

**Nebraska Department of Banking and Finance
REQUEST FOR INFORMATION ("RFI")**

RETURN TO:
Name: Mark Quandahl, Director
Address: 1526 K Street, Suite 300
City/State/Zip: Lincoln, NE 68508
Phone:
402-471-2171

SOLICITATION NUMBER	RELEASE DATE
RFI 2019-001	September 27, 2019
OPENING DATE AND TIME	PROCUREMENT CONTACT
November 1, 2019 2:00 p.m. Central Daylight Time	Mark Quandahl, Director

This RFI provides general specifications and requirements necessary for the Department of Banking and Finance to evaluate proposals to enable provisions of LB 622 of the 2019 Nebraska Legislature. All information and applicable documents must be delivered to the Nebraska Department of Banking and Finance by the opening date and time specified.

PLEASE READ CAREFULLY!

SCOPE OF SERVICE

The Nebraska Department of Banking and Finance is issuing this Request for Information RFI 2019-001 for the purpose of gathering information from qualified parties interested in serving as administrator of a Single Bank Pooled Collateral program as set forth in LB 622 of the 2019 Legislature.

Written questions regarding this RFI are due no later than 5:00 p.m. CDT on October 11, 2019 and should be submitted via e-mail to mark.quandahl@nebraska.gov

Interested parties should submit one (1) original of the entire RFI response in electronic form by email to mark.quandahl@nebraska.gov RFI responses should be submitted by the RFI due date and time.

Director Mark Quandahl should receive electronically mailed RFI responses at mark.quandahl@nebraska.gov by the date and time of RFI opening: November 1, 2019 at 2:00 p.m. Central Daylight Time.

INTERESTED PARTIES MUST PROVIDE THE FOLLOWING

By submitting a response to this Request for Information, the interested party guarantees compliance with the provisions stated in this Request for Information.

FIRM: _____

ADDRESS: _____

TELEPHONE NUMBER: _____ EMAIL: _____

CONTACT: _____ DATE: _____

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I. SCOPE OF THE REQUEST FOR INFORMATION (“RFI”)

The State of Nebraska, Department of Banking and Finance is issuing this Request for Information, RFI 2019-001 for the purpose of gathering information from qualified parties interested in serving as administrator of a Single Bank Pooled Collateral program as set forth in LB 622 of the 2019 Legislature.

ALL INFORMATION PERTINENT TO THIS REQUEST FOR INFORMATION CAN BE FOUND ON THE INTERNET AT: <https://ndbf.nebraska.gov/>

A. SCHEDULE OF EVENTS

The Department expects to adhere to the tentative procurement schedule shown below. It should be noted, however, that some dates are approximate and subject to change.

ACTIVITY		DATE/TIME
1	Release Request for Information	September 27, 2019
2	Last day to submit written questions	October 11, 2019
3	Department responds to written questions through Request for Information “Addendum” and/or “Amendment” to be posted to the internet at: https://ndbf.nebraska.gov/	October 25, 2019
4	RFI opening Location: Nebraska Department of Banking and Finance 1526 K Street, Suite 300, Lincoln, NE 68508	November 1, 2019 2:00 PM Central Daylight Time

II. RFI RESPONSE PROCEDURES

A. OFFICE AND CONTACT PERSON

Responsibilities related to this RFI reside with the Director of the Nebraska Department of Banking and Finance. The point of contact for the RFI is as follows:

Name: Mark Quandahl, Director
Agency: Nebraska Department of Banking and Finance
Address: 1526 K Street, Suite 300
Lincoln, NE 68508
Telephone: 402-471-2171
E-Mail: mark.quandahl@nebraska.gov

B. GENERAL INFORMATION

A subsequent Request for Proposal (RFP) may or may not be issued because of this RFI. There will not be a contract as a result of this RFI and the State or the Department of Banking and Finance is not liable for any cost incurred by vendors in replying to this RFI. If an RFP is issued, the information provided will assist the Department of Banking and Finance in developing the Request for Proposal. This RFI does not obligate the Department of Banking and Finance to reply to the RFI responses, to issue an RFP, or to include any RFI provisions or responses provided by vendors in any RFP.

C. COMMUNICATION WITH DEPARTMENT OF BANKING AND FINANCE STAFF

From the date the Request for Information is issued and until RFI opening (as shown in the Schedule of Events), contact regarding this RFI between potential vendors and individuals employed by the Department of Banking and Finance should be restricted to written communication with the staff designated above as the point of contact for this RFI.

