

**REQUEST FOR PROPOSALS FOR**

**Trustee and Bond Services**

**ISSUING OFFICE**

**Pennsylvania Turnpike Commission**

**Finance and Administration Department**

**RFP 17-67000-7849**

**DATE OF ISSUANCE**

**August 3, 2017**

# REQUEST FOR PROPOSALS FOR

## Trustee and Bond Services RFP 17-67000-7849

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## PART I

### GENERAL INFORMATION FOR PROPOSERS

**I-1. Purpose.** This request for proposals (RFP) provides interested Proposers with sufficient information to enable them to prepare and submit proposals for consideration by the Pennsylvania Turnpike Commission (Commission) to satisfy a need for Trustee and Bond Services.

**I-2. Background.**

**A. The Turnpike System**

The present system is composed of the following: a 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west, a 110 mile north-south section identified as the Northeast Extension, a 16 mile north-south connection, known as the Beaver Valley Expressway which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth, the 13 mile Amos K. Hutchinson Bypass, which adjoins the Turnpike Mainline near the New Stanton Interchange, a 48-mile section of the Mon/Fayette Project, and the first 6-mile section of the Southern Beltway, the Findlay Connector, near Greater Pittsburgh International Airport. When completed, the Mon/Fayette Expressway will extend 65 miles from Interstate Route 68 in West Virginia to Interstate Route 376 near Pittsburgh and the Southern Beltway Expressway will extend 32 miles from Interstate Route 376 near the Greater Pittsburgh International Airport to the Mon/Fayette Expressway near Finleyville

**B. Trust Indenture and Debt**

The Pennsylvania Turnpike Commission issues bonds under the various indentures:

- **Mainline Senior Indenture**

A Senior Trust Indenture dated July 1, 1986 which was amended and restated as of March 1, 2001, as supplemented, between the Commission and the Trustee, U.S. Bank Corp., successor to First Union National Bank.

Main Line Senior Debt is issued for financing the costs of various capital projects in the Commission's capital plan and for refunding outstanding Mainline Senior Debt.

- **Mainline Subordinate Indenture**

Mainline Subordinate Trust Indenture dated April 1, 2008, as supplemented, between the Commission and the Trustee, Wells Fargo Bank, N.A., successor to Commerce Bank, N.A.

Mainline Subordinate Debt is issued for financing a portion of the costs of making payments to the Pennsylvania Department of Transportation in accordance with Act 44 and Act 89 and for refunding outstanding Subordinate Debt. See Note 9 for additional information regarding Act 44 and Act 89.

- **Oil Company Franchise Tax Debt and Motor License Registration Fee Indentures**

An Oil Franchise Tax Trust Indenture dated August 1, 1998, as supplemented, between the Commission and the Trustee, Bank of New York Mellon Trust Company, N.A., successor to National City Bank of Pennsylvania;

The Registration Fee Revenue Trust Indenture dated August 1, 2005 between the Commission and the Trustee, Bank of New York Mellon Trust Company, N.A., successor to Wachovia Bank, N.A.;

A Special Obligation Trust Indenture dates September 1, 2014 between the Commission and the Trustee, Bank of New York Mellon Trust Company, N.A.

Both indentures are issued for financing the costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects and to refund outstanding Oil Company Franchise Tax Debt and Motor License Registration Fee Debt.

Accordingly, certain activities of the Commission are restricted by these Indentures.

The issuance of new debt is conducted in accordance with the terms of the applicable Trust Indenture and approval of the Commissioners.

It is not the intent of the Commission to split an individual bond issue among several different awards. However multiple contracts may be awarded by Bond issue types.

A copy of the Turnpike's financial statements reflecting outstanding bonds can be found at the Commission's web site:

[https://www.paturndpike.com/business/annual\\_financial\\_reports.aspx](https://www.paturndpike.com/business/annual_financial_reports.aspx)

**C. Investment and Debt Management Procedures/Policy**

The Indentures (as listed above) permit investments. In addition to the Indenture guideline, the Commission maintains an investment policy that further define operational factors. Debt insurers have placed additional restrictions on construction funds. The Respondent will need to adhere to additional policies and procedures.

A copy of the Turnpike's Investment Policy and the Debt Management policy can be found at the Commission's web site:

[https://www.paturndpike.com/business/financial\\_policies.aspx](https://www.paturndpike.com/business/financial_policies.aspx)

**D. Exclusions to Investment Policy**

The Commission's investment policy also limits investments to those issues expected to mature within five years, taking into consideration calls, prepayment, or other features that may impact maturity. On May 31, 2016, the Commission held three such securities. Each of these securities had a maturity greater than five years. These securities were purchased prior to the Commission's adoption of an Investment Policy.

## **E. Anticipating Borrowings**

The Commission anticipates that it will borrow substantial additional funds:

- One Senior Bond Trust Indenture annually for the funding of capital expenditures.
- Two Subordinate Bond (MLS) Trust Indenture annually for financing the present Act 89 legislation. (See additional note below about the present-day Legislation)
- Additional borrowings under the Oil Franchise Trust Indenture are possible.
- No new borrowings are planned for the Motor Vehicle Indenture.
- The 2014 Special Obligation Bonds were subsequently defeased on September 15, 2014. Only the Escrow account from this indenture remains active.
- Any additional refinancing/refunding bond issues under any of the indenture that may increase bond issuance activity.
- The 2014 Special Obligation Bonds were subsequently defeased on September 15, 2014.

Legislation may be introduced that could affect the Commission and its obligations pursuant to Act 44 and Act 89. However, the Commission cannot predict what other legislation may be considered by the General Assembly or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

**I-3. Issuing Office.** This RFP is issued for the Commission by the Finance and Administration Department and Information Technology Department.

**I-4. Scope.** This RFP contains instructions governing the proposals to be submitted and the material to be included therein; a description of the service to be provided; requirements which must be met to be eligible for consideration; general evaluation criteria; and other requirements to be met by each proposal.

## **I-5. Problem Statement.**

### **A. General Description**

The Pennsylvania Turnpike is soliciting proposals from qualified financial institutions interested in providing Trustee and Bond Services. The Commission desires to meet two basic business criteria:

- The chosen solution must fulfill the Trustee and Bond Custody provisions as related to the legal requirements as contained in the current Indenture Requirements.
- The chosen solution must fulfill the business and system requirements related to SAP (the Commission's Enterprise Resource Planning (ERP) system) for accounting services, investment recording, cash management and debt services.

### **B. Requested Services**

The Trustee services must follow the indenture agreements and responsibilities will include, but are not limited to the following general examples:

- Indenture Services for both fixed and variable rate bond
- Paying Services
- Escrow Services
- Arbitrage Calculation/Refunding Services
- Tender Agent
- Depository Services

- Custodian Services
- Disbursing Agent
- BAI2 transmissions formatted to the Turnpike's specifications

**I-6. Type of Contract.** It is proposed that if a contract is entered into as a result of this RFP, it will be a fixed-fee contract. The Commission currently intends that multiple contracts may be awarded for the contemplated services. The Commission may in its sole discretion undertake negotiations with Proposers whose proposals as to price and other factors show them to be qualified, responsible, responsive and capable of performing the work.

**I-7. Contractor Integrity Provisions.** Contractor Integrity Provisions will apply to this contract upon award and the awarded vendor may be required to complete a Background Qualifications Questionnaire prior to entering into an Agreement with the Commission and attend annual ethics training provided by the Commission. Proposers can find these two documents on the Commission's website at [www.paturnpike.com](http://www.paturnpike.com) (Doing Business, General Information, Integrity Provisions).

Include full disclosure of any potential conflict with the State Adverse Interest of State Advisor or Consultant Statute by the prime or any sub consultant. If there is no adverse interest you shall include the following statement: "I have reviewed the State Adverse Interest Statute and determined that there is no adverse interest for anyone on this Agreement team." This information should be included in your transmittal letter/cover page or executive summary.

**I-8. Rejection of Proposals.** The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing Proposers.

**I-9. Subcontracting.** Any use of subcontractors by a Proposer must be identified in the proposal. During the contract period use of any subcontractors by the selected Proposer, which were not previously identified in the proposal, must be approved in advance in writing by the Commission.

**I-10. Incurring Costs.** The Commission is not liable for any costs the Proposer incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of contract.

**I-11. Questions and Answers.** There will be no pre-proposal conference for this RFP. Written questions may be submitted to clarify any points in the RFP which may not have been clearly understood. Written questions should be submitted by email to [RFP-Q@paturnpike.com](mailto:RFP-Q@paturnpike.com) with **RFP 17-67000-7849** in the Subject Line to be received no later than **2:00 PM local time on Friday, August 18, 2017**. Proposers shall use the form provided in **Appendix A** to submit the questions. All questions and written answers will be posted to the website as an addendum to and become part of this RFP.

