



## **PIMA COUNTY NOTICE OF REQUEST FOR QUALIFICATIONS (RFQ)**

**Solicitation Number: 202743 Title: Investment Broker/Dealer Services**

**DUE IN AND OPENS: FEBRUARY 29, 2016 at 10:00 A.M. Local AZ Time (MST)**

### **Submit Proposal to:**

**Pima County Procurement Department  
130 West Congress, 3rd Floor, Mailstop # DT-AB3-126  
Tucson, Arizona 85701**

**SOLICITATION:** Pima County is soliciting proposals from Offerors qualified, responsible and willing to provide the following Goods and/or Services in compliance with all solicitation specifications and requirements contained or referenced herein.

**GENERAL DESCRIPTION:** Pima County is seeking proposals to this Request for Qualifications to serve as Investment Broker/Dealer for Pima County to provide offers on investment purchases of securities as required. Pima County intends to develop an Approved Broker List from which to request offers on investment purchases of securities. Pima County shall make awards, to meet all of the County requirements and needs, to Contractors to provide these services. Pima County maintains three separate investment portfolios, managed by the Pima County Treasurer's Office, that range in total from \$300 million to \$800 million during a fiscal year period. These are 'as required' services and no guarantee regarding actual issue of orders is made.

You may download a full copy of this solicitation at [www.pima.gov/procure/ifbrfp.htm](http://www.pima.gov/procure/ifbrfp.htm) by selecting the solicitation number. Offerors are required to check this website for addenda prior to the Due In and Opens Date and Time to assure that the proposal incorporates all addenda.

Responses to this RFQ shall be submitted as defined in the Instructions to Offerors, in accordance with the Standard Terms and Conditions, and all solicitation documents either referenced or included herein.

Offerors must complete and return those documents identified in the Instruction to Offerors Submission of Proposals instruction.

Proposals may not be withdrawn for 60 days after opening except as allowed by Pima County Procurement Code.

Bonds are not required

**OFFERORS ARE REQUIRED TO READ THE ENTIRE SOLICITATION, INCLUDING ALL REFERENCED DOCUMENTS, TO ASSURE THAT THEY CAN AND ARE WILLING TO COMPLY, AND TO INCORPORATE ALL ASSOCIATED COSTS IN THEIR PROPOSAL.**

Questions and Deviation requests shall be submitted in writing to Procurement Department, Attention: Walter Lewandowski.

All submittals shall reference the Solicitation Number and Title; Questions or Deviation Requests submitted within 8 days of the solicitation *Due In and Opens Date and Time* may not be answered.

**VERBAL REQUESTS FOR CLARIFICATIONS OR INTERPRETATIONS WILL NOT BE ACCEPTED.**

Phone: (520) 724-8197 Fax: (520) 791-6506 email: [walter.lewandowski@pima.gov](mailto:walter.lewandowski@pima.gov)

USPO Mail to the following address:

**Pima County Procurement Department, 130 W. Congress, 3rd Floor, Mailstop # DT-AB3-126; Tucson, AZ 85701**

WALTER LEWANDOWSKI  
Commodity/Contracts Officer

Publish dates: January 29, 2016 & February 1, 2, & 3, 2016

**INSTRUCTIONS TO OFFERORS**

**1. PREPARATION OF RESPONSES**

All proposals shall be made using the forms provided in this package. All prices and notations must be printed in ink or typewritten. **No erasures are permitted.** Errors may be crossed out and corrections printed in ink or typewritten adjacent to error and shall be initialed in ink by person signing the proposal. Typewritten responses are **preferred**.

**2. PRICING and OFFER DOCUMENTS**

Throughout this solicitation document, the meaning of *proposal* and *offer* are intended to be synonymous.

Offerors shall complete and submit their offers utilizing the forms provided by this solicitation. Requested information and data shall be provided in the precise manner requested. Failure to comply may cause the proposal to be improperly evaluated or deemed non-responsive.

The proposal/offer certification document must be completed and signed by an authorized representative certifying that the firm can and is willing to meet all requirements of the solicitation. Failure to do so may be cause to reject the proposal as non-responsive.

**3. GENERAL SPECIFICATIONS & DEVIATIONS**

The specifications included in this solicitation are intended to identify the kind and quality of goods and/or services to be provided without being unnecessarily restrictive, and as required to provide the information needed for the development of consistent and comprehensive proposals.

Failure to perform appropriate research, discovery, examine any drawings, specifications, and instructions will be at the offeror's sole risk.

Items included in the proposal shall meet the specifications and requirements set forth by the solicitation.

Deviation requests shall specifically document and clearly illustrate the deviation to the particular specification or the requirement set forth by this solicitation and fully explain the requested deviation's impact on the end performance of the item. Deviation requests shall be submitted prior to the initial solicitation due date. Requests submitted within 8 days of the solicitation due date may not be answered. Acceptance or rejection of said deviation request shall be at the sole discretion of the County and in accordance with Pima County Procurement Code.

Offerors are advised that conditional offers that do not conform to or that request exceptions to the published solicitation and addendums may be considered non-responsive and not evaluated.

**4. OFFERORS MINIMUM QUALIFICATIONS**

In order for proposals to be evaluated and considered for award, proposals must be deemed **Responsive and Responsible**. To be deemed "**Responsive**", the submitted offer documents shall conform in all material respects to the requirements stated by the solicitation. To be deemed "**Responsible**", offerors shall document and substantiate their capability to fully perform all requirements defined by the solicitation.

Offeror shall certify that it possesses the minimum qualifications contained in **Exhibit B: Minimum Qualifications Verification Form (1 Page)**. Offeror shall provide the requested documents that substantiate its satisfaction of the Minimum Qualifications. Failure to provide the information required by these Minimum Qualifications and required to substantiate responsibility may be cause for the Offeror's proposal to be rejected as **Non-Responsive and/or Non-Responsible**.

**5. EVALUATION AND AWARD CRITERIA**

Pima County shall evaluate proposals deemed **Responsive and Responsible**. Proposals shall be evaluated according to the evaluation criteria set forth herein.

<b><u>CRITERIA</u></b>	<b><u>MAXIMUM POINTS</u></b>
A. Firm Experience	20 points
B. Personnel Experience	20 points
C. Security Violations	20 points
D. Financial Soundness	10 points
E. References	<u>30 points</u>
Total	100 points

## **INSTRUCTIONS TO OFFERORS (continued)**

The evaluation criteria will be used by the evaluation panel when scoring the offeror's answers to the questions contained in **Exhibit C: Questionnaire (1 Page)**. Offeror should respond in the form of a thorough narrative to each specification as guided by the Questionnaire. The narratives along with required supporting materials should be evaluated and awarded points accordingly. Forms provided and requested for inclusion in this proposal shall not be modified.

### **Evaluation Criteria**

The evaluation committee will assign points to each proposal submitted on the basis of the following evaluation criteria, unless otherwise indicated:

**A. Firm Experience** (0 to 20 points)

Offerors should include in their proposals documentation describing the extent of their experience and expertise for work related to Investment Broker/Dealer services as guided by **Exhibit C: Questionnaire**. Points for the firm experience will be based on documented successful experience on similar projects and engagements.

**B. Personnel Experience** (0 to 20 points)

Offerors should include in their proposals documentation describing specific relevant experience in relation to the work to be performed in this contract as well as their certifications or other professional credentials that clearly show how they meet and/or exceed the minimum requirements set forth in this solicitation as guided by **Exhibit C: Questionnaire**. Points for Personnel Experience will be based on each staff member's experience as it relates to their role and the needs of this contract.

**C. Security Violations** (0 to 20 points)

Offerors should include in their proposals documentation as guided by **Exhibit C: Questionnaire**. Points for the Security Violations will be based on the amount and severity of security violations (points and security violations related inversely).

**D. Financial Viability** (0 to 10 points)

Offerors should include in their proposals documentation as guided by **Exhibit C: Questionnaire**. Points for Financial Viability will be based on Offerors financial viability as demonstrated by the documentation submitted with this section of the Questionnaire.

**E. References** (0 to 30 points)

Offeror shall provide the name, telephone number, address and e-mail address of three (3) clients. Reference contacts provided should be current clients with similar investment requirements, preferably at least one located in the State of Arizona.

County reserves the right to request additional information and/or clarification. Any clarification of a proposal shall be in writing.