The following exceptions to these restrictions are permitted:

1. Written communication with the person(s) designated as the point(s) of contact for this Request for Information;
2. Contacts made pursuant to any pre-existing contracts or obligations; and
3. Department of Banking and Finance-requested presentations, key personnel interviews, clarification sessions, or discussions.

Violation of these conditions may be considered sufficient cause to reject a vendor's response to the RFI. No individual member of the Department or other employee of the State is empowered to make binding statements regarding this RFI. The Department of Banking and Finance will issue any clarifications or opinions regarding this RFI in writing.

D. WRITTEN QUESTIONS AND ANSWERS

Any explanation desired by a vendor regarding the meaning or interpretation of any RFI provision should be submitted electronically to the Department of Banking and Finance clearly marked "RFI Number 2019-001 Questions." Questions shall be sent via e-mail to mark.quandahl@nebraska.gov

It is recommended that interested parties submit questions sequentially numbered, include the RFI reference and page number using the following format.

<u>Question Number</u>	<u>RFI Section Reference</u>	<u>RFI Page Number</u>	<u>Question</u>

Written answers will be provided through an addendum to be posted on the Internet at <https://ndbf.nebraska.gov/> on or before the date shown in the Schedule of Events.

E. ORAL INTERVIEWS/PRESENTATIONS AND/OR DEMONSTRATIONS

The Department reserves the right to conduct oral interviews/presentations and/or demonstrations if required at the sole invitation of the Department.

Any cost incidental to the oral interviews/presentations and/or demonstrations shall be borne entirely by the vendor and will not be compensated by the Department.

F. SUBMISSION OF RESPONSE

The following describes the requirements related to the RFI submission, handling, and review by the Department of Banking and Finance.

To facilitate the response review process the entire RFI response and any questions regarding the same should be submitted in electronic format to mark.quandahl@nebraska.gov RFI responses must be submitted by the RFI due date and time.

A separate list must be provided that clearly states which sections have been submitted as proprietary or have copyrighted materials. The RFI number must be included in all correspondence.

G. PROPRIETARY INFORMATION

Data contained in the response and all documentation provided therein, become the property of the Nebraska Department of Banking and Finance and the State of Nebraska, and the data becomes public information upon opening the response. If the vendor wishes to have any information withheld from the public, such information must fall within the definition of proprietary information contained within Nebraska's public record statutes. All proprietary information the vendor wishes the Department of Banking and Finance to withhold must be submitted separately from the remainder of the response. The separate information must be clearly marked PROPRIETARY by watermark or other means. Vendor may not mark their entire Request for Information as proprietary. Failure of the vendor to follow the instructions for submitting proprietary and copyrighted information may result in the information being viewed by other vendors and the public. Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. § 84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, vendors submitting information as proprietary may be required to prove specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive. Although every effort will be made to withhold information that is properly submitted as proprietary and meets the State's definition of proprietary information, the State and Department of Banking and Finance are under no obligation to maintain the confidentiality of proprietary information and accept no liability for the release of such information.

H. RFI OPENING

The responses will be publicly opened and the responding entities announced on the date, time, and location shown in the Schedule of Events. Vendors must contact the Department of Banking and Finance to schedule an appointment for viewing RFI responses.

III. PROJECT DESCRIPTION AND SCOPE OF WORK

A. PURPOSE AND BACKGROUND

The Nebraska Department of Banking and Finance seeks information from qualified parties interested in serving as administrator of a Single Bank Pooled Collateral program as set forth in LB 622 of the 2019 Legislature.

Minimum information requested in responding to the RFI:

- (1) Name, mailing address, email address and a high-level overview of the business plan and services proposed if successfully selected to be administrator.
 - a. Qualifications and expertise or experience of applicant in serving as administrator of pooled securities
 - b. Plan should address the following
 1. Enrollment of bank, capital stock financial institution, or qualifying mutual financial institution into Single Bank Pooled Method (77-2398(2)(b)(i))
 2. Identification of Authorized Bond or Securities (77-2398 (3))
 3. Provision of custodial official pledged coverage and reporting (77-2395)
 4. Enrollment of qualified trustee (77-23,100 & 23,101)
 5. Description of method of security substitution, exchange or reduction (77-2392)
 6. Method of collecting monthly information from FI (77-2394)
 7. Description of experience in similar administrative functions
 8. Description of potential outreach and or teaching prior to or with onboarding.
- (2) Specimen examples of reports/information provided to:
 - a. Department of Banking and Finance
 - b. Participating Financial Institutions, banks, capital stock financial institutions, or qualifying mutual financial institutions utilizing the single bank pooled method
 - c. Public Entities
- (3) Proposed Fee and Compensation Schedule for banks, capital stock financial institutions, or qualifying mutual financial institutions utilizing the single bank pooled method, including parties responsible for payment
- (4) Any other information bidder deems necessary to comply with Nebraska law
- (5) Proposed term and provisions of an agreement to provide administrator services and
- (6) Any other requirements that bidder will require of participants, including the State of Nebraska or the Department of Banking and Finance