**I-12. Addenda to the RFP.** If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be posted to the Commission's website under the original RFP document. It is the responsibility of the Proposer to periodically check the website for any new information or addenda to the RFP.

The Commission may revise a published advertisement. If the Commission revises a published advertisement less than ten days before the RFP due date, the due date will be extended to maintain the minimum ten-day advertisement duration if the revision alters the project scope or selection criteria. Firms are responsible to monitor advertisements/addenda to ensure the submitted proposal complies with any changes in the published advertisement.

**I-13. Response.** To be considered, proposals must be delivered to the Pennsylvania Turnpike Commission's Contracts Administration Department, Attention: Wanda Metzger, on or before **2:00 PM local time on Tuesday, September 12, 2017**. The Commission will **not** accept proposals via email or facsimile transmission. The Pennsylvania Turnpike Commission is located at 700 South Eisenhower Boulevard, Middletown, PA 17057 (Street address). Our mailing Address is P. O. Box 67676, Harrisburg, PA 17106.

**Please note that use of U.S. Mail, FedEx, UPS, or other delivery method, does not guarantee delivery to the Contracts Administration Department by the above listed time for submission.** Proposers mailing proposals should allow sufficient delivery time to ensure timely receipt of their proposals. If the Commission office location to which proposals are to be delivered is closed on the proposal response date, due to inclement weather, natural disaster, or any other cause, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open. Unless the Proposers are otherwise notified by the Commission, the time for submission of proposals shall remain the same.

**I-14. Proposals.** To be considered, Proposers should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in seven (7) hard copies of the Technical Submittal, seven (7) hard copies of the Diverse Business (DB) participation submittal, and seven (7) hard copies of the Cost Submittal. In addition to the hard copies of the proposal, two **complete and exact copies** of the Technical, Cost and DB submittals, along with all requested documents on CD-ROM or Flash Drive in Microsoft Office or Microsoft Office-compatible format. The electronic copy must be a mirror image of the hard copy. Proposer should ensure that there is no costing information in the technical submittal. The CD or Flash drive should clearly identify the Proposer and include the name and version number of the virus scanning software that was used to scan the CD or Flash drive before it was submitted. The Proposer shall present the proposal to the Contracts Administration Department only. No other distribution of proposals will be made by the Proposer. Each proposal page should be numbered for ease of reference.

An official authorized to bind the Proposer to its provisions must sign the proposal. If the official signs the Proposal Cover Sheet (Appendix B to this RFP) and the Proposal Cover Sheet is attached to the proposal, the requirement will be met. For this RFP, the proposal must remain valid for at least 120 days. Moreover, the contents of the proposal of the selected Proposer will become contractual obligations if a contract is entered into.

Each and every Proposer submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or fax notice (fax number (717) 986-8714) received at the Commission's address for proposal delivery prior to the exact hour and date specified for proposal receipt.

Overnight Delivery Address:  
Contracts Administration Department  
Attn: Wanda Metzger  
PA Turnpike Commission  
700 South Eisenhower Blvd.  
Middletown, PA 17057

US Mail Delivery Address:  
Contracts Administration Department  
Attn: Wanda Metzger  
PA Turnpike Commission  
P.O. Box 67676  
Harrisburg, PA 17106

However, if the Proposer chooses to attempt to provide such written notice by fax transmission, the Commission shall not be responsible or liable for errors in fax transmission. A proposal may also be withdrawn in person by a Proposer or its authorized representative, provided his/her identity is made known and he/she signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new sealed proposal or submission of a sealed modification which complies with the requirements of this solicitation.

**I-15. Economy of Preparation.** Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP.

**I-16. Discussions for Clarification.** Proposers who submit proposals may be required to make an oral or written clarification of their proposals to the Issuing Office through the Contract Administration Department to ensure thorough mutual understanding and Proposer responsiveness to the solicitation requirements. The Issuing Office through the Contract Administration Department will initiate requests for clarification.

**I-17. Best and Final Offers.** The Issuing Office reserves the right to conduct discussions with Proposers for the purpose of obtaining "best and final offers." To obtain best and final offers from Proposers, the Issuing Office may do one or more of the following: a) enter into pre-selection negotiations; b) schedule oral presentations; and c) request revised proposals. The Issuing Office will limit any discussions to responsible Proposers whose proposals the Issuing Office has determined to be reasonably susceptible of being selected for award.

**I-18. Prime Proposer Responsibilities.** The selected Proposer will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected Proposer to be the sole point of contact with regard to contractual matters.

**I-19. Proposal Contents.** Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. All material submitted with the proposal becomes the property of the Pennsylvania Turnpike Commission and may be returned only at the Commission's option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing Proposers at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

In accordance with the Pennsylvania Right-to-Know Law (RTKL), 65 P.S. § 67.707 (Production of Certain Records), Proposers shall identify any and all portions of their Proposal that contains confidential proprietary information or is protected by a trade secret. Proposals shall include a written statement signed by a representative of the company/firm identifying the specific portion(s) of the Proposal that contains the trade secret or confidential proprietary information.

Proposers should note that "trade secrets" and "confidential proprietary information" are exempt from access under Section 708(b)(11) of the RTKL. Section 102 defines both "trade secrets" and "confidential proprietary information" as follows:

Confidential proprietary information: Commercial or financial information received by an agency: (1) which is privileged or confidential; **and** (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Trade secret: Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that: (1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; **and** (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The term includes data processing software by an agency under a licensing agreement prohibiting disclosure.

65 P.S. §67.102 (emphasis added).

The Office of Open Records has determined that a third party must establish a trade secret based upon factors established by the appellate courts, which include the following:

- the extent to which the information is known outside of his business;
- the extent to which the information is known by employees and others in the business;
- the extent of measures taken to guard the secrecy of the information;
- the value of the information to his business and to competitors;
- the amount of effort or money expended in developing the information; and
- the ease of difficulty with which the information could be properly acquired or duplicated by others.

*See Crum v. Bridgestone/Firestone North Amer. Tire.*, 907 A.2d 578, 585 (Pa. Super. 2006).

The Office of Open Records also notes that with regard to “confidential proprietary information the standard is equally high and may only be established when the party asserting protection shows that the information at issue is either ‘commercial’ or ‘financial’ and is privileged or confidential, and the disclosure **would** cause substantial competitive harm.” (emphasis in original).

For more information regarding the RTKL, visit the Office of Open Records’ website at [www.openrecords.state.pa.us](http://www.openrecords.state.pa.us).

**I-20. Debriefing Conferences.** Proposers whose proposals are not selected will be notified of the name of the selected Proposer and given the opportunity to be debriefed, at the Proposer’s request. The Issuing Office will schedule the time and location of the debriefing. The Proposer will not be compared with other Proposers.

**I-21. News Releases.** News releases pertaining to this project will not be made without prior Commission approval, and then only in coordination with the Issuing Office.

**I-22. Commission Participation.** Unless specifically noted in this section, Proposers must provide all services to complete the identified work.

**I-23. Cost Submittal.** The cost submittal shall be placed in a separately sealed envelope within the sealed proposal and kept separate from the technical submittal.

**I-24. Term of Contract.** The term of the contract will commence on the Effective Date (as defined below) and will be for a term of three (3) years with two (2) one-year extensions. The Commission shall

fix the Effective Date after the contract has been fully executed by the Contractor and by the Commission and all approvals required by Commission contracting procedures have been obtained.

**I-25. Proposer's Representations and Authorizations.** Each Proposer by submitting its proposal understands, represents, and acknowledges that:

- a. All information provided by, and representations made by, the Proposer in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement, omission or misrepresentation shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa. C.S. 4904.
- b. The price(s) and amount of this proposal have been arrived at independently and without consultation, communication or agreement with any other Proposer or potential Proposer.
- c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a Proposer or potential Proposer, and they will not be disclosed on or before the proposal submission deadline specified in the response section of this RFP.
- d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- f. To the best knowledge of the person signing the proposal for the Proposer, the Proposer, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the Proposer in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Proposer and except as otherwise disclosed by the Proposer in its proposal, the Proposer has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Proposer that is owed to the Commonwealth.
- h. The Proposer is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the Proposer cannot certify, then it shall submit along with the proposal a written explanation of why such certification cannot be made.

- i. The Proposer has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services described in the proposal or the specifications for the services described in the proposal.
- j. Each Proposer, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commission information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.

