

**Los Angeles County Employees Retirement Association Request for Proposal for**

**Global Custody and Commercial Banking Services**

**January 31, 2022**

**DEADLINE: March 25, 2022**

## TABLE OF CONTENTS

1. Organization
	1. [Experience](#_TOC_250027) 3
	2. [Risk and Insurance](#_TOC_250026) 5
	3. [Client Servicing](#_TOC_250026) 6
2. [Core Service Model](#_TOC_250013)
	1. [Safekeeping, Custody, Trade Processing, and Settlement](#_TOC_250011) 8
	2. [Accounting and Reporting 9](#_TOC_250011)
	3. [Income Collection and Tax Reclaims 12](#_TOC_250010)
	4. Cash Management and Short-Term Sweep 13
	5. [Corporate Actions, Proxy Voting Services, and Class Action Claims Filing](#_TOC_250009) 14
	6. [Performance, Investment Guideline Compliance, and Risk Analysis 16](#_TOC_250008)
	7. [Technology and Reporting 18](#_TOC_250008)
	8. [Commercial Banking Services 20](#_TOC_250008)
3. [Additional Service Model and Capabilities](#_TOC_250007)
	1. [Securities Lending 2](#_TOC_250011)3
	2. [Foreign Exchange Capabilities and Derivatives Pricing 2](#_TOC_250011)7
	3. [Business Continuity Resources and Data Security 2](#_TOC_250010)8
	4. [Conversion Process 2](#_TOC_250010)9
	5. [Market and Regulatory Compliance Research 30](#_TOC_250010)
4. [Fees and References](#_TOC_250006)
	1. [Custody Banking and Related Fees](#_TOC_250011) 30
	2. [References 52](#_TOC_250011)
5. Organization

### Experience

1. Provide a brief history of your organization, including:
* Year of formation
* Year of formation of Institutional Trust and Custody group
* History of involvement in the global custody bank business
* Development of major business lines
* Nature of firm's ownership
* Nature of relationship with affiliated companies or joint ventures
1. State your firm’s lines of business. Where does custody of retirement plans fit within the organization as a service or product offering?
2. What is the approximate revenue contribution of your Institutional Trust and Custody business to overall company revenue in percentage terms?
3. Where is the firm headquartered? How many branch offices are there, and where are they located? Which office(s) will provide the services requested?
4. Include an organization chart of the firm's overall management structure, including the position of the Institutional Trust and Custody business unit and the technology support organization.
5. Comment on your business objectives with respect to future growth and product research and development related to global custody services.
6. Describe your strengths, highlighting the aspects of your service that make you unique, including:
* Commitment to client service
* Commitment to trust/custody business
* Commitment to technology
* Commitment to risk management assistance
1. What is your understanding of your fiduciary duty to your customers?
2. What steps do you take internally to ensure the performance of fiduciary duty?
3. What steps do you take in your interaction with customers to ensure the performance of fiduciary duty?
4. Describe all claims in the past five years alleging breach of fiduciary duty arising from custody and commercial banking services to your customers.
5. Provide a copy of the firm’s Code of Ethics. Does the organization and its employees comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute?
6. Are there any current organizational issues (i.e., mergers, acquisitions, changes to leadership, business concerns, etc.) at your institution that we should know about? Provide details for any change of significance that has occurred in the last three years.
7. Describe in detail any potential conflicts of interest your firm may have in the custody of the LACERA account, or in the alternative, state that no potential conflicts exist, including any known relationships the organization or any staff has with any member of LACERA’s Board of Investments, Board of Retirement, management, staff, or Los Angeles County Board of Supervisors. Respondent must list all known gifts given to members of LACERA’s Board of Investments and staff within the twelve months immediately prior to the date of this RFP. Include (1) the name of the person receiving the gift, (2) the earlier of the date the gift was promised or given, (3) a brief description of the gift, and (4) the fair market value of the gift when promised or given, whichever is greater.
8. Provide the number of your organization’s clients as categorized in the following matrix. Report aggregate values of their total assets under custody in US$ millions for periods specified.

### Total Tax-Exempt Trust and Custody Clients Only

|  |  |  |
| --- | --- | --- |
|  | **Total Number****of Clients** | **Asset Value****(US$ millions)** |
| **2016** |  |  |
| **2017** |  |  |
| **2018** |  |  |
| **2019** |  |  |
| **2020** |  |  |
| **As of December 31, 2021** |  |  |

**Public Fund Custody Clients Only**

|  |  |  |
| --- | --- | --- |
|  | **Total Number****of Clients** | **Asset Value****(US$ millions)** |
| **2016** |  |  |
| **2017** |  |  |
| **2018** |  |  |
| **2019** |  |  |
| **2020** |  |  |
| **As of December 31, 2021** |  |  |

1. Provide the number of **tax‐exempt trust and custody accounts**, including global custody clients, gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US$ millions as of initiation date for clients gained and termination date for clients lost.

### Total Trust and Custody Clients Only

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Clients Gained****(Number)** | **Clients Gained****(US$ millions)** | **Clients Lost****(Number)** | **Clients Lost****(US$ millions)** |
| **2016** |  |  |  |  |
| **2017** |  |  |  |  |
| **2018** |  |  |  |  |
| **2019** |  |  |  |  |
| **2020** |  |  |  |  |
| **As of December 31, 2021** |  |  |  |  |

1. List and provide a summary description of all pending or threatened litigation regarding custody services against your organization. List and describe all agency supervision associated with the pending or threatened litigation. What has been your experience with regard to litigation or agency supervision over the past five years?
2. Provide your organization’s client distribution as specified in the following table. Report aggregate market values of total assets under custody in US$ millions as of December 31, 2021.

### Tax‐Exempt Client Asset Size Distribution

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Number of Clients** | **Number of Plans** | **Market Value****(US$ millions)** |
| Taft Hartley‐Union |  |  |  |
| Below $500 million |  |  |  |
| $500+ million to $1 billion |  |  |  |
| $1+ billion to $5 billion |  |  |  |
| $5+ billion and up |  |  |  |
| Corporate |  |  |  |
| Below $500 million |  |  |  |
| $500+ million to $1 billion |  |  |  |
| $1+ billion to $5 billion |  |  |  |
| $5+ billion and up |  |  |  |
| Public Fund |  |  |  |
| Below $500 million |  |  |  |
| $500+ million to $1 billion |  |  |  |
| $1+ billion to $5 billion |  |  |  |
| $5+ billion and up |  |  |  |
| Endowments & Foundations |  |  |  |
| Below $500 million |  |  |  |
| $500+ million to $1 billion |  |  |  |
| $1+ billion to $5 billion |  |  |  |
| $5+ billion and up |  |  |  |
| **TOTAL** |  |  |  |

### Risk and Insurance

1. Please address any substantive issues raised by independent auditors in your SSAE 16, SAS 70, SOC 1’s and/or issues published in your Form 10‐Q. Provide a copy of the most recent annual reports and label appropriately.
2. Provide your firm’s ADV documents, audited financial statements with Management letter.
3. Provide the following data and explain how it meets the Federal Reserve stipulated requirements.

### Capital Base

### As of December 31, 2021

|  |  |  |
| --- | --- | --- |
| **Capital Requirements** | **Actual** | **Current Requirements** |
| **Tier 1 Capital Ratio** |  |  |
| **Total Capital Ratio** |  |  |
| **Leverage Ratio** |  |  |
| **Tangible Common Equity** |  |  |

1. Provide your organization’s current short-term and long-term credit rating.
2. Please provide guidance on how you intend to meet Basel III in terms of capital adequacy and liquidity.
3. What is the nature and size of any “off balance sheet items” in your annual report and what are the three critical areas that pose the most at risk exposure to the bank?
4. Please furnish a copy of a Standard Trust/Custody Agreement for a Public Fund for LACERA’s review. Kindly label accordingly as a separate attachment.
5. Describe the various types of insurance coverage and indemnification provided by your firm to protect clients of service(s) proposed. Each description should include:
	* Risk Coverage
	* Carriers
	* Levels
	* Limits
	* Deductibles
	* Expiration
6. Does your organization subcontract any of the services required by LACERA? Kindly state contract vendor name and for which service a subcontractor would be used (e.g., sub custody network, pricing, accounting & reporting, internet delivery, securities lending, performance measurement, proxy, disaster recovery, data storage and retention, etc.).
7. Describe how your risk management approach is structured, its main objectives and any enterprise risk management programs, tools, or policies you have in place.
8. Identify and describe the major risk factors that you manage in a custody relationship. How do you manage these risks?
9. Provide a brief overview of the internal control environment of your organizations.
10. Identify the internal and external entities that audit, regulate, and/or review your custody services. Describe each and include a summary of when and what types of reports are supplied.
11. Describe your data retention, data transfer, and vendor relationship processes specific to custody and related services requested in this RFP. Please describe.

### Client Servicing

1. Describe the structure of your global custody account administration, (e.g., account team, client account executives, support by administrative units, etc.).
2. What is your approach to client servicing and what would be the most distinct element of your client servicing approach that LACERA would benefit from and consider exceptional?
3. How do you propose to staff for LACERA both from a client servicing perspective and actual daily service deliverables point of view?
4. Provide an organizational chart showing functions, positions, and titles of all personnel involved in your organization’s Institutional Trust and Custody business unit.
5. Please provide the names and biographies including experience of the proposed client servicing team members as follows and as specified in the table below:
	* Management Sponsor
	* Client Servicing Team
	* Custody and Accounting
	* Trade Processing and Securities Settlement, including Cash and Expense Reconciliation
	* Technology and Systems Support
	* Performance Measurement and Analytics
	* Alternative Investment Support
	* Banking

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Responsibility** | **Location** | **Number of Client Relationships** | **Years with Bank** | **Years of Experience and****Credentials** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

1. How long has the proposed team worked together and for how many clients?
2. What is the team’s accountability to LACERA?
3. Why does your organization believe its client service team has a competitive edge?
4. What retention programs and policies do you have in place to keep experienced staff in accounting, settlement and performance measurement and analytics? How successful have those programs been?
5. Describe the procedures which you use to assure continuity of services during vacations or other absences occurring within your account administration area.
6. Do you provide periodic self-assessments of your work for customers?
7. Describe any claims in the past five years in which any member of the team has been involved.
8. What turnover have you experienced in total client service/accounting/operations staff during each of the past three years? Of this turnover, what percentage were client relationship officers? Provide number and percent turnover. Describe your procedures for handling turnover of staff that would be assigned to the LACERA account.
9. Describe your client relations process for each of the below:
	* Formal and informal oral and written communications
	* Inquiry and problem resolution processes
	* Information on available services and service delivery issues
	* Training in the use of the services and systems
10. Indicate how customer satisfaction is monitored and whether clients are provided with the ability to participate in the annual evaluations of their support group as well as overall service performances.
11. What is your procedure for handling complaints about the accuracy of your reports and analysis?
12. Once a problem or issue is identified, how soon will LACERA be notified? What steps or procedures are taken to ensure that errors or problems are not repeated?
13. Describe the research capabilities and services that your firm or affiliated firms are able to provide to custody clients. Include services such as economic and market overviews and forecasts, research reports, ad hoc analyses, access to data sources, analytic tools, and conferences. Please indicate if custody clients receive these services as a part of base custody fees or for a discount (and the extent of the discount). Indicate if there are any limitations or conditions on the access to or use of these services by custody clients.
14. How do you monitor legislative and/or regulatory changes affecting Institutional Trust and Custody administration? How are these changes communicated to clients?
15. What responsibility does your organization accept for providing solutions to unusual situations? Provide a specific example where your organization has provided a unique solution to a public fund client. If a solution would require additional portfolio accounts and changes to reporting, would you request an increase in fees?
16. Describe the project management process and how it is coordinated with the client.
17. What processes does the team follow to ensure timely response and customer focus, even in the face of competing priorities from other customers?
18. Please discuss opportunities, which your financial institution offers to clients for training and continuing education, and whether those educational opportunities would be available to LACERA and the cost to be incurred for such training and education.
19. Does the team handle other public fund clients, with a similar configuration as that of LACERA? Kindly list other clients handled by the team. (Please note that LACERA reserves the right to accept the team and individuals assigned to the relationship.)
20. Please provide a list of three (3) current and three (3) former/departed public fund client references of similar size and configuration as LACERA over the last three years and furnish corresponding contact information.
21. Core Service Model​