B. SELECTED NEBRASKA STATUTES REGARDING SCOPE OF WORK

Various sections of the Public Funds Depository Security Act are provided below to assist in identifying select administrative functions. Not all functions of the Administrator are provided in this document. Refer to this link for the entire contents of the Public Funds Depository Security Act <https://nebraskalegislature.gov/laws/statutes.php?statute=77-2386>.

SUBSTITUTION OR EXCHANGE – report of market value not less than 102%

77-2392 A bank, capital stock financial institution, or qualifying mutual financial institution which has furnished securities pursuant to the Public Funds Deposit Security Act shall have the right at any time and without prior approval to substitute or exchange other securities of equal value in lieu of securities furnished except that such securities substituted or exchanged shall be those provided for under the act and such substitution or exchange shall not reduce the market value of the securities to an amount that is less than one hundred two percent of the total amount of public money or public funds less the portion of such public money or public funds insured or guaranteed by the Federal Deposit Insurance Corporation. Following any substitution or exchange of securities pursuant to this section by a bank, capital stock financial institution, or qualifying mutual financial institution utilizing the dedicated method as provided in subdivision (2)(a) of section 77-2398, the custodial official shall report such substitution or exchange to the governing authority.

<https://nebraskalegislature.gov/laws/statutes.php?statute=77-2392>

Monthly information flow from Financial Institution

77-2394 A bank, capital stock financial institution, or qualifying mutual financial institution provides a deposit guaranty bond pursuant to the Public Funds Deposit Security Act if it issues a deposit guaranty bond which runs to the director or custodial official, as applicable, and which is conditioned that the bank, capital stock financial institution, or qualifying mutual financial institution shall, at the end of each and every month, render to the custodial official a statement, in duplicate, showing the daily balances and the amounts of public money or public funds of the governing authority held by it during the month and how credited. The public money or public funds shall be paid promptly on the order of the custodial official depositing the public money or public funds.

<https://nebraskalegislature.gov/laws/statutes.php?statute=77-2394>

Custodial Official duties and required information

77-2395. (1) If a bank, capital stock financial institution, or qualifying mutual financial institution designated as a depository provides a deposit guaranty bond or furnishes securities or any combination thereof, pursuant to section 77-2389, the custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has provided a deposit guaranty bond or furnished securities, or any combination thereof, to the custodial official, and the total value of such deposit guaranty bond and the market value of such securities are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

(2) If a bank, capital stock financial institution, or qualifying mutual financial institution designated as a depository provides a deposit guaranty bond or furnishes securities or any combination thereof, pursuant to subsection (1) of section 77-2398, the custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has provided a deposit guaranty bond or furnished securities, or any combination thereof, pursuant to the Public Funds Deposit Security Act, and the total value of such deposit guaranty bond and the market value of such securities are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

<https://nebraskalegislature.gov/laws/statutes.php?statute=77-2395>

Accounting for pledged securities and public money or public funds

77-2398. Deposits in excess of insured or guaranteed amount; requirements. (1) As an alternative to the requirements to secure the deposit of public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation pursuant to sections 77-2389 and 77-2394, a bank, capital stock financial institution, or qualifying mutual financial institution designated as a public depository may secure the deposits of one or more governmental units by providing a deposit guaranty bond or by depositing, pledging, or granting a security interest in a single pool of securities or by a combination thereof to secure the repayment of all public money or public funds deposited in the bank, capital stock financial institution, or qualifying mutual financial institution by such governmental units and not otherwise secured pursuant to law, if at all times the total value of the deposit guaranty bond and the aggregate market value of the pool of securities so deposited, pledged, or in which a security interest is granted is at least equal to one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed. Each such bank, capital stock financial institution, or

qualifying mutual financial institution shall carry on its accounting records at all times a general ledger or other appropriate account of the total amount of all public money or public funds to be secured by a deposit guaranty bond or by the pool of securities, or any combination thereof, as determined at the opening of business each day, and the total value of the deposit guaranty bond or the aggregate market value of the pool of securities deposited, pledged, or in which a security interest is granted to secure such public money or public funds. For purposes of this section, a pool of securities shall include shares of investment companies registered under the federal Investment Company Act of 1940 when the investment companies' assets are limited to obligations that are eligible for investment by the bank, capital stock financial institution, or qualifying mutual financial institution and limited by their prospectuses to owning securities enumerated in section 77-2387.