Recommendation for award will be made to up to the highest scoring responsible and responsive offerors. Unless otherwise specified, relative ranking of proposal(s) will be made considering the average of total points given to each proposal by evaluators.

If an award is made, the County will enter into an agreement with Offeror(s) that submitted the highest scoring responsive and responsible offer(s) by executing the contract returned with Offeror(s)'s response to this solicitation. These offerors will constitute the Approved Broker/Dealers List from whom Pima County will request offers to purchase securities as needed from time to time. The County may conduct discussions with the Offeror to clarify the Offer and Agreement details provided that they do not substantially change the intent of the solicitation.

Selection of an approved Investment Broker/Dealer for solicitation of an offer will be determined by the Treasurer's Office considering factors including but not limited to availability, suitability, and risk according to **Attachment A: Investment Policy of the Pima County Treasurer**, and offering yield.

## **INSTRUCTIONS TO OFFERORS (continued)**

### **6. SUBMISSION OF OFFERS**

Offerors are to complete, execute and submit **one original hard copy and one electronic copy** (Electronic media (Flash/Thumb Drive or Disc) saved as a word or pdf document) of the required documents. The submittal shall include all information requested by the solicitation, and utilize without modification the forms provided by the solicitation that includes and may not be limited to the following:

- A. **Exhibit A: Offer Agreement (4 pages).**
- B. **Exhibit B: Minimum Qualifications Verification Form (1 page).**
- C. **Exhibit C: Questionnaire.**  
Complete and respond as requested, including all documentation.
- D. **Exhibit D: Certification of Compliance with the Investment Policy of the Pima County Treasurer (1 page).**  
Completed as requested.
- E. **Reference Contact data:**  
Provide the name, telephone number, address and e-mail address of three (3) clients.

The proposal shall be bound and indexed in the order as indicated above.

Proposals must be received and time stamped at the specified location at or before the Due Date/Time as defined by the *Request for Proposals*. Unless specified requested (References) Facsimiles will not be accepted. The "time-stamp" provided by the County shall be the official time used to determine the timeliness of the submittal. Proposals and modifications received after the Due Date/Time will not be accepted, or will be returned unopened. Timely submittals will be opened and recorded promptly after the Due Date/Time.

Proposals must be signed by an authorized agent of the offeror and submitted in a sealed envelope marked or labeled with the offeror's firm name, solicitation number, title, solicitation due date and time, to the location and not later than the Due Date/ Time specified by the *Request for Proposals*.

Proposals and modifications received after the closing time specified will not be accepted. Facsimiles of proposals will not be accepted.

Failure to comply with the solicitation requirements may be cause for the offeror's proposal to be rejected as *non-responsive* and not evaluated.

### **7. BEST AND FINAL OFFER**

County reserves the right to request additional information and/or clarification with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and conformance to, the solicitation requirements.

In the event that discussions are held and clarifications are requested, a written request for best and final offers shall be issued. The request shall set forth the date, time, and place for the submission of best and final offers. If offerors fail to respond to the request for best and final offer or fail to submit a notice of withdrawal, their immediate previous offer will be construed as their best and final offer.

### **8. COMPLIANCE WITH AGREEMENT**

County will execute an agreement with the successful offeror by issue of a blanket contract.

The offeror agrees to establish, monitor, and manage an effective administration process that assures compliance with all requirements of the agreement. In particular, the offeror agrees that they shall not provide goods or services in excess of the executed agreement items, item quantity, item amount, or agreement amount without prior written authorization by revision or change order properly executed by the County. Any items provided in excess of the quantity stated in the agreement shall be at the Offeror's own risk. Offerors shall decline verbal requests to deliver items in excess of the agreement and shall report all such requests in writing to the Pima County Procurement Department within 1 workday of the request. The report shall include the name of the requesting individual and the nature of the request.

## **INSTRUCTIONS TO OFFERORS (continued)**

### **9. INQUIRIES**

Offerors may submit questions until the close of business as specified by the *Pre-Proposal Conference Date*. If a prospective offeror believes a requirement of the solicitation documents to be needlessly restrictive, unfair, or unclear, the offeror shall notify the Pima County Procurement Department in writing identifying the issue with suggested solution prior to the closing time set for receipt of the solicitation proposal. Issues identified less than 8 days prior to the solicitation opening date may not be answered.

Any question related to this solicitation shall be directed to the Commodity/Contracts Officer of this RFP. The offeror shall not contact or ask questions of the department for whom the requirement is being procured. The questions must be submitted in writing. Any correspondence related to a solicitation should refer to the appropriate solicitation number, page and paragraph number. The County may issue a formal written addendum containing clarifications or modifications of the RFP requirements, if deemed advantageous or necessary. Only questions or issues answered by formal written addendum will be binding. Addendum will be posted on the Pima County Procurement Solicitation Website: <http://www.pima.gov/procure/ifbrfp.htm>.

Results of this procurement will not be given in response to telephone inquiries. Interested parties are invited to attend the public opening at the time and date stated in this solicitation. A tabulation of submittals will be on file at the Procurement Department.

No oral interpretations or clarifications will be made to any offeror as to the meaning of any of the solicitation documents.

### **10. VENDOR RECORD MAINTENANCE**

By submitting a response to this solicitation, the submitter agrees to establish and maintain a complete Pima County Vendor record, including the provision of a properly completed and executed "Request for Taxpayer Identification Number and Certification" document (Form W-9), within ten calendar days of the solicitation due date. The Vendor also agrees to update the information within ten calendar days of any change in that information and prior to the submission of any invoice or request for payment. The preferred method for creating or updating this record is via the Internet utilizing the Pima County Vendor Registration and Messaging Portal (VRAMP). The portal requires that the Vendor establish and maintain email functionality. In addition to providing the means for a Vendor to create and maintain their Vendor record, VRAMP also provides for email notice to the vendor regarding solicitations published by Pima County for commodities of interest as defined by the Vendor record. Internet links for Vendor Registration, VRAMP and commodity codes used to define products and services for which the Vendor is capable of providing, are located at the Procurement Internet page: [www.pima.gov/procure](http://www.pima.gov/procure).

**END OF INSTRUCTIONS TO OFFERORS**

**PIMA COUNTY STANDARD TERMS AND CONDITIONS (03/18/15)**

**1. OPENING:**

Responses will be publicly opened and each respondent's name, and if a Bid the amount, will be read on the date and at the location defined in the *Invitation for Bid (IFB)* or *Request For Proposals (RFP)*. Proposals shall be opened so as to avoid disclosure of the contents of any proposal to competing offerors during the process of negotiation. All interested parties are invited to attend.

**2. EVALUATION:**

Responses shall be evaluated to determine which are most advantageous to Pima County (COUNTY) considering evaluation criteria, conformity to the specifications and other factors.

If an award is made, COUNTY will enter into an agreement with the one or multiple respondent(s) that submitted the lowest responsive bid(s) that were determined responsible for supplying the required goods or services. Unless otherwise specified on the Bid/Offer document determination of the low/lowest bids will be made considering the total bid amount.

COUNTY, at its sole discretion, reserves the following rights: 1) to waive informalities in the bid or bid procedure; 2) to reject the response of any persons or corporations that have previously defaulted on any contract with COUNTY or who have engaged in conduct that constitutes a cause for debarment or suspension as set forth in COUNTY Code section 11.32; 3) to reject any and all responses; 4) to re-advertise for bids previously rejected; 5) to otherwise provide for the purchase of such equipment, supplies materials and services as may be required herein; 6) to award on the basis of price and other factors, including but not limited to such factors as delivery time, quality, uniformity of product, suitability for the intended task, and bidder's ability to supply; 7) to increase or decrease the item quantity or eliminate any item of this solicitation prior to the award. Pricing evaluations will be based on pre-tax pricing offered by Contractor.

**3. AWARD NOTICE:**

A *Notice of Recommendation for Award* for IFB or RFP will be posted on the Procurement website and available for review by interested parties. A tabulation of responses will be maintained at the Procurement Department.

**4. AWARD:**

Awards will be made by either the Procurement Director or the Board of Supervisors in accordance with the Pima County Procurement Code. COUNTY reserves the right to reject any or all offers, bids or proposals or to waive irregularities and informalities if it is deemed in the best interest of COUNTY. Unless expressly agreed otherwise, resulting contracts are not exclusive, are for the sole convenience of COUNTY, and COUNTY reserves the right to obtain like goods or services from other sources.

