



## TREASURER OF THE STATE OF LOUISIANA

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Addendum 1  
Safekeeping Custody RFP  
#3000012478

1. Please describe the additional GASB reporting requirements beyond GASB 72 reporting that are most important to the STO.

**STO ANSWER: STO has to report information required by GASB 34, GASB 40, and GASB 72**

2. Is the current contractor providing all of the requisite GASB reporting through custody statements, or does the contractor provider ad hoc GASB reporting?

**STO ANSWER: Contractor provides ad hoc GASB reporting in PDF and Excel spreadsheet formats.**

3. Is the STO using any 3rd party Analytics provider, or are all services delivered by the contactor?

**STO ANSWER: All services are delivered by the contractor.**

4. Does the state require a data interface with the contractor, or does the state rely on the contractor's website to access portfolio information on a daily basis?

**STO ANSWER: The State relies on the contractor's website to access portfolio information on a daily basis. The ability to download information in Excel spreadsheets and PDFs is important.**

5. If the State has an existing contract with the Proposer for custody services, would the State leverage the existing contract terms and provisions as a reference point for the contract related to the services outlined in this RFP?

**STO ANSWER: No. The contract terms and provisions of this RFP would stand alone, and not reference or leverage any existing contracts provided for other services.**

6. How would the State prefer Proposers submit revised or new product specific contract terms to the sample contract?

**STO ANSWER: Proposer should address the specific language in the sample contract and submit whatever exceptions or exact modification that its firm may seek as an amendment to the contract.**

7. Can you please provide more detail of the record keeping functionality the State is seeking from the custodian?

**STO ANSWER: In addition to record keeping; Transaction report which will need to identify certain deposit transactions; realized & unrealized gains & losses; record all items at cost & market value; Statement of net assets; statement of change in net assets; investment summary; investment detail; pending settlement; interest/dividend receivable; interest/dividend earned; cash & base cost reconciliation and any other accounting report needed. We need at least 24 months of history (or whatever we deem sufficient) availability, with ad hoc requests for any time frame going beyond 2 years.**

8. Our understanding is that plan accounting is not in scope of the RFP - can you please confirm?

**STO ANSWER: Yes**

9. The holdings file available for download on the Treasury website lists the following 14 portfolios, however, page 33 lists 15 accounts. Can you please confirm whether we should utilize the holdings report total of 14 accounts? If not, can you please provide the name and holdings information for the 15th account?

**STO ANSWER: The 15<sup>th</sup> account is a pass thru account for Securities lending. It will not require any accounting or record keeping necessary in the other accounts.**

KEVIN P. RILEY, SR. LOUISIANA EDUCATION QUALITY TRUST FUND

1. LEQTF EQ DIV

2. LEQTF FIXED INCOME

3. LEQTF MUTUAL FUND

MILLENNIUM TRUST FUND

4. MILL TETF

5. MILL TTF EQ DIV

6. MILLENNIUM TTF FI

7. MILLENNIUM TTF MF

MEDICAID TRUST FUND FOR THE ELDERLY

8. MEDICAID FIXED INC

ARTIFICIAL REEF DEVELOPMENT FUND

9. ARTIFICIAL REEF

ROCKEFELLER FOUNDATION WILDLIFE REFUGE AND GAME PRESERVE FUND

10. ROCKEFELLER TRUST

11. ROCKEFELLER VANGUARD

RUSSELL SAGE OR MARSH ISLAND REFUGE FUND

12. RUSSELL SAGE

13. RUSSELL SAGE VANGUARD

LIFETIME LICENSE ENDOWMENT TRUST FUND

14. WILDLIFE LICENSE

15. Small Funds Securities Lending Flow Thru

10. Does the State leverage any on-balance sheet deposit programs today? If so, what is the average monthly cash balance per currency?

**STO ANSWER: NO.**

11. Would any flexibility be granted for the proposed conversion date given the tasks to be completed prior to go-live?

**STO ANSWER: Within reason. Our investments are not unusual in scope and so should not require additional time. The great bulk of our investments are Fed or DTC eligible. The only non conforming securities that we have are some Israel Bonds. The Israel Bonds are NOT DTC eligible. The bank will hold these bonds in a “mirror” book entry position in the accounts. The Israel Bonds safekeeping custodian will wire the coupons and maturity to the accounts. The State will provide the bank/custodian with a copy of the Israel Bond Statements for their records.**

12. How many same day settlement trades do you have? What are the instrument types? Are they eligible for settlement through the DTC or the Federal Reserve?

**STO ANSWER: Same day settlements are quite rare, as most trades are done either “regular (one day),” “corporate (two day),” or “future (more than 2 day),” settlement. Any same day settlement trades that do occur would be placed early in that day’s trading session. However, all trades are done thru DTC or Federal Reserve.**

13. The RFP states that you are managing the money internally. Who are you currently trading through and is it the same firm you intend to trade through if you choose a new custodian? Is the firm SWIFT capable?

**STO ANSWER: There is a variety of Broker-Dealers currently approved to process trades with the Treasury. All trades settle thru DTC or Federal Reserve. Swift settlement is not required as the State statutes dictates only domestic (US) purchases**

14. Are you currently placing Repo trades? If so, how much and how often? What type of collateral is being used for the Repos?

**STO ANSWER: Currently STO is not using Repos as an investment, although they are an approved investment option. State statutes dictate what collateral can be used, which currently consist of Treasuries, Agencies, and some limited Mortgage Backed securities.**

15. Are you currently participating in a securities lending program? If so, is participation inclusive of equity and fixed income securities?

**STO ANSWER: Yes, the state participates in a securities lending program and only Treasuries and Agencies are loaned.**

16. Besides settlements for trades, how often do you request \$50 million or more to be disbursed from the accounts? What is your process for making disbursements from the funds? How much notice do you give the disbursing institution when money is to be disbursed?

**STO ANSWER: On an occasional basis, \$20-\$40 million may need to be disbursed from accounts. A State internal "cash management" report is completed by 8:30am and distributed to State's internal employees and the Bank's accounting and settlement folks. The State then completes the necessary outgoing wires from the accounts. In the last thirty-six (36) months, more than \$50 Million has been dispersed three (3) times, each once per year in the last three (3) years, with the largest being \$58 million.**

17. How much money is sitting in cash in these Trust accounts on average? Is the cash invested in a typical money market or in a bank product money market or deposit account?

**STO ANSWER: The accounts could have approximately \$50,000.00 up to \$100 million in these accounts and is typically in a State Statute approved money market fund with at least a cutoff time of 3:00 (CST)**

18. Are you block trading for all of the accounts?

**STO ANSWER: Currently these accounts are not block traded.**

19. Are the Israeli bonds that your accounts are holding DTC eligible?

**STO ANSWER: The Israeli Bonds are NOT DTC eligible. The bank will hold these bonds in a "mirror" book entry position in the accounts. Israeli safekeeping custodian will wire the coupons and maturity to the accounts. The State will provide the bank/custodian with a copy of the Israeli Bond Statements for their records.**

20. Per section 1.8.1 "Mandatory Qualifications", a "proposer shall be a state bank organized under the laws of Louisiana or a national bank with offices in Louisiana".

**STO ANSWER: If Bank is on the State's approved fiscal agent banking institution list then it is currently a qualified institution.**