



**PERALTA COMMUNITY COLLEGE DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS TRUST RETIREMENT BOARD**

**REQUEST FOR PROPOSAL**

**RFP No.: \_\_\_\_\_ Custodian and Trustee Services, Multi-year Contract**

The Other Post-Employment Benefits (OPEB) Trust Retirement Board (Board) of the Peralta Community College District (District), Oakland, California, is hereby requesting proposals from qualified financial institutions to provide custodian and trustee services to the Board.

**RFP Information:**

<b>RFP Description</b>	Custodian and Trustee Services, Multi-year Contract
<b>RFP Number</b>	[Number]
<b>RFP Issued</b>	[Date]
<b>Scheduled Publication Date(s)</b>	[Date]
<b>RFP Response Due Date</b>	[Date]
<b>Submittal Address</b>	[Address]
<b>Submittal Copies</b>	One (1) Original. Four (4) marked copies marked "Copy"
<b>Submittal Envelope Requirements</b>	RFP must be <u>sealed</u> and have the following information <u>clearly marked</u> and visible on the outside of the envelope: <ul style="list-style-type: none"><li>• RFP Number</li><li>• Name of your company</li><li>• Address</li><li>• Phone number</li></ul>
<b>Late Submittals</b>	Proposals received after the time and date stated above shall be returned unopened to the vendor.

**How to Obtain RFP Documents**

Copies of the RFP documents may be obtained from:

Available	Location:
Yes	[Address]
Yes	<b>[To be posted on the Retirement Board or District’s website]</b>

**Questions about the RFP**

Questions and/or Requests for Information (RFI) must be submitted in writing and can be submitted by email as follows:

<b>Primary Contact</b>	[Contact information]
<b>Question / RFI Due Date</b>	<p>[Date]</p> <p>Please submit questions as soon as possible. No questions regarding the RFP will be responded to after the above date. All pertinent questions will be responded to and answered in writing no later than the Response Date listed below.</p>
<b>Response Date</b>	<p>[Date]</p> <p>All pertinent questions will be responded to via addendum faxed (or emailed) to all prospective bidders, and placed on the [website]. Bidders who did not receive a copy of the addendum should download it from the [website]. See “How to Obtain Proposal Documents” section for the web address. All addendums must be acknowledged on the RFP Acknowledgement and Signature Form.</p>

**Full Opportunity**

The Board hereby affirmatively ensures that Disadvantaged Business Enterprises (DBE), Small Local Business Enterprise (SLBE) and Small Emerging Local Business Enterprise (SELBE) shall be afforded full opportunity to submit bids in response to this notice and will not be discriminated against on the basis of race, color, national origin, ancestry, disability, gender, transgender status, political affiliation or religion in any consideration leading to the award of contract. No qualified disabled person shall, on the basis of disability, be excluded from participating in, be denied the benefits of, or otherwise be subjected to discrimination in any consideration leading to the award. The Board reserves the right to reject any or all proposals, to waive any irregularities or informalities not affected by law, to evaluate the proposals submitted and to award the contract according to the proposal which best serves the interests of the Board.

**TABLE OF CONTENTS (to be updated)**

**Attachments:**

	<b>Title</b>	<b>Must be Returned with Proposal</b>
1	Vendor Questionnaire and Certificate by Compliance	Yes
2	Environmentally Sustainable Procurement	Yes
3	Certificate Regarding Workers' Compensation	Yes
4	Statement of Equal Employment Opportunity	Yes
5	Non-Collusion Affidavit	Yes
6	RFP Acknowledgement and Signature Form	Yes
7	Custodian and Trustee Services Agreement	No

## **REQUEST FOR PROPOSAL**

### **1. GENERAL INFORMATION**

The Peralta Community College District (District) is comprised of 4 colleges and the District office, all located in Alameda County. The District consists of Berkeley City College in Berkeley, College of Alameda in Alameda, Laney College in Oakland, Merritt College in Oakland, and the District Offices in Oakland.

The District provides post-employment health benefits for certain employees in accordance with its collective bargaining agreements. The Other Post-Employment Benefits (OPEB) Trust (OPEB Trust or Trust) was established in 2005 as a funding vehicle for payment of benefits for employees hired prior to July 1, 2004 who are eligible for post-employment health benefits. The Trust is administered by the OPEB Trust Retirement Board (Board), a separate body from the District's Board of Trustees. The Board is charged with the administration of and investment of the assets of the OPEB Trust, in accordance with the provisions of Article XVI, Section 17 of the California Constitution, and California Government Code sections 53620, 53621, and 53622, and is authorized to engage financial institutions for the purpose of providing custodian and trustee services to the Board pursuant to California Government Code section 53060.

The Board is requesting proposals from qualified financial institutions to provide custodian and trustee services to the Board related to the OPEB Trust. The Board will select the most qualified financial institution to provide custodian and trustee services based on the response to this RFP and presentations to the Board by the top candidates.

### **2. DEFINITIONS**

Whenever the following capitalized terms occur in this RFP, they shall have the following meanings:

- A. "Contract" means a legally binding agreement between the Board and the highest ranked sole Proposer that agrees to provide the Board with the custodian and trustee services described herein.
- B. "Custodian" means a financial institution that, for compensation, safeguards the securities and other assets of the OPEB Trust.
- C. "Investment Fund Manager" means the person or persons who, for compensation, are responsible for implementing a fund's investing strategy and managing its portfolio trading activities.
- D. "Proposer" means a financial institution that responds to this Request for Proposals.

- E. "Request For Proposals" or "RFP" means all documents, whether attached or incorporated by reference, utilized for soliciting proposals to provide the Services described herein.
- F. "Services" means the custodian and trustee services as described in this RFP.
- G. "Trustee" means a financial institution that, for compensation, manages the securities and assets of the OPEB Trust.

### **3. PROJECT OVERVIEW**

The primary objective of this Request for Proposals (RFP) is to receive proposals from qualified financial institutions with experience in providing custodian and trustee services related to OPEB trusts.