### Safekeeping, Custody, Trade Processing, and Settlement

1. State the value of assets held (as of December 31, 2021) at Depository Trust Company and Federal Reserve and the length of the direct participant relationship with these custodians.
2. State the value of assets for basic international depositories, such as Euroclear, EuroNext and Clearstream, as of December 31, 2021.
3. What is your process for settling cash or same day trades?
4. Discuss your processing of trade instructions?
5. Discuss your trade processing performance, (e.g., settlement rate, failed trades, average age of failed trades, etc.) by country for the last three (3) years. Group them by asset class and major and emerging markets.
6. Describe your procedures for daily proof of trade settlements reported by your depositories, agents, and sub-custodians.
7. Describe your process for monitoring failed trades. Is your system capable of producing a report which shows all failed trades across all of a client’s investment manager accounts at any given point in time?
8. How do you determine responsibility for client compensation for losses due to errors in processing? How is that information conveyed to the client?
9. Does your organization employ actual or contractual settlement date? It is the requirement of LACERA to have a contractual settlement. Is this requirement acceptable?
10. Do you employ SEC 17f‐5 and 17f‐7 in the review and contracting arrangements with your sub‐custody network? Please explain your role as Custody Manager and tracking of sub‐custodians and the inherent risks associated with such arrangements. Please specify any limitations you make regarding your contracts with your sub‐custodians.
11. Provide a list of all sub-custodians and the markets for which each is responsible.
12. Discuss your process for managing the sub-custodian network in terms of selection, oversight, problem resolution and termination.
13. Describe your firms experience on documentation for opening international markets.
14. What is normal protocol in handling non‐in bank assets?
15. What is different about your custody platform or product/service deliverable that distinguishes your capabilities compared with your peers?

### Accounting and Reporting

###

1. Describe your organization’s trust and plan accounting capabilities (include system name and year developed).
2. Does your organization have a general ledger accounting system in a full accrual trade date multi‐ currency basis?
3. LACERA considers the custodian as the “book of record” of the sub‐ledgers for assets and transactions. Do you accept this responsibility? Please describe.
4. Do you have documented policies and procedures in place over the processing and reporting of the master trust/global custody? If yes, please provide the table of contents for such policies.
5. Provide a diagram of the systems showing the relationships and interfaces of the names of the accounting systems that support the business unit, including the systems for global custody and multi-currency accounting.
6. Provide a complete description of the functions of each system and procedures for their use. For the trust accounting and multi-currency accounting systems and procedures include:
	* Compliance with generally accepted accounting principles
	* Master file structure, maintenance, and control
	* Double entry features linking securities and cash
	* Reversal procedures and controls
	* “Up front edits” for accuracy of input
	* Proofs of correct receipts of income and capital changes
	* Exceptions monitoring and internal control reports
	* Special accounting procedures to accommodate local practices for non-U.S. investments
	* Policies and procedures of your multi-currency accounting for converting data into U.S. dollars
7. Describe your organization’s ability to provide a direct “data feed” of all investment account information to LACERA’s G/L on a monthly basis. Include a description for the accounts held in at the custodian and those held by entities outside of the custodian (e.g., how would you gather the information and what format would the data be provided to LACERA?).
8. Provide a list and description of all accounting/custody reports that clients are able to generate out of your system. Is there any additional costs or fees that we should be aware of in order to generate the listed reports? Please specify.
9. Are you able to generate accounting and reporting information for GASB 3, 10, 25, 28, 31, 40, 53 ,67, 72, and 74 purposes? Please describe and provide sample reports.
10. How does your organization keep abreast of new GASB standards and provide support to your clients with implementation? Please describe your plan to track and address future GASB requirements.
11. Do you have the capability to generate trade cost analysis reports? Is there a cost for this service?
12. How does your organization handle GASB 53 requirements specific to commingled funds, real estate, commodities, private equity, absolute return, and OTC derivatives?
13. Are the general classifications for GASB 53 within GAAP guidelines as determined by an independent third-party vendor (i.e., E&Y, Deloitte, PwC, etc.)?
14. Describe your valuation hierarchy process, specifically in relation to GASB 72.
* What type of role would the client (LACERA) have in your process?
* What is the frequency data is updated and available?
* What is your firm’s experience generating a GASB 72 report?
1. Describe your ability to “unitize” or “pool” Fund investments.
2. LACERA has a requirement to "right to audit" or examine the books and records at the custodian's place of business and/or the custodian making such books and records available for LACERA's inspection. Does your firm accept and agree to this requirement?
3. List the primary and supplementary sources of monthly prices for all asset classes as well as the methodology for each. Which asset classes can also be priced daily?
4. Describe your process for validating prices.
5. What procedures are in place to ensure accurate pricing? What procedures do you have in effect, if any, to flag and investigate unusual or significant pricing changes from the previous day or month? Describe your procedures for reconciling prices with investment managers.
6. Describe your policy for handling price challenges and how they are resolved.
7. Discuss your use of stale prices. Do you identify the date of the reported value on your client reporting?
8. How do you price securities that are not available from your pricing services, such as private placements? Describe your process of pricing derivative securities and non-traditional fixed income securities (144As, etc.).
9. Describe your capability to provide commingled fund accounting.
10. What current accounting data is available on-line and for how long? What holdings information is available and for how long?
11. What is your process for restating previously closed periods once an issue has been identified? Under what circumstances will a closed period be reopened and who will authorize the process?
12. Describe the process and frequency of reconciliations performed with depositories, agents, and sub-custodian banks.
13. Identify and describe any other daily, weekly, monthly, or annual reconciliations performed.
14. What are your investment manager reconciliation policies and procedures prior to providing monthly reporting or issuing audited statements to clients? Is this proactive, reactive, or is the onus with the investment manager to reconcile to your information?
15. Specific to the above investment manager reconciliation process, how is it different for custodied and non‐in‐bank assets? How are valuation differences resolved?
16. Provide sample reconciliation reports.
17. What is the timing of accounting close and when clients receive monthly reporting of closed valuations?

Wire Processing

1. Describe your capabilities and systems for processing wires. Do you have a workflow tool allowing clients to enter and monitor wires? What is the approval process? How much lead-time is required to process a typical wire?
2. Describe in detail the process and controls for capturing all cash movements, including systems, tools used, etc.
3. Please describe your process in preparing wire transfer requests:
4. What documentation is needed to process wire requests?
5. What approvals are needed?
6. How long does it take from start to finish of the process?
7. How do you ensure/confirm that all scheduled transactions are completed by established deadlines?
8. How do you reconcile that the transaction occurred?
9. How is the external manager and LACERA notified when the transaction is completed?
10. What notification, if any, is sent to the investor when a wire has been processed?
11. Describe the steps that are taken when a wire amount does not agree to the amount indicated on supporting documents.
12. Do you have a document repository available to clients for investment manager financial statements, capital calls, and distribution notices?

Alternative Assets Accounting

1. Describe your experience with alternative investments (e.g., private equity, real estate, real assets, illiquid credit, hedge funds, etc.). Describe any special procedures for the processing, valuing, reporting and performance measurement of alternative investments.
2. Do you offer any stand-alone alternative asset administration services?
3. What software is used for alternative investment accounting? Is it proprietary? Please provide a brief description of the system and describe the process to integrate alternative investment accounting with the custody accounting.
4. Describe the ability of your accounting system to track total commitment levels to alternative investments, to track capital calls, distributions, and recallable capital against commitments, and to track market values. Please include the ability of the accounting system to include the following components of capital calls and distributions: management fees, incentive fees, fund expenses, return of capital, recallable capital, return of fees, realized gains, etc.
5. Describe your process for initiation and internal approval for recording cash transactions (e.g., capital calls and distributions).
6. Explain the processes to accommodate alternative investments in foreign currencies.
7. How does your system separate monthly adjustments to individual investments to true up fees and expenses or reclassify items?
8. Describe your system’s ability to accrue income and expenses. Will you accrue fees at our fiscal year-end for alternative investments?
9. Describe special procedures for the processing, valuing, and reporting of Securities Held Elsewhere, such as real estate, commodities, alternative investments, private equity, and absolute return strategies (hedge funds).
10. Specific to commingled funds, do you have the ability to capture the plan’s pro‐rata share of holdings for use in terms of monitoring and analytics?
11. Are outside vendors or software employed to handle real estate and alternative investments? If not, how did your organization achieve the in‐house expertise?
12. Specific to alternative investments, do you have capabilities to drill down to company (security) or partnership level in terms of monitoring? Kindly enumerate and delineate by types of alternative investments such as hedge funds, distressed, private equity, venture capital, real estate, absolute strategies, convertibles, senior secured debt, etc.
13. Can your system track hurdle rates and assist in validating investment manager fees by having breakpoints and the associated basis point fees?
14. Provide a copy of a sample monthly valuation report. What is the timing of the locking and reporting of the valuations each month?
15. Describe the background and experience of staff reviewing subscription and redemption documents.
16. How would you track and follow up with investors to obtain required missing information?
17. Describe steps that are taken when a wire amount doesn’t agree to the amount indicated on the subscription document.
18. For redemptions, how do you track any audit holdbacks and/or any funds remaining in side-pockets?
19. Describe your process to verify, confirm, approve, and maintain all capital calls/distributions. How do you escalate any cash or shortfall/discrepancies during capital calls?
20. Do you have a Dedicated Managed Account (DMA) platform? If so, please list the clients that use your DMA platform and the AUM of each client’s assets on your DMA platform.

Investment Fee Validation

1. What is your experience reporting fees that comply with California AB2833?
* Describe the data collection process of your firm and challenges encountered.
* Describe the data validation process (if any) to ensure accuracy and completeness.
1. What is your experience reporting information that complies with Section 6254.26?
2. What is your experience monitoring, validating, and reconciling management fee and expenses?
3. For waterfall calculations and claw backs (investor-level and asset-level) – describe the different variations of models supported for clients, what system is used (please specify if Excel based), and the process to understand, setup and implement waterfall calculations.  Can you provide a full recalculation of fees drawing from LPA terms?

