



STATE OF MONTANA REQUEST FOR PROPOSAL (RFP)

RFP Number: MSF 64	RFP Title: Investment Accounting and Reporting Solution	
RFP Response Due Date and Time: September 2, 2015 2:00 p.m., Mountain Time	Number of Pages: 38	Issue Date: July 29, 2015

ISSUING AGENCY INFORMATION

Procurement Officer: Rene Martello	Montana State Fund Phone: (406) 495-5354 Fax: (406) 495-5025 TTY Users, Dial 711
Website: http://vendor.mt.gov/	

INSTRUCTIONS TO OFFERORS

Return Sealed Proposal to: Montana State Fund 855 Front Street Helena, MT 59601	Mark Face of Envelope/Package with: RFP Number: MSF 64 RFP Response Due Date: September 2, 2015
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Special Instructions:

OFFERORS MUST COMPLETE THE FOLLOWING

Offeror Name/Address:	<hr/> (Name/Title) <hr/> (Signature) <p style="font-size: small;">Print name and title and sign in ink. By submitting a response to this RFP, offeror acknowledges it understands and will comply with the RFP specifications and requirements.</p>
Type of Entity (e.g., corporation, LLC, etc.)	Offeror Phone Number:
Offeror E-mail Address:	Offeror FAX Number:

OFFERORS MUST RETURN THIS COVER SHEET WITH RFP RESPONSE

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INSTRUCTIONS TO OFFERORS

It is the responsibility of each offeror to:

Follow the format required in the RFP when preparing your response. Provide responses in a clear and concise manner.

Provide complete answers/descriptions. Read and answer **all** questions and requirements. Proposals are evaluated based **solely** on the information and materials provided in your written response.

Use any forms provided, e.g., cover page, budget form, certification forms, etc.

Submit your response on time. Note all the dates and times listed in the Schedule of Events and within the document. Late proposals are **never** accepted.

**The following items MUST be included in the response.
Failure to include ANY of these items may result in a nonresponsive determination.**

- Signed Cover Sheet
- Signed Addenda (if appropriate) in accordance with Section 1.4.3
- Address all mandatory requirements in accordance with Section 1.5.3
- Correctly executed State of Montana "Affidavit for Trade Secret Confidentiality" form, if claiming information to be confidential or proprietary in accordance with Section 2.3.1.
- In addition to a detailed response to all requirements within Sections 3, 4, and 5, offeror must acknowledge that it has read, understands, and will comply with each section/subsection listed below by initialing the line to the left of each. If offeror cannot meet a particular requirement, provide a detailed explanation next to that requirement.

SCHEDULE OF EVENTS

<u>EVENT</u>	<u>DATE</u>
RFP Issue Date.....	7/29/15
Deadline for Receipt of Written Questions	8/10/15
Deadline for Posting Written Responses to the State's Website	*8/17/15
RFP Response Due Date	9/2/15
Evaluation Committee Meeting (tentative).....	*9/9/15
Notification of Offeror Interviews/Product Demonstrations (Optional).....	*9/10/15
Product Demonstrations (Optional).....	*9/14/15
Intended Date for Contract Award	*9/16/15
Contract Finalization	*9/30/15

*The dates above identified by an asterisk are included for planning purposes. These dates are subject to change.

SECTION 1: INTRODUCTION AND INSTRUCTIONS

1.1 INTRODUCTION

MSF is seeking an investment accounting and reporting solution to facilitate its monthly investment accounting on both a GAAP/GASB and Statutory basis and its reporting for the required NAIC quarterly and annual statements. A more complete description of the services to be provided is found in Section 3.

1.2 CONTRACT PERIOD

The initial contract period is for two subscription year(s), beginning October 1, 2015 to prepare for implementation on December 31, 2015, and ending December 31, 2017, inclusive. The parties may mutually agree to a renewal of this contract in two-year intervals, or any interval that is advantageous to MSF. This contract, including any renewals, may not exceed a total of seven years, at MSF's option.

1.3 SINGLE POINT OF CONTACT

From the date this Request for Proposal (RFP) is issued until an offeror is selected and announced by the procurement officer, **offerors shall not communicate with any MSF staff regarding this procurement, except at the direction of Rene Martello**, the procurement officer in charge of the solicitation. Any unauthorized contact may disqualify the offeror from further consideration. Contact information for the single point of contact is:

Procurement Officer: **Rene Martello**
Telephone Number: **406-495-5354**
Fax Number: **406-495-5025**
E-mail Address: **Rmartello@mt.gov**

1.4 REQUIRED REVIEW

1.4.1 Review RFP. Offerors shall carefully review the entire RFP. Offerors shall promptly notify the procurement officer identified above via e-mail or in writing of any ambiguity, inconsistency, unduly restrictive specifications, or error that they discover. In this notice, the offeror shall include any terms or requirements within the RFP that preclude the offeror from responding or add unnecessary cost. Offerors shall provide an explanation with suggested modifications. The notice must be received by the deadline for receipt of inquiries set forth in Section 1.4.2. MSF will determine any changes to the RFP.

1.4.2 Form of Questions. Offerors having questions or requiring clarification or interpretation of any section within this RFP must address these issues via e-mail or in writing to the procurement officer listed above on or before **August 10, 2015**. Offerors are to submit questions using the Vendor RFP Question and Answer Form available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575. Clear reference to the section, page, and item in question must be included in the form. Questions received after the deadline will not be considered.

1.4.3 State's Response. MSF will provide a written response by **August 17, 2015** to all questions received by **August 10, 2015**. MSF's response will be by written addendum and will be posted on the State's website with the RFP at <http://svc.mt.gov/gsd/OneStop/SolicitationDefault.aspx> by the close of business on the date listed. Any other form of interpretation, correction, or change to this RFP will not be binding upon MSF. **Offerors shall sign and return with their RFP response an Acknowledgment of Addendum for any addendum issued.**

1.5 GENERAL REQUIREMENTS

1.5.1 Acceptance of Contract. *By submitting a response to this RFP, offeror accepts the contract set out in Appendix A.* Much of the language included in the contract reflects the requirements of Montana law.

Offerors requesting additions or exceptions to the contract terms shall submit them to the procurement officer listed above by the date specified in Section 1.4.2. A request must be accompanied by an explanation why the exception is being sought and what specific effect it will have on the offeror's ability to respond to the RFP or perform the contract. MSF reserves the right to address nonmaterial requests for exceptions to the contract language with the highest scoring offeror during contract negotiation.

MSF shall identify any revisions to the contract language in a written addendum issued for this RFP. The addendum will apply to all offerors submitting a response to this RFP. MSF will determine any changes to the contract.

1.5.2 Resulting Contract. This RFP and any addenda, the offeror's RFP response, including any amendments, a best and final offer (if any), and any clarification question responses shall be incorporated by reference in any resulting contract.

1.5.3 Mandatory Requirements. To be eligible for consideration, an offeror **must** meet all mandatory requirements as listed in section 4. MSF will determine whether an offeror's proposal complies with the requirements. Proposals that fail to meet any mandatory requirements listed in this RFP will be deemed nonresponsive.

1.5.4 Understanding of Specifications and Requirements. By submitting a response to this RFP, offeror acknowledges it understands and shall comply with the RFP specifications and requirements.

1.5.5 Offeror's Signature. Offeror's proposal must be signed in ink by an individual authorized to legally bind the offeror. The offeror's signature guarantees that the offer has been established without collusion. Offeror shall provide proof of authority of the person signing the RFP upon MSF's request.

1.5.6 Offer in Effect for 120 Calendar Days. Offeror agrees that it may not modify, withdraw, or cancel its proposal for a 120-day period following the RFP due date or receipt of best and final offer, if required.

1.6 SUBMITTING A PROPOSAL

1.6.1 Organization of Proposal. Offerors must organize their proposals into sections that follow the format of this RFP. Proposals should be bound, and must include tabbed dividers separating each section. Proposal pages must be consecutively numbered.

All subsections not listed in the "Instructions to Offerors" on page 3 require a response. Restate the section/subsection number and the text immediately prior to your written response.

Unless specifically requested in the RFP, an offeror making the statement "Refer to our literature..." or "Please see www.....com" may be deemed nonresponsive or receive point deductions. If making reference to materials located in another section of the proposal, specific page numbers and sections must be noted. **The Evaluator/Evaluation Committee is not required to search through the proposal or literature to find a response.**

MSF encourages offerors to use materials (e.g., paper, dividers, binders, brochures, etc.) that contain post-consumer recycled content. Offerors are encouraged to print and copy on both sides of each page.

1.6.2 Failure to Comply with Instructions. Offerors failing to comply with these instructions may be subject to point deductions. Further, MSF may deem a proposal nonresponsive or disqualify it from further consideration if it does not follow the response format, is difficult to read or understand, or is missing requested information.

1.6.3 Multiple Proposals. Offerors may, at their option, submit multiple proposals. Each proposal will be evaluated separately.

1.6.4 Copies Required and Deadline for Receipt of Proposals. Offerors must submit **one original proposal and four copies** to the State Procurement Bureau. MSF reserves the right to request an electronic copy of the RFP response. In addition, offerors must submit two electronic copies on compact disc (CD) or universal serial bus (USB) flash drive in Microsoft Word or portable document format (PDF). If any confidential materials are included in accordance with the requirements of Section 2.3.2, they must be submitted on a separate CD or USB flash drive.

EACH PROPOSAL MUST BE SEALED AND LABELED ON THE OUTSIDE OF THE PACKAGE clearly indicating it is in response to RFP MSF 64. ***Proposals must be received at the reception desk of the Montana State Fund at 855 Front Street, Helena, Montana, prior to 2:00 p.m., Mountain Time, September 2, 2015. Offeror is solely responsible for assuring delivery to the reception desk by the designated time.***

1.6.5 Facsimile Responses. A facsimile response to an RFP will ONLY be accepted on an exception basis with prior approval of the procurement officer and only if it is received in its entirety by the specified deadline. Responses to RFPs received after the deadline will not be considered.

1.6.6 Late Proposals. ***Regardless of cause, MSF shall not accept late proposals. Such proposals will automatically be disqualified from consideration.*** Offeror may request MSF return the proposal at offeror's expense or MSF will dispose of the proposal if requested by the offeror. (See Administrative Rules of Montana (ARM) 2.5.509.)

1.7 COSTS/OWNERSHIP OF MATERIALS

1.7.1 MSF Not Responsible for Preparation Costs. Offeror is solely responsible for all costs it incurs prior to contract execution.