**I-26. Indemnification.** The Proposer shall be responsible for, and shall indemnify, defend, and hold harmless the Commission and its Commissioners, officers, employees, and agents from any claim, liability, damages, losses, causes of action, and expenses, including reasonable attorneys' fees, arising from damage to life or bodily injury or real or tangible personal property caused by the negligence or other tortious acts, errors, and omissions of Proposer, its employees, or its subcontractors while engaged in performing the work of the Agreement or while present on the Commission's premises, and for breach of the Agreement regarding the use or nondisclosure of proprietary and confidential information where it is determined that Proposer is responsible for any use of such information not permitted by the Agreement. The indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Contractor or its subcontractors under Workers' Compensation Acts, Disability Benefits Acts, or other Employee Benefit Act.

**I-27. Insurance.** Proposer will comply with the Insurance requirements as described in Appendix C - Insurance Specification.

**I-28. Diverse Business (DB) Requirements.** Proposer will comply with the DB Requirements as described in Appendix D – Diverse Business (DB) Requirements.

## PART II

### INFORMATION REQUIRED FROM PROPOSERS

Proposals must be submitted in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. All cost data relating to this proposal and all Diverse Business cost data should be kept separate from and not included in the Technical Submittal. Each proposal shall consist of three separately sealed submittals:

1. Technical Submittal, which shall be a response to RFP **Part II, Section II-1, Items 1 through 9**;
2. Diverse Business Participation Submittal, in response to RFP **Part II, Section II-2**; and
3. Cost Submittal, in response to RFP **Part II, Section II-3**.

The Commission reserves the right to request additional information which, in the Commission's opinion, is necessary to assure that the Proposer's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Commission may make such investigations as deemed necessary to determine the ability of the Proposer to perform the work, and the Proposer shall furnish to the Issuing Office all such information and data for this purpose as requested by the Commission. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Proposer fails to satisfy the Commission that such Proposer is properly qualified to carry out the obligations of the agreement and to complete the work specified.

#### **II-1 Technical Submittal.**

1. **Statement of Qualifications Cover Sheet (See Appendix B)**  
Show the name of your Financial institution, Federal I.D. number, address, name of contact person, contact person's email and telephone number date and the subject: **Trustee and Bond Services, RFP 17-67000-7849**. Appendix B must be signed by an individual who is authorized to negotiate terms, render binding decisions and commit your financial institution's resources. In addition, it is required that all information requested in Appendix B be provided including information pertaining to location of office performing the work, contact information, listing of all Pennsylvania offices and total number of Pennsylvania employees, and location of company headquarters.
2. **Table of Contents**  
Include a clear identification of the material by section and by page number.
3. **Executive Summary**  
Summarize your understanding of the work to be done and make a positive commitment to perform the work necessary. This section should summarize the key points of your submittal. (Limit to two pages.) Include in this section or in a transmittal letter/cover page a statement regarding full disclosure of any potential conflict with the State Adverse Interest of State

Advisor or Consultant Statute as instructed in Proposal Section 1.7 Contractor Integrity Provisions.

#### 4. **Indication of Work**

Multiple Contracts may be awarded based upon the Indenture Types as indicated in PART I, Section B (Trust Indenture and Debt).

Please indicate the scope of work as it relates the various types of Bond Indentures.

#### 5. **Minimum Requirements**

The proposer must have the following minimum requirements:

- Maintain a United States bank charter
- Must have at least \$50 Million of combined capital and surplus as set forth in the most recent report of condition so published. This requirement only applies to Mainline Senior and Mainline Subordinate Indentures.
- Have a minimum of three years of Corporate Trust experience with respect to municipal/state bond financing preferably in the transportation area with experience in the following areas:
  - Indenture Services for both fixed and variable rate bond
  - Paying Services
  - Escrow Services
  - Arbitrage Calculation/Refunding Services
  - Tender Agent
  - Depository Services
  - Custodian Services
  - Disbursing Agent
- Have experience providing a at least one BAI2 transmission containing transactional data from the financial institution's corporate trust platform.

6. Provide answers to all questions in Part V – Questionnaire of this RFP.

#### 7. **Firm Overview**

Provide a brief history and description of your financial institutions organization and its' Trustee, Escrow and Bond Services expertise and experience as it relates to the requirements discussed in this RFP. Include the location of offices and the number and types of counselors, consultants or other relevant professional staff in each office. Discuss your firm's presence in and commitment to the Commonwealth of Pennsylvania.

#### 8. **Personnel**

Provide the names, proposed roles, background and experience, current professional licenses, office location and availability of the personnel that would perform the Trustee, Escrow and Bond Services as described in this RFP.

#### 9. **Relevant Experience and Expertise**

Provide a narrative statement regarding your financial institutions experience as related to the minimum requirements over the last five years with respect to municipal/state clients and transportation clients that you believe are relevant to this proposed engagement. Identify the transportation agency, type of financing, dollar volume and number of deals.

Proposer must also indicate a realistic timeline that identifies the phases and task required to complete the services defined in **Part IV-3 – Technical Section**. Include in this section the deliverables and reports that will be provided, the project controls that will be used, and the tasks that will be performed.

## **II-2 Diverse Business (DB) Requirements (Appendix D).**

The Commission’s Diverse Business (DB) Requirements for this procurement and a resulting contract are identified in Appendix D. There is no minimum participation level (MPL) for DBs established for this contract. However, the utilization of DBs are encouraged and will be considered as a criteria in the evaluation of proposals and may be considered as a factor in the Commission’s selection of a firm for this contract.

The proposer must include in its DB participation submittal that it meets the requirements set forth in the Commission’s DB Requirements - Appendix D. In particular, the proposer shall address the section of the DB Requirements labeled, “Actions Required by Proposer during the procurement/consultant selection phase”. In addition, the DB participation submittal shall indicate the amount of DB participation incurred in the proposal in terms of dollars committed or percentage of total contract amount.

## **II-3 Cost Submittal.**

The information requested in this section shall constitute your cost submittal. **THE COST SUBMITTAL SHALL BE PLACED IN A SEPARATE SEALED ENVELOPE WITHIN THE SEALED PROPOSAL AND ON A CD-ROM, SEPARATE FROM THE TECHNICAL SUBMITTAL.**

Proposers should **not** include any assumptions in their cost submittals. If the proposer includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Proposers should direct in writing to the Issuing Office pursuant to Part I-11, Questions and Answers of this RFP any questions about whether a cost or other component is included or applies. All Proposers will then have the benefit of the Issuing Office’s written answer so that all proposals are submitted on the same basis.

Proposers should provide a complete fee schedule for all services described in your financial institution’s proposal. Fees related to all services described in the proposal must be listed. Also, include Acceptance Fee, Trustee Fee, Annual Paying Agent Fee, Investment Agreements, and Transaction Expenses. Transaction Expenses include but are not limited to Tenders, Bond Call, Security Purchase, Security Sale and Custody services for Non-Indentured Funds. Include any incentives or price breaks offered based on volume, timeliness of payment, rebates or other measures. Present a concise list of the scope of services and the work products that your firm proposes to provide. Given your proposed scope of services and work products, discuss your proposed fee arrangement based on each of the following alternatives:

- Compensation on a fixed annual cost, payable monthly.
- Will the proposer guarantee the proposed fees for the entire term of the contract 3 years with two 1-year extensions?
- If not, for how long are the fees guaranteed?
- Can fees be invoiced to Commission rather than debited directly from Commission’s accounts?

Any costs incurred by the Proposer that are not specifically provided for in the billing proposal shall be the expense of the Proposer.

The selected proposer shall only perform work on the Contract after the Effective Date is affixed and the fully-executed contract sent to the selected Proposer. The Commission shall issue a written Notice to Proceed to the selected Proposer authorizing the work to begin on a date which is on or after the Effective Date. The selected Proposer shall not start the performance of any work prior to the date set forth in the Notice of Proceed and the Commission shall not be liable to pay the selected Proposer for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No Commission employee has the authority to verbally direct the commencement of any work under the Contract.

## PART III

### CRITERIA FOR SELECTION

**III-1. Mandatory Responsiveness Requirements.** To be eligible for selection, a proposal shall be (a) timely received from a Proposer; and (b) properly signed by the Proposer.

**III-2. Technical Nonconforming Proposals.** The two (2) Mandatory Responsiveness Requirements set forth in Section III-1 above (a&b) are the only RFP requirements that the Commission will consider to be non-waivable. The Issuing Office reserves the right, in its sole discretion, to (1) waive any other technical or immaterial nonconformities in the proposal, (2) allow the Proposer to cure the nonconformity, or (3) consider the nonconformity in the evaluation of the proposal.

**III-3. Proposal Evaluation.** Proposals will be reviewed, evaluated, and rated by a Technical Evaluation Team (TET) of qualified personnel based on the evaluation criteria listed below. The TET will present the evaluations to the Professional Services Procurement Committee (PSPC). The PSPC will review the TET's evaluation and provide the Commission with the firm(s) determined to be highly recommended for this assignment.