### Income Collection & Tax Reclaims

###

1. Describe your procedures for ensuring that interest and dividends (domestic and international) are paid.
2. When and in what instances do you rescind contractual income collections? What is/are your policy(s) for both domestic and international markets?
3. Do you track late collections of income? Can you produce a tracking report detailing outstanding claims? Do you notify clients of failures to collect or late collections of income?
4. How do you prove accuracy and timeliness of receipts of income reported by your depositories, agents, and sub-custodians?
5. Discuss your policy, including interest that may be charged, for overdrawing a local currency account. How is the rate determined?
6. Describe how the client is compensated for late payment of interest, dividends, maturities, tenders, etc. How is the rate determined?
7. Describe your program for providing fail float interest on sale proceeds.
8. Describe in detail the processing of tax on foreign income, including your sources of information; procedures for maintaining information on current treaty provisions; Responsibilities and processing steps for filing and collecting refunds.
9. Please describe your tax reclaim procedures for ADRs and international securities. Are you able to guarantee 100% relief?
10. What percentage and US$ value of tax reclaims for the last three years ending December 31, 2021, was your organization able to reclaim?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Period** | **Total Tax Reclaims (US$)** | **Actual Reclaims****Collected (US$)** | **Actual Reclaims****Collected as a percent of** | **Outstanding Reclaims (US$)** | **Outstanding Reclaims as a****percent of Total Tax** |
|  |  |  | **Total Tax Reclaims****(%)** |  | **Reclaims (%)** |
| **2018** |  |  |  |  |  |
| **2019** |  |  |  |  |  |
| **2020** |  |  |  |  |  |
| **2021**  |  |  |  |  |  |

1. There is growing concern regarding the requirement for an Independent Tax Agent in certain countries in which LACERA is invested. Please describe how you support the Registration Process, designation of an Independent Tax Agent and preparation of the Global Power of Attorney for LACERA. How do you ensure that this is not a burden to LACERA?

### Cash Management and Short-Term Sweep

1. To the extent that LACERA would use STIFs managed and offered by the custodian, please list acceptable vehicles for the sweep of frictional cash and provide fund sheets for each.
2. For each of these available vehicles, provide the market value as of December 31, 2021, and corresponding expense ratios or management fees.
3. Have any of your short-term investment vehicles ever “broken the buck”, defaulted, or experienced losses?
4. What is your daily compensation and overdraft policy? How are overdrafts communicated to the client?
5. Does your organization have the capability to provide a cash availability projection report? How many days is the cash projection (i.e., 5 days, 10 days, 30 days, 60 days, or 90 days)?
6. Specific to money movement, expense payment, wires and/or capital calls initiated by LACERA, what are your policies and procedures (i.e., authorization, approval, tracking/monitoring, access codes, authentication process, etc.)? Describe a progressive cash flow movement and control process for LACERA.
7. What is the daily notification deadline for outgoing wire transfers (US & Non-US and for currencies)?
8. What is the daily deadline for receiving incoming wire transfers in order to ensure same-day investment and posting to our account?
9. Identify the cash interest rates paid by country for major and emerging markets. How are these rates determined?
10. Discuss your cash forecasting process. Is it available through your on-line information system? Are alternative investments capital calls and distributions included in cash forecasts? How far in advance can cash be projected?
11. Describe your cash management policies and procedures regarding the purchase and sale of securities and receipt of income.
12. What are your policies and procedures for investing daily surplus cash balances that are not used by investment managers?
13. What are the sweep timing options?
14. List any countries where your standard cash management policies are currently not enforced and explain.

###

### Corporate Actions, Proxy Voting Services, and Class Action Claims Filing

1. Describe the structure of your dedicated unit for corporate actions, proxy voting support, securities litigation and class action claims filing.
2. Describe your procedures and timing for establishing domestic and international entitlements and accruals for capital changes (stock splits, stock dividends, spin-offs, mergers/acquisitions, tenders, calls, warrants, maturities, etc.).
3. In connection with providing securities class action claims filing services for LACERA, please confirm, with adequate detail as to how you would do so, whether and how your firm will provide the following services:
	1. Obtain all of LACERA’s current and historical securities trading and holdings information as necessary directly from its current custodial bank, State Street Bank and Trust Company, and, as necessary, LACERA’s prior custodial bank, Bank of New York/Mellon.
	2. Identify all open securities class actions as of and after the date of the executed contract between LACERA and the successful firm involving claims of alleged violations of securities and/or antitrust laws or regulations filed in state or federal court within the United States, as well as in foreign jurisdictions (“Class Actions”), where your firm determines LACERA is a class member and eligible to share in any recovery obtained by virtue of its trading and holdings in the underlying security or securities;
	3. Submit timely, complete and accurate proofs of claim on LACERA's behalf in connection with those class Actions where LACERA is eligible to participate, including all necessary information and supporting documentation, unless instructed in writing prior to the filing deadline by LACERA not file a proof of claim in a particular Class Action.
	4. Receive and review deficiency or rejection notices from the court-appointed Class Action claims administrator and respond as necessary prior to the applicable deadline.
	5. Recover funds owing and distributed to LACERA from the Class Action claims administrator, verify accuracy of distribution, and remit funds to LACERA; and
	6. Provide reports to LACERA no less than quarterly on identified Class Actions, including case name; claims filing deadline; date a claim is submitted on behalf of LACERA or reason(s) for non-filing; amount of expected recovery; date and amount of actual recovery; amount of service provider’s fee, if any; net amount recovered; date of deposit in LACERA’s bank account; and any other pertinent information.
4. Is class action monitoring and filing of claims performed in‐house or subcontracted? What is the extent of limitation of your service? Be very specific.
5. Are you willing to file all claims with class periods that predate the conversion using data supplied by a third-party service provider?
6. Describe your process for coordinating with outside monitoring services for class actions and provide information on additional fees charged for this service.
7. Are there any cut-off date requirements specified with respect to class action processing?
8. Describe in detail your process for providing notice to clients of capital changes/corporate actions requiring their decisions and notification from the prior to processing including:
	1. All Sources of information on terms of elections, U.S., and non-U.S.
	2. Methods of notifying clients.
	3. Deadline requirements for client response.
	4. Methods of receipt of instruction from clients (including online access).
	5. Procedures for implementing client elections.
	6. Method and mode of relaying instructions to sub-custodians.
	7. Procedures for controlling sub-custodians’ timely and appropriate action; and
	8. Provide information on your procedures and timing for posting income receipts and capital changes to client accounts.
9. Specific to proxy services, please answer the following:
	1. Briefly describe the custodian’s proxy services for domestic and foreign securities, including providing proxy notification, monitoring, etc. Include a list of the various sources the custodian uses for corporate meeting announcement.
	2. Describe your process for sending share positions to a 3rd party. Do you have the capabilities to transmit holding information on a daily, weekly, or monthly basis?
	3. Please describe your share reconciliation process including shares held on record date, shares on loan, and shares entitled to vote on meeting date. How are clients notified of any discrepancies identified through a share reconciliation process?
	4. Are you able to recall shares on loan or coordinate with 3rd party lending agents to recall shares are on loan prior to record date to participate in the proxy process?
	5. Describe your process for monitoring and ensuring Power of Attorney’s are in place and current. How often are power of attorney forms reviewed for expirations? How far in advance of PoA expirations do you notify clients for rectification?
	6. Provide a list of which countries/markets/securities which you or your sub-custodians will not represent LACERA at local meetings due to operational issues, share blocking requirements, or re-registration requirements (requiring LACERA to pay additional fees to sub-custodian or other 3rd party to represent LACERA for vote to be counted). As part of your response to the above, please specify which markets comprising the MSCI ACWI Index you do not offer coverage for all constituent securities? For any markets where you do not provide coverage, what is the process for a client to execute a proxy vote?
	7. Provide a list of proxy services which would be considered additional or add-on services to standard services.
10. Describe your experience with ISS as a proxy voting service provider.
11. What are your strengths and weaknesses in proxy services provided?
12. What is distinct about your proxy services?
13. Provide a description of Environmental, Social, and Governance data services and analytics provided. What data points are collected, tracked, and can be reported at portfolio and composite level? Are the ESG data analytics integrated into other data and portfolio analytics services the firm provides? If so, please provide a description of services and ESG data availed in each.

### Performance, Investment Guideline Compliance and Risk Analytics

1. How many institutional clients and what percentage of institutional clients use these services? Please provide at least one client reference for your performance, risk analytics, and investment guideline compliance capabilities.
2. Describe the performance, risk analytics, and investment guideline service offering and systems. Are these groups separated? If so, where in your organization do these services reside? What services are charged additional fees?
3. Describe the size of the group that will be servicing LACERA for each of these services?
4. Provide a list of reports available for performance, investment guideline compliance, and risk analytics. What quality assurance procedures are conducted prior to distributing/finalizing client reports?
5. Describe your process for providing customized reports to our specifications, both at the onset of the relationship and ongoing. Provide turnaround times for customized reporting requests. Is customization available to the end-user through ad hoc query tools?
6. What plans do you have for enhancing your performance, investment guideline, and risk analytics systems? Please provide a release schedule for enhancements.
7. Are there different levels of performance measurement and analytics services? If there are different service levels, describe whether they reside in one performance measurement module/system or multiple modules/systems.
8. What methodology is used for performance calculation? Provide process for calculating performance (including pricing sources and hierarchy) for each asset class, treatment of large cash flows, partial month funding or terminations, treatment of cash in transit/receivables, frequency.
9. In calculating basic performance, are beginning of day or end of day values used? Are trade dates or settlement dates used? Do clients have the ability to perform both, if desired? Are clients able to perform customized ad hoc calculations for any level of grouping and/or time period?
10. Are returns available on a daily and monthly frequency?
11. List all performance return types that are offered (e.g., Gross, Net, Net All, TWR (OD/MD), IRR, combinations)?
12. Discuss your performance measurement capabilities for alternative assets (hedge funds, private equity, real estate). How are these returns combined with public market returns for total fund reporting? Are separate systems used? If so, describe in detail.
13. Discuss lagged and non-lagged performance calculations.
14. How is information loaded into your performance measurement system (manually, electronically)? Delineate by asset class, including alternatives if there is a difference in approach?
15. Discuss the timing of performance calculation. How many business days after accounting close is performance available? Describe your process for daily versus monthly/quarterly returns closing.
16. For Non-U.S. portfolios, explain what type of security and country level return information you provide.
17. Explain how your performance system handles derivative securities such as futures and options, forward contracts, warrants and rights, and convertibles with currency features.
18. For commingled funds, describe the performance and holdings level information available on your platform.
19. List all indices, benchmarks and universe returns available to LACERA. What is the source of benchmark information? Do clients need independent contracts to utilize benchmark returns? Can clients access benchmark returns on-line? Do you have the ability to load prior months and/or years returns? Describe your ability to accommodate custom benchmarks. Is there a limit on how many custom benchmarks a client can have?
20. Do you provide universe comparison services based on an internal universe, an outside vendor (such as Wilshire/TUCS), or both? Please describe your capabilities in detail.
21. Discuss the policy of your organization regarding maintaining consistency between accounting system information and performance information for a given period.
22. Describe how the performance reports are reconciled with accounting statements for the same period. Are they audited? Indicate whether the system is internal or if you use an outside vendor's service. If you use outside vendors, please list them along with a brief description of the specific services provided.
23. Describe the process for revising returns, when necessary.
24. What procedures exist to verify the accuracy of rates of return? Describe the process for reconciling performance with investment managers. How are return differences resolved and by when?
25. Describe your attribution capabilities. Do you offer both returns- and holdings-based attribution? How are alternative investments and commingled funds treated? Discuss your attribution capabilities regarding currency effects and describe your capabilities for fixed income portfolios.
26. What additional performance measurement and analytical databases would be made available to LACERA?
27. Provide a list of descriptive statistics available in your exposure reporting (i.e., geography, sector, industry, bond characteristics, etc.).
28. Describe your data requirements to backload data for historical performance comparison. How far back is data loaded?
29. Do you provide portfolio characteristics (versus benchmark), style analysis, and ex-post risk statistics? What are the sources of the portfolio characteristics data?