1.7.2 Ownership of Timely Submitted Materials. MSF shall retain all materials submitted in response to this RFP.

SECTION 2: RFP STANDARD INFORMATION

2.1 AUTHORITY

The RFP is issued under the authority of section 39-71-2315, MCA. The RFP process is a procurement option allowing the award to be based on stated evaluation criteria. The RFP states the relative importance of all evaluation criteria. MSF shall use only the evaluation criteria outlined in this RFP.

2.2 OFFEROR COMPETITION

MSF encourages free and open competition to obtain quality, cost-effective services and supplies. MSF designs specifications, proposal requests, and conditions to accomplish this objective.

2.3 RECEIPT OF PROPOSALS AND PUBLIC INSPECTION

2.3.1 Public Information. Subject to exceptions provided by Montana law, all information received in response to this RFP, including copyrighted material, is public information. Proposals will be made available for public viewing and copying shortly after the proposal due date and time. The exceptions to this requirement are: (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by MSF; and (3) other constitutional protections. See 18-4-304, MCA. MSF provides a copier for interested parties' use at \$0.10 per page. The interested party is responsible for the cost of copies and to provide personnel to do the copying.

2.3.2 Procurement Officer Review of Proposals. Upon opening the proposals in response to this RFP, the procurement officer will review the proposals for information that meets the exceptions in Section 2.3.1, providing the following conditions have been met:

- Confidential information (including any provided in electronic media) is clearly marked and separated from the rest of the proposal.
- The proposal does not contain confidential material in the cost or price section.
- An affidavit from the offeror's legal counsel attesting to and explaining the validity of the trade secret claim as set out in Title 30, chapter 14, part 4, MCA, is attached to each proposal containing trade secrets. Counsel must use the State of Montana "Affidavit for Trade Secret Confidentiality" form in requesting the trade secret claim. This affidavit form is available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575.

Information separated out under this process will be available for review only by the procurement officer, the evaluator/evaluation committee members, and limited other designees. Offerors shall pay all of its legal costs and related fees and expenses associated with defending a claim for confidentiality should another party submit a "right to know" (open records) request.

2.4 CLASSIFICATION AND EVALUATION OF PROPOSALS

2.4.1 Initial Classification of Proposals as Responsive or Nonresponsive. MSF shall initially classify all proposals as either "responsive" or "nonresponsive". MSF may deem a proposal nonresponsive if: (1) any of the required information is not provided; (2) the submitted price is found to be excessive or inadequate as measured by the RFP criteria; or (3) the proposal does not meet RFP requirements and specifications. MSF may find any proposal to be nonresponsive at any time during the procurement process. If MSF deems a proposal nonresponsive, it will not be considered further.

2.4.2 Determination of Responsibility. The procurement officer will determine whether an offeror has met the standards of responsibility consistent with ARM 2.5.407. An offeror may be determined nonresponsible at any time during the procurement process if information surfaces that supports a nonresponsible determination. If an offeror is found nonresponsible, the procurement officer will notify the offeror by mail. The determination will be included within the procurement file.

2.4.3 Evaluation of Proposals. An evaluator/evaluation committee will evaluate all responsive proposals based on stated criteria and recommend an award to the highest scoring offeror. The evaluator/evaluation committee may initiate discussion, negotiation, or a best and final offer. In scoring against stated criteria, the evaluator/evaluation committee may consider such factors as accepted industry standards and a comparative evaluation of other proposals in terms of differing price and quality. These scores will be used to determine the most advantageous offering to MSF. If an evaluation committee meets to deliberate and evaluate the proposals, the public may attend and observe the evaluation committee deliberations.

2.4.4 Completeness of Proposals. Selection and award will be based on the offeror's proposal and other items outlined in this RFP. Proposals may not include references to information such as Internet websites, unless specifically requested. Information or materials presented by offerors outside the formal response or subsequent discussion, negotiation, or best and final offer, if requested, will not be considered, will have no bearing on any award, and may result in the offeror being disqualified from further consideration.

2.4.6 Opportunity for Discussion/Negotiation and/or Oral Presentation/Product Demonstration. After receipt of proposals and prior to the recommendation of award, the procurement officer may initiate discussions with one or more offerors should clarification or negotiation be necessary. Offerors may also be required to make an oral presentation and/or product demonstration to clarify their RFP response or to further define their offer. In either case, offerors should be prepared to provide qualified personnel to provide an online demonstration to the Evaluation Committee, to discuss technical and contractual aspects of their proposal. Oral presentations and product demonstrations, if requested, shall be at the offeror's expense.

2.4.7 Best and Final Offer. The procurement officer may request a best and final offer if additional information is required to make a final decision. MSF reserves the right to request a best and final offer based on price/cost alone. Please note that MSF rarely requests a best and final offer on cost alone.

2.4.8 Evaluator/Evaluation Committee Recommendation for Contract Award. The evaluator/evaluation committee will provide a written recommendation for contract award to the procurement officer that contains the scores, justification, and rationale for the decision. The procurement officer will review the recommendation to ensure its compliance with the RFP process and criteria before concurring with the evaluator's/evaluation committee's recommendation.

2.4.9 Request for Documents Notice. Upon concurrence with the evaluator's/evaluation committee's recommendation, the procurement officer will request from the highest scoring offeror the required documents and information, such as insurance documents, contract performance security, an electronic copy of any requested material (e.g., proposal, response to clarification questions, and/or best and final offer), and any other necessary documents. Receipt of this request does not constitute a contract and **no work may begin until a contract signed by all parties is in place.** The procurement officer will notify all other offerors of MSF's selection.

2.4.10 Contract Execution. Upon receipt of all required materials, a contract (Appendix A), as well as the highest scoring offeror's proposal, will be provided to the highest scoring offeror for signature. The highest scoring offeror will be expected to accept and agree to all material requirements contained in Appendix A of this RFP. If the highest scoring offeror does not accept all material requirements, MSF may move to the next highest scoring offeror, or cancel the RFP. Work under the contract may begin when the contract is signed by all parties.

2.5 MSF 'S RIGHTS RESERVED

While MSF has every intention to award a contract resulting from this RFP, issuance of the RFP in no way constitutes a commitment by MSF to award and execute a contract. Upon a determination such actions would be in its best interest, MSF, in its sole discretion, reserves the right to:

- Cancel or terminate this RFP;
- Reject any or all proposals received in response to this RFP;
- Waive any undesirable, inconsequential, or inconsistent provisions of this RFP that would not have significant impact on any proposal;
- Not award a contract, if it is in MSF 's best interest not to proceed with contract execution; or
- If awarded, terminate any contract if MSF determines adequate funds are not available.

SECTION 3: SCOPE OF SERVICES

To enable MSF to determine the capabilities of an offeror to perform the services specified in the RFP, the offeror shall respond to the following regarding its ability to meet MSF 's requirements.

All subsections of Section 3 not listed in the "Instructions to Offerors" on page 3 require a response. Restate the subsection number and the text immediately prior to your written response.

NOTE: Each item must be thoroughly addressed. Offerors taking exception to any requirements listed in this section may be found nonresponsive or be subject to point deductions.

Provision of Services.

3.1 BUSINESS OPERATIONS OVERVIEW

Montana State Fund (MSF) is a nonprofit, independent public corporation established under Title 39, Chapter 71 of the Montana Code Annotated (MCA). MSF provides Montana employers with an option for workers' compensation and occupational disease insurance and guarantees available coverage for all employers in Montana. MSF is governed by a seven member Board of Directors appointed by the Governor. The Board has full power, authority, and jurisdiction in the administration of MSF as fully and completely as the governing body of a private mutual insurance carrier. MSF is allocated to the State of Montana, Department of Administration for administrative purposes only, and is reported as a component unit in the State's Comprehensive Annual Financial Reports. MSF is exempt from federal or state income and premium taxes. MSF governs, operates and completes its financial reporting as an insurance company domiciled in the State of Montana.

By law, MSF is required to utilize the Montana Board of Investments (BOI) as its investment manager. The BOI utilizes State Street Bank and Trust Company as its custodial bank for invested assets. MSF has access to investment data available through State Street's web-based platform, 'My State Street'. MSF and the BOI have established an investment policy that guides the investment decisions made by the BOI. Appendix C contains both the investment agreement between the two parties and the investment policy statement. MSF prepares financial statements based on accounting standards promulgated by the National Association of Insurance Commissioners (NAIC), referred to as Statutory basis. MSF is also required to complete financial statements in accordance with GASB (Governmental Accounting Standards Board), which sets the generally accepted accounting principles (GAAP) for government entities. Currently the BOI is responsible for providing investment accounting information to MSF on a GAAP/GASB basis for MSF's financial reporting as a component unit of the State of Montana. MSF is responsible for converting that information as necessary for its statutory accounting and reporting purposes.

The primary difference between governmental and statutory accounting is the manner in which investments are treated. Under GASB, most investments are carried at fair value and changes in that value are recorded in net income. Under statutory, investments in bonds are carried at book value, and changes in fair value of equity investments are recorded directly to equity.

During the 2015 State of Montana legislative session, the Legislature passed Senate Bill 123, which requires MSF to be regulated by the Montana State Auditor, Commissioner of Securities and Insurance and comply with the provisions of Title 33 (the insurance code) of the MCA beginning January 1,2016. This law does not alter the BOI's role as the sole investment manager for MSF.

3.2 SCOPE

MSF is seeking an investment accounting and reporting solution to facilitate its monthly investment accounting on both a GAAP/GASB and Statutory basis and its reporting for the required NAIC quarterly and annual statements. The successful offeror of such a service will provide an accurate, easy-to-use solution that enables MSF to meet its accounting and reporting objectives. The system is not expected to interface with the State or MSF's financial systems. Investment data and reports will be provided in a format that allows MSF to record and download the information and entries to their systems. MSF utilizes the State of Montana's PeoplesSoft general ledger system and is implementing the Host Analytics Reporting Consolidation module to prepare financial reports. MSF uses The Complete Package (TCP) to complete the annual statement and other NAIC reports. By January 1, 2016 the solution must be able to provide MSF investment data valued as of December 31, 2015. On-site implementation work is targeted to begin October 5, 2015. Besides the initial planning and perhaps some training, other on-site work is not anticipated.

Requirements. Offeror must explain in detail the capability of their solution for each requirement provided below. Failure to address each specification could result in a nonresponsive determination. The offeror must indicate if any requirement will require significant additional customization or cost to implement. Information regarding scoring of these responses is provided in Section 6.