The Board intends to award a Contract to the highest ranked sole Proposer, in accordance with the evaluation criteria set forth herein. The base term of the Contract will be for a period of five (5) years, with two (2) one-year options to renew, at the Board's sole discretion, under the same terms and conditions as the initial Contract. The performance period will commence upon written notice to proceed, and is estimated to begin in \_\_\_\_\_.

### **4. MINIMUM REQUIREMENTS**

To be considered for the custodian and trustee services Contract, the Proposer must meet the following minimum requirements:

- A. The Proposer must be authorized to conduct a trust/custodian business, including the required services listed in this RFP, and be authorized to conduct business with the Board in California.
- B. The Proposer must have at least \$10 billion (U.S. dollars) in total assets under custody as of \_\_\_\_\_, 2017. This amount must include at least \$500 million (U.S. dollars) in international equity and fixed income.
- C. The Proposer must have a total number of at least thirty (30) clients for whom it is providing custodian or trustee services for OPEB or other similar pension funds, including at least ten (10) public funds, with at least \$150 million U.S. dollars each in tax-exempt assets or greater.
- D. The Proposer must have been providing custody and trustee services for a minimum of ten (10) years with a record of high-quality service to public fund clients.
- E. The account representative (the individual assigned to the Board's account and in charge of the day-to-day contact) proposed for this engagement must have a minimum of five (5) years experience providing custody and trustee services to

public funds, with at least three (3) years at the proposing company. The transition team leader and his/her assistant must have worked together on at least one (1) prior major conversion of an account with market value in excess of \$5 billion consisting of multiple asset classes.

- F. The Proposer must issue a Service Organization Control (SOC) Report at least once a year.
- G. The Proposer must provide its own work facilities, equipment, supplies, and support staff to perform the required services.
- H. The Proposer must have the following insurance policy in effect at the time the proposal is submitted and throughout the term of the agreement: Liability, professional errors and omissions insurance in the amount of \$75 million.
- I. The Proposer must represent and warrant that it is not in arrears to the Board or District upon any debt or contract, that it has not been declared not responsible, or disqualified, by any agency of the County of Alameda or State of California, and that there are no proceedings pending relating to the responsibility or qualification of the Proposer to receive public contracts.

## **5. SCOPE OF SERVICES**

The Board is seeking proposals from qualified financial institutions to provide the following services:

- A. Establishment and Maintenance of Account
  - 1) The Proposer shall establish, maintain and hold a separate fund designed as the OPEB Trust Account (“Account”). Upon establishment of the Account, the Board will deposit such funds as determined by the Board.
  - 2) The Proposer shall monitor the assets of the Account.
  - 3) The Proposer will be authorized and directed in writing by the Board to transfer, hold, and disburse monies in the Account.
- B. Accounting
  - 1) Trade date multi-currency (local and U.S. dollars) accounting for all securities and full accrual accounting for all assets.
  - 2) Accounting services for the following:
    - a) Corporate actions, including but not limited to mergers, acquisitions, tenders, stock splits, warrants, spin-offs, dividends and interest;

- b) Securities lending;
  - c) Domestic and international fixed income and equity portfolios;
  - d) Dividend reinvestment programs;
  - e) Options and futures;
  - f) Futures and multi-currency derivatives;
  - g) Private placements;
  - h) Alternative investments, including domestic and non-U.S. limited partnerships for leverage buy-outs, venture capital, etc.
  - i) Commingled funds;
  - j) Hedge funds; and
  - k) Equity real estate and REIT portfolios.
- 3) Payable date posting for dividends, bond interest and principal, interest and paydown on mortgage pass-through certificates, and interest income purchased for fixed income securities.
  - 4) Accounting must be on a fiscal year basis, July 1 to June 30.
  - 5) A secondary pricing source for comparison to the primary source for pricing securities.
  - 6) All investments must be reported at cost and market value. Gains and losses on securities sold must be recognized on the basis of the average cost of the securities.
  - 7) Notification of corporate actions regarding subscriptions, conversion privileges, issuance of rights, mergers, reorganizations, and other actions requiring a decision by the Board.
  - 8) Daily (or Monthly) reconciliations between Custodian and Investment Fund Manager.
  - 9) Notification of material variances between Custodian and Investment Fund Managers, along with steps taken to reconcile, adjust, or justification for unresolved variances.



- 10) Provide assistance and support for fair value disclosures as required for the Trust's financial reporting.

C. Securities Settlement

- 1) Participating member and access to securities settlement through Depository Trust Company, Federal Reserve wire system, and at other depositories (both domestic and international).
- 2) The ability to settle physically held securities.
- 3) The ability to execute foreign transactions.
- 4) Fail float protection, including interest on purchases fail float and contractual settlement date posting of sales.
- 5) Electronic access to trade data by consultants and investment managers.
- 6) Settlement on a delivery versus payment basis.

D. Cash Management

- 1) Provide a Short Term Investment Fund (STIF) for daily cash sweeps. Maintain daily sweep activity for the purpose of transferring uncommitted funds from the individual external manager custody accounts.
- 2) Income earned by STIF or other cash accounts must be compounded daily.
- 3) Income earned, redemptions and maturities must be credited to the proper account.
- 4) Cash flow from purchases and sales must be credited on contractual settlement date.
- 5) At the direction of the Board, provide overnight investment management services for the funds received too late to be invested.
- 6) Provide same day settlement of cash trades.
- 7) Transfer cash between accounts, and make and accept wire transfers of funds and ACH transfers of funds.
- 8) Explain negative interest rates on foreign deposits, if any, and estimate the cost to the Board for such holdings.

E. Corporate Actions, Class Actions and Proxy Processing

- 1) Provide company annual reports, proxy voting cards and proxy statements to the Board or designated investment managers prior to annual and special meetings for U.S. and foreign corporations.
- 2) Provide proxy voting capabilities for U.S. and foreign holdings, including proxy-voting services, notification of proxy information, and translation of foreign proxies.
- 3) Provide reports detailing all proxy voting activities.
- 4) Provide notification of pending corporate actions, including conversion privileges, issuance of rights, mergers, tender offers, reorganizations, other actions requiring decisions and applicable legislative actions.
- 5) Provide notifications of class action litigation and provision of necessary securities information.
- 6) File claims for securities class action awards and monitor collection of the amounts to which the Trust is entitled.