Investment Guideline Compliance

1. Please provide a complete description of your capabilities for monitoring required compliance with the Patriot Act, Anti‐Money Laundering, Chinese Military Sanctions, and OFAC SDN List. Are you able to identify companies held in LACERA accounts which have been fined by OFAC?
2. What system is used to monitor investment guideline compliance? What is the client interface to that system?
3. Provide a description of the different levels of compliance monitoring (i.e., basic, intermediate or advanced) you provide and advise which services are included in your fee proposal and which are available for an additional fee.
4. Is compliance monitoring performed for all asset classes? Is it performed daily? Is it on a Post‐Trade, Pre‐Settlement basis? Is it available on‐line?
5. Describe your system as it relates to testing portfolio holdings (max, minimum weights), external data that may require data available from external sources, derivatives tests, liquidity thresholds, risk management tests
6. Describe the on-boarding of client guidelines to your platform.
7. Discuss the levels of flagging available.
8. Describe the client portal and client service aspect of your compliance program. What does the typical relationship between your team, system and the client look like? Do you work with investment managers if a guideline is flagged?
9. How do you address guidelines that cannot be coded into your system? Can your compliance service conduct off-line manual tests if your on-line system is unable to conduct the test?
10. Comment on your ability to monitor an investment manager's trades for extreme positions that could indicate unauthorized or rogue trading. Can these trades be identified before settlement? What types of alerts are available?
11. How do you work with new clients to adapt your system to their unique requirements? How long does it usually take to implement a new client of similar size and scope to LACERA?
12. Please provide an example of what a monthly summary compliance exception report would look like.
13. Do you have look-through capabilities for commingled funds? What types of tests are available for alternative assets?

Investment Risk Analytics

1. Are you able to assist LACERA with the monitoring and reporting of risk in the portfolio? Do you offer multiple levels of risk management reporting/analytics? If so, please state what services are included in your fee proposal and what services are available for an additional fee.
2. How does the system measure risk? What model is used? If you offer multiple, please describe.
3. Is your software or application able to produce reports for stress testing, scenario analysis, what-if risk analysis, and Value at Risk (VAR)? Please provide a sample report.
4. Describe the approach to modeling each asset class. Provide detail on how you proxy risk for alternative assets (hedge funds, private equity, private real estate, private infrastructure, natural resources, illiquid credit) and what is done at the total fund level to ensure that risk at the aggregate level is sensible.
5. How are commingled funds treated?
6. Does your teamwork with investment managers to on-board assets?
7. Does your system both returns- and holdings- based reporting?
8. Speak to your ability to clean and enhance data prior to finalizing client reports. How is data validated?
9. Do you have an online portal for client to access? Can clients extract data and create custom reports?

### Technology and Reporting

1. Describe your technology support organization, including the total number of personnel that work in the systems and technology development unit. Describe responsibilities, reporting lines, and staffing.
2. Describe your process for prioritizing projects and allocating resources.
3. Please provide the Technology, R&D and Systems budgets (in actual US$ terms) specific to trust and custody services over both the past three and next three years.
4. What is the data infrastructure, on premise, cloud, or hybrid?
5. Is core development U.S. based? Do you use 3rd party developers?
6. How much has your organization dedicated to custody-related hardware and software enhancements/upgrades during each of the past two years in dollar terms and as a percentage of total custody operating expenses?
7. Provide a brief description of the information delivery system or workstation for client interface. Include a description of client interface technical requirements (i.e., PC operating system, web browser software and version). Describe the levels of service, if any.
8. Is the above information delivery system subcontracted or in‐house? If subcontracted, please specify the vendor’s name and release number, including the description of the relationship and how access to the source code is defined.
9. What is your vision over the next five years in terms of your technology and processing capabilities that will ensure your competitiveness and existence?
10. Is your custody and accounting platform able to interface with various investment accounting systems? How does your organization handle client specific G/L feeds to an in‐house application?
11. Please discuss scheduled downtime. What are the processes relating to scheduled downtime (e.g., client notification, parallel servers, period of time system unavailable per occurrence, etc.)? How much scheduled downtime has the system experienced in each of the past two years? How much unscheduled downtime has the system experienced in each of the past two years? What were the primary causes and how were the problems corrected?
12. Provide a brief summary of the systems supporting the global custody service, including:
	* Custody systems (securities movement and control, trust accounting, global custody, multicurrency accounting, derivative accounting);
	* Corporate actions systems;
	* Performance measurement systems’
	* Compliance systems; and
	* Any recent or planned system developments.
13. Describe how all of the systems supporting the global custody service are integrated. Specifically, explain how the platforms for your accounting, alternative investments, custody, performance and compliance systems are integrated.
14. Describe the minimum technical requirements for a client to virtually use your platform? Does the software have any dependencies like Java?  Do you use a plug-in?  If so, are they required to operate the system?
15. What are your IT plans for the next three years? Provide a development timeline and release schedule for each of your major systems supporting global custody operations, with specific focus on the on-line accounting, performance and compliance systems with which staff would interact.
16. How do you work with clients on systems development? How are clients’ requests prioritized for implementation?
17. Describe what hardware/software requirements you would prefer the Agency use to connect to your systems?
18. Identify your system architecture’s strengths and how it gives you a competitive advantage.
19. How do you notify your clients of updates to software?
20. Describe the minimum technical requirements for a client to virtually use your platform? Does the software have any dependencies like Java?  Do you use a plug-in?  If so, are they required to operate the system?
21. For client available systems, is two-factor authentication available for logging in?
22. What are the hours of client support? 24/7?
23. Briefly describe your online system (design, inquiry features, reporting capabilities, flexibility).
24. Provide the following information related to your online system:
	* Name, version, and release date;
	* Access (Toll dial/toll free dial/internet);
	* Supports modem poll (yes/no);
	* On-Site and/or virtual training for clients (yes/no);
	* Consultant access (yes/no);
	* Help desk staff (number of employees) and hours;
	* Installation and annual fee;
	* Is a demo site available that LACERA can access?
25. What is your process for timely notifying clients of security incidents with respect to (a) your organization and (b) impact on individual customers?
26. What security incidents have occurred in the five years? What was your response?
27. Provide current SOC-2 reports, penetration tests, and other information security reports.
28. What is the carrier and limits of your (a) cyberliability and (b) errors and omissions insurance? Provide copies of your current cyberliability and errors and omissions policies.

### Commercial Banking Services

###

Please furnish discussion for each of the banking services you offer in the following areas:

1. ACH processing
	* LACERA presently transmits approximately 70,000 transactions on a monthly basis, using pre‐note procedures to enhance the accuracy of these transactions.
	* LACERA requires a high level of support in the area of return and reversal items including on‐line review of daily activity.
	* Discuss capabilities to retain the most recent ACH file and, with the modification of pay date, to transmit that file the next month. This support could be crucial to LACERA disaster recovery capabilities.
2. Lock Box or Electronic Processing
	* LACERA requires that Lock Box or electronic transactions be entered, and the data transmitted on a daily basis via FTP, with actual supporting documents available online. LACERA requires an electronic copy of paid checks.
3. Checking Account Services

LACERA has particular interest in these areas:

* + Positive pay and Positive payee services; methods by which disbursements should be communicated to the bank
	+ Maintenance of zero balance checking accounts for the trust account
	+ ACH debit blocking services
	+ Online account inquiry and stop payment processing
	+ Online copy of cancelled checks
	+ ACH credit and debit reporting and wire reporting online
1. Does your firm provide commercial banking services for clients that own separate account real estate through title holding corporations? If so, describe in detail your service model, experience, and the interplay between commercial banking activity and the general custody/accounting service.
2. If you do not provide commercial banking services for real estate title holding corporations, please describe your experience in working with a client’s commercial bank to obtain the information you may need for accounting and wire transfers.
3. Other services
	* Remittance of federal and state withholding taxes
	* Wire transfer services; LACERA presently performs an average of 2‐3 wires per day
	* Corporate Credit Card and fraud protection
4. Technology and Web Enabled Platform
	* TreasuryEdge or comparable system platform
	* CASHPRO or comparable system platform

Benefit Payment Services

8) Please describe your benefit payment processing capabilities.

9) Please include your ability to withhold and remit payroll taxes to federal and state agencies for month‐end and mid‐month transactions.

10) Systems:

* 1. What hardware is used to process plan data? What type of interface is required from LACERA to access your system for inquiry?
	2. Where is your computer hardware located?
	3. Do you own the computer equipment?
		+ - Yes No
	4. If not, describe the relationships your hardware system shared or dedicated? If shared, describe the established priorities.
	5. Describe your documented disaster recovery plan.
	6. Do you have a secondary‐processing site?
		+ - Yes No
			- If yes, where is the secondary site located?
	7. Describe any recent experience in recovering from primary system failure.
		+ - Describe your maintenance and back‐up procedures: Number of daily backups; Retention Schedule; Do you store tapes off‐site?
	8. Who developed your software and when was it installed?
	9. Who maintains your software?
	10. If you are using an outside vendor, does the licensing agreement permit your company to modify the system?
	11. Do you have access to the system source code?
	12. How do you ensure participant data confidentiality and privacy? Please describe your data security procedures.
	13. Have any breaches of security and participant data occurred over the last three years? Please describe such occurrences and the remedies provided. Have you had a security penetration test performed within the last 2‐3 years? If so, please share the results of this test.
	14. How many programmers and systems staff do you employ to maintain the system?
	15. How often is the software updated? Provide information about any pending system modifications and include release dates.
	16. Are you going through any system conversions or major changes now or in the next three years? If so, please describe and give dates.
	17. Do you have on‐line or web enabled applications that LACERA can utilized to access benefit payment information? Please describe.
	18. Do retirees have the capability to call up his or her own account to see the status of his or her payment(s) via the Internet or on‐line access is limited to LACERA as gatekeeper of all participant records?
	19. Can LACERA or designated plan administrator track checks (cleared or outstanding) via the Internet or other on‐line applications?
	20. Can LACERA or designated plan administrator run ad‐hoc reports via the Internet or other on‐ line applications?