- 3.2.1 Describe the solution's capability to securely integrate with the BOI's custodial bank, State Street Bank and Trust Company. Describe how the custodial data is brought in to the system and who is responsible for resolving data load errors and exceptions.
- 3.2.2 Describe the solution's ability to account and report on MSF's portfolio under both a GAAP/GASB basis and a Statutory (NAIC) basis. An example of MSF's portfolio holdings is provided in Appendix D.
- 3.2.3 Describe the solution's ease of use. What does the user interface look like? What steps does an end-user need to take to access and retrieve pertinent information? Are there limits on the number of users?
- 3.2.4 Identify and provide examples of the NAIC reports provided and completed by the solution, e.g. Schedule BA, Schedule D, etc. Identify any Risk Based Capital reporting data that the solution provides. Explain how the solution maintains compliance with ongoing NAIC standard and form updates.
- 3.2.5 Identify the financial statement footnote information provided by the solution. Please provide examples.
- 3.2.6 Describe the solution's ability to provide information related to securities lending programs. What information is updated for download on a daily basis? (such as holdings in cash collateral, securities collateral, or any comingled investment account, securities on loan) Identify the reports provided to assist in satisfying statutory securities lending requirements. Please provide examples.
- 3.2.7 Describe the timeliness of the solution. How often is information updated and reconciled? How soon after a month-end are journal entries available? How soon after quarter-end are NAIC reports available?
- 3.2.8 Describe the process to bring security master data, defined as the investment data necessary to calculate accounting value, into the system. Who is responsible for the accuracy of this data? Additionally, describe how the following data components are reconciled and validated: market value, coupon rate, maturity date, security types and

asset classes, NAIC SVO ratings designations and pricing, NAIC general and specific classifications, amortization, book yield, and Legal Entity Identifier (LEI) numbers.

- 3.2.9 Describe the process used to price, or value, securities, including sources of information. How are pricing variations between the solution and the investment manager resolved? How are investments without readily-available pricing evaluated?
- 3.2.10 Describe the solution's accounting and reporting capabilities for Other Than Temporary Impairments (OTTI). Describe the credit quality monitoring that is included with the solution.
- 3.2.11 Describe the process used to restate any incorrect accounting or reporting information subsequently discovered.
- 3.2.12 Describe the solution's capabilities regarding compliance with state of Montana laws concerning insurer investments as provided in [Title 33, Chapter 12](#) of the Montana Code Annotated. Who is responsible for inputting the compliance policies into the proposed solution? How are users made aware of any violations?
- 3.2.13 Describe the process for implementing this solution, including length of time and MSF responsibilities during implementation. Specify whether or not the custodial bank and/or Montana Board of Investments staff resources are needed during the implementation and the amount of time required from both during implementation, and if ongoing support is needed in the production environment.
- 3.2.14 Describe the training to be provided to MSF end users, including an estimate of the time required for a user to become proficient in the system. Describe the process to add new MSF employees and whether there are any associated costs to add and train a new employee.
- 3.2.15 Describe the different levels of client service available, if any, and their respective costs. Also explain the various methods for MSF users to contact the client service team (phone, email, etc.). What are average response times? Does this client service cover both technical investment issues and system issues? What are your help desk hours?
- 3.2.16 Describe the data retention practices for the solution and how long MSF specific data is maintained. Are changes to historical reports ever made retroactively? Explain your capability to provide historical transactions and holdings reports. Describe how MSF would receive our data if the contract agreement were terminated? Can you back-load historical account and transaction data into your system to provide prior comparable year reports?
- 3.2.17 Describe your disaster recovery process including recovery timelines and history of downtime/disruptions. How and where are backups stored and how long are backups retained?
- 3.2.18 Describe any desktop-based or server-based software required by MSF to use the solution. What are the browser requirements (list all compatible browsers)? Are any plug-ins, licenses or report writer tools required, and if so, what are they?

SECTION 4: OFFEROR QUALIFICATIONS

All subsections of Section 4 not listed in the "Instructions to Offerors" on page 3 require a response. Restate the subsection number and the text immediately prior to your written response.

4.1 MSF'S RIGHT TO INVESTIGATE AND REJECT

MSF may make such investigations as deemed necessary to determine the offeror's ability to perform the services specified. MSF reserves the right to reject a proposal if the information submitted by, or investigation of, the offeror fails to satisfy MSF's determination that the offeror is properly qualified to perform the obligations of the contract. *This includes MSF's ability to reject the proposal based on negative references.*

4.2 OFFEROR QUALIFICATIONS

To enable MSF to determine the capabilities of an offeror to perform the services specified in the RFP, the offeror shall respond to the following regarding its ability to meet MSF 's requirements. **THE RESPONSE, "(OFFEROR'S NAME) UNDERSTANDS AND WILL COMPLY," IS NOT APPROPRIATE FOR THIS SECTION.** Information regarding scoring of these responses is provided in Section 6.

NOTE: Each item must be thoroughly addressed. Offerors taking exception to any requirements listed in this section may be found nonresponsive or be subject to point deductions.

4.2.1 References. Offeror shall provide a minimum of **three** references that are currently using services of the type proposed in this RFP. Preferred references would include workers' compensation insurance companies, insurance companies, or state governments for whom the offeror, preferably within the last three years, has successfully implemented an investment accounting and reporting service. At a minimum, the offeror shall provide the company name, contact person(s), contact telephone number, e-mail address, a complete description of the services provided, and dates of service. These references may be contacted to verify offeror's ability to perform the contract. MSF reserves the right to use any information or additional references deemed necessary to establish the ability of the offeror to perform the contract. Negative references may be grounds for proposal disqualification.

4.2.2 Company Profile and Experience. Offeror shall provide documentation establishing the company submitting the proposal has the qualifications and experience to provide the services specified in this RFP, including, at a minimum:

- A general description of the company including its primary source of business, organizational structure and size, number of employees, and years of experience performing services similar to those described within this RFP.
- Information regarding number and types of clients using this service, specifically insurance companies.
- The company's objectives in the insurance market over the next five years.
- A summary of qualifications (including names) for the specific individuals that will be assigned as implementation resources on this project. Resources must be experienced with the product and investment accounting and reporting required under GASB, Statutory accounting standards and NAIC filings.

4.2.3 Service Organization's Internal Control Assessment. Offeror must provide a valid website link to, or a copy of, the most recent SSAE 16 SOC 1 Type II service audit report.

4.3 Product Demonstration

Offerors must be prepared to have the key personnel assigned to this project complete a product demonstration via the Internet. MSF reserves the right to have demonstrations from only the 2 or 3 highest scoring offerors or bypass the demonstration process entirely and award to the highest scoring offeror. Offerors will be expected to demonstrate the features of their service and will be evaluated on the service's ease of use, reporting capabilities, and overall adequacy. As shown in Section 6, an additional 200 points will be available for the demonstration.

SECTION 5: COST PROPOSAL

All subsections of Section 5 not listed in the "Instructions to Offerors" on page 3 require a response. Restate the subsection number and the text immediately prior to your written response.

Please follow these guidelines when submitting cost information:

1. One-time implementation costs must be included. These costs include but are not limited to product implementation costs, user training costs, and any travel costs incurred by offeror to ensure successful implementation.
2. Annual Subscription/Maintenance Costs:
 - a. Appendix D contains a detailed breakdown of MSF's investment portfolio. If the cost of the solution is based on portfolio size and/or complexity, use these amounts as the basis for the estimate of annual costs in this section.
 - b. Assume five MSF users to estimate the cost. Include information regarding the cost impact of an increase or decrease in the number of users and if there are different costs for types of access.
 - c. The annual cost estimate must include all fees and charges applicable in providing the services described in Section 3.2.

One-time Implementation Cost	Year 1 Subscription and Maintenance Cost	Total

SECTION 6: EVALUATION PROCESS

6.1 BASIS OF EVALUATION

The evaluator/evaluation committee will review and evaluate the offers according to the following criteria based on a total number of 2,800 points, based on 2,600 points for the initial scoring and 200 points for product demonstration, if any.

The **Provision of Services, Company Profile and Experience, and Product Demonstration** portions of the proposal will be evaluated based on the following Scoring Guide. The **References** and **Service Organization's Internal Control Assessment** portion of the proposal will be evaluated on a pass/fail basis, with any offeror receiving a "fail" eliminated from further consideration. The **Cost Proposal** will be evaluated based on the formula set forth below.

SCORING GUIDE

In awarding points to the evaluation criteria, the evaluator/evaluation committee will consider the following guidelines:

Superior Response (95-100%): A superior response is an exceptional reply that completely and comprehensively meets all of the requirements of the RFP. In addition, the response may cover areas not originally addressed within the RFP and/or include additional information and recommendations that would prove both valuable and beneficial to the agency.

Good Response (75-94%): A good response clearly meets all the requirements of the RFP and demonstrates in an unambiguous and concise manner a thorough knowledge and understanding of the project, with no deficiencies noted.

Fair Response (60-74%): A fair response minimally meets most requirements set forth in the RFP. The offeror demonstrates some ability to comply with guidelines and requirements of the project, but knowledge of the subject matter is limited.

Failed Response (59% or less): A failed response does not meet the requirements set forth in the RFP. The offeror has not demonstrated sufficient knowledge of the subject matter.

6.2 EVALUATION CRITERIA

6.2.1 RFP Response Scoring. Please see Appendix B for a detailed breakdown of the points available for each requirement. The following table summarizes how the RFP responses will initially be scored:

RFP Section	Points Available	Points Earned
3.2 Requirements	1,800	
4.2 Offeror Qualifications	400	
5 Cost Proposal	400	
Total:	2,600	

Lowest overall cost receives the maximum allotted points. All other proposals receive a percentage of the points available based on their cost relationship to the lowest. Example: Total possible points for cost are 400.

Offeror A's cost is \$20,000. Offeror B's cost is \$30,000. Offeror A would receive 400 points. Offeror B would receive 267 points ($(\$20,000/\$30,000) = 67\% \times 400 \text{ points} = 267$).

$$\frac{\text{Lowest Responsive Offer Total Cost}}{\text{This Offeror's Total Cost}} \times \text{Number of available points} = \text{Award Points}$$

The product demonstrations, if any, will be awarded up to an additional 200 points for total possible points of 2,800, as follows:

RFP Section	Points Available	Points Earned
Initial Scoring	2,600	
4.3 Product Demonstration	200	
RFP Total:	2,800	

APPENDIX A: CONTRACT

INVESTMENT ACCOUNTING SERVICES (INSERT CONTRACT NUMBER)

THIS CONTRACT is entered into by and between the Montana State Fund, whose address is 855 Front Street, PO Box 4759, Helena, Montana 59604-4759, and (insert name of contractor), (Contractor), whose address is (insert address) .