F. Payments

The Proposer must be able to receive an electronic report, and generate checks or direct deposit statements, and a clearinghouse tape for the following:

- 1) Periodic payments for reimbursements to the District of OPEB expenses for the retirees and beneficiaries whose benefits are funded by the OPEB Trust.
- 2) Periodic (monthly) payments of expenses approved by the Board Trust expenses, including expenses for consultants and advisors to the Board.
- 3) Administrative reports – monthly check registers, etc.
- 4) Provide acknowledgment notice of payment.

G. Technology

- 1) Provide a web enabled or internet-based system with access management information and accounting systems with the capability of providing the following information:
  - a) Current and historical performance;
  - b) Current and historical prices, market values and exchange rates in effect at times of pricing international securities;

- c) Composite portfolios;
  - d) Current and historical transactions (as defined and agreed to by both parties) by security, by account and by asset class;
  - e) Current and historical holdings (as defined and agreed to by both parties) in any aggregate;
  - f) Performance aggregate data;
  - g) Tracking and reporting of pending class actions, exposures, filings and other deadlines;
  - h) Performance and analytic data bases;
  - i) Customized reports as required;
  - j) Ad hoc query and reporting.
- 2) Ability to monitor portfolios for compliance with investment limitations imposed by California State Law or by policy of the Board.
  - 3) Provide state-of-the-art back-up systems to minimize loss of data, minimize system downtime, and provide instant availability of information.
  - 4) Ability to provide disaster recovery and business continuity services in the event of a disaster or other extraordinary event.
  - 5) Ability to provide data feeds to a third-party risk aggregator.
  - 6) Daily download of portfolio holdings, which includes the receipt of periodic cash payments from equity real estate holdings, alternative investments, and cash flows.
  - 7) Provide staff with the ability to review all externally managed portfolios, and perform an automated reconciliation to asset positions and income accruals on a monthly basis.
  - 8) Provide a daily trade asset allocation report of individual portfolio market value by asset class.
  - 9) Provide a system which makes cash projections by account. Said projections should incorporate STIF balances, dividend and interest income, maturities, income from trade settlements, corporate actions, or other known cash flows.

- 10) Provide a system which automatically populates capital call and management fee requests from private equity and real estate managers.
- 11) Provide external managers with access to investment data for the purposes of reconciliation.
- 12) Provide a risk analytics system to provide client access to quantitative risk and portfolio characteristic metrics (e.g. active risk/standard deviation, investment manager correlations, tracking error, Value at Risk, P/E, dividend yield, returns and/or holdings-based investment manager style analysis).

H. Report Requirements

- 1) Provide accounting reports, including a balance sheet, and income statement, to be received on a monthly basis no later than six (6) [or 10] business days following the end of each month.
- 2) Provide an accurate report of all holdings, transactions and other pertinent investment data, in a format agreed to by both parties, no later than thirty (30) calendar days after the end of each fiscal year ([month/day]).
- 3) Provide monthly and quarterly analytic reports in a format acceptable to the Board.
- 4) Provide quarterly report that includes commitments, drawdowns, distributions and IRRs for alternative assets such as private equity, direct lending, etc.
- 5) Provide report for listing of largest assets held, for both stock and bond holdings.
- 6) Provide tracking of brokerage commissions paid by individual and groups of managers to specific brokers including tracking specific service classes by manager and groups, and the commission per dollar of cost and per share by broker.
- 7) Provide fiscal year end (June 30) reports to comply with GASB reporting requirements, including but not limited to GASB Statement Nos. 25, 28, 40, 53, 67 and 72.
- 8) Provide annually the audited internal control report for both information technology, and fund accounting systems, including any bridge letters requested by the Board's auditor.
- 9) Provide access to reports for daily transactions including domestic trades, affirmed, unaffirmed, failing, pending, etc.

- 10) Perform and provide monthly reconciliations to investment manager accounting reports and provide copies of reconciliations to the Board.
- 11) Provide communications to the Board in the event of material variances when reconciling to investment managers along with documentation to explain the reason for variance.
- 12) Provide any ad-hoc reports required to fulfill California Public Records Act requests.
- 13) Provide annually the Statement on Auditing Standards “SSAE 16” report on processing of transactions by service organizations.
- 14) Provide other reports as may be requested by the Board.

I. Personnel

- 1) The Proposer shall assign appropriate accounting and investment performance personnel to the Board's account and make assigned personnel available as needed. Additionally, assigned personnel should be available to meet with the Board at dates and times determined by the Board to discuss services related to the Board's needs. The Proposer must make presentations to the Board as required to discuss services related to the Board.
- 2) The Proposer shall provide competent personnel to facilitate access to records and information that may be required for audit purposes.
- 3) The Proposer shall provide the personnel to assist the Board's auditor with any and all investment inquiries.

J. Recordkeeping

- 1) The Proposer shall maintain all records pertaining to transactions effected by the Board during the term of the agreement and for a period of three (3) years following completion and/or termination of the agreement. If an audit, litigation, or other action involving such records is started before the end of the three (3) year period, the records are required to be maintained for three (3) years from the date that all issues arising out of the action are resolved or until the end of the three (3) year retention period, whichever is later. The Board and its agents, consultants, and attorneys must be given reasonable access to the records during this period.