The Commission will select the most highly qualified firm for the assignment or the firm whose proposal is determined to be most advantageous to the Commission by considering the TET's evaluation and the PSPC's determination as to each firm's rating. In making the PSPC's determination and the Commission's decision, additional selection factors may be considered considering the estimated value, scope, complexity and professional nature of the services to be rendered and any other relevant circumstances. Additional selection factors may include, when applicable, the following: geographic location and proximity of the firm, firm's Pennsylvania presence or utilization of Pennsylvania employees for the assignment; equitable distribution of work; diversity inclusion; and any other relevant factors as determined as appropriate by the Commission.

Award will only be made to a Proposer determined to be responsive and responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program.

**III-4. Evaluation Criteria.** The following criteria will be used, in order of relative importance from the highest to the lowest, in evaluating each proposal.

#### 1. Proposer Business Expertise

- a. Ability to meet the minimum requirements as it relates to this RFP.
- b. Knowledge and experience in administering complex Bond Indentures
- c. Responsiveness, organization and clarity of Proposal submission.
- d. Relevant experience in generating BAI2 feeds from Corporate Trust platforms as identified in Part IV-6 of this RFP.
- e. Response of references if the Commission elects to solicit them.

#### 2. Approach

- a. Understanding of the Commission's needs and scope of work.
- b. Soundness of proposed approach, methodology, and reports discussed in this RFP.
- c. Responsiveness to the Commission's desire for expeditious timeline for completion.
- d. Quality, completeness and applicability of sample deliverables as requested in Part IV-4, Part IV-5 and Part V.

e. Financial ability of the proposer to undertake a project of this size.

**3. Personnel Qualifications and Experience**

a. Qualifications, experience and competency of professional personnel who will be assigned to the contract by the Proposer including tenure with firm, length of time in the industry and type of experience.

**4. Cost.**

While this area may be weighted heavily, it will not normally be the deciding factor in the selection process. The Commission reserves the right to select a proposal based upon all the factors listed above, and will not necessarily choose the firm offering the best price. The Commission will select the firm with the proposal that best meets its needs, at the sole discretion of the Commission.

**5. Commitment to Diversity and Inclusion.** This refers to the inclusion of DB firms, as described in Part II-2. Participation may be measured in terms of total dollars committed or percentage of total contract amount to certified DB firms.

## PART IV

### WORK STATEMENT

#### IV-1. Objectives.

- a. **General.** The primary objective of this RFP is to provide interested financial institutions with sufficient information to enable them to prepare and submit a proposal for consideration by the Pennsylvania Turnpike Commission to satisfy a need for Trustee and Bond Custody Services.

By procuring bids for the services, the Commission will:

- Ensures that the Commission choose the best trustee for the Commission,
- Opens the field for all interested suppliers of services
- Results in a fair disposition with the Commission in awarding contracts to the most suitable suppliers

#### IV-2. Nature and Scope of the Project.

The Commission desires to meet two basic business criteria:

- a. The chosen solution must fulfill the Trustee and Bond Custody provisions as related to the legal requirements as contained in the current Indenture Requirements.
- b. The chosen solution must fulfill the business and system requirements related to the SAP processes for recording Commission investment, cash management and accounting systems. See Appendix E for functionality Electronic Banking Implementation Requirement for BAI2 codes.

#### IV-3. Requirements.

- a. The proposers will assist the Commission in the management of the Commission's outstanding Bonds.
- b. The proposer will assist in the issuance of any new bonds under the related indenture.
- c. If so provided for in the various indenture, the Trustee may be asked to provide a multitude of services including but not limited to, indenture services for both fixed and variable rate bond, paying agent services, escrow agent services, refunding services, tender agent, custodian services and disbursing agent.
- d. Proposer deliverables and reports that will be provided
- e. The proposer will assist the Commission in providing secured uninterrupted services including but not limited to providing prior day BAI2 EBS files containing BAI2 codes along with specific key words/phrases and naming conventions as determined by the commission, Intra-day files to be pulled in and loaded into the Commission's ERP system (SAP). It is highly desirable that the proposer has a test system wherein the end-to-end integration between the trustee's system and the Commission's SAP system can be tested as part of the implementation effort.

- f. The proposer will be able to process any changes requested to the BAI2 Codes and specific key words/phrases and naming convention to be included in the BAI2 EBS file as the Commission deems necessary post implementation within a specified number of weeks.

#### **IV-4 On-line Website Information**

The proposer must maintain a secure web-site, allowing the for self-service banking requirements. Sample deliverables for the requirements list below should be provided in the proposer's response to the RFP.

- a. The proposer's web site must contain a variety of options including, but not limited to the following self-service reports:
- Previous day - activity/transactions by bank account
  - Previous day - holdings/position report with CUSIP detail by bank account
  - Previous day - ending cash balances by bank accounts
  - Current day/real time – activity/transaction report by bank account
  - Current day/real time – position report by bank account
  - Current day/real time – cash balances by bank account
  - Corporate Action Report
  - Pending Trades Report
  - Electronic Bank Statements
  - Market Values by CUISP by Bank account
  - Ad hoc reports - Listing of bank account names, numbers and dates of service
  - Ad hoc reports - Additional reports as defined by the end users.
  - Ability to automatically schedule reports on a repetitive schedule
  - Electronic alerts when the banking platform may be impaired or for use correspondences

If the proposer's online website does not include the ability to generate the above reports or features please indicate how you will provide the required deliverables.

#### **IV-5 Additional Website features**

- Proposer must provide adequate training for personnel identified by the Commission
- Proposer must provide Web access for all Commission accounts in a timely manner as associated with new bank accounts
- Proposer must provide the Ability to receive notification at a specific e-mail address on important issues affecting the web portal and its individual features
- Proposer must provide the ability to export web reports thru Excel or PDF (as in the case of bank statements)
- Proposer must provide the ability to allow Commission users to establish "account groupings" and save account groupings for future referenced reports
- Proposer must provide help desk availability with dedicated personnel
- Proposer must provide secure E-mail availability for the purposes of confidential communications

#### **IV-6 SAP Integration**

- Proposer must provide Previous Day Transactional EBS file in BAI2 format as specified by the Commission
- Proposer must provide current day account balances as part of Intraday file in BAI2 format each business day

- Proposer must provide Previous Business Day Transaction file to be uploaded for SAP in the recommended BAI2 format
- Proposer must have the ability to re-transmit the prior day's EBS file in BAI2 format
- Proposer must provide a previous day EBS BAI2 feed along with and key word/phrases as determined by the Commission that coincide with the phrases as related in the governing indentures
- The Commission may change the BAI2 Codes and key word/phrases or add new BAI2 codes or key word/phrases post implementation, and the proposer must be able to adapt rapidly to these changes
- Proposer must maintain the ability to include or exclude specific bank accounts from the BAI2 EBS feed on a as needed basis
- Proposer must be able to open new bank accounts as prescribed in the governing indentures within a reasonable time frame

## **PART V**

### **QUESTIONNAIRE**

#### **A. Approach**

- Include a discussion of the specific expertise and services that distinguish the proposer and the proposers experience in working with public sector organizations.
- Provide a list of bank holidays where services may be suspended or limited.
- Provide a description of all the deliverables that proposer will provide as an output of the project plan.
- Provide relevant samples of deliverables and project plans from similar services that proposer's financial institution was primarily responsible for producing as it relates to integration with SAP ERP software.
- Describe how customer service will be handled on day-to-day transactions for the Commission. Is there a team dedicated specifically to the Commission's portfolio/bonds?
- How often does proposer value the securities? What rating agencies or source does the proposer use for market valuations of securities?

#### **B. Firm Overview and Commitment**

- Proposer should confirm that the financial institution meets the minimum requirements as stated in Part II-1, Section 5.
- Proposer must have at least \$50 Million of combined capital and surplus as set forth in the most recent report of condition so published. This requirement only applies to Mainline Senior and Mainline Subordinate Indentures.
- Proposer should confirm that the financial institution is chartered to do business in the US.
- Proposer should indicate the type of charter they hold.
  - i. National Bank
  - ii. Federal Savings Association
  - iii. State Member Bank
  - iv. State Non-Member bank
  - v. State Savings Association
- Proposer should indicate the following information about:
  - i. Dollar amount of domestic assets
  - ii. Dollar amount of consolidated assets
  - iii. Percentage of foreign ownership
- Proposer should confirm that they have Corporate Trust powers in good standing.
- Proposer should confirm that they will provide the Trust and Bond services thru the Corporate Trust department.
- Proposer should provide ratings from at least two of the following rating agencies: Standard and Poor's, Moody's or Fitch. If the proposer is not rated by two of these rating organizations, provide other evidence of the financial institution's credit quality.
- Provide a copy of the most recent audited annual financial statements and the latest 10-K report with the proposal submission.
- Proposer should confirm that they will provide the Trustee and Bond Services through the Bank's Trust department.
- Proposer should briefly describe their qualifications as a Bond Trustee Registrar and Paying Agent for tax-exempt municipal bond issues. Please provide a list of no more than five such financings for which proposer served in this capacity.