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term begins October 1, 2015 and ends on December 31, 2017, unless terminated earlier as provided in this contract. In no event is this contract binding on MSF unless MSF's authorized representative has signed it. The legal counsel signature approving legal content of the contract and the procurement officer signature approving the form of the contract do not constitute an authorized signature.

1.2 Contract Renewal. MSF may renew this contract under its then-existing terms and conditions in two-year intervals, or any interval that is advantageous to MSF. This contract, including any renewals, may not exceed a total of seven years

2. SERVICES

Contractor shall provide MSF the following services: insurance company investment accounting services as described in Contractor's RFP proposal, and as agreed to and accepted by MSF.

3. WARRANTIES

3.1 Warranty of Services. Contractor warrants that the services provided conform to the contract requirements, including all descriptions, specifications and attachments made a part of this contract. MSF's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, MSF may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration of the services to be provided, MSF shall pay Contractor according as follows: (As offered by Contractor in its proposal, and negotiated in the final agreement).

4.2 Withholding of Payment. In addition to its other remedies under this contract, at law, or in equity, MSF may withhold payments to Contractor if Contractor has breached this contract. Such withholding may not be greater than, in the aggregate, **(20%)** of the total value of the subject statement of work or applicable contract.

4.3 Payment Terms. Unless otherwise noted in the solicitation document, MSF has thirty (30) days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking information at the time of contract execution in order to facilitate MSF's electronic funds transfer payments.

4.4 Reference to Contract. The contract number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, MSF is not obligated to pay the invoice.

5. ACCESS TO AND RETENTION OF RECORDS

5.1 Access to Records. Contractor shall provide MSF, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. MSF may terminate this contract under section 23, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

5.2 Retention Period. Contractor shall create and retain all records supporting the services rendered for a period of eight years after either the completion date of this contract or termination of the contract.

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

Contractor may not assign, transfer, or subcontract any portion of this contract without MSF's prior written consent. (18-4-141, MCA.) Contractor is responsible to MSF for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and MSF under this contract.

7. HOLD HARMLESS/INDEMNIFICATION

Contractor agrees to protect, defend, and save MSF, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of MSF, under this contract.

8. REQUIRED INSURANCE

8.1 General Requirements. Contractor shall maintain for the duration of this contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

8.2 Primary Insurance. Contractor's insurance coverage shall be primary insurance with respect to MSF, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by MSF, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

8.3 Specific Requirements for Commercial General Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for bodily injury, personal injury, and property damage of \$1,000,000 per occurrence and \$2,000,000 aggregate per year to cover such claims as may be caused by any act, omission, or negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.

MSF, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for liability arising out of activities performed by or on behalf of Contractor, including the insured's general supervision of Contractor, products, and completed operations, and the premises owned, leased, occupied, or used.

8.4 Specific Requirements for Professional Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of \$5,000,000 per occurrence and \$5,000,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

8.5 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverages, has been received by MSF, PO box 4759, Helena, Montana 59604-4759. Contractor must notify MSF immediately of any material change in insurance coverage, such as changes in limits, coverages, change in status of policy, etc. MSF reserves the right to require complete copies of insurance policies at all times.

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for MSF in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA, if applicable. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are MSF employees. This insurance/exemption must be valid for the entire contract term and any renewal.

10. COMPLIANCE WITH LAWS

Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.I. 111-148, 124 Stat. 119]. Any subletting or subcontracting by Contractor subjects subcontractors to the same provisions. In accordance with 49-3-207, MCA, Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing this contract.

11. DISABILITY ACCOMMODATIONS

MSF does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

12. CONTRACT PERFORMANCE ASSURANCE

[Depending on Contractor's proposal, MSF may require the contract to include holdbacks pending successful implementation and acceptance of the service.]

13. CONTRACT TERMINATION

13.1 Termination for Convenience. MSF may, by written notice to Contractor, terminate this contract without cause and without incurring liability to Contractor. MSF shall give notice of termination to Contractor at

least ten days before the effective date of termination. MSF shall pay Contractor only that amount, or prorated portion thereof, owed to Contractor up to the date MSF's termination takes effect. This is Contractor's sole remedy. MSF shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

13.2 Termination for Cause with Notice to Cure Requirement. Contractor may terminate this contract for MSF's failure to perform any of its duties under this contract after giving MSF written notice of the failure. The written notice must demand performance of the stated failure within a specified period of time of not less than thirty days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

14. EVENT OF BREACH – REMEDIES

14.1 Event of Breach by Contractor. Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- products or services furnished fail to conform to any requirement;
- failure to submit any report required by this contract;
- failure to perform any of the other terms and conditions of this contract, including but not limited to beginning work under this contract without prior MSF approval or breaching section 18.1 obligations; or
- voluntary or involuntary bankruptcy or receivership.

14.2 Event of Breach by MSF. MSF's failure to perform any material terms or conditions of this contract constitutes an event of breach.

14.3 Actions in Event of Breach. Upon Contractor's material breach, MSF may:

- terminate this contract under Section 13.1 and pursue any of its remedies under this contract, at law, or in equity; or
- treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon MSF's material breach, Contractor may:

- terminate this contract under section 13.1 and pursue any of its remedies under this contract, at law, or in equity; or
- treat this contract as materially breached and, except as the remedy is limited in this contract, pursue any of its remedies under this contract, at law, or in equity.

15. WAIVER OF BREACH

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

16. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without MSF's prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

17. CONTRACT MANAGERS AND SERVICE OF NOTICES

17.1 Contract Manager. The Contract Manager identified below is MSF's single point of contact and shall perform all contract management on MSF's behalf. Written notices, requests, complaints, or any other issues regarding this contract should be directed to the MSF Contract Manager.

Rene Martello is MSF's Contract Manager.
(Address): PO Box 4759
(City, State, ZIP): Helena, Montana 59604-4759
Telephone: (406) 495-5354
Cell Phone:
Fax: (406) 495-5025
E-mail: rmartello@mt.gov
_____ is Contractor's Contract Manager.

(Address):
(City, State, ZIP):
Telephone:
Cell Phone:
Fax:
E-mail:

17.2 Notifications. The managers may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the manager. Notice may be provided by personal service, mail, or facsimile. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within three business days of mailing. A signed and dated acknowledgement of the notice is required of both parties.

17.3 Identification/Substitution of Personnel. The personnel identified or described in Contractor's proposal shall perform the services provided for MSF under this contract. Contractor agrees that any personnel substituted during the term of this contract must be able to conduct the required work to industry standards and be equally or better qualified than the personnel originally assigned. MSF reserves the right to approve Contractor personnel assigned to work under this contract and any changes or substitutions to such personnel. MSF's approval of a substitution will not be unreasonably withheld. This approval or disapproval shall not relieve Contractor to perform and be responsible for its obligations under this contract. MSF reserves the right to require Contractor personnel replacement. If Contractor personnel become unavailable, Contractor shall provide an equally qualified replacement in time to avoid delays to the work plan.

18. MEETINGS

18.1 Technical or Contractual Problems. Contractor shall meet with MSF's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and MSF in the performance of their respective obligations, at no additional cost to MSF. MSF may request the meetings as problems arise and will be coordinated by MSF. MSF shall provide Contractor a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Contractor's consistent failure to participate in problem resolution meetings, Contractor missing or rescheduling two consecutive meetings, or Contractor's failure to make a good faith effort to resolve problems may result in termination of the contract.

18.2 Progress Meetings. During the term of this contract, MSF's Project Manager shall plan and schedule progress meetings with Contractor to discuss Contractor's and MSF's progress in the performance of their respective obligations. These progress meetings will include MSF's Project Manager, the Contractor Project Manager, and any other additional personnel involved in the performance of this contract as required. At each meeting, Contractor shall provide MSF with a written status report that identifies any problem or circumstance

encountered by Contractor, or of which Contractor gained knowledge during the period since the last such status report, which may prevent Contractor from completing any of its obligations or may generate charges in excess of those previously agreed to by the parties. This may include the failure or inadequacy of MSF to perform its obligation under this contract. Contractor shall identify the amount of excess charges, if any, and the cause of any identified problem or circumstance and the steps taken to remedy the same.

18.3 Failure to Notify. If Contractor fails to specify in writing any problem or circumstance that materially affects the costs of its delivery of services or products, including a material breach by MSF, about which Contractor knew or reasonably should have known with respect to the period during the term covered by Contractor's status report, Contractor shall not be entitled to rely upon such problem or circumstance as a purported justification for an increase in the price for the agreed upon scope.

18.4 MSF's Failure or Delay. For a problem or circumstance identified in Contractor's status report in which Contractor claims was the result of MSF's failure or delay in discharging any MSF obligation, MSF shall review same and determine if such problem or circumstance was in fact the result of such failure or delay. If MSF agrees as to the cause of such problem or circumstance, then the parties shall extend any deadlines or due dates affected thereby, and provide for any additional charges by Contractor. This is Contractor's sole remedy. If MSF does not agree as to the cause of such problem or circumstance, the parties shall each attempt to resolve the problem or circumstance in a manner satisfactory to both parties.

19. TRANSITION ASSISTANCE

If this contract is not renewed at the end of this term, if the contract is otherwise terminated before project completion, or if particular work on a project is terminated for any reason, Contractor shall provide transition assistance for a reasonable, mutually agreed period of time after the expiration or termination of this contract or particular work under this contract. The purpose of this assistance is to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to MSF or its designees. The parties agree that such transition assistance is governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. MSF shall pay Contractor for any resources utilized in performing such transition assistance at the most current contract rates. If MSF terminates a project or this contract for cause, then MSF may offset the cost of paying Contractor for the additional resources Contractor utilized in providing transition assistance with any damages MSF may have sustained as a result of Contractor's breach.

20. CHOICE OF LAW AND VENUE

Montana law governs this contract. The parties agree that any litigation concerning this bid, proposal, or this contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees.

21. TAX EXEMPTION

MSF is exempt from Federal Excise Taxes (#81-0302402).

22. AUTHORITY

This contract is issued under authority of MCA § 39-71-2316

23. SEVERABILITY CLAUSE

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

24. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

24.1 Contract. This contract consists of **(insert number)** numbered pages, any Attachments as required, Solicitation #RFP MSF 64, as amended, and Contractor's response, as amended. In the case of dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

24.2 Entire Agreement. These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by the parties.

25. WAIVER

MSF's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

MONTANA STATE FUND

(INSERT CONTRACTOR'S NAME)

FEDERAL ID #

BY: _____
(Name/Title)

BY: _____
(Name/Title)

(Signature)

(Signature)

DATE: _____

DATE: _____

Approved as to Legal Content for MSF:

General Counsel (Date)

APPENDIX B: RFP RESPONSE FORM

The evaluation committee will review and evaluate offers based on the point values shown below. If deemed necessary, MSF may request additional information to determine an offeror's ability to provide the services. See RFP Section 6 for additional information related to evaluation.