Dedicated Method

(2) A bank, capital stock financial institution, or qualifying mutual financial institution may secure the deposit of public money or public funds using the dedicated method, the single bank pooled method, or both methods as set forth in subsection (1) of this section.

Under the dedicated method, a bank, capital stock financial institution, or qualifying mutual financial institution may secure the deposit of public money or public funds by each governmental unit separately by furnishing securities or providing a deposit guaranty bond, or any combination thereof, pursuant to the Public Funds Deposit Security Act.

Single Bank Pooled Method

(b)(i) Under the single bank pooled method, a bank, capital stock financial institution, or qualifying mutual financial institution may secure the deposit of public money or public funds of one or more governmental units by providing a deposit guaranty bond or through a pool of eligible securities established by such bank, capital stock financial institution, or qualifying mutual financial institution with a qualified trustee, or any combination thereof, to be held subject to the order of the director or the administrator for the benefit of the governmental units having public money or public funds with such bank, capital stock financial institution, or qualifying mutual financial institution as set forth in subsection (1) of this section.

Administrator

(ii) The director shall designate a bank, savings association, trust company, or other qualified firm, corporation, or association which is authorized to transact business in this state to serve as the administrator with respect to a single bank pooled method.

Administrator Compensation

Fees and expenses of such administrator shall be paid by the banks, capital stock financial institutions, or qualifying mutual financial institutions utilizing the single bank pooled method.

Enrollment into Single Bank Pooled Method

(iii) If a bank, capital stock financial institution, or qualifying mutual financial institution elects to secure the deposit of public money or public funds through the use of the single bank pooled method, such bank, capital stock financial institution, or qualifying mutual financial institution shall notify the administrator in writing that it has elected to utilize the single bank pooled method and the proposed effective date thereof.

(iv) The single bank pooled method shall not be utilized by any bank, capital stock financial institution, or qualifying mutual financial institution unless an administrator has been designated by the director pursuant to subdivision (2)(b)(ii) of this section and is acting as the administrator.

Authorized bond and securities

(3) Only a deposit guaranty bond and the securities listed in subdivision (14) of section 77-2387 may be provided and accepted as security for the deposit of public money or public funds and shall be eligible as collateral. The qualified trustee shall not accept any securities which are not listed in subdivision (14) of section 77-2387.

<https://nebraskalegislature.gov/laws/statutes.php?statute=77-2398>

Designation of Trustee

77-23,100. Deposits in excess of insured or guaranteed amount; qualified trustee; duties.

(1) Any bank, capital stock financial institution, or qualifying mutual financial institution in which public money or public funds have been deposited which satisfies its requirement to secure the deposit of public money or public

funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, in whole or in part, by the deposit, pledge, or granting of a security interest in a single pool of securities shall designate a qualified trustee and place with the trustee for holding the securities so deposited, pledged, or in which a security interest has been granted pursuant to subsection (1) of section 77-2398, subject to the order of the director or the administrator.

Trustee Notice to Custodial Official

The bank, capital stock financial institution, or qualifying mutual financial institution shall give written notice of the designation of the qualified trustee to any custodial official depositing public money or public funds for which such securities are deposited, pledged, or in which a security interest has been granted, and if an affiliate of the bank, capital stock financial institution, or qualifying mutual financial institution is to serve as the qualified trustee, the notice shall disclose the affiliate relationship and shall be given prior to designation of the qualified trustee. The custodial official shall accept the written receipt of the trustee describing the pool of securities so deposited, pledged, or in which a security interest has been granted by the bank, capital stock financial institution, or qualifying mutual financial institution, a copy of which shall also be delivered to the bank, capital stock financial institution, or qualifying mutual financial institution.

(2) Any bank, capital stock financial institution, or qualifying mutual financial institution which satisfies its requirement to secure the deposit of public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation under the Public Funds Deposit Security Act, in whole or in part, by providing a deposit guaranty bond pursuant to the provisions of subsection (1) of section 77-2398, shall designate the director and cause to be issued a deposit guaranty bond which runs to the director acting for the benefit of the governmental units having public money or public funds on deposit with such bank, capital stock financial institution, or qualifying mutual financial institution and which is conditioned that the bank, capital stock financial institution, or qualifying mutual financial institution shall render to the administrator the statement required under subsection (3) of this section.