**5. WAIVER:**

Each Offeror, by submission of an offer, bid or proposal waives any and all claims for damages against COUNTY or its officers or employees when COUNTY exercises any of its reserved rights.

**6. ACKNOWLEDGEMENT AND ACCEPTANCE:**

If Contractor's terms of sale are inconsistent with the terms of the resultant contract, the terms herein shall govern, unless COUNTY accepts Contractor's terms in writing. No oral agreement or understanding shall in any way modify this contract or the terms and conditions herein. Contractor's acceptance, delivery or performance called for herein shall constitute unqualified acceptance of the terms and conditions of the resultant contract.

**7. INTERPRETATION and APPLICABLE LAW:**

The contract will be interpreted, construed and given effect in all respects according to the laws of the State of Arizona. If any of Contractors' terms or conditions is not in agreement with County's terms and conditions as set forth herein, COUNTY's shall govern. This contract incorporates the complete agreement of the parties with respect to the subject matter of this contract. No oral agreement or other understanding will in any way modify the terms and conditions of this contract.

**8. WARRANTY:**

Contractor warrants goods or services to be satisfactory and free from defects.

**9. QUANTITY:**

Contractor will not exceed or reduce the quantity of goods ordered without **written** permission from COUNTY in the form of a properly executed Master Agreement (MA), Purchase Order (PO) Delivery Order (DO) or Delivery Order Maximo (DOM) revision or amendment as required by COUNTY Procurement Code. All quantities are estimates and COUNTY provides no guarantee regarding actual usage.

**10. PACKING:**

Contractor will make no extra charges for packaging or packing material. Contractor is responsible for safe packaging conforming to carrier's requirements.

#### **11. DELIVERY:**

On-time delivery of goods and services is an essential part of the consideration to be received by COUNTY.

A guaranteed delivery date, or interval period from order release date to delivery, must be given if requested by the Price offer document. Upon receipt of notification of delivery delay, COUNTY at its sole option and at no cost to COUNTY may cancel the order or extend delivery times. Such extension of delivery times will not be valid unless extended in writing by an authorized representative of COUNTY.

To mitigate or prevent damages caused by delayed delivery, COUNTY may require Contractor to deliver additional quantity utilizing express modes of transport, and or overtime, all costs to be Contractor's responsibility. COUNTY reserves the right to cancel any delinquent order, procure from alternate source, or refuse receipt of or return delayed deliveries, at no cost to COUNTY. COUNTY reserves the right to cancel any order or refuse delivery upon default by Contractor concerning time, cost, or manner of delivery.

Contractor will not be held responsible for unforeseen delays caused by fires, strikes, acts of God, or other causes beyond Contractor's control, provided that Contractor provides COUNTY immediate notice of delay.

#### **12. SPECIFICATION CHANGES:**

COUNTY has the right to make changes in the specifications, services, or terms and conditions of an order. If such changes cause an increase or decrease in the amount due under an order or in time required for performance, an acceptable adjustment will be made and the order modified in writing. Any agreement for adjustment must be made in writing.

Nothing in this clause reduces Contractor's responsibility to proceed without delay in the delivery or performance of an order.

#### **13. INSPECTION:**

All goods and services are subject to inspection and testing at place of manufacture, destination or both by COUNTY. Goods failing to meet specifications of the order or contract will be held at Contractor's risk and may be returned to Contractor with costs for transportation, unpacking, inspection, repacking, reshipping, restocking or other like expenses to be the responsibility of Contractor. In lieu of return of nonconforming supplies, COUNTY, at its sole discretion and without prejudice to COUNTY's rights, may waive any nonconformity, receive the delivery, and treat the defect(s) as a warranty item, but waiver of any condition will not be considered a waiver of that condition for subsequent shipments or deliveries.

#### **14. SHIPPING TERMS:**

Unless stated otherwise by the contract, delivery terms are to be F.O.B. Destination & Freight Prepaid Not Billed ("F.O.B. Destination") and are to be included in the Unit Price offered by Contractor and accepted by COUNTY.

#### **15. PAYMENT TERMS:**

Payment terms are net thirty (30) days, unless otherwise specified by the contract.

#### **16. ACCEPTANCE OF MATERIALS AND SERVICES:**

COUNTY will not execute an acceptance or authorize payment for any service, equipment or component prior to delivery and verification that all specification requirements have been met.

#### **17. RIGHTS AND REMEDIES OF COUNTY FOR DEFAULT:**

In the event any item furnished by Contractor in the performance of the contract should fail to conform to the specifications thereof, or to the sample submitted by Contractor, COUNTY may reject same, and it thereupon becomes the duty of Contractor to reclaim and remove the same, without expense to COUNTY, and immediately replace all such rejected items with others conforming to the specifications or samples. Should Contractor fail, neglect, or refuse immediately to do so, COUNTY has the right to purchase in the open market, in lieu thereof, a corresponding quantity of any such items and to deduct from any monies due or that may become due to Contractor the difference between the price named in the Master Agreement or Purchase Order and actual cost to COUNTY.

In the event Contractor fails to make prompt delivery as specified of any item, the same conditions as to the rights of COUNTY to purchase in the open market and invoke the reimbursement condition above apply, except when delivery is delayed by fire, strike, freight embargo, or acts of god or of the government. In the event of cancellation of the Master Agreement, Purchase Order or associated orders, either in whole or in part, by reason of the default or breach by Contractor, Contractor will bear and pay for any loss or damage sustained by COUNTY in procuring any items which the Contractor agreed to supply. The rights and remedies of COUNTY provided above are not exclusive and are in addition to any other rights and remedies provided by law or under the contract.

#### **18. FRAUD AND COLLUSION:**

Each Contractor, by submission of a bid, certifies that no officer or employee of COUNTY or of any subdivision thereof: 1) has aided or assisted Contractor in securing or attempting to secure a contract to furnish labor, materials or supplies at a higher price than that proposed by any other Contractor; 2) has favored one Contractor over another by giving or withholding information or by willfully misleading the bidder in regard to the character of the material or supplies called for or the conditions under which the proposed work is to be done; 3) will knowingly accept materials or supplies of a quality inferior to those called for by any contract; 4) has any direct or indirect financial interest in the offer or resulting contract. Additionally, during the conduct of business with COUNTY, Contractor will not knowingly certify, or induce others to certify, to a greater amount of labor performed than has been actually performed, or to the receipt of a greater amount or different kind of material or supplies that has been actually received. If at any time it shall be found that Contractor has in presenting any offer(s) colluded with any other party or parties for the purpose of preventing any other offer being made, then any contract so awarded shall be terminated and that person or entity shall be liable for all damages sustained by COUNTY.

#### **19. COOPERATIVE USE OF RESULTING CONTRACT:**

As allowed by law, COUNTY has entered into cooperative procurement agreements that enable other Public Agencies to utilize procurement agreements developed by COUNTY. Contractor may be contacted by participating agencies and requested to provide services and products pursuant to the pricing, terms and conditions defined by the COUNTY Master Agreement, or Purchase Order. Minor adjustments are allowed subject to agreement by both Contractor and Requesting Party to accommodate additional cost or other factors not present in the COUNTY's agreement and required to satisfy particular Public Agency code or functional requirements and are within the intended scope of the solicitation and resulting contract. Any such usage shall be in accordance with State, COUNTY and other Public Agency procurement rules, regulations and requirements and shall be transacted between the requesting party and Contractor. Contractor shall hold harmless COUNTY, its officers, employees, and agents from and against all liability, including without limitation payment and performance associated with such use. A list of agencies that are authorized to use COUNTY contracts can be viewed at the Procurement Department Internet home page: <http://www.pima.gov/procure> by selecting the link titled *Authorized Use of COUNTY Contracts*.

#### **20. PATENT INDEMNITY:**

Contractor will indemnify, defend and hold COUNTY, its officers, agents and employees, harmless from liability of any nature or kind, including costs and expenses, for infringement or use of any copyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in connection with the Master Agreement, Purchase Order, and associated orders. Contractor may be required to furnish a bond or other indemnification to COUNTY against any and all loss, damage, costs, expenses, claims and liability for patent or copyright infringement.