RFP Section	Requirement	Points Available	Comments Offeror must provide response to each item listed.
3.2.1	Describe the solution's capability to securely integrate with the BOI's custodial bank, State Street Bank and Trust Company. Describe how the custodial data is brought in to the system and who is responsible for resolving data load errors and exceptions.	100	
3.2.2	Describe the solution's ability to account and report on MSF's portfolio under both a GAAP/GASB basis and a Statutory (NAIC) basis. An example of MSF's portfolio holdings is provided in Appendix D.	100	
3.2.3	Describe the solution's ease of use. What does the user interface look like? What steps does an end-user need to take to access and retrieve pertinent information? Are there limits on the number of users?	100	
3.2.4	Identify and provide examples of the NAIC reports provided and completed by the solution, e.g. Schedule BA, Schedule D, etc. Identify any Risk Based Capital reporting data that the solution provides. Explain how the solution maintains compliance with ongoing NAIC standard and form updates.	100	
3.2.5	Identify the financial statement footnote information provided by the solution. Please provide examples.	100	
3.2.6	Describe the solution's ability to provide information related to securities lending programs. What information is updated for download on a daily basis? (such as holdings in cash collateral, securities collateral, or any comingled investment account, securities on loan) Identify the reports provided to assist in satisfying statutory securities lending requirements. Please provide examples.	100	

3.2.7	Describe the timeliness of the solution. How often is information updated and reconciled? How soon after a month-end are journal entries available? How soon after quarter-end are NAIC reports available?	100	
3.2.8	Describe the process to bring security master data, defined as the investment data necessary to calculate accounting value, into the system. Who is responsible for the accuracy of this data? Additionally, describe how the following data components are reconciled and validated: market value, coupon rate, maturity date, security types and asset classes, NAIC SVO ratings designations and pricing, NAIC general and specific classifications, amortization, book yield, and Legal Entity Identifier (LEI) numbers.	100	
3.2.9	Describe the process used to price, or value, securities, including sources of information. How are pricing variations between the solution and the investment manager resolved? How are investments without readily-available pricing evaluated?	100	
3.2.10	Describe the solution's accounting and reporting capabilities for Other Than Temporary Impairments (OTTI). Describe the credit quality monitoring that is included with the solution.	100	
3.2.11	Describe the process used to restate any incorrect accounting or reporting information subsequently discovered.	100	
3.2.12	Describe the solution's capabilities regarding compliance with state of Montana laws concerning insurer investments as provided in Title 33, Chapter 12 of the Montana Code Annotated. Who is responsible for inputting the compliance policies into the proposed solution? How are users made aware of any violations?	100	

3.2.13	Describe the process for implementing this solution, including length of time and MSF responsibilities during implementation. Specify whether or not the custodial bank and/or Montana Board of Investments staff resources are needed during the implementation and the amount of time required from both during implementation, and if ongoing support is needed in the production environment.	100	
3.2.14	Describe the training to be provided to MSF end users, including an estimate of the time required for a user to become proficient in the system. Describe the process to add new MSF employees and whether there are any associated costs to add and train a new employee.	100	
3.2.15	Describe the different levels of client service available, if any, and their respective costs. Also explain the various methods for MSF users to contact the client service team (phone, email, etc.). What are average response times? Does this client service cover both technical investment issues and system issues? What are your help desk hours?	100	
3.2.16	Describe the data retention practices for the solution and how long MSF specific data is maintained. Are changes to historical reports ever made retroactively? Explain your capability to provide historical transactions and holdings reports. Describe how MSF would receive our data if the contract agreement were terminated? Can you back-load historical account and transaction data into your system to provide prior comparable year reports?	100	
3.2.17	Describe your disaster recovery process including recovery timelines and history of downtime/disruptions. How and where are backups stored and how long are backups retained?	100	
3.2.18	Describe any desktop-based or server-based software required by MSF to use the solution. What are the browser requirements (list all compatible browsers)? Are any plug-ins, licenses or report writer tools required, and if so, what are they?	100	

4.2.1	<p>Offeror shall provide a minimum of three references that are currently using services of the type proposed in this RFP. Preferred references would include workers compensation insurance companies, insurance companies, or state governments for whom the offeror, preferably within the last three years, has successfully implemented an investment accounting and reporting service. At a minimum, the offeror shall provide the company name, contact person(s), contact telephone number, e-mail address, a complete description of the services provided, and dates of service. These references may be contacted to verify offeror's ability to perform the contract. MSF reserves the right to use any information or additional references deemed necessary to establish the ability of the offeror to perform the contract. Negative references may be grounds for proposal disqualification.</p>	Pass/Fail	
4.2.2	<p>Offeror shall provide documentation establishing the company submitting the proposal has the qualifications and experience to provide the services specified in this RFP, including, at a minimum:</p> <ul style="list-style-type: none"> · A general description of the company including its primary source of business, organizational structure and size, number of employees, and years of experience performing services similar to those described within this RFP. · Information regarding number and types of clients using this service, specifically insurance companies. · The company's objectives in the insurance market over the next five years. · A summary of qualifications (including names) for the specific individuals that will be assigned as implementation resources on this project. Resources must be experienced with the product and investment accounting and reporting required under GASB, Statutory accounting standards and NAIC filings. 	400	

4.2.3	Offeror must provide a valid website link to, or a copy of, the most recent SSAE 16 SOC 1 Type II service audit report.	Pass/Fail	
5	Cost Proposal	400	

**MONTANA BOARD OF INVESTMENTS
STATE FUND INSURANCE – NEW FUND (MU26) (FUND 06035)
INVESTMENT POLICY STATEMENT**

INTRODUCTION

This fund is governed by state regulations, specifically, the "prudent expert principle" which requires the Board of Investments (BOI) to: (a) discharge its duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like manners exercises in the conduct of an enterprise of a like character with like aims; (b) diversify the holdings of each fund within the unified investment program to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program.

The Montana Constitution, Article VIII, Section 13 (4) requires that "Investment of state compensation insurance fund assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of a private insurance organization. State compensation insurance fund assets may be invested in private corporate capital stock. However, the stock investments shall not exceed 25 percent of the book value of the state compensation insurance fund's total invested assets.

OBJECTIVES

To maximize investment income consistent with safety of principal through a broadly diversified portfolio of fixed income securities. In addition the portfolio will contain an allocation to public stocks in order to provide dividend income and long-term price appreciation potential.

Performance: The primary objective of the fixed income portfolio is to obtain a relatively high level of book (purchase) yield versus the benchmark. A secondary objective is to provide a total return in excess of the benchmark. Success in attaining the return objective will be measured against the return on the Barclays Capital Government /Credit Intermediate Term Index, the return on the S&P 500 index and the return on the MSCI ACWI Ex U.S. Index (international equity index), and the return of the NCREIF ODCE index (real estate), each weighted proportionately to the portfolio's holdings, over a five-year moving average.

PERMITTED FIXED INCOME INVESTMENTS

- Debt obligations of the U.S. Government, including its agencies and instrumentalities. These include Treasuries, Treasury Inflation Protected Securities (TIPS) and fixed and floating rate agency obligations.
- Dollar denominated debt obligations of developed country foreign governments.
- Dollar denominated debt obligations of index-eligible supranational agencies (e.g., EIB, IFC, IADB).
- Dollar denominated debt obligations of domestic and foreign corporations (Yankee bonds) up to 2% of portfolio assets per issuer. These may include trust preferred securities and be fixed or floating rate coupon structures.
- Securitized assets, including U.S. Agency mortgage pass through securities (MBS), non-agency MBS (limited to 3% of portfolio market value in total), collateralized mortgage obligations (CMOs), commercial mortgage backed securities (CMBS), hybrid ARMS and asset backed securities.
- When-issued securities.
- Rule 144a securities.
- Medium term notes.

**MONTANA BOARD OF INVESTMENTS
STATE FUND INSURANCE – NEW FUND (MU26) (FUND 06035)
INVESTMENT POLICY STATEMENT**

PROHIBITED FIXED INCOME INVESTMENTS

- Over the counter derivatives, including interest rate swaps and credit default swaps.
- Short sales and securities margin loans.
- Bank loans.
- Interest only (IO) and principal only (PO) mortgage strips.
- Companion/residual/equity tranches of CMOs or other structured securitizations.
- Capital securities (convertible from fixed to floating)
- Inverse floaters.
- Convertible bonds.

CONSTRAINTS

Liquidity: Liquidity is needed to pay claims on a daily basis. A STIP balance of 1 percent to 5 percent will be held for liquidity purposes.

Term: This fund is considered an intermediate-term insurance account. The maximum maturity will be approximately ten years for fixed income securities and the average duration of the fixed income segment of the portfolio will be maintained in a range of 2 to 5 years, except in extraordinary circumstances where a shorter duration may be advisable in order to preserve principal.

Fixed Income Quality:

- Fixed income securities purchased must be investment grade and be rated by either Moody's or S & P and the maximum fixed income credit risk will be limited to 2 percent of the total securities portfolio in any one name. There will be no limitation on US Government/Agency Securities.
- Fixed income holdings rated lower than "A3" or "A-" are limited to a maximum of 25 percent of the fixed income portfolio at the time of purchase. In the case of split rated securities, the lowest rating will apply.
- On a quarterly basis, the BOI will notify the State Fund of any issues out of compliance or issues that have fallen below investment grade.

OTHER PERMITTED ASSET ALLOCATIONS

Public Equities: An investment in publicly-traded stocks of domestic and international companies via the use of passive index funds. The allocation to public equities is targeted at 10 percent of total portfolio market value. The allocation range is set at +/-2% or 8% to 12%.

Core Real Estate: An investment in the ownership of operating and substantially-leased institutional quality real estate in the traditional property types (multi-family, office, retail, and industrial) via commingled funds. The objective for the allocation to core real estate is to achieve a diversification benefit versus the other asset classes held in the portfolio (stocks and bonds) while also receiving an attractive level of current income. The allocation to core real estate is targeted at 5 percent of total portfolio market value with an allocation range set at +/-2% or 3% to 7%.