Monthly information to Administrator

(3) Each bank, capital stock financial institution, or qualifying mutual financial institution which satisfies its requirement to secure the deposit of public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation by providing a deposit guaranty bond or by depositing, pledging, or granting a security interest in a single pool of securities, or any combination thereof, shall, on or before the tenth day of each month, render to the administrator a statement showing as of the last business day of the previous month (a) the amount of public money or public funds deposited in such bank, capital stock financial institution, or qualifying mutual financial institution that is not insured or guaranteed by the Federal Deposit Insurance Corporation (i) by each custodial official separately and (ii) by all custodial officials in the aggregate and (b) the total value of the deposit guaranty bond and the aggregate market value of the pool of securities deposited, pledged, or in which a security interest has been granted pursuant to subsection (1) of section 77-2398. The director shall be authorized, acting for the benefit of the governmental units having public money or public funds on deposit with such bank, capital stock financial institution, or qualifying mutual financial institution, to take any and all actions necessary to take title to or to effect a first perfected security interest in the securities deposited, pledged, or in which a security interest is granted.

Administrator Monthly Information to each Custodial Official

(4) Within twenty days after receiving the statement required under subsection (3) of this section from a bank, capital stock financial institution, or qualifying mutual financial institution, the administrator shall provide a report to each custodial official listed in such statement reflecting (a) the amount of public money or public funds deposited in such bank, capital stock financial institution, or qualifying mutual financial institution by each custodial official as of the last business day of the previous month that is not insured or guaranteed by the Federal Deposit Insurance Corporation and that is secured pursuant to subsection (1) of section 77-2398 and (b) the total value of the deposit guaranty bond and the aggregate market value of the pool of securities deposited, pledged, or in which a security interest is granted pursuant to subsection (1) of section 77-2398 as of the last business day of the previous month. The report shall clearly notify the custodial official if the value of the securities deposited does not meet the statutory requirement.

<https://nebraskalegislature.gov/laws/statutes.php?statute=77-23,100>

Qualified trustee

77-23,101. Qualified trustee; requirements. Any Federal Reserve Bank, branch of a Federal Reserve Bank, a federal home loan bank, or another responsible bank which is authorized to exercise trust powers, capital stock financial institution which is authorized to exercise trust powers, qualifying mutual financial institution which is authorized to exercise trust powers, or trust company, other than the pledgor or the bank, capital stock financial institution, or qualifying mutual financial institution providing the deposit guaranty bond or granting the security interest, is qualified to act as a qualified trustee for the receipt of a deposit guaranty bond or the holding of securities under section 77-23,100. The bank, capital stock financial institution, or qualifying mutual financial institution in which public money or public funds are deposited may at any time substitute, exchange, or release securities deposited with a qualified trustee if such substitution, exchange, or release does not reduce the aggregate market value of the pool of securities to an amount that is less than one hundred two percent of the total amount of public money or public funds less the portion of such public money or public funds insured or guaranteed by the Federal Deposit Insurance Corporation. The bank, capital stock financial institution, or qualifying mutual financial institution in which public money or public funds are deposited may at any time reduce the amount of the deposit guaranty bond if the reduction does not reduce the total combined value of the deposit guaranty bond and the aggregate market value of the pool of securities to an amount less than one hundred two percent of the total amount of public money or public funds less the portion of such public money or public funds insured or guaranteed by the Federal Deposit Insurance Corporation.

<https://nebraskalegislature.gov/laws/statutes.php?statute=77-23,101>

Form A

Vendor Contact Sheet

Request for Information Number 2019-001

The information on Form A should be completed and submitted with each response to this solicitation document. This is intended to provide the Department of Banking and Finance with information on the vendor's name and address, and the specific persons who are responsible for preparation of the vendor's response.

Preparation of Response Contact Information	
Vendor Name:	
Vendor Address:	
Contact Person & Title:	
E-mail Address:	
Telephone Number (Office):	
Telephone Number (Cellular):	
Fax Number:	

Each vendor shall also designate a specific contact person who will be responsible for responding to the Department of Banking and Finance if any clarifications of the vendor's response should become necessary. This will also be the person who the Department of Banking and Finance contacts to set up a presentation/demonstration, if required.

Communication with the Department of Banking and Finance Contact Information	
Vendor Name:	
Vendor Address:	
Contact Person & Title:	
E-mail Address:	
Telephone Number (Office):	
Telephone Number (Cellular):	
Fax Number:	