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

9. Entire Agreement: This Contract represents the entire agreement between the Parties on the subject matter. All prior agreements, representations, statements, negotiations and understandings shall have no effect.

POLICY NO. 20:

TRI-STATE LOTTO COMMISSION
Appendix B
INVESTMENT POLICY
(Adopted March 4, 2016)
(Amended November 3, 2017)
(Amended June 5, 2020)

Investment Objective: To achieve the maximum return while simultaneously protecting principle. The allocation range for the investments should be five percent (5%) to twenty percent (20%) in cash and equivalents with a target of five percent (5%), eighty percent (80%) to ninety-five percent (95%) in fixed income investments with a target of eighty-five percent (85%) and zero percent (0%) to fifteen percent (15%) in equity investments with a target of ten percent (10%). Maturity dates shall be staggered over a five-year period with 20% of the investments maturing each year. No investments shall be for more than ten (10) years.

Types of Authorized Investments: Permitted investments shall include the following:

Cash and equivalents may include stable value money market instruments and bank certificates of deposit within FDIC insurance limits.

Fixed Income securities are restricted to obligations of the US Treasury, US Government Sponsored Enterprise Bonds, or Individually-Issued Corporate Bonds with an investment grade of S&P rated BBB or better. Diversified mutual funds are permitted for exposure to mortgage-backed, High Yield, and Floating Rate bond investments.

Equity securities shall be permitted as requested using a diversified portfolio of US large cap companies. No individual stock shall exceed 10% of the total value of the equity portfolio nor will exposure to any industry exceed 25%.

If mutual funds are utilized as a diversification strategy within the portfolio, the investment manager may not invest in any mutual fund with a front or back-end sales load.

Review: The Chair of the Tri-State Lotto Commission Finance Committee shall review, monthly, the status of the investments and report the status to the Commission at least annually.

The investment manager is expected to submit a portfolio review with investment performance, net of fees, on a quarterly basis and present an annual portfolio review to the Board at the June meeting.

Benchmark: The Tri-State Lotto Commission (TSL) has adopted the following benchmark: five percent (5%) 3-month Treasury Bill, ten percent (10%) S&P 500, and eighty-five percent (85%) Bloomberg Barclays US Govt/Credit Intermediate TR USD.