**MONTANA BOARD OF INVESTMENTS
STATE FUND INSURANCE – NEW FUND (MU26) (FUND 06035)
INVESTMENT POLICY STATEMENT**

Sector Allocation:	
Fixed Income – Government/Agency Bonds	20% - 70%
▪ U.S. Treasury/Agency	20% - 45%
▪ U.S. Mortgage Backed Securities	0% - 20%
▪ Non-U.S. Developed Country (U.S. Pay)	0% - 5%
Fixed Income - Corporate Bonds	30% - 55%
▪ Domestic	30% - 50%
▪ International (U.S. Pay)	0% - 5%
Cash - Short- Term Investment Pool (STIP)	1% - 5%
Real Estate - Core Equity Real Estate	3% - 7%
Equity – Common Stock	8% - 12%
▪ S & P 500 Index Fund	6% - 12%
▪ MSCI ACWI Ex U.S. Index Fund	0% - 4%
Total Portfolio	<u>100%</u>

ADMINISTRATIVE

Securities Lending: Section 17-1-113, MCA, authorizes the Board to lend securities held by the state. The Board may lend its publicly traded securities held in the investment pools, through an agent, to other market participants in return for compensation. Currently, through an explicit contract, State Street Bank and Trust, the state's custodial bank, manages the state's securities lending program. The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program. The Board requires borrowers to maintain collateral at 102 percent for domestic securities and 105 percent for international securities. To ensure that the collateral ratio is maintained, securities on loan are marked to market daily and the borrower must provide additional collateral if the value of the securities on loan increases. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor. From time to time, Staff or the investment manager may restrict a security from the loan program upon notification to State Street Bank. Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.

Cash Investments

Cash investments held at the pool level, any managed account within it, or any separate account entail an element of credit risk. Thus, only approved cash investment vehicles are permitted. These include the custodian's STIF vehicle, STIP, or any SEC-registered money market fund, all of which specifically address credit risk in their respective investment guidelines.

INVESTMENT AGREEMENT

1. Parties. This agreement is between the Board of Investments established under 2-15-18, MCA and Montana State Fund, also known as the State Compensation Insurance Fund, a workers' compensation insurer established under Title 39, Chapter 71, Part 23.

2. Purpose. This agreement is entered into by the parties in recognition that the Board of Investments is responsible for investment of the State Compensation Insurance Fund assets, subject to the investment agreement as evidenced by this document.

3. Authority. Montana law in 39-71-2320, MCA provides "... *State Fund money must be invested by the board of investments provided for in 2-15-1808, and subject to the investment agreement with the board of investments, the earnings on investments are the sole property of the state fund as provided in this section.*" The Board of Investments shall deduct from the earnings its cost of administering and accounting for the assets pursuant to 17-6-201(7), MCA.

The Montana Constitution in Article VIII, Section 13 provides as follows:

Investment of public funds and public retirement system and state compensation insurance fund assets. (1) *The legislature shall provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets and provide rules therefore, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. Each fund forming a part of the unified investment program shall be separately identified. Except as provided in subsections (3) and (4), no public funds shall be invested in private corporate capital stock. The investment program shall be audited at least annually and a report thereof submitted to the governor and legislature.*

(2) *The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:*

(a) *Public securities of the state, its subdivisions, local government units, and districts within the state, or*

(b) *Bonds of the United States or other securities fully guaranteed as to principal and interest by the United States, or*

(c) *Such other safe investments bearing a fixed rate of interest as may be provided by law.*

(3) *Investment of public retirement system assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of an enterprise of a similar character with similar aims. Public retirement system assets may be invested in private corporate capital stock.*

(4) *Investment of state compensation insurance fund assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of a private insurance organization. State compensation insurance fund assets may be invested in private corporate capital stock. However, the stock investments shall not exceed 25*

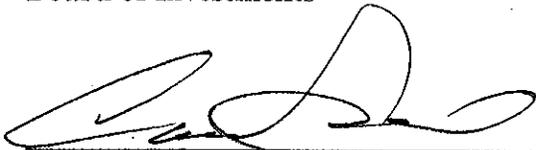
percent of the book value of the state compensation insurance fund's total invested assets. (emphasis added)

4. Board of Investments- Duties. The Board of Investments shall invest all State Compensation Insurance Fund assets in accordance with applicable provisions of Title 17, Chapter 6, Part 2, and manage the assets in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of a private insurance organization, in accordance with Article VIII, Section 13 of the Montana Constitution. All earnings on money invested for the State Compensation Insurance Fund shall be the sole property of the State Compensation Insurance Fund and maintained in a separate investment fund as provided in 17-6-203, MCA. The Board of Investments shall deduct from the earnings its cost of administering and accounting for the assets pursuant to 17-6-201(7), MCA.

5. State Compensation Insurance Fund- Duties. The State Compensation Insurance Fund will provide the Board of Investments information on investment strategies and guidelines as it pertains to and is used in the insurance industry by workers' compensation insurers. The State Compensation Insurance Fund will also provide expectations of short term cash flow needs to meet ongoing operations for claims and expenses.

6. Term. This agreement is effective May 9, 2003 and shall remain in effect indefinitely, unless terminated by agreement of the parties or by the force of law. This agreement shall be subject to the constitutional and statutory provisions cited above, as the same may be amended from time to time.

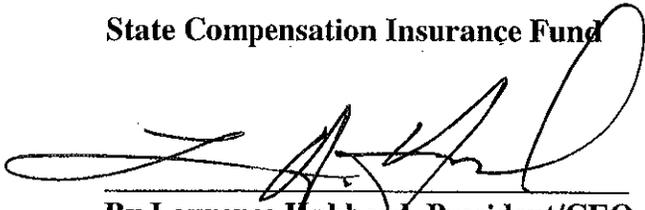
Board of Investments



By **Carroll South, Executive Director**

Date 7/12/03

State Compensation Insurance Fund



By **Laurence Hubbard, President/CEO**

Date 7/14/03

5/31/2015 State Fund Holdings By Cusip

<u>Cusip</u>	<u>Security Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value</u>
001055AH5	AFLAC INC	2.650	02/15/17	5,000,000	5,106,160	5,139,700
001055AJ1	AFLAC INC	4.000	02/15/22	3,000,000	2,996,297	3,232,809
001055AP7	AFLAC INC	3.250	03/17/25	5,000,000	4,980,457	5,004,460
00206RAR3	AT+T INC	5.800	02/15/19	5,000,000	4,993,415	5,641,920
00206RAV4	AT+T INC	2.500	08/15/15	3,333,000	3,332,594	3,342,746
00206RCN0	AT+T INC	3.400	05/15/25	7,000,000	6,979,421	6,808,235
002824BA7	ABBOTT LABORATORIES	2.550	03/15/22	5,000,000	4,991,950	4,997,475
00287YAQ2	ABBVIE INC	3.600	05/14/25	5,000,000	4,991,286	5,031,970
025816AW9	AMERICAN EXPRESS CO	5.500	09/12/16	5,000,000	4,995,917	5,290,640
025816AY5	AMERICAN EXPRESS CO	7.000	03/19/18	3,000,000	2,995,950	3,430,962
0258M0DK2	AMERICAN EXPRESS CREDIT	2.125	03/18/19	5,000,000	4,992,734	5,030,090
02666QJ79	AMERICAN HONDA FINANCE	3.800	09/20/21	5,000,000	4,991,111	5,367,550
02687QDGO	AMERICAN INTL GROUP	5.850	01/16/18	3,000,000	3,130,540	3,323,940
05377RBB9	AVIS BUDGET RENTAL CAR FUNDING	2.100	03/20/19	10,000,000	9,997,407	10,074,220
06051GEE5	BANK OF AMERICA CORP	5.875	01/05/21	2,000,000	1,991,044	2,308,330
06051GEK1	BANK OF AMERICA CORP	3.750	07/12/16	2,000,000	1,999,073	2,057,354
06051GFN4	BANK OF AMERICA CORP	2.250	04/21/20	8,000,000	7,983,479	7,910,600
06738EAE5	BARCLAYS PLC	3.650	03/16/25	5,000,000	4,973,306	4,893,770
071813BJ7	BAXTER INTERNATIONAL INC	1.850	06/15/18	3,000,000	2,999,817	3,016,605
081437AH8	BEMIS COMPANY INC	4.500	10/15/21	2,500,000	2,489,289	2,734,578
084664BY6	BERKSHIRE HATHAWAY FIN	2.000	08/15/18	5,000,000	4,967,521	5,109,785
084670BF4	BERKSHIRE HATHAWAY INC	3.400	01/31/22	4,000,000	3,992,205	4,230,108
084670BL1	BERKSHIRE HATHAWAY INC	2.100	08/14/19	3,000,000	2,999,771	3,052,146
092113AG4	BLACK HILLS CORP	5.875	07/15/20	5,000,000	5,089,825	5,720,170
097014AM6	BOEING CAPITAL CORP	2.900	08/15/18	2,000,000	2,064,979	2,088,856
097023BC8	BOEING CO	3.750	11/20/16	5,000,000	5,203,437	5,219,600
120568AU4	BUNGE LIMITED FINANCE CO	4.100	03/15/16	5,000,000	4,999,929	5,104,705
120568AV2	BUNGE LIMITED FINANCE CO	3.200	06/15/17	5,000,000	4,995,899	5,137,295
120569AA6	BUNGE NA FINANCE LP	5.900	04/01/17	5,000,000	4,998,739	5,371,020
12189LAH4	BURLINGTN NORTH SANTA FE	3.050	03/15/22	5,000,000	4,984,640	5,103,630
12189LAR2	BURLINGTN NORTH SANTA FE	3.750	04/01/24	5,000,000	4,993,494	5,288,345
12189PAE2	BURLINGTN NO SF 99 1 TR	7.160	01/02/20	1,784,386	1,784,386	2,015,629
126117AQ3	CNA FINANCIAL CORP	5.875	08/15/20	5,000,000	4,997,158	5,760,100
12625HAD4	CNH EQUIPMENT TRUST	0.000	11/15/18	6,000,000	5,998,846	5,988,372
126650BH2	CVS HEALTH CORP	5.750	06/01/17	3,093,000	3,062,388	3,370,934
126650BW9	CVS HEALTH CORP	4.125	05/15/21	5,000,000	5,197,667	5,452,570
138616AB3	CANTOR FITZGERALD LP	6.375	06/26/15	5,000,000	4,999,762	5,018,275
14040HAR6	CAPITAL ONE FINANCIAL CO	6.750	09/15/17	5,000,000	4,992,379	5,585,460
140420NK2	CAPITAL ONE BANK USA NA	2.300	06/05/19	3,000,000	2,995,620	3,000,042
14042E4A5	CAPITAL ONE NA	2.400	09/05/19	5,000,000	4,984,139	5,004,065
14149YAZ1	CARDINAL HEALTH INC	2.400	11/15/19	2,000,000	1,996,643	2,009,312
14912L5X5	CATERPILLAR FINANCIAL SE	3.750	11/24/23	5,000,000	5,073,745	5,320,475
171340AG7	CHURCH + DWIGHT CO INC	3.350	12/15/15	3,000,000	2,999,541	3,041,589
17252MAJ9	CINTAS CORPORATION NO. 2	2.850	06/01/16	5,000,000	4,999,952	5,094,455
17275RAP7	CISCO SYSTEMS INC	2.900	03/04/21	2,000,000	1,996,955	2,085,222
172967HD6	CITIGROUP INC	3.875	10/25/23	5,000,000	5,026,036	5,212,245
172967HT1	CITIGROUP INC	3.750	06/16/24	7,000,000	6,992,019	7,215,712
172967HY0	CITIGROUP INC	1.550	08/14/17	5,000,000	4,994,825	4,998,555
20825CAR5	CONOCOPHILLIPS	5.750	02/01/19	5,000,000	4,998,253	5,700,555
20825TAA5	CONOCOPHILLIPS CANADA	5.625	10/15/16	6,000,000	5,999,920	6,388,554
22546QAN7	CREDIT SUISSE NEW YORK	2.300	05/28/19	3,000,000	2,995,012	3,018,333
24422ERC5	JOHN DEERE CAPITAL CORP	2.250	06/07/16	5,000,000	4,997,906	5,089,860
24422ERR2	JOHN DEERE CAPITAL CORP	2.250	04/17/19	5,000,000	5,132,121	5,089,540
263534CF4	E.I. DU PONT DE NEMOURS	2.750	04/01/16	5,000,000	4,998,572	5,092,495
291011BE3	EMERSON ELECTRIC CO	2.625	02/15/23	4,790,000	4,610,848	4,748,279
29372EAQ1	ENTERPRISE FLEET FINANCING LLC	1.410	11/20/17	3,566,951	3,566,477	3,568,064
30161NAD3	EXELON CORP	4.900	06/15/15	5,000,000	5,002,115	5,007,125
3128M1N39	FED HM LN PC POOL G12310	5.500	08/01/21	456,387	456,136	496,978
3128MBUE5	FED HM LN PC POOL G13081	5.000	04/01/23	813,165	813,165	882,336
3128MMHW6	FED HM LN PC POOL G18244	4.500	02/01/23	799,343	790,014	843,382
3128PLB50	FED HM LN PC POOL J08160	5.000	12/01/22	837,201	835,907	898,596
3130A0F70	FEDERAL HOME LOAN BANK	3.375	12/08/23	10,000,000	10,069,798	10,743,970
3130A0JR2	FEDERAL HOME LOAN BANK	2.375	12/13/19	5,000,000	5,190,321	5,185,850
3130A0XE5	FEDERAL HOME LOAN BANK	3.250	03/08/24	10,000,000	9,989,354	10,644,370
31331J7H0	FEDERAL FARM CREDIT BANK	3.875	01/12/21	5,000,000	5,014,267	5,557,900
31331KA91	FEDERAL FARM CREDIT BANK	2.260	09/29/20	5,000,000	4,954,336	5,115,690
31331KB74	FEDERAL FARM CREDIT BANK	1.875	03/29/19	5,000,000	4,997,362	5,100,830
31331KYQ7	FEDERAL FARM CREDIT BANK	1.850	09/19/18	5,000,000	4,997,563	5,130,505
31331VY26	FEDERAL FARM CREDIT BANK	5.500	08/16/21	4,500,000	5,274,343	5,439,731
31331XVJ8	FEDERAL FARM CREDIT BANK	5.100	04/12/17	20,000,000	19,936,234	21,677,660
313376AV7	FEDERAL HOME LOAN BANK	2.780	11/04/21	5,000,000	4,970,853	5,202,875
313376C94	FEDERAL HOME LOAN BANK	2.625	12/10/21	5,000,000	4,995,401	5,214,135
313378CR0	FEDERAL HOME LOAN BANK	2.250	03/11/22	5,000,000	5,024,740	5,080,280