11) Benefit PaymentProcessing:

1. How many benefits payment checks (hard checks and electronic fund transfers/direct deposits) do you process on a monthly basis? Please delineate by recurring and non‐recurring payments.
2. What is the error rate (i.e., wrong amounts, wrong checks, delivery to the wrong address, wrong deductions, etc.) for benefit checks and electronic fund transfers over the last three years?
3. How many earnings and deduction codes can the system handle?
4. Can the system handle multiple payment types on one check to the retiree?
5. Can you accommodate multiple payment cycles: i.e., some checks issued at the beginning of the month and some checks issued the end of the month?
6. Can you do off‐cycle payments? Please provide a discussion of your process and how such occurrences fit in your reconciliation process.
7. How do you handle check forgeries and other fraudulent encashment of hardcopy checks?
8. Is a direct deposit service routinely provided to payees?
9. When are advice mailed?
10. Are you able to print messages with retiree checks? Any limitations on the text? Are there additional costs associated with such messages?
11. Can LACERA (the designated plan administrator) include additional mailings and flyers? Are there extra costs associated with such additional mailings?
12. Can you wire lump sum payments to rollover institutions?
13. How does your organization handle current retirees under existing EFT agreements?
14. Are state taxes, insurance premiums, etc. routinely withheld?
15. Regarding benefit payment services, detail a typical processing cycle including timing requirements for additions, deletions, and other changes to a file.
16. Describe the funding process for the pension payment‐checking amount, including checks and balances.
17. Describe the policies and procedures for Timely Notification of Returned Payments.
18. Can you handle customer service queries via email for the re‐issue or stop payment of checks and other services that do not require an authorized signature for completion?
19. How are refunds due to overpayments collected?
20. What is your float management policy?
21. Please provide a complete description of how outstanding check issues are handled, namely soliciting retirees, aging process, and death searches.
22. Please provide complete process for handling and processing stale dated checks that are outstanding for a period of 12 months or longer.
23. What is the procedure for investment of the funds being disbursed, that is, fund for which checks have been written but have not cleared? Are interest bearing accounts operated to hold unpaid funds and who receives the interest on the float?
24. Is follow-up on outstanding checks provided and what type of interface with the plan sponsor and/or recordkeeper is required.

### 12) Reporting:

1. What types of benefit payment reports/reconciliations are available to clients? Provide report samples.
2. Since LACERA will require detailed reporting, does the benefit payment system allow tracking of pension payments, by type of payment (monthly pension, death, lump sum, $5,000 or less, mandatory cash‐outs, etc.), by subsidiary, by type of employee (i.e., executive, represented, non‐ represented)? Further, would the reporting separately track restorations, tax refunds, taxes withheld and actual benefits?
3. In order to maintain the accuracy and timely funding of the monthly benefit payments, can you provide LACERA (the designated plan administrator) a summary of the funding required and the timing of the report? Will it be fully reconciled?
4. Please describe in full your tax reporting capabilities, including disability payments.
5. Please indicate how you report stop payments and re‐issues with regard to reconciliation of tax reporting, especially when a tax year has passed.
6. Are benefit payment fees adjusted on who gets the float? If so, is this consistent with DOL pronouncements?
7. Is the acceptability of the float policy contingent on how the payment account is structured either as a demand deposit account (DDA) or controlled disbursement account (CDA)?
8. Can mailing labels be provided upon request?
9. How do you partner with customers to provide Plan Participants in pay status with communications?

13) LACERA meets annually with the Benefit Payment Service provider to review relationship needs. Is

this acceptable and describe a typical process for such review?

1. Additional Service Model and Capabilities

### Securities Lending

1. Provide a description and brief history of your securities lending business.
2. Are there any current organizational issues (i.e., mergers, acquisitions, personnel changes, business concerns, etc.) about your institution regarding securities lending that we should know about? Describe.
3. Describe the various types of insurance coverage and indemnification provided to protect your securities lending clients. Each description should include:
	* Risk Coverage
	* Carriers
	* A.M. Best Rating
	* Levels
	* Limits
	* Deductibles
	* Expiration
	* Dishonesty Coverage
4. List and describe all pending or threatened litigation against your organization in reference to securities lending services. List and describe all agency supervision associated with the pending or threatened litigation. What has been your experience with regard to litigation or agency supervision over the past five years?
5. LACERA requires that the securities lending agent act as a fiduciary for the securities lending function. Please verify that your firm is able to do this.
6. What is the primary form of lending your firm offers ‐ agent, principal, or both? Describe. What is the percentage breakdown between agent and principal lending from a total client basis?

Lending Clients

1. Describe your current client base. How many clients participate in your lending program? Without disclosing client names, list as follows as of **December 31, 2021**.

|  |  |  |
| --- | --- | --- |
| **Plan Sponsor Type** | **No. of Clients (Agent Relationship)** | **Lendable Base (Agent Relationship)** |
| *Corporates* |  |  |
| *Public* |  |  |
| *Endowment and Foundations* |  |  |
| *Taft‐Hartley, Union* |  |  |
| *Mutual Funds, Investment Manager’s Commingled**Funds* |  |  |
| *Insurance Companies* |  |  |
| *Others* |  |  |
| **TOTAL** |  |  |

1. Provide the number of **clients (all market segments)** gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US$ millions as of initiation date for clients gained and termination date for clients lost.

### Securities Lending Clients Only

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Clients Gained****(Number)** | **Clients Gained****(US$ millions)** | **Clients Lost****(Number)** | **Clients Lost (US$****millions)** |
| **2019** |  |  |  |  |
| **2020** |  |  |  |  |
| **2021** |  |  |  |  |

Borrower Consideration, Collateralization, and Indemnification

1. Describe how credit analysis is performed and with what frequency the individual borrowers are reviewed.
2. Provide a list of your current borrowers. Identify the top ten borrowers and the percentage these borrowers represent of the total program. Can a client restrict specific borrowers?
3. What collateralization percentage is required for each of the security types (domestic and international equities and fixed income)? What value (market value only, including accrued interest, etc.) is the basis for this percentage?
4. What securities are accepted as collateral for loans (i.e., cash and government securities)? Are the securities held by the custodian? Please comment.
5. How frequently does your firm mark to market the collateral? When is additional collateral requested (same day, next day)?
6. How far below the required collateralization percentage must the collateral dip before a margin call is made?
7. Is the mark to market process done by loan or security or in aggregate? Please describe both mark‐ up and mark‐down process.
8. LACERA requires full operational and borrower default indemnification within the securities lending program. Is your organization able to comply with this requirement? Describe your full operational and borrower default indemnification policy. Be sure to address the following:
	* Borrower files for bankruptcy for whatever reason.
	* Failure to recall securities before settlement date.
	* Failure to secure additional collateral and margin requirements.
	* Failure to receive dividends, distributions, and all economic benefits of ownership.
	* Immediate use of Non‐Cash Collateral in the event of Borrower Bankruptcy.
9. Does your firm provide additional types of indemnification beyond borrower default (i.e., collateral, negligence, trade settlement, etc.)? If so, can your firm provide LACERA with these additional levels of indemnification? Describe.
10. Is your organization able to provide for total or partial collateral investment risk indemnification? Does your organization have clients with such arrangements? If so, please describe?

Risk Management

1. How does your firm manage the following risks?
	* Borrower/Counterparty Risk and Default
	* Collateral Investment Risk
	* Interest Rate Risk
	* Credit Spread Risk
	* Liquidity Risk
	* Trade Settlement Risk
	* Operational Negligence
	* Sovereign Risk
	* Currency Fluctuation Risk
2. Has your organization experienced any losses due to operational negligence, collateral reinvestment and/or security specific reinvestments, and/or broker default since the inception of your securities lending program? Describe. What was the recourse provided to clients and the level of dialogue to explain (resolve) the issues?
3. If a client wished to withdraw from your firm's securities lending program, what notice period is required to ensure 100% on the dollar payoff?

Lending Volume, Process, and Limits

1. What was the daily average dollar volume of securities loans outstanding for the last 12 months? Specify in US$ millions.

### For the 12 months ending December 31, 2021

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Asset Classes** | **Daily Avg. Lendable Base****(US$****millions)** | **Daily Avg. Out on Loan (US$****millions)** | **Utilization Rate (%)** | **Avg. Rebate Rate/Fees (bp)** | **Average Demand Spread (bp)** | **Average Reinvest Spread (bp)** | **Avg. Daily Spreads Net of Rebate (bp)** |
| US Large CapEquities |  |  |  |  |  |  |  |
| US Mid & Small CapEquities |  |  |  |  |  |  |  |
| US CorpBonds |  |  |  |  |  |  |  |
| High Yield |  |  |  |  |  |  |  |
| REITS |  |  |  |  |  |  |  |
| US Govt Bonds |  |  |  |  |  |  |  |
| TIPS |  |  |  |  |  |  |  |
| Non‐USEquity |  |  |  |  |  |  |  |
| Non‐US FixedIncome |  |  |  |  |  |  |  |
| Other Assets(describe) |  |  |  |  |  |  |  |

1. Can a client limit lending on any specific security or intrinsic value, only on negative rebate levels, and/or earnings based on overnight reinvest only? Please explain.
2. Describe your allocation or queuing process and relevant entitlement methodology.
3. What system is utilized for lending securities? What system is utilized for reinvestment of collateral?

Collateral reinvestment, conversion process, and reporting

1. Provide a brief description of cash collateral reinvestment vehicles utilized in the reinvestment of cash collateral applicable to LACERA. What type of vehicle are you proposing?
2. Are you able to handle separate cash collateral reinvestment accounts managed by LACERA or a third party? Explain how cash flow and communication would work. Are there additional costs involved?
3. Please specify if the cash collateral reinvest vehicle are daily valued at market or based on amortized cost.
4. Describe your organization’s formal transition planning process as it would apply to the securities lending program.
5. For example, given a targeted conversion of July 1, 2023, please provide a transition calendar.
6. How should we handle securities out on loan during the conversion process? What should we consider in terms of unwinding without a loss, substitution, recall, etc.?
7. Provide a list and description of reporting that is available to clients from your systems.
8. On a daily basis, LACERA requires full transparency to loans, counterparties, rebates/fees, collateral posted, and collateral investments, including information specific to NAV (fair market value), credit, risk and liquidity risks. Are you able to comply with this requirement and how?
9. Does your firm provide audit (GASB 28) reports? If so, how frequent?