**6. RFP PROCESS AND PROPOSAL EVALUATION**

A. RFP Timeline

The Board intends to adhere to the following timeline which is subject to change at the discretion of the Board:

<u>Activity</u>	<u>Date</u>
RFP Issued.....	_____, 2017
Questions / Requests for Information Due.....	_____, 2017 by 5 p.m.
Board's Responses to Questions .....	_____, 2017
Proposal Due Date.....	_____, 2017 by 5 p.m.
Interviews (tentative).....	week of _____, 2017
Notice of Intent to Award Posted.....	_____, 2017
Last Day to Protest Award.....	_____, 2017 by 5 p.m.
Board Approval (tentative).....	_____, 2017

**B. Examination of RFP Documents**

- 1) Before submitting its proposal, each Proposer must (a) examine the RFP documents thoroughly and (b) familiarize itself with any applicable Federal, State and local laws, ordinances, rules and regulations, and standards affecting provision of the Services.
- 2) The selected Proposer will be required to execute a Contract (see proposed Custodian and Trustee Services Agreement, Attachment 9) with the Board, describing the Scope of Services to be performed, compensation, insurance requirements and other pertinent provisions.

**C. Questions and Requests for Information**

Prospective Proposers must carefully examine the RFP documents, including terms and conditions of the Contract. In the event of doubt of anything contained in the RFP, all questions or requests for information about the meaning or intent, discrepancies or omissions of the RFP documents may be submitted to \_\_\_\_\_ via mail or email (**email is preferred**) until \_\_\_\_\_, **2017 by 5:00 p.m.** Responses to questions and requests for clarification will be posted to the [**website**], \_\_\_\_\_ no later than \_\_\_\_\_, **2017**. Only questions answered by formal written addenda will be binding. Oral and other interpretations or clarifications will be without legal effect. Any information given to a prospective Proposer by the Board will be furnished to all prospective Proposers, if that information is necessary in submitting proposals, or if the lack of such information would be prejudicial to other prospective Proposers,

**D. Acknowledgment of Addendum/Addenda to the RFP**

Each Proposer shall acknowledge receipt of any addendum/addenda to this RFP. Proposers are required to submit the signature page of each addendum, if any, with their proposal.

E. Submission of Proposals

The Proposer shall assume full responsibility for timely delivery as designated for receipt of proposals identified on page 1 of this RFP. If the proposal is submitted by mail, **the envelope must be sealed**, as instructed on page 1, and include the required information on the outside of the envelope. Each proposal delivered by mail or by commercial carriers or messenger services to the Board at the address identified on page 1 shall be stamped with the time and date received; but shall not be opened. The only acceptable evidence to establish the time of receipt is the time/date stamp on the envelope or other documentary evidence of receipt maintained by the Board. The proposal may be submitted by E-mail to the E-mail address identified on page 1 of the RFP. If the proposal is submitted by E-mail, the time/date of receipt shall be the electronic time/date stamp of receipt of the E-mail.

Any proposal received after the deadline for receipt will not be considered for the Contract and will be returned to the Proposer unopened or, in the case of a proposal submitted by E-mail, deleted with attachments unopened. However, an exception may be made when a late proposal would have been timely but for the action or inaction of Board personnel.

F. Period of Acceptance of Proposals

- 1) In order to allow for adequate evaluation, the Board requires a response to this RFP to be valid and irrevocable for 120 calendar days after submittal date and time.
- 2) No Proposer may withdraw a proposal within 120 days after the deadline to submit proposals. Mistake on the part of the Proposer in preparing the proposal confers no right for the withdrawal of the proposal after it has been opened. Should there be valid reasons why the Contract cannot be awarded within the specific period, the time may be extended by mutual agreement between the Board and the Proposer.

G. Modification, Withdrawal, Mistakes, and Minor Informalities

1) Modification or Withdrawal

Proposals may be modified or withdrawn prior to the established due date via email or mail request. Please refer to Section C “Questions and Requests for Information” for contact information.

2) Mistakes in Proposals (Discovered Before Due Date)

A Proposer may correct mistakes in a proposal prior to the time and date of the Proposal due date by submitting a replacement proposal clearly indicating it supersedes the original submittal.

H. Evaluation of Proposals

Proposals will be screened to ensure responsiveness to the requirements of the RFP. The Board may reject any proposal as non-responsive that does not provide evidence of the required minimum experience and qualifications or include the documents requested herein and referenced in the list of Attachments on page 4 of this RFP. False statements in a proposal will disqualify the proposal. The Board reserves the right to request additional information and clarifications during the evaluation and selection process from any or all Proposers regarding their proposals.



1) *Evaluation Committee*

The Evaluation Committee, which is composed of Board members, staff, or other qualified persons designated by the Board, will review and screen the proposals submitted according to the weighted criteria and process indicated below. While cost is one basic determinant for award, it is not the sole consideration. Additional general factors that will be considered are how well the Proposer understands the Board's requirements as specified in this RFP, and the qualifications, experience, and organization of the Proposer and its personnel. The Evaluation Committee's composite scores for all steps of the evaluation process will comprise the official record for the proposal evaluation process; individual evaluation records will not be available for public inspection at any point during or after the evaluation process.

2) *Interviews and Presentations*

- a) Following the initial review and evaluation of proposals, some Proposers may be invited to participate in the next step of the proposal selection process. This may include the submission of additional information, as described below, and/or participation in an oral interview. If the Board conducts interviews, they will do so only with those Proposers initially found to be within the "competitive range." If a further step of the evaluation is required, in the form of an oral interview, the same weighted evaluation criteria used to evaluate the written responses shall be used. The final single score on each Proposer in the "competitive range" will be comprised of all aspects of the response review, both written and oral.

Interviews, if held, are tentatively scheduled for the week of \_\_\_\_\_, **2017**, and will be held at \_\_\_\_\_. This date is subject to change.

- b) The Board reserves the right to further reduce the "competitive range" at any time during this step of the evaluation and selection process and the Board may hold simultaneous discussions with those Proposers that remain in the "competitive range." Proposers who are no longer in the "competitive range" will be notified as soon as it is practicable and will thereafter not continue in the selection and evaluation process.

3) *Evaluation Criteria*

The maximum possible total combined score for a proposal is 100 points.