- Proposer should discuss their compliance process, including procedures for ensuring that the specific investment restrictions are in compliance.

### **C. Relevant Experience and Expertise**

- A statement regarding your understanding of the requirements as outlined in this RFP and your ability to provide applicable services in accordance with the same.
- Briefly describe your financial institution's qualifications and experience as a Bond Trustee, Registrar and Paying Agent for tax exempt municipal bond issues.
- Describe the experience of the financial institution in providing similar service for other governmental entities, paying special attention to those in Pennsylvania.
- Include a statement regarding any additional or specialized Trust and Bond Services your financial institution may offer.
- Briefly describe how your bank handles security processing on behalf of its clients.
- Describe what automated processing is available, indicating the nature of the automation and level of availability (e.g. overnight batch, real time).
- Describe any processing differences between accounts where the bank is serving as a trustee and accounts for which the bank is serving as custodian of securities.

### **D. Personnel**

- Specifically identify the primary person(s) who will be responsible for managing the relationship with the Commission during this endeavor. Include the reporting chain of command for problem resolutions.
- Proposer must submit a current resume for all proposed staff listing relevant experience and applicable professional affiliations.
- Describe how customer service will be handled by handle day-to-day transactions for the Commission. Is there a dedicated customer service representative or customer service department?

### **E. References**

- Provide a list of three to five references within the last 36 months of clients for which your financial institution performed Trustee and Bond Services for tax-exempt bond issues. Proposer should only list clients, which have requirements similar in nature to those of the Commission. Provide a brief description of the services proposer provided, and the names, titles, addresses, e-mail addresses and phone numbers.
- Proposer should briefly describe their qualifications as a Bond Trustee Registrar and Paying Agent for tax-exempt municipal bond issues. Please provide a list of no more than five such financings for which proposer served in this capacity.
- Proposer should provide any reference they have in integrating via BAI2 feed from the proposer's trust platform or if any client is a current user of SAP Treasury, Cash Management or Investment modules.

### **F. Implementation**

- Proposer should describe their implementation process and include a timeline of action items for both the proposer and the Commission.
- Indicate each team member's role in the implementation process

## **G. Billing**

- Describe how bills will be presented for payment to the Commission.
- Can payment can be remitted electronically?

## **H. Reporting**

- Is proposer willing/able to develop customized reports/BAI2 transmissions?  
If so, please provide specific pricing information in the pricing package.
- List the source used for market valuation of securities.
- Is there a SAS 70 Report for the custodial reporting of securities' costs, market values, etc.?
- What is the lag time between trade execution, availability of on-line transaction data, and the settlement of the transaction to the proposers reporting system?
- If the proposer maintains a test web site, the web address should be provided.
- Provide copies of sample reports if such is not available on the web site.
- What is the estimated lag time between bank accounts being opened and bank accounts being included in the BAI2 EBS file?
- State the proposer's retention period for maintaining on-line account/transactional history and if records are available thru the bank for additional time frame.

## **I. Compliance and Conflict of Interest**

- Proposer should discuss their compliance process, including procedures for enduring that the specific investments restrictions both indenture processes and the Commission's investments policies are in compliance.
- Does proposer or any related affiliated companies receive any payments including commissions from managers you recommend, consider for recommendation, or otherwise mention to clients? If so, what is the extent of these payments in relation to proposer's total revenue?
- Proposer should describe their policies or procedures to address conflicts of interest, to prevent payments or relationships discussed above from being considered when you provide advice to your clients and to disclose such information to your clients?
- What percentage of proposer's clients utilize managers, investment funds, brokerage services or other service providers from whom proposer receives fees or commissions.

| Proposer Questions |      | Pennsylvania Turnpike Commission (PTC) |                     |                   |                     |
|--------------------|------|--|---------------------|-------------------|---------------------|
| Proposer Name:     |      |  |                     |                   |                     |
| #                  | Page | Section                                | Section Description | Proposer Question | Commission Response |
| 1.                 |      |  |                     |                   |                     |
| 2.                 |      |  |                     |                   |                     |
| 3.                 |      |  |                     |                   |                     |
| 4.                 |      |  |                     |                   |                     |
| 5.                 |      |  |                     |                   |                     |
| 6.                 |      |  |                     |                   |                     |
| 7.                 |      |  |                     |                   |                     |
| 8.                 |      |  |                     |                   |                     |

**APPENDIX B – PROPOSAL COVER SHEET**  
**Pennsylvania Turnpike Commission**  
**Trustee and Bond Services**  
**RFP 17-67000-7849**

**Enclosed in three separately sealed submittals is the proposal for the Proposer identified below for the above referenced RFP:**

| <b>Proposer Information:</b>   |  |
|--|--|
| Proposer Company Name  |  |
| Proposer Mailing Address   |  |
| Proposer Website   |  |
| Proposer Contact Person/Title  |  |
| Contact Person's Phone Number  |  |
| Contact Person's Fax Number  |  |
| Contact Person's Email Address   |  |
| Proposer Federal ID Number   |  |
| Location of Headquarters   |  |
| Location of Office(s) Performing the Work                                      |  |
| Listing of all Pennsylvania Offices and Total Number of Pennsylvania Employees |  |

**Submittals Enclosed and Separately Sealed:**

|  |
|--|
| <input type="checkbox"/> Technical Submittal <input type="checkbox"/> Diverse Business Participation Submittal <input type="checkbox"/> Cost Submittal |
| <b>Signature</b>   |
| Signature of an official authorized to bind the Proposer to the provisions contained in the Proposer's proposal: _____                                 |
| Print Name   |
| Title  |

**An official authorized to bind the Proposer to its provisions must sign the proposal. If the official signs this Proposal Cover Sheet and the Proposal Cover Sheet is attached to the proposal, the requirement will be met.**

Before starting any work, the Provider will maintain the following minimum levels of insurance at Provider's own expense. Provider shall furnish Certificates of Insurance showing the coverages as outlined below. No work may be performed until the required evidence of Insurance is provided in accordance with the terms of the contract.

- a) All insurance shall be procured from insurers permitted to do business in the State in which the project is taking place and having an A.M. Best Rating of at least "A-, Class VIII".
- b) Provider shall not have a Self-Insured Retention (SIR) on any policy greater than \$50,000, which is the responsibility of the Provider. If Provider's policy(ies) has a Self-Insured Retention exceeding this amount, approval must be received from the Commission prior to starting work. In the event any policy includes an SIR, the Provider is responsible for payment within the SIR of their policy(ies) and the Additional Insured requirements specified herein shall be offered within the SIR amount(s).
- c) All insurance required herein, except for Professional Liability Insurance, shall be written on an "occurrence" basis.
- d) The Provider's insurance carrier(s) shall agree to provide at least thirty (30) days prior written notice to the Commission in the event coverage is canceled or non-renewed, unless cancellation is for non-payment of premium. In the event of cancellation or non-renewal of coverage(s) for any reason, it is the Provider's responsibility to replace coverage to comply with the Contract requirements so there is no lapse of coverage for any time period.

If the insurance carriers will not issue or endorse their policy(s) to comply with the above it is the responsibility of the Provider to report any notice of cancellation or non-renewal at least thirty (30) days prior to the effective date of this notice.

- e) Provider shall provide the Commission with Certificates of Insurance, showing the insurance coverages listed below, ten days prior to the start of work and thereafter upon renewal or replacement of each coverage. The Provider shall not begin any work until the Commission has reviewed and approved the Certificate of Insurance.

Failure of the Commission to demand such certificate or other evidence of full compliance with these insurance requirements or failure of the Commission to identify a deficiency from evidence that is provided shall not be construed as a waiver of Provider's obligation to maintain such insurance.

- f) The Commission, and its Commissioners, officers, employees and agents shall be added as ADDITIONAL INSUREDS on all required liability policies (except Workers' Compensation and Professional Liability) for ongoing operations and completed operations on a primary noncontributory basis.

There shall be no "Insured versus Insured Exclusion" on any policies; all policies will provide for "cross liability coverage".

- g) Waiver of Rights of Subrogation: Provider shall waive all rights of recovery against the Commission and all the additional insureds for loss or damage covered by any of the required insurance (except Professional Liability).
- h) The amount of insurance in the required coverages shall not be construed to be a limitation of the liability on the part of the Provider.
- i) The carrying of insurance described below shall in no way be interpreted as relieving the Provider of any responsibility or liability under the contract.
- j) Any type of insurance or any increase in limits of liability not required by the Commission but which the Provider requires for its own protection or on account of statute shall be its own responsibility and at its own expense.
- k) Provider shall promptly notify the Commission and the appropriate insurance company(ies) in writing of any accident(s) as well as any claim, suit or process received by the insured Provider arising in the course of operations under the contract. The Provider shall forward such documents received to its insurance company(ies), as soon as practicable, or as required by its insurance policy(ies).