### Foreign Exchange Capabilities and Derivatives Pricing

1. Describe your Foreign Currency (FX) management capabilities. Be sure to discuss the following:
2. How does your organization demonstrate the competitiveness of your foreign exchange and how does your firm ensure that custodial clients achieve best execution?
3. What documentation or analysis would your organization provide to LACERA that demonstrates such?
4. How does your organization handle the repatriation of foreign income (e.g., interest and dividends) into U.S. Dollars?
5. Is your organization willing to disclose both explicit and implicit costs of FX Trades?
6. Is your organization willing and able to provide a “time‐stamped” FX trade and disclose at what price your firm valued the FX trade?
7. Does your organization flag off‐market transactions (considered to be 10% or greater variance) automatically?
8. How are off market transactions reviewed independently?
9. Primary foreign exchange desk location
10. Describe your trade execution monitoring system.
11. Describe your trade settlement capabilities for FX trades executed with counterparties other than the custodian. How does your organization support the tracking of non‐custody bank executed FX trades of investment managers and/or LACERA?
12. Has your firm been investigated for any issues related to FX trading? If so, please explain.
13. LACERA reserves the right to allow managers to execute any and all FX trades with third party brokers. What different FX execution options can you provide to both LACERA and its investment managers beyond custody FX execution venues (i.e., Street FX, Pre‐Negotiated FX, Electronic FX Execution Platforms, etc.)?
14. List your sources of exchange rates, including forward rates. Describe your procedures for accessing and applying exchange rates for all types of activity and position valuations.
15. Does your organization charge a penalty or administrative cost for currencies executed by a third‐ party other than the custodian bank?
16. Will your firm use a competitive bidding structure to execute FX transactions? Will your organization be able to provide performance reporting or best execution or trade cost analysis reports for FX transactions?
17. List and describe all pending or threatened litigation against your organization in reference to foreign exchange execution services. List and describe all agency supervision associated with the pending or threatened litigation. What has been your experience with regard to litigation or agency supervision over the past five years?
18. List and describe all pending negotiations or discussions regarding losses by clients in reference to foreign exchange execution services.
19. LACERA requires that the foreign exchange execution agent act as a fiduciary for the foreign exchange execution services function. Please verify that your firm is able to do this.
20. Provide the average daily trade volume processed by country for the last three years. Group them by asset class and major emerging markets.
21. Describe your derivatives pricing service in detail. How do you price OTC or hard-to-price derivatives.
22. Describe the process for settling derivative products
23. Describe procedures you employ for processing, valuing, and reporting both domestic and non-U.S. derivative products

### Business Continuity Resources and Data Security

1. What are your security procedures to protect customer information, especially with respect to unauthorized access to data, methods for authenticating users, and providing different access rights and permissions? Please describe in detail all security measures. Please describe your notification process should a breach occur.
2. Describe where LACERA data is held and how it is secured.  Is the data storage US based?  Who owns the encryption rights to LACERA’s data?
3. Have you experienced any data breaches in the past three years? If so, how many? Describe how the issues(s) were resolved and provide the downtime experienced as a result of the breaches.
4. Please provide information on instances of your firm inadvertently sharing client data. How many instances have occurred over the last three years? Provide examples of the largest disclosures including what type of information was shared. What policies and procedures have been instituted to reduce the likelihood of future occurrences?
5. Describe your process for real-time file back-up and off-site storage for data and software, including back-up locations.
6. Describe your emergency management/business continuation plan. In your description, please identify alternative operating sites and the maximum time required to resume business operations. Please provide the date of the last testing and a summary of results or lessons learned.
7. Please answer the following questions about your disaster recovery plan:
* Are there back-up capabilities for your systems in case of malfunction or disaster?
* How many hours before data can be retrieved?
* How often do you test the plan?
* When was the last test?
* Has the disaster recovery plan been used during the past three years? If so, please describe each situation and the results.
* What was the longest duration of any such outage and what was the cause?
* What has been put in place to prevent this occurrence again?
1. Describe your organization’s formal transition planning process as it would apply to this mandate. In addition, describe the role of the client servicing team and/or conversion team assigned to the relationship.
2. How many new client on-boardings have you completed over the past 24 months? How many of these were for clients comparable in size to the presumed size of LACERA? What is the typical timeframe for on boarding a client?
3. Given a targeted conversion of July 1, 2023, please provide a transition calendar.
4. On what date would you commence parallel processing in order to develop history, test procedures, and establish entitlements/accruals given a full conversion by July 1, 2023?
5. Prove a detailed description of a comparable conversion. Include the details of specific issues that occurred, and the solutions implemented.
6. What resources are required of the client during the transition period?
7. Describe the process by which the conversion team transitions the relationship to the client service team.
8. Provide an example of a training schedule for all systems LACERA will need to be trained on.
9. What should the LACERA look out for, and what are areas of concern and any heightened level of sensitivity during the conversion period? Please discuss how transactions, tax reclaims, reregistration, accruals, etc. are handled during the conversion period.
10. How will you handle class action filings and income due related to settlement periods under prior custodians and settlements that cross over from the prior custodian to the new custodial contract?
11. How will you handle open tax reclaims related to reclaims filed by prior custodian?
12. How should LACERA handle securities out on loan during the conversion process? What should LACERA consider in terms of unwinding without a loss, novation, substitution, recall, etc.?
13. Describe how you will support an external audit process to confirm and test assets balances during 7the transition.
14. Describe how much accounting and performance historical data would be backloaded. Describe in detail how much of the data backload is a typical amount for an implementation and what is considered an additional service.
15. How would you support LACERA in an exit strategy should we wish to convert portfolios off of your platform? What format would you provide that information to LACERA?
	1. **Conversion Process**
16. Describe your organization’s formal transition planning process as it would apply to this mandate. In addition, describe the role of the client servicing team and/or conversion team assigned to the relationship.
17. How many new client on-boardings have you completed over the past 24 months? How many of these were for clients comparable in size to the presumed size of LACERA?
18. For example, given a targeted conversion of July 1, 2023, please provide a transition calendar.
19. On what date would you commence parallel processing in order to test procedures and establish entitlements/accruals given a full conversion by July 1, 2023?
20. What resources are required of the client during the conversion period?
21. Provide an example of a training schedule for all systems LACERA will need to be trained on.
22. How will you handle class action filings and income due related to settlement periods under prior custodians and settlements that cross over from the prior custodian to new?
23. Discuss how transactions, tax reclaims, reregistration, accruals, etc. are handled during the conversion period.
24. How are securities out on loan be handled during conversion?
25. How would you support LACERA in an exit strategy should we wish to convert LACERA off of your platform?

### Market and Regulatory Compliance Research

1. Describe how your support clients and provide education on Enterprise and Regulatory Compliance issues. What internal group(s) provide the support?
2. Does your firm produce research on regulatory requirements? Is that information provided to clients? If so, in what manner?
3. Please provide a sample of the research that your firm produces for market and regulatory requirements
4. Fees and References

### Custody, Banking, and Related Services Fees

Based upon the information provided in this request for proposal, state your annual fee for the next five years for the proposed relationship with LACERA. Please also provide flat fee and per unit fees for the services cited.

## FLAT FEE BASIS

**Please provide an annual flat fee for custody services required by LACERA. The flat fee should be quoted in a flat dollar (in US dollars) basis. Please note that the below fees are for Custody and Related Services, and for Banking Services Only. (Benefit Payment Services is not included but specified as a separate fee schedule under the Unit Cost Section.)**

If the function of securities lending is allowed: (Please note that LACERA is asking “if your organization is given the mandate” to lend securities and not to net the revenue stream generated from securities lending to the flat dollar fee.)

|  |  |
| --- | --- |
| **LACERA Custody and Related Services** | **Flat Dollar Fee** |
| **1st Year** |  |
| **2nd Year** |  |
| **3rd Year** |  |
| **4th Year** |  |
| **5th Year** |  |

|  |  |
| --- | --- |
| **LACERA Banking Services Only****(Excluding Benefit Payments)** | **Flat Dollar Fee** |
| **1st Year** |  |
| **2nd Year** |  |
| **3rd Year** |  |
| **4th Year** |  |
| **5th Year** |  |

If the function of **securities lending** is not allowed: (Please note that LACERA is asking “if your organization is not given the mandate” to lend securities.)

|  |  |
| --- | --- |
| **LACERA Custody and Related Services** | **Flat Dollar Fee** |
| **1st Year** |  |
| **2nd Year** |  |
| **3rd Year** |  |
| **4th Year** |  |
| **5th Year** |  |

|  |  |
| --- | --- |
| **LACERA Banking Services Only****(Excluding Benefit Payments)** | **Flat Dollar Fee** |
| **1st Year** |  |
| **2nd Year** |  |
| **3rd Year** |  |
| **4th Year** |  |
| **5th Year** |  |

1. What are the short-term investment vehicles you propose as applicable to LACERA? What is the total expense ratio, including management fees? (Specify: Sweep Options, Late Day Cash, Overnight, FDIC approved, 2a‐7 funds, and US Government Only.)
2. What are the overdraft charges for domestic and international transactions?
3. For foreign currency executed by the custodian bank for LACERA and investment managers, what is

the minimum and maximum spread earned by your organization? Is your organization able to

agree to pre‐negotiate such spreads relative to a benchmark or range?

1. Identify the services included in the flat fee stated in Item A and based on the current investment structure of LACERA:
	1. Custody Services for all Asset Types (i.e., domestic and international?) **yes no**

If **no**, what are the charges?

Safekeeping $\_\_\_\_\_\_\_\_\_ charge or fee

Asset Servicing $\_\_\_\_\_\_\_\_ charge or fee

Transaction Processing $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Do the custody services include? (please check)

 Power of Attorney Support

 Global Tax Agent Support

 Country Regulatory Registration

 Tax‐Exempt Filing Assistance

 Market Guide

* 1. Multicurrency Full Accrual Trade Date Accounting and Reporting? **yes no**

If **no**, what are the charges?

Standard reports $\_\_\_\_\_\_\_\_\_\_\_\_ charge or fee

Customized reporting $\_\_\_\_\_\_\_\_\_\_\_\_ charge or fee

* 1. Accounting ‐ Monthly Valuation, but Daily Price? **yes\_\_\_\_no\_\_\_\_**

If **no**, what are the charges?

Per portfolio $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Per Asset Level, Fund or Composite $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

* 1. Daily On‐line/Internet services? **yes no**

If **no**, what are the charges?

 $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

 $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

* 1. Contractual Settlement and Auto credit program? **yes no**

If **no**, what are the charges?

Domestic $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

International $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

ADR's $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

* 1. Transition, conversion, and reregistration costs? **yes\_\_\_\_ no**\_\_\_\_\_

If **no**, what are the charges?

 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

* 1. Penalty costs? **yes no**

If **no**, what are the costs?

Third‐party FX trades per trade $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third‐party Sec lending-based administration fee $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

 Others: (specify) transactions (see below) $\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Specific to support for Third Party Securities Lending Programs (If fees are different than those delineated below list additional fees)

Third party $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Annual third-party collateral custody fee

(based on Cash Collateral NAV) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party purchases/sales transactions-DTC Manual $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party purchases/sales transactions-DTC Electronic $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party purchases/sales transactions-Euroclear Manual $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party loans/loan returns-DTC and FED book entry

(Manual processing) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party loans/loan returns-DTC and FED book entry

(Electronic delivery) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party marks-DTC SPO-Flat Monthly Fee-Manual $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party marks-DTC SPO-Flat Monthly Fee-Electronic $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party marks-DTC SPO-FED book entry

(Manual processing-each way) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party marks-DTC SPO-Fed book entry

(Electronic processing-each way) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party outgoing wires $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party incoming wires $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party Cash Monitoring system fees $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party DDA fees (monthly per DDA) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party Cash Monitoring installation fees $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party technology/programming development time

(hours) INCLUDED in core/transition $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party technology/programming development time

(hourly rate after included quantity) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Third party monthly file maintenance fee (24/7/365 $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

monitoring, support and maintenance) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Any additional clarification of third-party support

(bundled program support with all applicable limits

(# lenders, etc.) and clarifications $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

* 1. Out-of-pocket expenses? **yes\_\_\_\_\_\_ no\_\_\_\_\_\_**

If no, what are the charges?