#### **21. INDEMNIFICATION:**

Contractor will indemnify, defend, and hold harmless COUNTY, its officers, employees and agents from and against any and all suits, actions, legal administrative proceedings, claims or demands and costs attendant thereto, arising out of any act, omission, fault or negligence by Contractor, its agents, employees or anyone under its direction or control or on its behalf in connection with performance of the Master Agreement, Purchase Order or associated orders. Contractor warrants that all products and services provided under this contract are non-infringing. Contractor will indemnify, defend and hold COUNTY harmless from any claim of infringement arising from services provided under this contract or from the provision, license, transfer or use for their intended purpose of any products provided under this Contract.

#### **22. UNFAIR COMPETITION AND OTHER LAWS:**

Responses must be in accordance with Arizona trade and commerce laws (Title 44 A.R.S.) and all other applicable COUNTY, State, and Federal laws and regulations.

#### **23. COMPLIANCE WITH LAWS:**

Contractor will comply with all federal, state, and local laws, rules, regulations, standards and Executive Orders, without limitation. In the event any services provided under this contract require a license issued by the Arizona Registrar of Contractors (ROC), Contractor certifies that those services will be provided by a contractor licensed by ROC to perform those services in Arizona. The laws and regulations of the State of Arizona govern the rights, performance and disputes of and between the parties. Any action relating to this Contract must be brought in a court of the State of Arizona in Pima County.

Any changes in the governing laws, rules, and regulations during an agreement apply, but do not require an amendment or revisions.

#### **24. ASSIGNMENT:**

Contractor may not assign its rights to the contract, in whole or in part, without prior written approval of COUNTY. COUNTY may withhold approval at its sole discretion, provided that COUNTY will not unreasonably withhold such approval.

**25. CONFLICT OF INTEREST:**

This contract is subject to the provisions of A.R.S. § 38-511, the pertinent provisions of which are incorporated into and made part of all COUNTY Master Agreements or Purchase Orders as if set forth in full therein.

**26. NON-DISCRIMINATION:**

CONTRACTOR agrees to comply with all provisions and requirements of Arizona Executive Order 2009-09 which is hereby incorporated into this contract as if set forth in full herein **including flow down of all provisions and requirements to any subcontractors.** During the performance of this contract, CONTRACTOR must not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.

**27. NON-APPROPRIATION OF FUNDS:**

COUNTY may cancel this contract pursuant to A.R.S. § 11-251(42) if for any reason the COUNTY Board of Supervisors does not appropriate funds for the stated purpose of maintaining the contract. In the event of such cancellation, COUNTY has no further obligation, other than payment for services or goods that COUNTY has already received.

**28. PUBLIC INFORMATION:**

Pursuant to A.R.S. § 39-121 et seq., and A.R.S. § 34-603(H) in the case of construction or Architectural and Engineering services procured under A.R.S. Title 34, Chapter 6, all information submitted in response to this solicitation, including, but not limited to, pricing, product specifications, work plans, and any supporting data becomes public information and upon request, is subject to release or review by the general public including competitors.

Any records submitted in response to this solicitation that Contractor reasonably believes constitute proprietary, trade secret or otherwise confidential information must be appropriately and prominently marked as CONFIDENTIAL by Contractor **prior** to the close of the solicitation.

Notwithstanding the above provisions, in the event records marked CONFIDENTIAL are requested for public release pursuant to A.R.S. § 39-121 et seq., COUNTY will release records marked CONFIDENTIAL ten (10) business days after the date of notice to Contractor of the request for release, unless Contractor has, within the ten (10) day period, secured a protective order, injunctive relief or other appropriate order from a court of competent jurisdiction, enjoining the release of the records. For the purposes of this paragraph, the day of the request for release is not counted in the time calculation. Contractor will be notified of any request for such release on the same day of the request for public release or as soon thereafter as practicable.

COUNTY will not, under any circumstances, be responsible for securing a protective order or other relief enjoining the release of records marked CONFIDENTIAL, nor is COUNTY in any way financially responsible for any costs associated with securing such an order.

**29. CUSTOM TOOLING, DOCUMENTATION AND TRANSITIONAL SUPPORT:**

Costs to develop all tooling and documentation, such as and not limited to dies, molds, jigs, fixtures, artwork, film, patterns, digital files, work instructions, drawings, etc. necessary to provide the contracted services or products and unique to the services or products supplied to COUNTY are included in the agreed upon Unit Price unless specifically stated otherwise in the contract. Such tools and documentation are the property of COUNTY and will be marked, as is practical, as the "Property of Pima County" and if requested by COUNTY a copy of the tooling and documentation will be delivered to COUNTY within twenty (20) days of acceptance by COUNTY of the first article sample, or not later than ten (10) days of termination of the contract associated with their development, without additional cost to COUNTY. Contractor also agrees to act in good faith to facilitate the transition of work to a subsequent Contractor if and as reasonably requested by COUNTY at no additional cost. Should exceptional circumstances be present that may justify an additional charge, Contractor may submit said justification and proposed cost and negotiate an agreement acceptable to both Contractor and COUNTY, but Contractor may not withhold any requested tooling, document or support as defined above that would delay the orderly, efficient and prompt transition of work. Should conduct by Contractor result in additional costs to COUNTY, Contractor will reimburse COUNTY for said actual and incremental costs provided that COUNTY had given Contractor reasonable time to respond to COUNTY's requests for support.

**30. AMERICANS WITH DISABILITIES ACT:**

Contractor will comply with all applicable provisions of the Americans with Disabilities Act (public law 101-336, 42 USC 12101-12213) and all applicable federal regulations under the act, including 28 CFR parts 35 and 36.

**31. NON-EXCLUSIVE:**

Contracts resulting from this solicitation are non-exclusive and are for the sole convenience of COUNTY, which reserves the right to obtain like goods and services from other sources for any reason.

**32. PROTESTS:**

An interested party may file a protest regarding any aspect of a solicitation, evaluation, or recommendation for award. Protests must be filed in accordance with the Pima County Procurement Code, Section 11.20.010.

**33. TERMINATION:**

COUNTY reserves the right to terminate any Master Agreement, Purchase Order, Delivery Order, Delivery Order Maximo or award, in whole or in part, at any time, without penalty or recourse, when in the best interests of COUNTY. Upon receipt of written notice, Contractor will immediately cease all work as directed by the notice, notify all subcontractors of the effective date of termination and take appropriate actions to minimize further costs to COUNTY. In the event of termination under this paragraph, all documents, data, and reports prepared by Contractor under the contract become the property of and must be promptly delivered to COUNTY. Contractor is entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures defined by A.A.C. R2-7-701 apply.

**34. ORDER OF PRECEDENCE-CONFLICTING DOCUMENTS:**

In the event of inconsistencies between contract documents, the following is the order of precedence, superior to subordinate, that will apply to resolve the inconsistency: Master Agreement, Delivery Order or Delivery Order Maximo, Purchase Order, offer agreement or contract attached to a Master Agreement, Purchase Order, Delivery Order or Delivery Order Maximo; these standard terms and conditions; any other solicitation documents.

**35. INDEPENDENT CONTRACTOR:**

The status of Contractor is that of an independent Contractor. Contractor and Contractor officer's agents or employees are not considered employees of COUNTY and are not entitled to receive any employment-related fringe benefits under the COUNTY Merit System. Contractor is responsible for payment of all federal, state and local taxes associated with the compensation received pursuant to this Contract and will indemnify and hold COUNTY harmless from any and all liability which COUNTY may incur because of Contractor's failure to pay such taxes. Contractor is solely responsible for its program development and operation.

**36. BOOKS AND RECORDS:**

Contractor will keep and maintain proper and complete books, records and accounts, which will be open at all reasonable times for inspection and audit by duly authorized representatives of COUNTY. In addition, Contractor will retain all records relating to this contract at least five (5) years after its termination or cancellation or, if later, until any related pending proceeding or litigation has been closed.

**37. COUNTERPARTS:**

The Master Agreement or Purchase Order awarded pursuant to this solicitation may be executed in any number of counterparts and each counterpart is considered an original, and together such counterparts constitute one and the same instrument. For the purposes of the Master Agreement and Purchase Order, the signed offer of Contractor and the signed acceptance of COUNTY are each considered an original and together constitute a binding Master Agreement, if all other requirements for execution have been met.