313379EE5	FEDERAL HOME LOAN BANK	1.625	06/14/19	15,000,000	14,897,734	15,203,685
313379RB7	FEDERAL HOME LOAN BANK	1.875	06/11/21	5,000,000	4,904,635	5,012,575
313380FB8	FEDERAL HOME LOAN BANK	1.375	09/13/19	5,000,000	4,990,732	4,987,140
3133EDBU5	FEDERAL FARM CREDIT BANK	3.500	12/20/23	5,000,000	5,115,566	5,480,300
3133EDTJ1	FEDERAL FARM CREDIT BANK	2.850	08/26/24	5,000,000	4,992,300	5,175,590
3133EDVE9	FEDERAL FARM CREDIT BANK	1.900	09/18/19	5,000,000	4,998,969	5,095,990
3133EEKV1	FEDERAL FARM CREDIT BANK	1.020	01/22/18	10,000,000	10,000,000	9,990,380
3133XHVK1	FEDERAL HOME LOAN BANK	4.750	12/16/16	15,000,000	14,972,362	15,962,040
3133XJW20	FEDERAL HOME LOAN BANK	5.125	03/10/17	10,000,000	10,020,170	10,783,080
3133XMFY2	FEDERAL HOME LOAN BANK	5.375	09/30/22	3,080,000	3,743,399	3,768,879
3133XMTE1	FEDERAL HOME LOAN BANK	4.875	10/30/17	4,000,000	4,079,720	4,369,908
3134G3Y79	FREDDIE MAC	0.000	11/28/17	10,000,000	10,000,000	10,016,030
3135G0JA2	FANNIE MAE	1.125	04/27/17	10,000,000	9,960,257	10,086,890
3135G0YT4	FANNIE MAE	1.625	11/27/18	5,000,000	5,003,548	5,073,880
3135G0ZY2	FANNIE MAE	1.750	11/26/19	10,000,000	9,960,186	10,112,760
31371KHR5	FNMA POOL 254140	5.500	01/01/17	214,223	213,397	225,921
3137EAAM1	FREDDIE MAC	5.000	02/16/17	10,000,000	9,976,213	10,744,820
3137EADB2	FREDDIE MAC	2.375	01/13/22	20,000,000	19,810,995	20,531,880
3137EADF3	FREDDIE MAC	1.250	05/12/17	5,000,000	5,009,980	5,054,175
31386SVM6	FNMA POOL 572220	6.000	03/01/16	6,067	6,043	6,121
31387SA48	FNMA POOL 592327	5.500	06/01/16	5,537	5,504	5,839
31407YVG1	FNMA POOL 844915	4.500	11/01/20	524,555	522,263	551,453
31410GSV6	FNMA POOL 888932	4.500	11/01/22	397,116	396,439	417,754
31414CJX7	FNMA POOL 962078	4.500	03/01/23	982,154	977,608	1,048,027
316773CF5	FIFTH THIRD BANCORP	5.450	01/15/17	5,000,000	4,996,610	5,324,460
320517AA3	FIRST HORIZON NATIONAL	5.375	12/15/15	3,000,000	2,998,799	3,064,155
343412AB8	FLUOR CORP	3.375	09/15/21	4,000,000	4,059,979	4,182,248
34528QBY9	FORD CREDIT FLOORPLAN MASTER O	1.490	09/15/19	6,000,000	5,998,748	6,024,666
34530MAA7	FORD CREDIT AUTO OWNER TRUST/F	2.260	11/15/25	3,000,000	2,999,316	3,049,587
349631AL5	BEAM INC	5.375	01/15/16	544,000	543,715	558,656
354613AG6	FRANKLIN RESOURCES INC	4.625	05/20/20	5,000,000	4,996,925	5,564,890
36159JDH1	GE CAPITAL CREDIT CARD MASTER	1.360	08/17/20	5,000,000	4,998,718	5,007,060
369604BC6	GENERAL ELECTRIC CO	5.250	12/06/17	5,000,000	5,003,728	5,490,005
36962G5J9	GENERAL ELEC CAP CORP	4.650	10/17/21	5,000,000	4,992,621	5,605,730
36962G5N0	GENERAL ELEC CAP CORP	2.900	01/09/17	7,000,000	6,996,628	7,230,013
36962G5W0	GENERAL ELEC CAP CORP	2.300	04/27/17	2,500,000	2,498,708	2,561,573
38141GGS7	GOLDMAN SACHS GROUP INC	5.750	01/24/22	5,000,000	4,995,103	5,766,345
38141GVM3	GOLDMAN SACHS GROUP INC	4.000	03/03/24	5,000,000	5,041,348	5,161,375
416515AT1	HARTFORD FINL SVCS GRP	5.375	03/15/17	5,000,000	4,997,149	5,357,175
416515AU8	HARTFORD FINL SVCS GRP	6.300	03/15/18	5,000,000	5,001,771	5,594,820
42805RAZ2	HERTZ VEHICLE FINANCING LLC	3.740	02/25/17	7,500,000	7,715,282	7,613,243
428236BE2	HEWLETT PACKARD CO	2.200	12/01/15	5,000,000	4,999,533	5,036,175
452308AP4	ILLINOIS TOOL WORKS INC	3.375	09/15/21	5,000,000	5,116,012	5,266,765
46625HHQ6	JPMORGAN CHASE + CO	4.950	03/25/20	5,000,000	5,009,014	5,571,275
46625HJA9	JPMORGAN CHASE + CO	3.150	07/05/16	2,000,000	1,998,978	2,046,482
46625HJD3	JPMORGAN CHASE + CO	4.500	01/24/22	5,000,000	4,981,704	5,466,425
46625HJL5	JPMORGAN CHASE + CO	1.625	05/15/18	5,000,000	4,993,722	4,987,515
46625HJX9	JPMORGAN CHASE + CO	3.625	05/13/24	7,000,000	6,968,748	7,146,664
46849LSH5	JACKSON NATL LIFE GLOBAL	2.300	04/16/19	5,000,000	5,074,524	5,038,925
476556CW3	JERSEY CENTRAL PWR + LT	5.650	06/01/17	3,000,000	2,997,454	3,235,830
482439AA4	KCT INTERMODAL TRANS	6.884	08/01/18	1,339,200	1,339,200	1,459,248
49327M2A1	KEY BANK NA	1.650	02/01/18	7,000,000	6,979,347	7,021,406
49327M2G8	KEY BANK NA	2.250	03/16/20	5,000,000	4,992,753	5,010,205
525ESC0B6	ESC LEHMAN BRTH HLDH PROD	0.000	12/31/49	5,000,000	1	550,000
53079EAW4	LIBERTY MUTUAL GROUP INC	4.950	05/01/22	5,000,000	5,005,991	5,459,155
534187AZ2	LINCOLN NATIONAL CORP	4.300	06/15/15	3,000,000	2,999,969	3,003,984
534187BB4	LINCOLN NATIONAL CORP	4.850	06/24/21	5,000,000	5,011,181	5,555,900
55279HAE0	MANUF + TRADERS TRUST CO	2.300	01/30/19	7,000,000	6,991,201	7,089,215
55314QAD9	MMAF EQUIPMENT FINANCE LLC	1.350	10/10/18	3,000,000	2,999,989	3,013,188
563469TZ8	MANITOBA (PROVINCE OF)	1.125	06/01/18	5,000,000	4,997,234	4,990,755
565849AF3	MARATHON OIL CORP	5.900	03/15/18	4,546,000	4,540,935	5,029,153
57629WBV1	MASSMUTUAL GLOBAL FUNDIN	3.600	04/09/24	2,000,000	1,995,034	2,090,746
585055BC9	MEDTRONIC INC	3.625	03/15/24	3,000,000	2,994,840	3,151,359
589331AN7	MERCK SHARP + DOHME CORP	5.000	06/30/19	2,000,000	1,994,297	2,250,000
58933YAG0	MERCK + CO INC	1.300	05/18/18	3,000,000	2,995,835	3,007,641
59018YJ69	BANK OF AMERICA CORP	6.400	08/28/17	5,000,000	4,997,942	5,507,725
59156RAX6	METLIFE INC	4.750	02/08/21	2,000,000	1,999,710	2,250,486
59217GAZ2	METROPOLITAN LIFE GLOBAL FDG I	1.875	06/22/18	5,000,000	4,972,295	5,047,950
59217GBP3	MET LIFE GLOB FUNDING I	2.000	04/14/20	5,000,000	4,991,664	4,963,380
6174467N3	MORGAN STANLEY	4.000	07/24/15	5,000,000	5,004,803	5,024,550
61746BDR4	MORGAN STANLEY	2.375	07/23/19	5,000,000	4,980,032	5,026,630
61747YCJ2	MORGAN STANLEY	5.625	09/23/19	5,000,000	4,989,627	5,655,850
61747YCT0	MORGAN STANLEY	3.450	11/02/15	5,000,000	4,915,176	5,056,645
63534PAE7	NATL CITY BANK CLEV OH	5.250	12/15/16	5,000,000	4,999,151	5,304,510
64952WBK8	NEW YORK LIFE GLOBAL FDG	1.300	10/30/17	5,000,000	4,995,904	5,012,635
65364UAA4	NIAGARA MOHAWK POWER	4.881	08/15/19	8,000,000	8,663,657	8,842,432
65474VAJ0	NISSAN MASTER OWNER TRUST RECE	1.440	01/15/20	3,000,000	2,999,214	3,004,650