- a) **Approach to Scope of Services** **0-40 points**

The Proposer's overall methodology to successfully providing the Services will be assessed for its feasibility, responsiveness to the Scope of Services, effectiveness and thoroughness. Proposals will be evaluated on, but not limited to:

- i. Knowledge of industry, applicable Federal, State and local laws and regulations, and best practices.
- ii. Processes and/or measures for holding, maintaining and monitoring the assets of the OPEB Trust.
- iii. Reporting capabilities and ability to present data to the Board in a clear and concise manner (i.e. layman's terms).

b) **Qualifications and Experience of Custodian/Trustee** **0-35 points**

The capabilities of each Proposer will be assessed on:

- i. Proposer's qualifications, length of time in business and experience successfully providing the Services described herein, particularly for public sector entities.
- ii. Assigned account representative's qualifications and experience in providing the Services described herein.
- iii. Availability of designated staff, account representative(s) and other team members assigned to work with the Board.

c) **Cost Proposal** **0-20 points**

Costs will be evaluated on costs the Board or other comparable public fiduciary boards have paid for similar services and in accordance with what is considered to be the industry's standard and customary cost for the Services.

d) **Additional Services** **0-5 points**

This portion of the proposal will be evaluated on any special expertise for the various services requested or any services proposed by the Proposer which are not listed in the Scope of Services.

I. Basis for Award

It is the intent of the Board to award a Contract to the highest ranked **sole** Proposer, in accordance with the evaluation criteria set forth herein. Contract award, if any, shall be made to the highest ranked Proposer, as determined by the Evaluation

Committee, based on the factors described above in Part H, Section 3, "Evaluation Criteria".

In the event a mutually satisfactory Contract cannot be negotiated with the highest ranked Proposer, negotiations may be terminated by the Board and commenced with the next highest ranked Proposer. If the Contract, resulting from the award of this RFP, shall terminate or be likely to terminate, the Board may extend the Contract to the next highest ranked Proposer.

J. Award and Protest

The Board will post a Notice of Intent to Award on [website] for five (5) business days prior to awarding the Contract. If any Proposer, prior to the award of the Contract, files a protest with the Board on the grounds that the (protesting) Proposer would have been awarded the Contract had the Board correctly applied the evaluation standards in the RFP or if the Board followed the evaluation and scoring methods in the RFP, the Contract shall not be awarded until either the protest has been withdrawn or the Board has decided the matter. A protest should include a full and complete written statement specifying the grounds for the protest and should be submitted to the Board by certified or registered mail to:

[Contact]  
[Address]

**7. CONTENT OF PROPOSALS**

The following documents and responses shall be included in the proposal in the order given below:

A. Transmittal Letter

- 1) An individual authorized to bind the firm shall sign the transmittal letter. Include the firm's mailing address, electronic mail address, fax number and phone number.
- 2) The firm must certify in the transmittal letter that the contents of the proposal are true and accurate, and that the firm has not made any knowingly false statements in its proposal.
- 3) An individual authorized to bind the firm shall sign and attach the Non-Collusion Affidavit (Attachment 7 to the RFP) to the transmittal letter to the original proposal only.

B. Organization, Administration and General Information

- 1) List the address of your main corporate office and indicate which office(s) will service the Board.
- 2) Describe any services of your organization that may not be offered by other proposers. What differentiates your organization from other firms providing custodian and trustee services? What is the value your organization provides to clients?
- 3) What are the major business units of your organization?
  - a) What percent of total annual revenues and profits does each represent?
  - b) If the master trust/custody unit is part of another unit, specify what percent of total annual revenues and profits the master trust/custody division represents? Show this information for the past five (5) years. Use the following format.

Total Operating Revenue Breakout	For year ended 12/31/2012	For year ended 12/31/2013	For year ended 12/31/2014	For year ended 12/31/2015	For year ended 12/31/2016
Major Business Unit 1					
Major Business Unit 2					
Major Business Unit 3					

- 4) What percentage of the revenue detailed above is attributable to OPEB or other similar pension trust clients? Public fund clients?
- 5) Discuss the financial stability of your company, including the organization's total assets and capital base. Provide information from your most recent S&P and Moody's ratings reports, as well as a copy of your latest annual report.
- 6) Provide an executive summary of your organization's master trust/custody business unit.
- 7) Provide an organization chart of the master trust/custody business unit, as well as an organization chart showing the position of the unit within the Proposer's overall management structure. Describe the Proposer's overall

management structure, and how the master trust/custody business unit fits within it.

- 8) Complete the following matrix for your organization’s master trust/custody business unit:

<b>Department</b>	<b>Number of People</b>
Client Service	
Operations/Accounting	
IT/Systems Support	
Administrative Support	
Securities Lending	
Other	
Total	

- 9) What turnover have you experienced in total client service, accounting, and operations staff during each of the past three (3) years? Of this turnover, what percentage were client relationship officers? (Provide number and percent turnover.)
- 10) Within the past three (3) years, have there been any significant developments in your organization such as changes in ownership, restructuring, personnel reorganizations, terminations or investigations? Do you anticipate future significant changes in your organization?
- 11) Describe your plans for managing the future growth of your firm in terms of total number of accounts that will be accepted, total assets that will be accepted, plans for additions to professional staff and approximate timing in relation to anticipated growth in the number of accounts or assets.
- 12) On average, how many accounts are assigned to each of the primary client relationship officers?
- 13) Do the primary client relationship officers have direct operational staff reporting relations? If not, list and describe the functional groups which support the client relationship officers in providing the service to the client.
- 14) How long has the current form of organization been in place?
- 15) Explain, based on your organization’s structure, how the client relationship officer either answers client questions immediately, or how they refer to other relevant experts and how long that process takes. Who ensures follow up with the client relationship officer internally? How does your organization ensure that other experts respond to the client relationship officer in a timely manner?