**38. AUTHORITY TO CONTRACT:**

Contractor warrants its right and power to enter into the Master Agreement or Purchase Order. If any court or administrative agency determines that COUNTY does not have authority to enter into the Master Agreement or Purchase Order, COUNTY is not liable to Contractor or any third party by reason of such determination or by reason of the Master Agreement or Purchase order.

**39. FULL AND COMPLETE PERFORMANCE:**

The failure of either party to insist on one or more instances upon the full and complete performance with any of the terms or conditions of the Master Agreement, Purchase Order, Delivery Order or Delivery Order Maximo to be performed on the part of the other, or to take any action permitted as a result thereof, is not a waiver or relinquishment of the right to insist upon full and complete performance of the same, or any other covenant or condition, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time is not an accord and satisfaction.

**40. SUBCONTRACTORS:**

CONTRACTOR is fully responsible for all acts and omissions of any subcontractor and of persons directly or indirectly employed by any subcontractor, and of persons for whose acts CONTRACTOR may be liable to the same extent that CONTRACTOR is responsible for the acts and omissions of persons directly employed by it. Nothing in this contract creates any obligation on the part of COUNTY to pay or see to the payment of any money due any subcontractor, except as may be required by law.

**41. SEVERABILITY:**

Each provision of this Contract stands alone, and any provision of this Contract found to be prohibited by law is ineffective to the extent of such prohibition without invalidating the remainder of this Contract.

**42. LEGAL ARIZONA WORKERS ACT COMPLIANCE:**

CONTRACTOR hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to CONTRACTOR's employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). CONTRACTOR will further ensure that each subcontractor who performs any work for CONTRACTOR under this contract likewise complies with the State and Federal Immigration Laws.

COUNTY has the right at any time to inspect the books and records of CONTRACTOR and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.

Any breach of CONTRACTOR's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, is a material breach of this Contract subjecting CONTRACTOR to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, CONTRACTOR will take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor as soon as possible so as not to delay project completion.

CONTRACTOR will advise each subcontractor of COUNTY's rights, and the subcontractor's obligations, under this Article by including a provision in each subcontract substantially in the following form:

"SUBCONTRACTOR hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to SUBCONTRACTOR's employees, and with the requirements of A.R.S. § 23-214 (A). SUBCONTRACTOR further agrees that COUNTY may inspect the SUBCONTRACTOR's books and records to insure that SUBCONTRACTOR is in compliance with these requirements. Any breach of this paragraph by SUBCONTRACTOR is a material breach of this contract subjecting SUBCONTRACTOR to penalties up to and including suspension or termination of this contract."

Any additional costs attributable directly or indirectly to remedial action under this Article is the responsibility of CONTRACTOR. In the event that remedial action under this Article results in delay to one or more tasks on the critical path of CONTRACTOR's approved construction or critical milestones schedule, such period of delay will be excusable delay for which CONTRACTOR is entitled to an extension of time, but not costs.

**43. CONTROL OF DATA PROVIDED BY COUNTY:**

For those projects and contracts where COUNTY has provided data to enable the Contractor to provide contracted services or products, unless otherwise specified and agreed to in writing by COUNTY, Contractor will treat, control and limit access to said information as confidential and will under no circumstances release any data provided by COUNTY during the term of this contract and thereafter, including but not limited to personal identifying information as defined by A.R.S. § 44-1373, and Contractor is further prohibited from selling such data directly or through a third party. Upon termination or completion of the contract, Contractor will either return all such data to COUNTY or will destroy such data and confirm destruction in writing in a timely manner not to exceed sixty (60) calendar days.

**END OF PIMA COUNTY STANDARD TERMS AND CONDITIONS**

## OFFER AGREEMENT 202743 (Page 1 of 4)

### **1. INTENT:**

This Offer Agreement, including all attachments and documents incorporated by reference, constitutes the entire agreement between County and Contractor pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein.

This is an indefinite-delivery/indefinite-quantity contract to provide Pima County ("County") with such quantities of investment securities as the County may order from time to time by issuance of trade orders. Pima County maintains an investment portfolio of between \$500 million to \$1 billion during a fiscal year period. Contractor will be placed on Pima County's List of Approved Broker/Dealers from whom the County Treasurer from time to time requests offers on investment purchases of securities. These are "as required" services and no guarantee regarding actual issuance of orders is made.

All Services offered or provided pursuant to this Contract shall conform to the requirements defined by or referred to by the solicitation documents including *Solicitation Addenda*, *Instructions to Bidders*, *Standard Terms and Conditions*, and the Investment Policy of the Pima County Treasurer.

### **2. AGREEMENT TERM, RENEWALS & REVISIONS, AMENDMENTS:**

The initial term of the contract will be for a three (3) year period and include one (1) two-year renewal that may be exercised upon the written agreement of the parties as follows:

Proposed extension or renewals of the contract if included in the contract and revisions to the contract shall be made through the issuance by County to Contractor of a revised Master Agreement (MA) document setting forth the requested changes. Failure by Contractor to object in writing to the proposed revisions, terms, conditions and/or specifications within ten (10) calendar days of issuance by County will signify acceptance of all such changes by Contractor and the amendment will be binding upon the parties, effective on the date of issuance.

### **3. SUPPLIER MINIMUM QUALIFICATIONS:**

The Contractor certifies that it is competent, willing and responsible for performing the services in accordance with all requirements of this Contract. The Contractor further stipulates that it possesses a license to do business in the State of Arizona, and all other required licenses such as National Association of Security Dealers (N.A.S.D.) and Securities and Exchange Commission certification and registration. Contractor must maintain a strong industry reputation, open lines of credit with other dealers, and an investment grade rating from at least one national rating service, if applicable.

### **4. PRODUCT OR SERVICE SPECIFICATIONS & SCOPE:**

Contractor will provide broker/dealer services as contemplated in the *Investment Policy of the Pima County Treasurer (8 Pages)*, attached as **Exhibit E**. If the Investment Policy is revised, Contractor will be sent a revised Investment Policy. This revision of the Investment Policy will not require an amendment to this Contract.

In addition:

**a.** If at any time during the term of this Contract, there is a change to Key Personnel identified and submitted with Contractor's response, Contractor must contact the Pima County Treasurer and notify her of the change. The Treasurer reserves the right to request qualification and violation history information regarding any individuals providing services under this Contract. If said individual is found by the Treasurer to not be satisfactory, the Treasurer may refuse approval of this individual to conduct Investment Broker/Dealer services on behalf of the County and remove Contractor from the Approved Broker/Dealer List.

**b.** Contractor must maintain a toll free phone number by which County can access Contractor from one hour before the market is open to two hours after the market is closed.

**d.** No guarantee is made regarding the actual issuance to Contractor of orders during the term of this Contract. Pima County may rotate firms within the Approved Broker/Dealer List at any time at its sole discretion. Should there be a need to add more firms to the Approved Broker/Dealer List, Pima County reserves the right to conduct a solicitation to add firms.

**e.** Both during and after the completion of each investment offering process, the Pima County Treasurer's Office will evaluate the offers of each firm, including Contractor, and will keep a record of the participation by each firm. If the Pima County Treasurer determines that Contractor is not making a positive contribution to the investment process, the Pima County Treasurer reserves the right to no longer contact Contractor for future investment offers.

**f.** Contractor must include all its Broker/Dealer compensation in the offering yield. Under no circumstances will Pima County pay direct trade compensation to Contractor.

## OFFER AGREEMENT 202743 (Page 2 of 4)

Pima County will not pay additional trade costs, compensation or any form of liability to Contractor. All compensation to Contractor will be netted from the security purchase yield. Pima County will accept no ongoing contractual liability to Contractor.

g. Pima County will notify the firms, including Contractor, regarding the type of securities desired, as limited by the Investment Policy of the Pima County Treasurer's Office. On-time response to these requests is an essential part of the consideration to be received by Pima County. County will then respond to these bids.

### **5. OFFER ACCEPTANCE AND ORDER RELEASES:**

Orders will be placed via phone, Bloomberg® or other secure efficient method. A trade ticket will need to be faxed, or e-mailed confirming placement of the trade to the Pima County Treasurer's Office. Pima County will then receive a "safekeeping" receipt showing that the trade has been settled (received).

Contractor agrees to establish, monitor, and manage an effective agreement administration process that assures compliance with all requirements of this Contract.