**REQUIRED COVERAGES - the following may be provided through a combination of primary and excess policies in order to meet the minimum limits set forth below:**

**1. Workers' Compensation and Employer's Liability:**

Provided in the State in which the work is to be performed and elsewhere as may be required and shall include:

- a) Workers' Compensation Coverage: Statutory Requirements
- b) Employers Liability Limits not less than:

|                            |                         |
|----------------------------|-------------------------|
| Bodily Injury by Accident: | \$500,000 Each Accident |
| Bodily Injury by Disease:  | \$500,000 Each Employee |
| Bodily Injury by Disease:  | \$500,000 Policy Limit  |
- c) Includes sole proprietorships and officers of corporation who will be performing the work.

**2. Commercial General Liability:**

Provided on standard ISO forms or an equivalent form including Premises - Operations, Independent Providers, Products/Completed Operations, Broad Form Property Damage, Contractual Liability, and Personal Injury and Advertising Injury.

- a) Occurrence Form with the following limits:

|  |             |
|--|-------------|
| (1) General Aggregate:                       | \$2,000,000 |
| (2) Products/Completed Operations Aggregate: | \$2,000,000 |
| (3) Each Occurrence:                         | \$1,000,000 |
| (4) Personal and Advertising Injury:         | \$1,000,000 |

3. **Automobile Liability:**

- a) Coverage to include All Owned, Hired and Non-Owned Vehicles (or "Any Auto"). If Provider does not have any Owned Vehicles, Provider is still required to maintain coverage for Hired and Non-Owned Vehicles as either a stand-alone policy or endorsed onto the Commercial General Liability policy above
- b) Per Accident Combined Single Limit                      \$1,000,000

4. **Commercial Umbrella Liability:**

- a) Policy(ies) to apply on a Following Form Basis of the following:
  - (1) Commercial General Liability,
  - (2) Automobile Liability, and
  - (3) Employers Liability Coverage.
- b) Minimum Limits of Liability
  - Occurrence Limit:                      \$4,000,000
  - Aggregate Limit (where applicable):      \$4,000,000

5. **Professional Liability/Trustee Errors & Omissions Insurance:**

- a) The definition of "Covered Services" shall include the services required in the scope of this contract.
- b) Minimum Limits of Liability:
  - Per Claim:                                      \$5,000,000
  - Aggregate:                                      \$5,000,000
- c) If the policy is issued on a claims-made form, the following requirements will apply:
  - 1. The retroactive date must be on or before the start of work under this contract;
  - 2. The Provider must purchase "tail coverage/an extended reporting period" or maintain coverage for a period of three (3) years after the completion of their work/final payment.

6. **Network Security and Privacy Liability:**

- a) Provider shall maintain the following coverage including but not limited to:
  - (1) Network Security Liability for third party liability arising out of hacking, network system intrusions, unauthorized access/use to data or systems, distribution of malicious code, denial of service and cyber extortion.
  - (2) Privacy Liability for third party liability arising out of breach of privacy, inclusive of confidential and proprietary business information, HIPAA violations and other breaches of personally identifiable information and /or protected health information that may arise from their work with this contract.
- b) Minimum Limits of Liability:
  - Per Claim:                                      \$2,000,000
  - Aggregate:                                      \$2,000,000
- c) Privacy Breach notification and Credit Monitoring: \$1,000,000 Per Occurrence

7. **Crime Insurance:**
- a) Include the Employee Theft and Theft, Disappearance and Destruction coverage parts. The Employee Theft Coverage part shall include the Clients' Property Endorsement (ISO Form CR 04 01, or its equivalent).
  - b) Minimum Limits of Liability: Per Occurrence: \$1,000,000

**APPENDIX D – RFP17-67000-7849**  
**Pennsylvania Turnpike Commission**  
**DIVERSE BUSINESS (DB) REQUIREMENTS**

**Diverse Business Participation.** The Commission is committed to Diverse Business (DB) participation on competitive contracting opportunities. Firms or entities that have not previously performed work or provided services to the Commission are encouraged to respond to the solicitations. RFPs may include DB participation as part of the criteria for the evaluation of proposals, and the Commission may consider DB participation as a selection factor.

**Minimum Participation Level (MPL).** The minimum participation level (MPL) for the inclusion of DBs will be established in the RFP/advertisement as a percentage.

**(a) General Requirements.** Section 303 of Title 74 of the Pennsylvania Consolidated Statutes, 74 Pa.C.S. § 303, requires proposer on contracts funded pursuant to the provisions of Title 74 (Transportation) and 75 (Vehicle Code) administered and issued by the Commission to make Good Faith Efforts to solicit subconsultants that are Diverse Businesses (DBs) as defined in Section 303. The DB requirements of Section 303 apply to this contract.

Section 303 requires proposers to make Good Faith Efforts, as described below, to solicit subconsultants that are DBs during the proposal process to maximize participation of DBs in competitive contracting opportunities.

The Commission is committed to participation by DBs and will enforce the requirements of Section 303 and this section. Failure to make Good Faith Efforts and demonstrate such Good Faith Efforts in the solicitation of subconsultants may result in the proposer being declared ineligible for the contract.

Proposers shall document and submit to the Commission all Good Faith Efforts, as described in this section, to solicit subconsultants that are DBs during the solicitation process.

Proposers are encouraged to utilize and give consideration to consultants offering to utilize DBs in the selection and award of contracts.

Proposers shall not discriminate on the basis of gender, race, creed or color in the award and performance of contracts in accordance with 62 Pa.C.S. §3701.

Failure to comply with the requirements of Section 303 or this specification may result in the imposition of sanctions as appropriate under section 531 of the Procurement Code, 62 Pa.C.S. § 531 relating to debarment and suspension.

The Commission's Director of the Office of Diversity and Inclusion, or designee, is designated the Responsible Official who shall supervise the DB program and ensure that the Commission complies with the DB program.

**(b) Definitions.** The following definitions apply to terms used in this specification:

**1. Disadvantaged Business** – A business that is owned or controlled by a majority of persons, not limited to members of minority groups, who are subject to racial, social, ethnic prejudice or cultural bias.

**2. Diverse Business** – A disadvantaged business, minority-owned or women-owned business or service-disabled veteran-owned or veteran-owned small business that has been certified by a third-party certifying organization.

**3. Minority-owned Business** – A business owned and controlled by a majority of individuals who are African Americans, Hispanic Americans, Native Americans, Asian Americans, Alaskans or Pacific Islanders.

**4. Professional Services** – An industry of infrequent, technical or unique functions performed by independent contractors or consultants whose occupation is the rendering of the services, including: (1) design professional services as defined in 62 Pa.C.S. § 901 (relating to definitions); (2) legal services; (3) advertising or public relations services; (4) accounting, auditing or actuarial services; (5) security consultant services; (6) computer and information technology services; and (7) insurance underwriting services.

**5. Pro Forma Effort**-The act of completing a form or document identifying efforts to solicit DBs for a project in order to satisfy criteria with little or no expectation that the DBs contacted or identified will perform any of the work.

**6. Service-Disabled Veteran-Owned Small Business** – A business in the United States which is independently owned and controlled by a service-disabled veteran(s), not dominant in its field of operation, and employs 100 or fewer employees.

**7. Subconsultant**- Any individual, partnership, firm, or corporation entering into a contract with the prime consultant for work under the contract, including those providing professional and other services.

**8. Third-party Certifying Organization** – An organization that certifies a small business, minority-owned business, women-owned business or veteran-owned small business as a diverse business. The term includes: (1) the National Minority Supplier Development Council; (2) the Women’s Business Development Enterprise National Council; (3) the Small Business Administration; (4) The Department of Veteran Affairs; (5) the Pennsylvania Unified Certification Program.

**9. Veteran-owned Small Business** –A small business owned and controlled by a veteran or veterans.

**10. Women-Owned Business** – A business owned and controlled by a majority of individuals who are women.

**(c) Actions Required by Proposer during the procurement/consultant selection phase**

**1. Submission Requirements – Consultant Responsiveness.**

- a. **Minimum Participation Level (MPL) Documentation** - If the documentation submitted with the proposal demonstrates that the proposer has identified DBs sufficient to meet the MPL established for this contract, the proposer will be deemed to have satisfied the DB requirement during this phase. The proposer is required to provide the business name and business address of each DB and supporting documentation that includes proof of certification.