- 16) Describe your organization's commitment to quality customer service.
  - a) Does your organization have a total quality management program? If yes, please describe.
  - b) Do you survey your clients? If yes, how often? Please provide the most recent results.
- 17) Does your firm have a written code of conduct or a set of standards for professional behavior? If so, how are they monitored and enforced?
- 18) Does your organization have experience servicing OPEB trusts? If so, describe specific strengths and services/products your organization has for meeting the needs of OPEB trusts or similar pension funds.
- 19) Describe your firm's philosophy as it pertains to investment of OPEB trust or similar pension assets?
- 20) Provide a listing of current and former public fund clients. Include the size of the client organization, the type of organization and the number of years services were provided by your firm to each.
- 21) Describe your firm's experience with servicing public sector clients, and in particular, with services similar to those described in this RFP.
- 22) Complete the matrix on the next page, for total master trust/custody assets and clients by type and asset size. Answer the question, as asked, and do not change the table. Describe what client types are included in the category labeled "Other".

Note: In the section labeled "Total Investment Manager Clients", we are attempting to determine how many investment managers employ the bank's services for custody of their commingled fund/mutual fund/limited partnership investment vehicles.
- 23) The District, with its colleges and other partners, provides its diverse students and communities with equitable access to the educational resources, experiences, and life-long opportunities to meet and exceed their goals. The District also provides educational leadership for the East Bay, delivering programs and services that sustainably enhance the region's human, economic, environmental, and social development. Please tell us about your firm and how its history, values, and approach to providing services align with the District's mission.

	# of Clients	Assets under Custody	Median Client Size	Largest Client Size
<b>Total Corporate Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				
<b>Total Taft-Hartley Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				
<b>Total Public Fund Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				
<b>Total Endowment/Foundation Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				
<b>Total Hospital Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				
<b>Total Investment Manager Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				
<b>Total Other Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				
<b>Total Clients</b>				
Under \$50 Million				
\$50-\$250 Million				
\$250-\$500 Million				
\$500-\$1,000 Million				
\$1-\$5 Billion				
Over \$5 Billion				

- 23) What percentage of client portfolios are:
- a) Hedge Funds
  - b) Private Equity Investments
  - c) Real Estate
  - d) Global Asset Allocation
  - e) Other non-traditional investments
- 24) How many new master trust/custody clients and assets have been added / lost in each of the past five (5) years? Complete the matrix below. Also, for clients lost, provide reason for termination.

Calendar Year	Added		Lost		
	Number of Clients	USD Amount	Number of Clients	USD Amount	Reason for Termination
2012					
2013					
2014					
2015					
2016					

- 25) Does your firm have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients? If so, describe them.
- 26) Are there any potential conflict of interest issues your firm would have in serving the Board? If so, describe them.
- 27) Does your firm, its principals, parent, subsidiary, or any affiliate own any part of an investment management firm, broker-dealer, or other organization that sells services to institutional investors and/or SEC-registered investment advisors? If so, identify the firm(s) and describe the services provided by such firm and the relationship to your firm.
- 28) Does your firm receive any soft dollar revenues from investment managers through an affiliate broker? If yes, what percentage of soft dollar revenues in each of the last three calendar years was due to client direction?
- 29) List all insurance coverage relevant to master trust/custody functions. Indicate the type and the amount of coverage, including but not limited to:
- a) Umbrella Liability/Excess
  - b) Employee Dishonesty



- c) Network Security and Privacy Liability
  - d) Blanket Bond
  - e) All Risk Physical Loss
- 30) What responsibility does your organization accept for providing solutions to unusual situations?
- a) Provide a specific example of a situation in which your organization has provided a unique solution to a client (multiple if you can provide solutions for different client types).
  - b) If a solution would require additional portfolio accounts and changes to reporting, would you request an increase in fees?
- 31) Describe any ongoing educational sessions, user conferences, publications or other means you have for keeping clients fully educated and for providing a forum for new ideas and needs. Do investment managers provide funding for any of these services? If yes, please specify.
- 32) What other auxiliary services are offered through your organization? (i.e. transition management, securities lending, commission recapture, etc.)

C. Legal

- 1) What regulatory bodies is the firm registered with [in the U.S.]? Please list all and provide the firm's file number(s).
- 2) Does the firm have compliance officers registered with the NASD?
- 3) Is the firm willing to be subject to the laws of the State of California and local jurisdictions and the jurisdiction of its court system in the administration of the Contract?
- 4) Will the firm contractually agree to be a "fiduciary" to the Board as defined in the California Constitution, Article XVI, section 17, and to perform the fiduciary duties imposed on a fiduciary thereunder?
- 5) Define your organization's fiduciary responsibility. Specifically, what is the scope, depth and limitation of such fiduciary conduct relative to all Services required by this RFP?
- 6) Has the firm or its legal predecessor(s) ever been cited or warned by a regulator for violations of securities laws or regulations?

- 7) Has the firm, its principals or any affiliate over the last five (5) years:
- a) Been the focus of a non-routine SEC inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization;
  - b) Been a party to any litigation concerning fiduciary responsibility or other investment related matters; or
  - c) Submitted a claim to your errors & omissions, fiduciary liability and/or fidelity bond insurance carrier(s)?

If yes to any of the above, please provide details.

- 8) Within the last five years, has your organization or an officer or principal been involved in actual or threatened litigation, administrative or regulatory, or similar investigation proceedings relating to your trustee services, including investment services? If so, provide an explanation and indicate the current status or disposition. Under disposition, include any censures or reprimands received from regulatory bodies.
- 9) Please identify, summarize and explain any outstanding securities or client litigation.
- 10) If your firm or an owner or principal of your firm has ever settled a case for more than \$1 million U.S. dollars, or been found liable for fraud, misrepresentation, malfeasance, breach of fiduciary duty or any similar investment-related offenses, transgressions or torts, in the past ten (10) years, please identify and explain.
- 11) Has your firm ever been required to pay damages or penalties or trade or relinquish something of value under any of its existing or past contracts as it relates to services similar to those contemplated by this RFP? If so, describe the situation.
- 12) Please identify any specific "headline risks" or controversies associated with your firm, its affiliates, predecessors, and current or former personnel or owners, in the past seven (7) years that would or could be deemed an embarrassment to the Board and its staff, or an oversight or deficiency in our due diligence process.
- 13) What types of regulatory audits and oversights is your firm subject to?
- 14) When was the firm's last on-site SEC (or national regulatory) inspection? What other regulators have inspected, reviewed or audited your operation in the past five (5) years, if any? Explain.