655844BB3	NORFOLK SOUTHERN CORP	5.750	01/15/16	2,000,000	1,999,106	2,056,924
655844BJ6	NORFOLK SOUTHERN CORP	3.000	04/01/22	5,000,000	4,963,487	5,050,155
668074AT4	NORTHWESTERN CORP	6.340	04/01/19	5,000,000	4,996,814	5,784,375
66989GAA8	NOVARTIS SECS INVEST LTD	5.125	02/10/19	5,000,000	4,996,178	5,601,780
683234C55	ONTARIO (PROVINCE OF)	1.200	02/14/18	7,000,000	6,995,931	7,007,217
683234C63	ONTARIO (PROVINCE OF)	2.500	09/10/21	5,000,000	5,022,698	5,119,465
68323ACT9	ONTARIO (PROVINCE OF)	3.200	05/16/24	5,000,000	4,993,813	5,298,055
69349LAN8	PNC BANK NA	1.300	10/03/16	5,000,000	4,998,006	5,025,540
69353RDZ8	PNC BANK NA	2.400	10/18/19	7,000,000	6,995,622	7,096,299
69362BAY8	PSEG POWER LLC	4.150	09/15/21	5,000,000	4,986,613	5,298,925
69362BBA9	PSEG POWER LLC	4.300	11/15/23	4,000,000	3,998,045	4,228,880
717081DG5	PFIZER INC	1.500	06/15/18	3,000,000	2,998,937	3,014,034
718546AC8	PHILLIPS 66	4.300	04/01/22	5,000,000	4,991,752	5,382,640
742651DU3	PRIVATE EXPORT FUNDING	2.250	03/15/20	5,000,000	4,991,001	5,096,205
74432QAJ4	PRUDENTIAL FINANCIAL INC	5.500	03/15/16	5,000,000	4,977,030	5,184,570
748149AG6	PROVINCE OF QUEBEC	2.625	02/13/23	4,000,000	3,986,995	4,086,440
748356AA0	QUESTAR CORP	2.750	02/01/16	4,025,000	4,023,626	4,076,464
75951AAC2	RELIANCE STAND LIFE II	2.375	05/04/20	7,000,000	6,979,026	6,923,098
78403DAC4	SBA TOWER TRUST	2.933	12/15/42	4,000,000	4,000,000	4,063,996
78447UAF7	SMART TRUST	1.180	02/14/19	4,000,000	3,999,903	3,986,000
792860AJ7	TRAVELERS COS INC	6.250	06/20/16	5,000,000	4,997,596	5,292,095
822582BD3	SHELL INTERNATIONAL FIN	3.250	05/11/25	5,000,000	4,984,824	5,071,480
85771PAB8	STATOIL ASA	3.125	08/17/17	7,000,000	6,994,812	7,303,576
867914BD4	SUNTRUST BANKS INC	3.600	04/15/16	2,000,000	1,999,866	2,041,154
867914BG7	SUNTRUST BANKS INC	2.500	05/01/19	5,000,000	5,006,783	5,071,485
87020PAD9	SWEDBANK AB	2.375	02/27/19	5,000,000	4,993,586	5,076,230
882508AU8	TEXAS INSTRUMENTS INC	1.650	08/03/19	3,000,000	2,980,541	2,987,469
89153VAP4	TOTAL CAPITAL INTL SA	2.750	06/19/21	10,000,000	9,983,452	10,186,770
8935268Y2	TRANS CANADA PIPELINES	7.125	01/15/19	5,000,000	5,024,396	5,857,285
90520GAA4	MUFG UNION BANK NA	5.950	05/11/16	5,000,000	5,000,543	5,231,545
907818DV7	UNION PACIFIC CORP	3.750	03/15/24	5,000,000	5,266,642	5,361,535
911312AH9	UNITED PARCEL SERVICE	5.500	01/15/18	5,000,000	4,996,864	5,545,015
91159HHE3	US BANCORP	1.950	11/15/18	10,000,000	9,991,356	10,149,840
912828C57	US TREASURY N/B	2.250	03/31/21	5,000,000	4,989,045	5,160,155
912828HH6	US TREASURY N/B	4.250	11/15/17	15,000,000	15,051,280	16,266,795
912828HZ6	US TREASURY N/B	3.875	05/15/18	15,000,000	15,015,028	16,292,580
912828J27	US TREASURY N/B	2.000	02/15/25	5,000,000	5,024,713	4,957,810
912828JH4	US TREASURY N/B	4.000	08/15/18	10,000,000	10,027,518	10,956,250
912828KD1	US TREASURY N/B	2.750	02/15/19	10,000,000	9,956,654	10,571,090
912828KR0	US TREASURY N/B	2.625	04/30/16	10,000,000	9,974,455	10,211,720
912828KS8	US TREASURY N/B	2.625	02/29/16	5,000,000	5,001,139	5,089,455
912828KW9	US TREASURY N/B	3.250	05/31/16	5,000,000	4,982,011	5,146,095
912828LJ7	US TREASURY N/B	3.625	08/15/19	10,000,000	9,970,304	10,945,310
912828MP2	US TREASURY N/B	3.625	02/15/20	5,000,000	4,944,692	5,504,295
912828NT3	US TREASURY N/B	2.625	08/15/20	5,000,000	4,958,545	5,271,485
912828PC8	US TREASURY N/B	2.625	11/15/20	25,000,000	24,266,966	26,339,850
912828RC6	US TREASURY N/B	2.125	08/15/21	10,000,000	9,936,828	10,224,220
912828TJ9	US TREASURY N/B	1.625	08/15/22	20,000,000	19,721,956	19,676,560
912828VA5	US TREASURY N/B	1.125	04/30/20	10,000,000	9,745,709	9,838,280
912828VV9	US TREASURY N/B	2.125	08/31/20	5,000,000	4,919,717	5,145,705
912828WJ5	US TREASURY N/B	2.500	05/15/24	15,000,000	14,923,145	15,560,160
912828WN6	US TREASURY N/B	2.000	05/31/21	5,000,000	4,994,468	5,083,985
92343VBR4	VERIZON COMMUNICATIONS	5.150	09/15/23	3,000,000	2,991,621	3,350,430
929903CH3	WACHOVIA CORP	5.625	10/15/16	5,000,000	4,996,703	5,311,060
931142BY8	WAL MART STORES INC	4.500	07/01/15	3,500,000	3,507,922	3,512,957
931142CU5	WAL MART STORES INC	3.625	07/08/20	8,000,000	8,495,501	8,635,280
94973VAM9	ANTHEM INC	5.875	06/15/17	5,000,000	4,980,802	5,440,845
94974BGF1	WELLS FARGO + COMPANY	2.150	01/30/20	10,000,000	9,987,261	9,998,020
971807AD4	WILMINGTON TRUST CORP	8.500	04/02/18	2,000,000	2,000,000	2,331,622
976656CF3	WISC ELEC POWER	1.700	06/15/18	5,000,000	5,000,000	5,042,320
	FIXED INCOME	213 Issues		1,136,637,284	1,133,264,426	1,181,611,965
055997910	BLACKROCK EQUITY INDEX FD B	NA	NA	426,029	61,260,319	149,099,833
ACI004AT2	BLACKROCK ACWI EX US SUPERFD B	NA	NA	734,749	14,001,101	19,631,447
	EQUITY	2 Issues		1,160,778	75,261,419	168,731,280
8259909A4	SHORT TERM INVESTMENT POOL	NA	NA	24,222,470	24,222,470	24,222,470
	CASH EQUIVALENTS	1 Issues		24,222,470	24,222,470	24,222,470
87499A912	TIAA CREF ASSET MANAGEMENT	0.000		76,060	35,000,000	39,347,514
939NDX901	AMERICAN CORE REALTY FUND LLC	0.000		397	40,000,000	44,766,454
	REAL ESTATE	2 Issues		76,457	75,000,000	84,113,968
	STATE FUND TOTAL	218 Issues		1,162,096,989	1,307,748,315	1,458,679,683