If the consultant’s proposal demonstrates the consultant’s inability to meet the MPL established for this contract, the proposer shall demonstrate Good Faith Efforts with its proposal. Failure to submit the required documentation demonstrating Good Faith Efforts as further described below with the proposal may result in a rejection of the proposal.

- b. If no MPL has been established for this contract, the proposer is required to either provide a statement of intent that it will self-perform 100% of the work for the agreement, or demonstrate Good Faith Efforts to solicit subconsultants that are DBs. In either case documentation shall be provided with the proposal.

Failure to submit the required information identified above with the proposal may result in a rejection of the proposal.

**2. Good Faith Effort Requirements:** The documentation of Good Faith Efforts must include the business name and business address of each DB considered. Supporting documentation must also include proof of certification and any explanation of Good Faith Efforts the proposer would like the Commission to consider. Any services to be performed by a DB are required to be readily identifiable to the agreement. Good Faith efforts are demonstrated by seeking out DB participation in the project given all relevant circumstances. The Commission requires the proposer to demonstrate more than Pro Forma Efforts. Evidence of Good Faith Efforts includes, but is not limited to:

- a. Consultant solicits through all reasonable and available means the interest of all certified DBs with the capacity to perform the scope of work set forth in the agreement.
- b. The proposer must provide written notification at least 5 business days before proposals are due to allow the DBs to respond to the solicitation.
- c. The proposer must determine with certainty if DBs are interested by taking appropriate steps to follow up initial solicitations.
- d. The proposer must make efforts to select portions of the work to be performed by DBs to include, where appropriate, breaking out contract work into economically feasible units to facilitate DB participation;
- e. It is the proposer's responsibility to make a portion of the work available to DBs and, to select those portions of the work, so as to facilitate DB participation.
- f. The proposer shall provide evidence of such negotiations that include the names, addresses, and telephone numbers of DBs considered; A description of the information provided regarding the required work and services for the work selected for subconsultants; and evidence as to why additional agreements could not be reached for DBs to perform the work.
- g. Proposers cannot reject or withhold solicitation of DBs as being unqualified without sound reasons based on a thorough investigation of their capabilities.
- h. The DB's standing within its industry, membership in specific groups, organizations or associations and political or social affiliations (for example union v. non-union employee status) are not legitimate causes for the rejection or non-solicitation of proposals in the proposer's efforts to meet the Good Faith Efforts requirement.
- i. Efforts to assist interested DBs in obtaining bonding, lines of credit or insurance.

**3. Actions Taken by the Commission.** As part of the proposal review process, the Commission will review the submissions to determine whether the proposer has complied with Section 303 and this requirement in the selection of DB subconsultants. The Commission will determine whether the proposer has either met the MPL or provided acceptable documentation as noted above. The Commission reserves the right to contact proposers for clarification during the review and negotiation process.

If the Commission determines that the proposer has failed to either meet the MPL or provide acceptable documentation as noted above, the proposal may be rejected.

**(d) Consultant Requirements During Performance of Services.**

**1. Replacement of a DB Subconsultant.** Consultant must continue good faith efforts through completion of the contract. The obligation to make Good Faith Efforts to solicit subconsultants for any type of service extends to additional work required for any service which is identified to be performed by a DB. If at any time during the performance of the work, it becomes necessary to replace or add a subconsultant that is a DB, the consultant, as appropriate, shall immediately notify the Commission and seek approval in

writing in accordance with the Agreement of the need to replace the DB, which notice shall include the reasons for the replacement. If a prime consultant who originally indicated that it would self-perform all work subsequently decides to use a subconsultant for any work under the contract, the consultant must submit documentation of all Good Faith Efforts as to the work for which a subconsultant is obtained.

**2. Records.** Maintain project records as are necessary to evaluate DB compliance and as necessary to perform the reporting function addressed below. Maintain all records for a period of 3 years following acceptance of final payment. Make these records available for inspection by the Commission, its designees or agents. These records should indicate:

**2.a.** The number of DB and non-DB subconsultants and the type of services performed on or incorporated in this project.

**2.b.** The progress and efforts made in seeking out DB subconsultant organizations and individual DB consultants for work on this project to increase the amount of DB participation and/or to maintain the commitments made at the time of the proposal to DBs.

**2.c.** Documentation of all correspondence, contacts, telephone calls, and other contacts made to obtain the service of DBs on this project.

**3. Reports.** Maintain monthly reports and submit reports as required by the Commission concerning those contracts and other business executed with DBs with respect to the records referred to in subsection (e)2. above in such form and manner as prescribed by the Commission. At a minimum, the Reports shall contain the following:

**3.a** The number of Contracts with DBs noting the type of services provided, including the execution date of each contract.

**3.b** The amounts paid to each DB during the month, the dates of payment, and the overall amounts paid to date. If no payments are made to a DB during the month, enter a zero (\$0) payment.

**3.c** Upon request and upon completion of individual DB firm's work, submit paid invoices or a certification attesting to the actual amount paid. In the event the actual amount paid is less than the award amount, a complete explanation of difference is required.

#### **4. Subconsultant Contracts**

**4.a.** Subcontracts with DB firms will not contain provisions waiving legal rights or remedies provided by laws or regulations of the Federal Government or the Commonwealth of Pennsylvania or the Commission through contract provisions or regulations.

**4.b.** Prime consultant will not impose provisions on DB subconsultants that are more onerous or restrictive than the terms of the prime's contract with non-DBs.

**4.c.** Executed copies of subcontracts/purchase orders are to be received by the Commission before the commencement of work by the DB.

**5. Payments to DB Subconsultants.** Payments to DBs are to be made in accordance with the prompt payment requirements of Chapter 39, Subchapter D of the Procurement Code, 62 Pa.C.S. §3931 et seq. Performance of services by a DB subconsultant in accordance with the terms of the contract entitles the subconsultant to payment.

**(e) Actions to be Taken by Commission After Performance of Services.** Following completion of the Consultant's services, the Director of the Commission's Office of Diversity and Inclusion or his/her designee will review the overall DB participation to assess the Consultant's compliance with Section 303 and this contract. Appropriate sanctions may be imposed under 62 Pa.C.S. § 531 (relating to debarment or suspension) for a Consultant's failure to comply with Section 303 and the requirements of the contract.

## **Electronic Bank Statement Implementation Requirements for Trustee and Bond Services**

### **Background**

The Commission uses the Electronic Bank Statement (EBS) upload functionality in SAP to import and process bank account statements. These prior business day statements must be received on a regular basis from the banks in a BAI2 file format and will be posted into SAP using the standard upload functionality

The use of BAI2 file import program significantly improves the bank accounting and cash management processes. The bank accounting process and the reconciliation process are both greatly improve in terms of getting information into the accounting system on time and without any manual postings. The cash management process is also improved in terms of getting the most up-to-date information regarding the deposits and payments and the overall cash position of each bank account.

### **Bank Statement File Transmission - Detailed Description**

- The bank statements for the prior business day must be in a banking industry standard BAI2 format and should be available for pulling by 1AM, Tuesday thru Saturday, except for bank holidays.
- The bank should generate an outgoing e-mail notifications containing the date and time the BAI file has been released to the Commission.
- The files are pulled by Commission from Bank servers via SFTP. SSH Key-Based Authentication is utilized instead of password based authentication. There are designated directories on the Commission servers established to specifically hold that day's inbound BAI2 files from each Bank.
- Every morning, depending on when the file is available, the SFTP process is scheduled to pull the prior business day's BAI2 EBS file from Bank server.

**Bank Statement Transaction Types** - The following transaction type must be reflected in the BAI2 EBS file. Internal bank transfers, bank to bank and Third-party transfers must contain additional specific key words/phrase(s) as required by the Commission. Investment and Money Market activity requires the CUSIP number to be included in the Customer Reference Field as noted below. These key words/phrases will help the Commission identify the reason for the transfer as referenced in the indentures.

#### **1. Electronic Funds and Internal Bank Transfers**

- Internal Bank transfers between Commission accounts
- Bank Transfers (Bank to Bank)
- Bank to/from Third Party

**Electronic Bank Statement Implementation Requirements  
for Trustee and Bond Services**

**2. Investment and Debt Decisions**

The CUSIP number needs to be included in the Customer Reference field for all investment activity.

- Investment Purchase
- Investment Sales
- Accrued Interest for Purchase
- Accrued Interest for sale
- Interest Received
- Interest Paid
- Mortgage Installment Payment
- Debt Issue
- Debt Redeemed
- Bond Interest Payment
- Bond Principal Payment

**3. Derivative Transactions**

- Interest Received
- Interest Paid

**4. Money Market**

The CUSIP number needs to be included in the Customer Reference field for all investment activity.