### **6. ACCEPTANCE OF SERVICES AND PRODUCTS:** N/A

### **7. COMPENSATION & PAYMENT:**

As noted above, all compensation to Contractor will be netted from the security purchase yield. All security transactions must be settled on a delivery versus payment basis at Pima County's custodian bank. Contractor also must cooperate with any safekeeping arrangements that the County has made.

For the period of record retention identified below, County reserves the right to question any payment made to Contractor and to require reimbursement therefore by setoff or otherwise for payments determined to be improper or contrary to this Contract or law. Contractor shall keep and maintain proper and complete books, records and accounts, which shall be open at all reasonable times for inspection and audit by duly authorized representatives of County.

In addition, Contractor shall retain all records relating to this Contract at least 5 years after its termination or cancellation or, if later, until any related pending proceeding or litigation has been closed.

### **8. DELIVERY:**

As defined by the Standard Terms "On-Time" delivery is an essential part of the consideration to be given to the County under this Contract.

### **9. TAXES, FEES, EXPENSES:**

The County is subject to State and City sales tax. Articles sold to Pima County are exempt from federal excise taxes. No separate charges for delivery, drayage, express, parcel post, packing, insurance, license fees, permits, costs of bonds, surcharges, or bid preparation, will be paid by Pima County, unless expressly included and itemized by the solicitation documents.

### **10. OTHER DOCUMENTS**

County, in entering into this Contract, has relied upon information provided by Contractor in response to Pima County Solicitation No. 202743. These documents are hereby incorporated into and made a part of this Contract as if set forth in full herein, to the extent not inconsistent with the provisions of this Contract.

### **11. INSURANCE:**

Contractor must obtain and maintain at its own expense, during the entire term of this Contract the following type(s) and amounts of insurance:

- a) Commercial General Liability in the amount of \$1,000,000.00 combined single limit Bodily Injury and Property Damage. COUNTY is to be named as an additional insured for all operations performed within the scope of the Contract between COUNTY and CONTRACTOR;
- b) If this Contract involves professional services, professional liability insurance in the amount of \$1,000,000.00; and,
- d) If required by law, workers' compensation coverage including employees' liability coverage.

Contractor shall provide County with current executed certificates of insurance within two weeks from when the Notice of Award is issued by the County. All certificates of insurance shall guarantee the provision of thirty (30) days prior written notice to the County of cancellation, non-renewal or material change.

**OFFER AGREEMENT 202743 (Page 3 of 4)**

**12. PERFORMANCE BOND:** NOT APPLICABLE

**13. ACKNOWLEDGEMENT of SOLICITATION ADDENDA:**

Supplier acknowledges that the following solicitation addenda have been incorporated in their offer and this agreement:

<b>Addendum #</b>	<b>Date</b>	<b>Addendum #</b>	<b>Date</b>	<b>Addendum #</b>	<b>Date</b>

**14. SCRUTINIZED BUSINESS OPERATIONS**

Pursuant to A.R.S. §§ 35-391.06 and 393.06, Contractor hereby certifies that it does not have scrutinized business operations in Iran or Sudan. The submission of a false certification by Contractor may result in action up to and including termination of this Contract.

**15. SMALL BUSINESS ENTERPRISE (SBE) CERTIFICATION:** NOT APPLICABLE

**Remainder of this page left blank.**

16. BID/OFFER CERTIFICATION:

SUPPLIER LEGAL NAME: \_\_\_\_\_

BUSINESS ALSO KNOWN AS: \_\_\_\_\_

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

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

REMIT TO ADDRESS: \_\_\_\_\_

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

CONTACT PERSON NAME/TITLE: \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

CONTACT PERSON EMAIL ADDRESS: \_\_\_\_\_

EMAIL ADDRESS TO WHICH ORDERS & CONTRACTS SHALL BE TRANSMITTED:

\_\_\_\_\_

CORPORATE HEADQUARTERS LOCATION:

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

CITY, STATE, ZIP: \_\_\_\_\_

By signing and submitting this Offer Agreement and other documents, the undersigned certify that they are legally authorized to represent and bind the "Offeror/Contractor" to legal agreements, that all information submitted is accurate and complete, that Offeror/Contractor has reviewed the Pima County Procurement website for solicitation addenda, that the firm is qualified and willing to provide the services requested, and that Offeror/Contractor will comply with all requirements of the solicitation. Conditional offers that modify the solicitation requirements may be deemed not 'responsive' and may not be evaluated. Offeror's submission of a signed offer agreement shall constitute a firm offer and upon the issuance of a blanket contract or purchase order document signed by the Pima County Procurement Director or authorized designate a binding contract is formed that shall require the Offeror to provide the services and materials described in this solicitation. The undersigned hereby offers to furnish the services in compliance with all terms, conditions, specifications, defined or referenced by the solicitation, which includes Pima County Standard Terms & Conditions, this Offer Agreement and other documents listed in this Offer Agreement.

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

\_\_\_\_\_  
PRINTED NAME & TITLE OF AUTHORIZED SUPPLIER REPRESENTATIVE EXECUTING OFFER

PHONE AND E-MAIL: \_\_\_\_\_

**EXHIBIT B: MINIMUM QUALIFICATIONS VERIFICATION FORM (1 PAGE)**

**OFFEROR'S NAME:** \_\_\_\_\_

Offeror certifies that they possess the following minimum qualifications and shall provide the requested documents that substantiate their satisfaction of the Minimum Qualifications. Failure to provide the information required by these Minimum Qualifications and required to substantiate *responsibility* may be cause for the offeror's proposal to be rejected as **Non-Responsive**.

Provide documented and verifiable evidence that your firm satisfies the following Minimum Qualifications, and indicate what/if attachments are submitted.

ITEM NO.	MINIMUM QUALIFICATIONS	COMPLIANCE YES/NO (SELECT ONE)	DOCUMENT TITLE AND NUMBER OF PAGES SUBMITTED FOR EACH DOCUMENT
1	Securities and Exchange Commission certification and registration.	Yes/No	
2	National Association of Security Dealers (N.A.S.D.) certification and registration.	Yes/No	
3	Arizona registration License, certification, accreditation	Yes/No	

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

\_\_\_\_\_  
PRINTED NAME & TITLE OF AUTHORIZED OFFEROR REPRESENTATIVE EXECUTING OFFER

## **EXHIBIT C: QUESTIONNAIRE (2 pages)**

**OFFEROR'S NAME:** \_\_\_\_\_

The evaluation committee will assign points to each proposal submitted on the basis of the following evaluation criteria unless otherwise indicated. This page shall be completed, signed and included in response as the first page of Questionnaire response. Responses to this questionnaire should be ordered and numbered exactly as set forth below.

### **A. FIRM EXPERIENCE (0 to 20 points)**

- 1) Briefly describe your company, including name, address and telephone and fax number;
- 2) Provide a brief history of the company;
- 3) Provide location of main office and other offices, including any offices located in Arizona. Indicate the date Arizona Offices were established.
- 4) What distinctive qualities does your firm and/or staff possess that will assist the Pima County Treasurer in the management of the county's investments.
- 5) Describe any experience you have had with other portfolios with similar restrictions identified in the Pima County Treasurer's Investment Policy.
- 6) Is your Firm is a Primary Dealer with the Federal Reserve Bank of New York?

### **B. PERSONNEL EXPERIENCE (0 to 20 points)**

- 1) List all personnel assigned to this engagement, including for each personnel:
  - a. contact information,
  - b. their role to be performed in this contract
  - c. brief experience narrative describing their qualifications and specific relevant experience in relation to the role that personnel will perform for this contract,
  - d. special competencies that will be valuable in their role in this contract, and
  - e. any required license, certification or professional credential information, such as Proof of National Association of Security Dealers (N.A.S.D.), Securities and Exchange Commission (S.E.C.) certification and registration and Proof of Arizona license to do business in the State of Arizona.
- 2) Identify the individual(s) authorized by your firm to enter into investment transactions with the Pima County Treasurer. This authorization is to be endorsed by an official of your firm in writing and updated at least annually and upon any change.

### **C. SECURITIES VIOLATIONS (0 to 20 points)**

- 1) Indicate whether your firm or any individual that would be assigned to work on Pima County Treasurer investment transactions has received any disciplinary actions by the Securities and Exchange Commission, National Association of Securities Dealers or any other federal or state regulatory body in the most recent past consecutive five years. Include a description of such disciplinary action and its cause.
- 2) Describe any past or pending regulatory compliance issues and any current legal proceedings and past settlements that relate to your firm.