- 15) Please attach your firm's current Form ADV Part I and Part II, or comparable national regulatory reports, disclosures and documentation, and audited Annual Financial Report. Also please provide a copy of your most recent SEC Deficiency Letter, if available. If unavailable, please explain.
- 16) Has your firm been a participant in any regulatory “sweeps” in your industry? If so, explain the context and any issues or deficiencies that would be relevant to the Board.
- 17) What issues, irregularities, deficiencies, or compliance/control weaknesses were noted in any regulatory reviews, audits, or externally performed internal control reviews of your operations in the past five (5) years, and how were those addressed? Are there any unresolved or un-remedied items still outstanding?
- 18) Have you otherwise been contacted by securities or investment advisory regulators or law enforcement officials in the past five (5) years on any item of inquiry germane to prospective clients? If so, please describe.
- 19) Please identify and explain any negative findings, irregularities, material weaknesses identified or flagged by any independent or internal auditor during the past three (3) years, regarding the investment operation in which the Board would be invested.
- 20) Have you obtained a SSAE 16 or comparable independent review of your internal controls? If so, explain who performed that review and when. Please summarize any material weaknesses detected and described in those findings, and the current status of your remediation efforts to address those findings.
- 21) Who is your compliance provider? In-house? External? How long? Please provide contact information.
- 22) Do you maintain an in-house legal staff? If yes, describe its role, staff profile, and the number of employees assigned to the department. If not, list the names of the external firms you use.
- 23) What internal resources are dedicated to overseeing operational or business risk within the firm (e.g., compliance, risk committee, governance committee, internal audit, etc.)?
- 24) Do the management oversight and governance functions include independent representatives (e.g., outside Board members or audit committee members)? Please describe.

- 25) Please describe your capabilities for monitoring compliance with the Patriot Act, anti-money laundering requirements, OFAC and other relevant conflict of interest laws such as anti-pay to play laws, including applicable California laws.
- 26) How do you monitor legislative and/or regulatory changes affecting master trust/custody administration? How are these changes communicated to clients?

**D. Performance Measurement, Analytics and Compliance**

- 1) Of the clients summarized in Section B, Question 22, how many utilize your organization for performance measurement services? What is the breakdown between client types referenced in Section B, Question 22?

Distribution of Clients by Type:	# of Clients:
Corporate	
Taft-Hartley	
Public	
Endowments/Foundations	
Investment Managers	
Hospital	
Other	

- 2) How many portfolios (individual and aggregates) are represented in the above totals and what is the approximate value of these assets?
- 3) How many people work in the performance measurement group?
- 4) Describe your domestic and international performance measurement system. Is global performance evaluation provided before and after currency adjustments (realized and unrealized)?
- 5) Describe the methodology used to calculate performance.
- 6) Can you provide daily, monthly, quarterly and annual performance calculations, gross and net of fees?
  - a) How soon after month-end is performance data available online?
  - b) Does the client have the ability to create custom reports?
- 7) Can you produce custom benchmarks?
- 8) Describe and provide an overview of your risk analytics capabilities. Are risk analytics part of the general performance measurement services, or

would this be considered an additional service, with an additional fee? If so, describe the available risk services and state the associated fees.

- 9) Describe the systems and procedures for the processing, valuing and reporting of alternative investments including, real estate, private equity, venture capital and other non-traditional assets.
- 10) Do you provide guideline compliance monitoring services? Online? What percentage of your clients utilize these services? What systems are in place to ensure accuracy and timely communication of any violations?
  - a) What type of investment guidelines can be monitored (i.e., prohibited securities, maximum security weighting, maximum cash)?
  - b) Do you provide guideline monitoring for commingled funds?
  - c) Can you provide guideline monitoring for portfolio characteristics (i.e., average duration and average quality for fixed income portfolios)?
  - d) How flexible is the product for customization? Are there limitations on the level of customization?
- 11) Describe any elements of your performance measurement and analytic services that you believe to be unique.
- 12) How would your services complement the current performance measurement services provided through the Investment Fund Manager(s)? Are you aware of any areas of redundancy that could be eliminated?
- 13) The Board's Investment Fund Manager(s) may electronically collect account data on our investment programs. The Board requires that custodians have an agreement with a third-party and participate in the program by providing daily and monthly electronic feeds of the client portfolio holdings and transaction information to such a program. The feeds consist of existing data fields from your accounting system delivered in a format that has been agreed upon and tested by your technology group and the third-party. A comprehensive confidentiality agreement would exist with both the Investment Fund Manager(s) and third-party to ensure the ongoing privacy and security of our portfolio information.
  - a) Do you participate in any such program?
  - b) If not, are you willing to participate in such a program?

- 14) List all indexes and universes available for comparison, their source, and the manner and timing in which you receive them.
- 15) Please detail the flexibility in the process to change benchmarks for various asset classes and investment managers over various time periods.

E. Personnel

- 1) Provide contact information for each individual that will be assigned to the Board's Account in a grid similar to this:

Name	Address	Business Phone	Business Fax	E-mail Address

- 2) Describe the role of each individual for this assignment.
- 3) Describe your team's experience with similar work as described in this RFP performed for other public funds or similar institutional investors.
- 4) Detail any enforcement action taken by regulatory agencies against any team member.
- 5) Please provide the total assets, number of clients advised, and any other duties assigned to the primary consultant who would be responsible for the Board's Account.
- 6) Describe your firm's backup procedures in the event that key personnel in this assignment should leave the firm or become incapacitated.
- 7) Describe your firm's preferences for client communication. For example, does your firm prefer to have all client communications flow through one contact person?

F. Investment Manager Relations (Investment Reconciliation Process)

- 1) What information delivery system do you offer investment managers? How is this system different from the information delivery system used by clients? If this is a different system, why is it different?
- 2) Are investment managers offered the capability to view their accounts on a real-time basis?