Wire transfer $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Courier service $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Telex charges $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Computer processing $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Staff training $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Stamp duty $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Registration $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Travel: (specify) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Others: (specify) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

i) Corporate Actions – both Domestic and International?

Voluntary/Mandatory $ charge or fee Involuntary $ charge or fee

Others: (specify) $ charge or fee

j) Poxy notification? **yes\_\_\_\_\_\_ no\_\_\_\_\_\_**

If **no**, what are the charges?

Reporting: $ charge or fee

On‐line Access: $ charge or fee

Others: (specify) $ charge or fee

* + 1. Securities Litigation & Class Action – both Domestic and International? **yes\_\_\_\_no \_\_\_\_\_**

If **no**, what are the charges?

Reporting $ charge or fee

Online Access $ charge or fee

Legal Filings $ charge or fee

Others: (specify) $ charge or fee

* + 1. LACERA requires a minimum of 8 hours for training and continuing education specific to industry

best practice, regulatory updates, enhancement to services, on‐line training, custody related courses, etc. Are there charges for these services? **yes\_\_\_\_\_\_no\_\_\_\_\_\_**

If **no**, what are the fees or charges?

Reporting: $ charge or fee

On‐line Access: $ charge or fee

Others: (specify) $ charge or fee

* + 1. Investment compliance checking? **yes\_\_\_\_\_\_no\_\_\_\_\_\_**

If **no**, what are the fees or charges?

Basic (Software Solution Only) $ charge or fee Intermediate (Monthly Outsource) $ charge or fee Advance (Daily Full Outsource) $ charge or fee Others: (specify) $ charge or fee

* + 1. Independent Derivatives Processing and Valuation? **yes\_\_\_\_\_\_no\_\_\_\_\_\_**

If **no**, what are the fees or charges?

Valuation and Reporting: $\_\_\_\_\_\_\_\_ charge or fee

 Processing: $\_\_\_\_\_\_\_\_ charge or fee

Collateral Management $\_\_\_\_\_\_\_\_ charge or fee

Others: (specify) $ \_\_\_\_\_charge or fee

* + 1. Performance Calcs? **yes\_\_\_\_ no\_\_\_\_**

If **no**, what are the fees or charges?

Monthly return calculation $ charge or fee

Daily return calculation $ charge or fee

Historical data download $ charge or fee

Gross and Net of Fees $ charge or fee

Lagged and Non‐Lagged $ charge or fee

IRR and Time Weighted $ charge or fee

Others: (specify) $ charge or fee

* + 1. Performance Measurement and Analytics? **yes\_\_\_\_\_\_no\_\_\_\_\_\_**

If **no**, what are the fees or charges?

Benchmark/Index $ charge or fee

Peer Group/Universe Comp $ charge or fee

Portfolio Characteristics $ charge or fee

Risk‐Adjusted Return Calcs $ charge or fee

Historical data download $ charge or fee

Executive Board Reports $ charge or fee

Drill Down Commingled funds $ charge or fee

Customized benchmarks/universes $ charge or fee

Bond Analytics $ charge or fee

Attribution $ charge or fee

Trading cost analysis $ charge or fee

Others: (specify) $ charge or fee

Specific to Performance Tools, are any of the following included? **yes no**

|  |  |
| --- | --- |
| MSCI AnalyticsVestekStyle Analyzer | $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee$\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee$\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee |
| TUCS |  $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee |
| BondEdge  |  $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee |
| BlackRock Solutions  |  $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee |
| Wilshire Analytics  |  $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee |
| Yield Book |  $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee |
| Others: (specify) |  $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee |
|  |  |

* + 1. Advanced Risk Analytics? **yes\_\_\_\_\_** **no\_\_\_\_**

If **no**, what are the fees or charges?

Value at Risk (VaR) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Stress Testing $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Scenario Analysis $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Factor Risk $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Others: (specify) $ \_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

* + 1. Data Interface with 3rd Party Providers? **yes\_\_\_\_\_ no\_\_\_\_**

If **no**, what are the fees or charges?

Fund Consultants $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Actuary $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

External Auditors $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Eagle Systems $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Nottingham $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

3rd Party Class Action Agent $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

3rd Party Tax Reclaim Agent $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

3rd Party Proxy Voting Service $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Others (specify) $\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

1. Banking Services **yes\_\_\_\_\_\_no\_\_\_\_\_\_**

If **no**, what are the fees or charges?

ACH Processing $ charge or fee

Lock Box Processing $ charge or fee

Checking Account Services $ charge or fee

Remittance of Fed and State Withholding Taxes $\_\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

Wires Transfers $ charge or fee

Others (specify) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_charge or fee

1. Corporate Governance Tools? **yes\_\_\_\_\_\_no\_\_\_\_\_\_**

If **no**, what are the fees or charges?

$ charge or fee

$ charge or fee

$ charge or fee

1. Alternative Investment Support?

Private Equity, Hedge Funds, Real Estate, Commodities, Real Assets, etc.? **yes**\_\_\_\_**no** \_\_\_\_

If **no**, list the service and associated charge.

Basic Line-Item Reporting $ charge or fee Reporting and Monitoring $ charge or fee Full Drill Down (Holdings) $ charge or fee Full Outsource Support $ charge or fee Shadow Accounting $ charge or fee Distributions $ charge or fee

Capital Calls $ charge or fee Document Management $ charge or fee Others: (specify) $ charge or fee

Specific to alternative inv. support, are any of the following included? **yes no**

Burgiss Group

|  |  |
| --- | --- |
| Others: (specify) | $  |
| SunGard Investran | $  |
| Private Edge | $  |
| Venture Economics | $  |
| Hedge Fund Research | $  |
| Others: (specify) | $  |

1. Document Management and Library Maintenance? **yes\_\_\_\_\_\_no\_\_\_\_\_\_**

If **no**, what are the fees or charges?

$ charge or fee

$ charge or fee

1. Specify other charges and fees not included in the proposed FLAT FEE. If a charge or fee is in direct response to a particular RFP question, identify both section and question**. Failure to specify other charges, whether explicit or implicit costs, would be considered a non‐responsive proposal.**

$ charge or fee

$ charge or fee

$ charge or fee

Securities Lending

1. What is your organization’s proposal for the revenue sharing arrangement and/or the split of security lending income? LACERA %   Bank     %
	1. Is the split also applicable to negative income if it occurs? What are the limitations of your proposal specific to losses?
	2. Are you able to accept a “clawback” feature wherein if losses materialize, both LACERA and lending agent’s revenues would be utilized to extinguish such losses or shortfall?
2. Does your firm offer full or partial indemnification for collateral reinvestment? If so, does that change the revenue split proposed?
3. Specify administration, recordkeeping, and cash collateral reinvestment asset management fees for all types of cash collateral reinvestment vehicles, including separate accounts or LACERA guidelines.

## UNIT COST BASIS

**Provide an estimate of fees/costs that LACERA will incur annually based on the assumptions specified and the services specified in this RFP. Utilize your organization’s schedule or methodology, namely: traditional asset based, account based and transaction charges. State assumptions.**

## LACERA

**Custody Services**

|  |  |
| --- | --- |
| **Account Fees** | **Fees Per Unit or Account** |
| **LACERA** |  |
| **Number of Plans**1. **LACERA DB**
2. **OPEB Master Trust (3 sub-entities)**
 |  |
| **Domestic Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Domestic Fixed Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |

|  |  |
| --- | --- |
| **International Fixed‐Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Real Estate/Infrastructure** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Private Equity** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Hedge Funds/Absolute****Returns** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Commodities/Natural Resources** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Cash Accounts** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Transition Accounts** |  |
| Direct/Separate Accounts |  |
|  |  |
|  |  |
| **Custody Fees** | **Fee Per Account** |
| **LACERA** |  |
| **Domestic Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Domestic Fixed Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Fixed‐Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Real Estate/Infrastructure** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Private Equity** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Hedge Funds/Absolute****Returns** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |

|  |  |
| --- | --- |
| **Commodities/Natural Resources** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Cash Accounts** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Transition Accounts** |  |
| Direct/Separate Accounts |  |
|  |  |
| **For International Securities** |  |
| Australia |  |
| Austria |  |
| Belgium |  |
| Bahamas |  |
| Morocco |  |
| Bermuda |  |
| Brazil |  |
| British Virgin Islands |  |
| Canada |  |
| Cayman Islands |  |
| China |  |
| Colombia |  |
| Cote d’Ivoire |  |
| Cyprus |  |
| Czech Republic |  |
| Denmark |  |
| European Union |  |
| Finland |  |
| France |  |
| Germany |  |
| Greece |  |
| Hong Kong |  |
| Hungary |  |
| India |  |
| Indonesia |  |
| Ireland |  |
| Israel |  |
| Italy |  |
| Japan |  |
| Liberia |  |
| Luxembourg |  |
| Malaysia |  |
| Marshall Islands |  |
| Mexico |  |

|  |  |
| --- | --- |
| Netherlands |  |
| New Zealand |  |
| Norway |  |
| Panama |  |
| Peru |  |
| Philippines |  |
| Poland |  |
| Portugal |  |
| Puerto Rico |  |
| Russian Federation |  |
| Singapore |  |
| South Africa |  |
| South Korea |  |
| Spain |  |
| Sweden |  |
| Switzerland |  |
| Taiwan |  |
| Thailand |  |
| Turkey |  |
| UK |  |
|  Others |  |
| **Transactions** | **Fees Per Transaction** |
| **LACERA** |  |
| Domestic Depository Trades(DTC/Fed Book) |  |
| Domestic Non‐DepositoryTrades |  |
| Physicals |  |
| Principal Payments |  |
| Maturities |  |
| Dividend/Income Receipts |  |
| Tax Reclaims |  |
| Wires |  |
| Capital Calls |  |
| Options/Futures |  |
| Swaps |  |
| 3rd Party FX |  |
| Custody FX Trades |  |
| Proxy Notification |  |
| Corporate Actions (Splits,Voluntary/Involuntary) |  |
| Class Action Filings |  |
|  |  |
| Other InternationalTransactions ‐‐ |  |
| Australia |  |
| Austria |  |

|  |  |
| --- | --- |
| Belgium |  |
| Bahamas |  |
| Bermuda |  |
| Brazil |  |
| British Virgin Islands |  |
| Canada |  |
| Cayman Islands |  |
| China |  |
| Colombia |  |
| Cote d’Ivoire |  |
| Cyprus |  |
| Czech Republic |  |
| Denmark |  |
| European Union |  |
| Finland |  |
| France |  |
| Germany |  |
| Greece |  |
| Hong Kong |  |
| Hungary |  |
| India |  |
| Indonesia |  |
| Ireland |  |
| Israel |  |
| Italy |  |
| Japan |  |
| Liberia |  |
| Luxembourg |  |
| Malaysia |  |
| Marshall Islands |  |
| Mexico |  |
| Netherlands |  |
| New Zealand |  |
| Norway |  |
| Panama |  |
| Peru |  |
| Philippines |  |
| Poland |  |
| Portugal |  |
| Puerto Rico |  |
| Russian Federation |  |
| Singapore |  |
| South Africa |  |
| South Korea |  |
| Spain |  |
| Sweden |  |