### **D. FINANCIAL VIABILITY (0 to 10 points)**

- 1) List your company's equity capital, net capital and excess net capital according to your company's financial statements, calculated in accordance with S.E.C. rule 15c3-1 and attach a most recent FOCUS report.
- 2) Provide your firm's most recent annual Audit Report. (Hard copies or electronic copies are acceptable)
- 3) Provide your firm's most recent unaudited quarterly financial statement. (Hard copies or electronic copies are acceptable)

**E. REFERENCES (0 to 30 points)**

Provide three (3) professional references documenting the offeror's ability and expertise in providing the similar services in this solicitation. Provide the name and address of the client, the person providing the reference and the telephone number and email address of the person providing the reference. References should be current clients with similar investment requirements, preferably at least one located in the State of Arizona.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

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PRINTED NAME & TITLE OF AUTHORIZED OFFEROR REPRESENTATIVE EXECUTING  
OFFER

**END OF EXHIBIT C**

**EXHIBIT D:**

**CERTIFICATION OF COMPLIANCE WITH THE INVESTMENT POLICY  
OF THE PIMA COUNTY TREASURER (1 page)**

**CERTIFICATION OF SUPERVISING OFFICER**

As supervising officer of the Offeror, I certify that I have read, reviewed, and understand the Investment Policy of the Pima County Treasurer and agree to disclose potential conflicts or risks to public funds that might arise out of business transactions between the Offeror and the Treasurer, to undertake reasonable efforts to preclude imprudent transactions involving funds on deposit with the Treasurer, and to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the Treasurer. Prior to commencement of services with the Treasurer, employees of Offeror shall be trained in the precautions appropriate to public-sector investments and shall be required to observe the Treasurer's investment objectives, policies and constraints.

\_\_\_\_\_  
Signature of Supervising Officer

Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name and Title

**END OF EXHIBIT D**

**ATTACHMENT A**  
**INVESTMENT POLICY OF THE PIMA COUNTY TREASURER**  
**(Revised December 7, 2015)**

**I. POLICY**

The Pima County Treasurer (hereinafter referred to as “the Treasurer”) invests monies on deposit until the depositor withdraws the money. It is the investment policy of the Pima County Treasurer to invest in such a way as to maintain safety of principal, to provide liquidity to meet cash flow needs and to provide competitive investment returns while conforming to all applicable laws governing the investment of public funds. To satisfy these requirements, the Treasurer will strive to invest with judgment and care, under circumstances then prevailing, in such a way those persons of prudence, discretion and intelligence would understand the investments made.

**II. SCOPE**

The Treasurer operates under A.R.S. Title 35, Chapter 2, Article 2.1, and other investment requirements mandated by statute. The Treasurer however, does not determine the legal capacity or statutory investment restrictions that will apply to specific depositor’s funds (such as investment restrictions set by statute, regulation or other policy). Any political subdivision of the County depositing monies with the Treasurer must assure itself that investments contained in the applicable pool comport with the subdivision’s specific investment authority. It is the responsibility of the depositor to identify any statutory investment restrictions that exist on the funds deposited with the Treasurer.

In addition, the Treasurer does not limit or restrict yield on investment pools unless specifically mentioned herein. Depositors wishing to restrict yield for purposes of the Internal Revenue Service’s Arbitrage Bond Regulations (Treasury Regulation Section 1.148-1 et seq.) must make their own determinations as to whether any designated pool deposit meets any restricted yield obligation pertaining to the funds deposited. If a depositor requires yield restricted deposits, the Treasurer may invest those funds in a specific investment outside of the pool that meets the yield restriction requirements at the written request of the depositor.

The investment policy applies to all financial assets on deposit with and under the authority and control of the County Treasurer. These assets are accounted for in the Pima County Treasurer’s annual and monthly reports and are included in Pima County’s Comprehensive Annual Financial Report. The Treasurer will consolidate all funds based on investment restrictions to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Depositors with the Treasurer consist of Pima County, school districts, special districts and other political subdivisions located within the Pima County. Each of these political subdivisions may have one or more of the following fund categories represented by separate accounts.

General fund,  
Special Revenue Funds,  
Capital Project Funds,  
Debt Service,  
Enterprise Funds,  
Trust and Agency Funds,

Retirement/Pensions Funds  
Other funds, as authorized by the Arizona Revised Statutes

### III. OBJECTIVES

The primary objectives, in order of priority, of the Treasurer's investment activities are:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments by the Treasurer shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required so that potential realized credit losses on individual securities do not exceed the cash generated from the remainder of the portfolio.
2. **Liquidity.** The investment portfolios will maintain investment liquidity that is sufficient to enable the Treasurer to meet all cash requirements that might be reasonably anticipated. The Treasurer cannot anticipate all instances that might adversely affect this policy; therefore, the goal is subject to change as economic or other conditions warrant.
3. **Return on Investment.** The investment portfolios shall provide a market rate of return throughout budgetary and economic cycles, given the constraints of the aforementioned safety and liquidity objectives. Return on investment is of secondary importance compared to the safety and liquidity objectives. Securities shall generally be held until maturity with the following exceptions:
  - A security with declining credit may be sold early to minimize loss of principal.
  - A security swap that improves the quality, yield or target duration in the portfolio.
  - Liquidity needs of the portfolio require that the security be sold.

### IV. PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidation and the sale of securities are carried out in accordance with the terms of this policy.

### V. REPORTING

The Treasurer shall publish a report of investments on the Treasurer's public Web site at least quarterly. Such reports will include a complete listing of securities held, investment activity, income earned, income distributed, aggregate current yield, any other disclosures required by Generally Accepted Accounting Principles as determined by the Treasurer and a certification by the Treasurer as to compliance with Arizona Revised Statutes and this policy statement during the period reported.

### VI. PERFORMANCE EVALUATION

The investment portfolio will be managed in accordance with the parameters specified within this policy. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. Benchmarks shall consider safety, liquidity and other policy parameters in addition to the rate of return.

The Treasurer's Investment strategy is defined as moderately active. Although the Treasurer is a daily short-term investor, the Treasurer has the ability to take advantage of longer-term market opportunities as they occur by analyzing projected cash flow, economic indicators, and market risks. The Treasurer will shorten or lengthen the average weighted duration of the portfolio to capitalize on market opportunities.

Given this strategy, the Treasurer will benchmark the component portfolios that make up the Pima County Investment Pool in a manner to determine whether competitive market returns are being achieved. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken and the benchmarks shall have a similar weighted average maturity as the component portfolio. Benchmarks will be reviewed annually to determine that they are appropriate and reflect current economic conditions.

## **VI. PERMITTED INVESTMENT INSTRUMENTS**

- A. The Treasurer is required by A.R.S. 35-323 to invest and reinvest public monies in securities and deposits with a maximum maturity of five years. All public monies shall be invested in eligible investments. Eligible investments are under this policy as of the date of this policy are:
1. Certificates of deposit in eligible depositories
  2. Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance. Amounts in excess of the federal deposit insurance must be secured by collateral in the amount of 102 percent of the deposit.
  3. Repurchase agreements with a maximum maturity of one hundred eighty days.
  4. Local Government Investment Pools
  5. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
  6. Bonds or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, school districts, or special taxing districts, including registered warrants where appropriate. Purchase of a depositor's securities should be given additional scrutiny.
  7. Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district of any state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment.
  8. Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district.
  9. Commercial paper of prime quality that is rated "within the top two ratings by a nationally recognized rating agency. All commercial paper must have at least two of these ratings. All commercial paper must be issued by corporations organized and doing business in the United States. If an investment is downgraded after purchase, the Treasurer can evaluate the specific situation to determine the appropriate action, which may or may not be the immediate sale of the security.
  10. Bonds, debentures, notes and other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better ratings, at the time of purchase, from at least two nationally recognized rating agencies. If an investment is downgraded after

purchase, the Treasurer can evaluate the specific situation to determine the appropriate action, which may or may not be the immediate sale of the security.

11. Any bonds issued under the Temporary Liquidity Guarantee Program which provide the full faith and credit of the United States government.
12. Securities or any other interests in any open-end or closed-end management type investment company or investment trust, including exchange traded funds whose underlying investments are invested in securities allowed by state law, registered under the investment company act of 1940, (54Stat.789; 15 United States Code sections 80a-1 through 80a-64), as amended
13. Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association.
14. Any other eligible investment as allowed by law.