- Money Market Purchase
- Money Market Sold
- Money Market Interest Received

**Electronic Bank Statement Implementation Requirements  
for Trustee and Bond Services**

**(BAI Codes for Trust Accounts)**

The following table lists the typical BAI codes expected in a bank statement upload file for trust account activities by the Commission.

**BAI**

**Codes Description**

|     |   |
|-----|---|
| 169 | Miscellaneous ACH Credit                    |
| 191 | Individual Incoming Internal Money Transfer |
| 195 | Incoming Money Transfer                     |
| 232 | Sale of Debt Security                       |
| 233 | Securities Sold                             |
| 235 | Matured Reverse Repurchase Order            |
| 236 | Maturity of Debt Security                   |
| 238 | Collection of Dividends                     |
| 241 | Bankers' Acceptances                        |
| 244 | Interest/Matured Principal Payment          |
| 246 | Commercial Paper                            |
| 252 | Debit Reversal                              |
| 258 | ACH Reversal Credit                         |
| 346 | Sweep Interest Income                       |
| 347 | Sweep Principal Sell                        |
| 354 | Interest Credit                             |
| 398 | Miscellaneous Fee Refund                    |
| 399 | Miscellaneous Credit                        |
| 469 | Miscellaneous ACH Debit                     |
| 491 | Individual Outgoing Internal Money Transfer |
| 495 | Outgoing Money Transfer                     |
| 531 | Securities Purchased                        |
| 538 | Matured Repurchase Order                    |
| 541 | Bankers' Acceptances                        |
| 542 | Purchase of Debt Securities                 |
| 546 | Commercial paper                            |
| 552 | Credit Reversal                             |
| 558 | ACH Reversal Debit                          |
| 654 | Interest Debit                              |
| 656 | Sweep Principal Buy                         |
| 698 | Miscellaneous Fees                          |
| 699 | Miscellaneous Debit                         |

**Addendum No. 1**  
**RFP # 17-67000-7849**

**TRUSTEE AND BOND SERVICES**

**Prospective Respondents: You are hereby notified of the following information in regard to the referenced RFP:**

**REVISIONS**

1. Replace the first sentence of the second paragraph in Section II-1 – Technical Submittal, Item #9 (Page 12 of 21) with the following:

Proposer must also indicate a realistic timeline that identifies the phases and task required to complete the services defined in Part IV-3 – Requirements.

2. Replace Appendix E - Electronic Bank Statement Implementation Requirements for Trustee and Bond Services in its entirety with the revised Appendix E - Electronic Bank Statement Implementation Requirements for Trustee and Bond Services Addendum #1 08-28-2017.

Changes Noted:

- The Commission would like the added benefit of the file security defined by the following. The transmitted files are to subscribe to the following PGP encryption:
    - Encryption type AES\_256 should be used.
    - Sign type should be SHA-2-256, SHA-2-384 or SHA-2-512.
    - Key type should be Diffie-Hellman or DSS.
    - Key Size recommendation is 4096, but to be no less than 2048.
    - If Hash is used then the standard hash algorithm for Commission interfaces is SHA-2-512.
3. Replace bullet item five within Part V – Questionnaire, Item H on page 21 of 21 of the RFP in its entirety with the following:
    - If the proposer maintains a demo web site for online reporting purposes, the web address should be provided.

4. Remove “Arbitrage Calculations” from bullet item four within Part I-5 Problem Statement, section B – Requested Services on RFP page 3 of 21.
5. Remove “Arbitrage Calculations” from sub bullet item four within Part II-1 Technical Submittal, Item 5 – Minimum Requirements on RFP page 11 of 21.

**QUESTIONS AND ANSWERS**

Following are the answers to questions submitted in response to the above referenced RFP as of August 18, 2017. All of the questions have been listed verbatim, as received by the Pennsylvania Turnpike Commission.

| Proposer Questions        |      |          | Pennsylvania Turnpike Commission (PTC)  |   | RFP #: 17-67000-7849  |
|---------------------------|------|----------|---|---|---|
| Trustee and Bond Services |      |          |   |   |   |
| #                         | Page | Section  | Section Description   | Proposer Question   | Commission Response   |
|                           |      |          |   |   |   |
| 1.                        | 11   | II-1 (5) | Minimum Requirements: have experience providing BAI2 transmissions.                       | If the Trustee uses Emphasys, a AOD-CM, Cash Management System that produces CSV File format, in lieu of BAI2 File format, would the Commission accept the Proposal? With the understanding that this reporting format and software are compatible with SAP and testable and provided that the Trustee submit sample reports from Emphasys which would detail the same data fields and information. | The Commission will only entertain proposals from Vendors that provide files in the BAI2 file format. The burden for conversion of any other file format to BAI2 falls completely to the submitting Vendor. |
| 2.                        | 21   | H        | Reporting – If the proposer maintains a test website, the web address should be provided. | Are you referring to a test website relating to the BAI2 feed, our online reporting system or something else? Please clarify.   | See Revision #3 above.<br><br>Demo website for online reporting system.   |

| Proposer Questions        |       |         | Pennsylvania Turnpike Commission (PTC)  |   | RFP #: 17-67000-7849  |
|---------------------------|-------|---------|---|---|---|
| Trustee and Bond Services |       |         |   |   |   |
| #                         | Page  | Section | Section Description   | Proposer Question   | Commission Response   |
| 3.                        | 11-12 | 9       | Relevant experience and expertise – Proposer must also indicate a realistic timeline that identifies the phases and tasks required to complete the services defined in Part IV-3 – Technical Solution. Include in this section the deliverables and reports that will be provided, the project controls that will be used and the tasks that will be performed. | To confirm, the Part IV-3 – Technical Solution section you refer to is the section labeled “IV-3. Requirements” on page 16 of the RFP? Is this related to our timeline/project plan if we were appointed successor trustee? Please clarify. | The “Relevant Experience and Expertise” phrase on Page 11 refers to your financial institution’s experiences over the last 5 years with respect to municipal and state clients and transportation agencies.<br><br>See Revision #1 above. |

| Proposer Questions        |         |         | Pennsylvania Turnpike Commission (PTC) |   | RFP #: 17-67000-7849  |
|---------------------------|---------|---------|--|---|---|
| Trustee and Bond Services |         |         |  |   |   |
| #                         | Page    | Section | Section Description                    | Proposer Question   | Commission Response   |
| 4.                        | 3 of 21 | I-5B    | Problem Statement: Requested Services  | Can you provide a current list of all outstanding bond issues and itemize which are taxable and which are tax-exempt?     | The current information will not be provided. Please refer to the link in the RFP Section I-2-B the last sentence. The listing of outstanding bonds as per the 5/31/2016 CAFAR page 64, (page 70 of 166 in the Adobe document located on the link) and should be used for the basis of submitting a proposal. |
| 5.                        | 3 of 21 | I-5B    | Problem Statement: Requested Services  | Can you provide us the exact file specifications that you require for the BAI2 transmission?                              | The BAI2 file format expected by the Commission is a Financial industry standard established by BAI.<br><br>See Revision #2 above.  |
| 6.                        | 3 of 21 | I-5B    | Problem Statement: Requested Services  | Are there any Custodian services outside of the traditional Custody work required for funds under the various Indentures? | No  |
| 7.                        | 3 of 21 | I-5B    | Problem Statement: Requested Services  | Who is the current provider of Arbitrage Rebate Compliance?   | This information will not be provided.  |
| 8.                        | 3 of 21 | I-5B    | Problem Statement: Requested Services  | What is the size of the Parity Reserve as of today?   | This information will not be provided.  |
| 9.                        | 3 of 21 | I-5B    | Problem Statement: Requested Services  | What Bond Issues are secured under the Parity Reserve?  | This information will not be provided.  |

| Proposer Questions |         |         | Pennsylvania Turnpike Commission (PTC) |  |  | RFP #: 17-67000-7849 |
|--------------------|---------|---------|--|--|--|----------------------|
|                    |         |         | Trustee and Bond Services              |  |  |                      |
| #                  | Page    | Section | Section Description                    | Proposer Question  | Commission Response  |                      |
| 10.                | 3 of 21 | I-5B    | Problem Statement: Requested Services  | Are there other funds pledged/securing all Bond Issues that require arbitrage rebate compliance?   | See Revisions 4 and 5 above.   |                      |
| 11.                | 3 of 21 | I-5B    | Problem Statement: Requested Services  | Within the RFP Section I-5.B. Requested Services "Arbitrage Calculation/Refunding Services", please provide more information. For "Refunding Services" does that mean Verification Services or Arbitrage Compliance for Refunding Escrows? | See Revisions 4 and 5 above.<br><br>Refunding services as it relates to Escrows. |                      |

All other terms, conditions and requirements of the original RFP dated August 3, 2017 remain unchanged unless modified by this Addendum.

## **Electronic Bank Statement Implementation Requirements for Trustee and Bond Services**

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