|  |  |
| --- | --- |
| Switzerland |  |
| Taiwan |  |
| Thailand |  |
| Turkey |  |
| UK |  |
|  |  |
| **Others: (Enumerate)** |  |
| **Global Custody – Support**Power of Attorney Global Tax Agent Country Registration Tax‐Exempt FilingMarket Guide |  |
| **On‐line or Internet Access** User Interface Subscription Assets/HoldingCash Transactions Standard reportsCustomized reporting Executive/Board reporting Income Inquiry Reports Corporate Actions Reporting Terminal charge Communication software CPU connect timeOthers: (specify) |  |
| **Contractual Settlement and Auto Credit**Domestic InternationalADRs |  |
| **Transition & Conversion**Reregistration Scrip Fees Etc. |  |
| **Penalty Costs**Third Party FXThird Party Sec Lending Etc. |  |
| **Out of Pocket** Wire Transfer Courier Service Telex ChargesComputer processing |  |

|  |  |
| --- | --- |
| Staff Training Stamp Duty Reregistration Others: |  |
| **Corporate Actions** Voluntary/Mandatory Involuntary |  |
| **Proxy Notification**Reporting On‐line Access Others |  |
| **Securities Litigation & Class Action** Reporting On‐line Access Legal Filings Others: | **Fee per item** |
| **Investment Guideline Compliance**Basic Intermediate Advance(See below accounts) | **Fee per account** |
| **Domestic Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Domestic Fixed Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Fixed‐Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Real Estate/Infrastructure** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Private Equity** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Hedge Funds/Absolute****Returns** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |

|  |  |
| --- | --- |
| **Commodities/Natural Resources** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Cash Accounts** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
|  |  |
| **Independent Derivatives Processing and Valuation** ReportingPricing ProcessingCollateral Management |  |
| **Performance Measurement**Monthly Return Calcs Historical Data Download Gross/Net of Fees Lagged and Non‐Lagged IRRTime WeightedPortfolio Characteristics Peer Comparison Portfolio Attribution(See account types below) | **Fee per account** |
| **Domestic Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Domestic Fixed Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Fixed‐Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Real Estate/Infrastructure** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Private Equity** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Hedge Funds/Absolute****Returns** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |

|  |  |
| --- | --- |
| **Commodities/Natural Resources** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Cash Accounts** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
|  |  |
| **Advanced Risk Analytics**VaR Testing Factor BasedStress Testing Scenario Testing Etc.(see account types below) |  |
| **Domestic Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Equities** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Domestic Fixed Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **International Fixed‐Income** |  |
| Separate Accounts |  |
| Commingled/Line Items |  |
| **Real Estate/Infrastructure** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Private Equity** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Hedge Funds/Absolute****Returns** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Commodities/Natural Resources** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Cash Accounts** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |

|  |  |
| --- | --- |
| **Data Interface with 3rd Party Providers**Fund ConsultantsActuary |  |
| External Auditors Eagle Systems NottinghamClass Action Agent Tax Reclaim Agent Proxy Voting Agent Others: |  |
| **Vaulting Services**Specify – |  |
| **Corporate Governance Tools**Specify – |  |
| **Look Thru Analysis****(see account types below)** |  |
| **Separate Account** |  |
| **Commingled/Line Items** |  |
|  |  |
| **Alternative Investment Support**Basic Line-Item Reporting/Monitoring Full Drill DownFull Outsource Shadow Accounting Distributions Mgmt. Capital Call Mgmt. Document Mgmt. Others:(see account types below) |  |
| **Private Equity** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
|  **Real Estate/Real Assets** |  |
| Direct/Separate Accounts |  |
| Commingled/Line Items |  |
| **Hedge Funds/Absolute****Returns** |  |
| Direct/Separate Accounts |  |
|  Commingled/Line Items |  |
| **Document Management and Library Maintenance** Specify‐ |  |
| **Other Costs**(enumerate) |  |

## LACERA

### General Banking Services

|  |  |
| --- | --- |
| **Banking Services** | **Fees by Volume** |
| Credits & Other Deposits |  |
| Debits |  |
| FDIC |  |
| Return Item Chargeback |  |
| Non‐Encoded Checks |  |
| Redeposit Returns |  |
| Lockbox Data TransmissionMaint. |  |
| Data Transmission File |  |
| Data Transmission Record |  |
| Keystroke |  |
| Lockbox Processing ‐ Paperless |  |
| Lockbox Deposits |  |
| Lockbox Items Deposited |  |
| Lockbox Monthly Maintenance |  |
| Micr Capture |  |
| No Check Enclosed orCorrespondence Only |  |
| Special Processing/OpenEnvelopes (2‐3 Sides) |  |
| Unbankables ‐ Mail |  |
| Unbankables ‐ Automated |  |
| Walk In Deposits |  |
| CD Rom with Check Images |  |
| CD Rom with Document Images |  |
| Check Image Capture |  |
| Document Image Capture |  |
| Incoming Transfer |  |
| Internal Transfer Debit |  |
| Internal Transfer Credit |  |
| Outgoing Wire Transfer ‐ Web |  |

|  |  |
| --- | --- |
| ACH Addendas Originated |  |
| ACH Addendas Received |  |
| ACH Credit Originated |  |
| ACH Credit Received |  |
| ACH Debit Originated |  |
| ACH Debits Received |  |
| Reclamations |  |
| ACH Deletion Item |  |
| ACH Maintenance |  |
| ACH Notification of Change |  |
| ACH Premium Cycle |  |
| ACH Reject and/or Repair |  |
| ACH Return Item ‐Transmission |  |
| ACH Return Item ‐ Fax |  |
| ACH Return Item ‐ PC |  |
| ACH Reversals |  |
| ACH Settlement Credit |  |
| ACH Settlement Debit |  |
| EDI In‐Network Transl‐Receipt |  |
| Non-Disbursement Account |  |
| Check Retrieval Image (Web) |  |
| Complete ReconcilementAccount |  |
| Complete Reconcilement Item |  |
| Paper Bank Statements |  |
| Controlled DisbursementAccount |  |
| Controlled Disbursement Items |  |
| Disbursement ‐ Micr Rejects |  |
| ImageSource Per Cd‐Rom |  |
| ImageSource Per Item |  |
| Positive Pay Exception ‐ WWW |  |
| Positive Pay Item |  |
| Positive Pay Maintenance |  |
| Auto Purge MonthlyMaintenance |  |
| Register Delete ‐ Bank AutoPurge |  |
| ZBA Account Maintenance |  |
| ZBA Summary Credit |  |
| ZBA Summary Debit |  |
| Stop Payment ‐ Web |  |
| Stop Payment ‐ Manual |  |
| Check Copy Via Client ServicesPriority |  |
| Check Copy Via Client Services(Non-Priority) |  |

|  |  |
| --- | --- |
| Check Info Via Client Services |  |
| Information Reporting Same &Prior Reptg Module |  |
| Information Reporiting Same &Prior Reptg Per Acct |  |
| Disbursement Module |  |
| Lockbox Module |  |
| Wire Module |  |
| ACH Module |  |
| Info Alerts Maint Fee |  |
| Info Alerts Message Fee |  |
| Federal Tax Payment |  |
| Trust Link |  |
| Others (specify): |  |
| *Account Maintenance* |  |
| *Audit Confirmation* |  |
| *Deposited Items Returned**Unpaid* |  |
| *Domestic Checks Deposited,**Encoded* |  |
| *Remote Check Deposit**Maintenance* |  |
| *Check Image Capture/check* |  |
| *Positive Pay Returns* |  |
| *Disbursement Image Fixed,**Multiple* |  |
| *Image Archive Storage* |  |
| *AR Positive Pay* |  |
| *AR Positive Pay Fixed* |  |
| *AR Void & Stale Outstanding* |  |
| *AR Paid No Issue Report* |  |
| *AR Void & Stale Outst Report* |  |
| *AR Fax/email Server Fee Per**File* |  |
| *ACH Files Originated* |  |
| *ACH Batches Originated* |  |
| *ACH Adjustment to Orig File Via**Operator* |  |
| *ACH Adjustments Made Via**Electronic Banking* |  |
| *ACH Daily Returns Report Via**Email* |  |
| *ACH Fraud Filter Monthly Fixed* |  |
| *ACH Fraud Filter Instructions* |  |
| *ACH Prenotes* |  |
| *Wire Monthly Maintenance* |  |
| *Wire Sentry Tokens Monthly**Maintenance* |  |
| *Electronic Banking ‐ Customer* |  |

|  |  |
| --- | --- |
| *ID Maintenance* |  |
| *Electronic Banking ‐ Account**Maint* |  |
| *Electronic Banking ‐ Image**Maintenance* |  |
| *Electronic Banking ‐ Tax ID /**Type Maintenance* |  |
| *Electronic Banking ‐ Reports**Access* |  |
| *Electronic Banking ‐ Export**Records* |  |
| *Electronic Banking ‐ Exports**Access* |  |
| *Electronic Banking ‐ Check**Storage* |  |
| *Electronic Banking ‐ SVC ‐ RRN**Storage Charge* |  |
|  |  |
| **Corporate Credit Cards** |  |
| Number of Cards |  |
| Special Handling |  |
| Fraud Protection |  |
| Overdrawn Occurrence |  |
| Monthly Statements |  |
| Others: (Specify) |  |
|  |  |

## LACERA

**Benefit Payment Services**

|  |  |
| --- | --- |
| **Benefit Payment Services** | **Fees by Volume** |
| **Benefit Payment Services ‐****Summary Data** |  |
| Number of Retirees |  |
| New Payment Set‐up |  |
| ACH with Advice ex Postage |  |
| Check periodic ex Postage |  |
| Lump Sum Transfer |  |
| Lump Sum Payments (Received‐ & Paid Out‐) |  |
| Postage |  |
| Inserts |  |
| Messages |  |
| 1099 |  |
| 1099‐R postage |  |
| TEFRAs |  |
| State tax filings |  |
| Federal tax filings |  |
| Express Deliv/Overnight |  |
| Wires |  |
| Reports (Standard) |  |
| Reports ‐ Check Registers |  |
| Reports ‐ Death Searches |  |
| Others: (specify) |  |
|  |  |

### REFERENCES

Please provide a minimum of five (5) references, using the format below.

At least three (3) references must be for your three most recent conversions that are comparable in size and scope to LACERA.

Please use this format for all references. Please use a separate form for each reference. LACERA may contact any of the clients named as references.

|  |
| --- |
| Name of Offeror |
| Client Name & Address |
| Contact Name & Position or Title |
| Contact Phone Number & E-mail Address |
| Contract Term (Start & End Dates as applicable) |
| Nature of Services Provided |