## **VII. DIVERSIFICATION**

It is the policy of the Treasurer to diversify the investment portfolio to minimize losses due to various circumstances. The circumstances include, but are not limited to; issuer defaults, market price changes, non-earning assets, technical complications leading to temporary lack of liquidity, and risks resulting from an over-concentration of assets in a specific maturity, a specific issuer, a specific geographical distribution, specific market segment or a specific class of securities. The investments shall be diversified by limiting investments in any specific issuer or business sector to 5% of the total market value of the pool to avoid over-concentration. This limitation does not apply to obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities or U.S. Treasury securities. Diversification shall also occur by limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

## **VIII. MAXIMUM MATURITIES**

To the extent possible, the Treasurer shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow and in accordance with state statutes, the Treasurer will not directly invest in securities maturing more than five (5) years from the date of purchase in accordance with state statutes. The Treasurer shall adopt weighted average maturity limitations consistent with the Treasurer's investment objectives.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as, but not limited to, local government investment pools, overnight repurchase agreements, other overnight investments and interest bearing fully collateralized bank accounts to ensure that appropriate liquidity is maintained to meet ongoing obligations.

## **IX. PORTFOLIO MANAGEMENT**

Following the primary objective of preservation of capital, investments shall be actively managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or reduce risk.

**IX. PROHIBITED INVESTMENT PURCHASES**

This policy prohibits the following investments:

1. Reverse Repurchase Agreements
2. Futures, Contractual Swaps, Options
3. Inverse Floaters
4. Interest Only Securities
5. Forward Contracts, excluding standard forward settlement of permitted investments
6. Closed end management type companies
7. Securities whose yield/market value is based on currency, commodity or non-interest indices.
8. Other derivative investments determined to be outside the risk tolerance of the Treasurer.
9. Investments denominated in other than U.S. Dollars.

**X. BROKERS/DEALERS/INVESTMENT ADVISORS**

Investment transactions shall only be conducted with financial institutions and individuals that are properly registered in the state of Arizona as required by law. Primary government securities dealers, or broker-dealers engaged in the business of selling government securities shall be registered in compliance with section 15 or 15C of the Securities Exchange Act of 1934 and registered pursuant to A.R.S. § 44-3101, as amended. In addition, investment transactions shall be conducted only with those direct issuers who meet both credit and capital requirements established by the County Treasurer. Investment Advisors shall be registered with the Securities and Exchange Commission. The Treasurer shall maintain a listing of approved broker dealers and investment advisors that is reviewed at least annually. The listings will be comprised of broker dealers and investment advisors selected through the Pima County's Request for Qualifications (RFQ) process. As part of the RFQ process, the following shall be requested in the response:

- A. Most recent audited annual financial statements.
- B. Most recent unaudited quarterly financial statements
- C. Proof of National Association of Security Dealers (N.A.S.D.) and Securities and Exchange Commission (S.E.C.) certification and registration.
- D. Proof of Arizona registration (as needed).
- E. A signed letter acknowledging that it has read and understood and agreeing to comply with the Treasurer's investment policy.
- F. Form ADV Parts I and II

Before accepting funds or engaging in investment transactions with the Treasurer, the supervising officer at each financial institution and broker/dealer shall submit a certification. The document will certify that the officer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the firm/depository and the Treasurer. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving funds on deposit with the Treasurer.

The supervising officer shall agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the Treasurer. Employees of any firm or financial institution offering securities or investments to the

Treasurer shall be trained in the precautions appropriate to public-sector investments and shall be required to observe the Treasurer's investment objectives, policies and constraints.

**XI. DELEGATION OF AUTHORITY**

Authority to manage the County's investment program is vested in the Treasurer pursuant to the Arizona Revised Statutes. The Treasurer may contract with an Investment Advisor(s) to manage the County's investment program pursuant to the Investment Policy. The Investment Advisor(s) are responsible for investment decisions and activities pursuant to the Investment Policy.

The Treasurer shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

The Treasurer shall establish a system of internal controls to regulate the activities of investment personnel. In the development of the system of internal controls, consideration shall be given to documentation of strategies and transactions, techniques for avoiding collusion, separation of functions, delegation of authority, limitations of action and custodial safekeeping.

**XII. PURCHASES AND SALES OF SECURITIES**

It is the responsibility of the investment personnel to know the "market price" or relative value of all securities before trades are executed. The method used by the investment personnel shall be the one that will reasonably obtain the best execution price or value given the objective of the transaction.

**XIII. ETHICS AND CONFLICTS OF INTEREST**

Employees of the Treasurer shall adhere to the conflict of interest laws as set forth in A.R.S. § 38-501 through 38-511. They shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. All Treasurer's investment employees shall disclose to the Treasurer, at least annually, any holdings material to their investment portfolio in financial institutions that conduct business within this jurisdiction, and they shall further disclose any related parties who are employed by financial institutions doing business with the Treasurer's portfolios. All investment officials shall subordinate their personal investment transactions to those of the County, particularly with regard to the timing of purchase and sales.

**XV. SAFEKEEPING AND CUSTODY**

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a delivery versus payment basis. Securities shall be held with a custodian designated by the Treasurer pursuant to A.R.S. 35-327 and evidenced by custodial reports.

**XVI. IDENTIFICATION OF POOLS**

The Treasurer will segregate the funds on deposit based on investment limitations set by law. Additional pools may be created based on duration. The minimum pools are identified as follows:

Pool 1 – (Diversified Asset Mix); qualified investments include any eligible investment allowed by law and this policy. The final maturity of any single investment shall not exceed five years. Unless otherwise specifically designated, all funds on deposit with the

Treasurer shall participate in Pool 1.

Pool 2 – (Full Faith and Credit) Investments shall consist of obligations issued or guaranteed by the full faith and credit of the United States. Primary participants in this pool consist of school district debt service and bond funds.

Pool 3 – (Self-insurance Trust Funds) – Investments shall include those allowed by law for a self-insurance trust as well as those specifically identified by the governing body of the Pima County Self-Insurance Trust Fund.

Pool 4 – (Diversified Asset Mix – Long-term); Qualified investments include any eligible investment allowed by law and this policy. The final maturity of any single investment shall not exceed five years. The purpose of this pool is to provide a longer duration, higher yielding option for participants which have deposits that will not be needed for a period of 12 months or longer. Transactions are limited to one per month with prior notification of five business days before the start of the transaction month.

**XVII. INVESTMENTS NOT GUARANTEED**

The Treasurer's Investment Pools are not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the Pool(s) does not provide for shares, rather participants interest in the Pool(s) is based on their proportion of deposits to the total pool. The Treasurer does not make any guarantees that the value of a participant's proportional interest in the pool will remain constant and losses of principal are possible.

**XVIII. ALLOCATION OF POOL EARNINGS**

Earnings of the Pool(s) will be allocated to the pool participants monthly based on the average daily balance of their accounts for the month. Earnings will be based on realized gains and losses, interest (dividends) earned, and accretion or amortization of the investment where appropriate. The assets' market value will be reported monthly and the change in fair market value of the assets will be allocated to the pool participants based on the proportion of their deposits.

**XVIII. OTHER**

Questions regarding, or requests for copies of this investment policy can be addressed to the Treasurer at

Beth Ford,  
Pima County Treasurer  
115 N. Church Ave.  
Tucson, AZ 85701

## DEFINITIONS

**AGENCIES:** The Federal agency securities and/or Government-sponsored enterprises.

**ASKED:** The price at which securities are offered.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

**BID:** The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

**BROKER:** A broker brings buyers and sellers together for a commission.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report for the political subdivision. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**DERIVATIVES:** (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

**DISCOUNT:** The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., US Treasury Bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and

insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principle and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):** Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, FmHA mortgages.

The term "pass-throughs" is often used to describe Ginnie Maes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**OFFER:** The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexibly monetary policy tool.

**PORTFOLIO:** Collection of securities held by an investor.

**PRIMARY DEALER:** A group of government securities dealer who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities, selected by the custody state – the so-called legal list. In the other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**REPURCHASE AGREEMENT (RP OR REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, and derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**TREASURY BONDS:** Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirements that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.