- 3) How do investment managers communicate trade instructions to your organization for settlement? What are the instruction deadlines?
- 4) How do you monitor investment manager satisfaction?
- 5) Describe your organization's competitive advantage as it relates to servicing manager terminations and hires.
- 6) Does your organization have a separate investment manager liaison group that handles the reconciliation process? If so, please describe the structure of the group and how it communicates with the accounting group. If not, please describe how investment manager relationships are handled?
- 7) Describe the role your organization plays in the investment manager reconciliation process. What specific procedures are performed on the reconciliations prepared by managers?
  - a) Are the reconciliations completed pre- or post-report mailing?
  - b) Do you formally reconcile your records with those of the investment managers?
  - c) Describe the process and frequency of reconciliation. Do you reconcile and research pricing and market value differences with the investment managers?
  - d) Do you actively work with investment managers to ensure accuracy, or is it the sole responsibility of the investment manager to contact you in the event differences are discovered?
  - e) How are reconciling items communicated to the client?
- 8) If the Board were to require a daily reconciliation process, are you able to provide?
- 9) Does your organization monitor tolerance levels for pricing discrepancies with investment managers in the public markets space? How are pricing challenges resolved?
- 10) Describe your cost allocation method used when corporate actions occur (i.e. spin-off, reorganization). How do you handle discrepancies with investment managers for cost allocation rate?
- 11) What is your reconciliation policy and procedure of handling the commission recapture program with investment managers? How do you handle the commission recapture delay with the brokerage firms?

- 12) Do you have specific client service accounting staff with the responsibility of reconciling exception items between you and the alternative investment General Partners and/or investment managers? Is the process different when dealing with non-traditional investment managers?

G. Tax Reclaim and Corporate Actions, Class Action Filings

- 1) Describe the processing of tax claims on foreign income, including:
  - a) Sources of information
  - b) Procedures for maintaining information on current treaty provisions
  - c) Processing steps for:
    - i) Filing to establish status for exemptions and reclamation
    - ii) Filing reclamations for tax refunds
    - iii) Collecting refunds
  - d) Identification of party responsible for each processing step
  - e) Procedures for accruing, reporting, aging and posting of reclaimable tax
  - f) Detail reported to clients
- 2) Describe your procedures for ascertaining domestic and international entitlements and accruals for corporate actions (stock splits, stock dividends, spin-offs, mergers/acquisitions, tenders, calls, warrants, maturities, etc.).
- 3) Describe in detail your process for providing notice to clients of corporate actions requiring their decisions and notification from them prior to processing, including:
  - a) Method of notifying clients
  - b) Methods of receipt of instruction from clients
  - c) Procedures for implementing client elections
  - d) Method and mode of relaying instructions to sub-custodians
  - e) Procedures for controlling sub-custodians' timely and appropriate action.



- 4) How do you measure accuracy and timeliness of receipts of US and non-US income and capital changes reported by your depositories, agents and sub-custodians?
- 5) What controls are in place to prevent missed filings on class actions? How often are such filings reviewed? What kinds of reports are generated for the client to allow review of class action activity and settled claims?

H. Disbursement Services

- 1) Do you provide disbursement services for check/ACH advices printing, ACH payments, and wire transfers based on clients' payment files? Can ACH payments be made into the foreign bank accounts without extra cost?
- 2) Describe the methods that clients' payment files are transmitted to you. Do you confirm payment files transmitted are received? If so, how? Describe security measures used to prevent and detect transmission of duplicate files.
- 3) How much lead time is needed before the printed checks/ACH advices are mailed out?
- 4) Describe your typical arrangements for applying the funds in the custodian accounts to pay for the disbursements? Do they include zero-balances checking accounts? If the last day of the month falls on a non-banking day, will ACH payments be made on the last banking day of the month or on the first banking day of the next month?
- 5) Describe the security features of the checks printed by you. If you do not print checks:
  - a) Where is your vendor's printing facility located?
  - b) Describe years of business with the current printing vendor and their checking printing services to their major customers.
  - c) Provide a sample of check and ACH Advise statement.
  - d) Are checks processed through a presort facility? If so, please describe controls in place to ensure accurate and timely check processing.
- 6) Can your system perform the following:
  - a) Allow payments of withholding taxes to the Federal/State authorities through ACH debits?

- b) Provide alerts to user for all ACH debits/payments processed that exceed ACH limit set? If so, please describe.
  - c) Provide services to allow ACH payments/wire transfers through templates stored in your system instead of clients' payment files?
  - d) Permit clients to request stop payments and/or cancel the stop payment of checks via online? If so, what is the effective duration of stopped checks?
  - e) Allow special handling of checks, such as having certain checks pulled and sent by express delivery to designated addresses? If so, do you process it manually or process by reading mail handling code specified in the file?
  - f) Allow for print and mail inserts to be sent to all or a subset of payees along with the checks or ACH remittance advices?
  - g) Provide disbursement services that include positive pay and ACH debit protection? If so, describe the procedure and lead time required to resolve such issues.
- 7) How can your clients request deletion of ACH payments before the settlement date? How can your clients request reversing ACH payments after the settlement date? How will the result/action from this request be communicated to the client?
- 8) Describe the available reports and downloadable files associated with the disbursement services. Do they include daily checks-paid filed? Are they accessible online?
- 9) Do you have an Internet-based on-line application for the disbursement services? If so, describe the on-line services available, and the security features of the application.
- 10) Can you provide clients with images of cashed-checks via online platform, CD/DVD, and/or other media formats? Can you reproduce CD/DVD if its damaged or lost? How long do you normally maintain check information/image in your system?
- 11) Do provide clients with an after-hour phone number to handle urgent requests?

I. Accounting and Reporting

- 1) Discuss the level of automation of your master trust/custody accounting system.
- 2) Describe procedures for ensuring that all interest and dividends for clients are paid.
- 3) Describe your ability to implement, establish and maintain a fixed income portfolio based on amortized cost. Describe the amortization methods available to the fund, frequency of processing, conversion experience, and the current value of fixed income being maintained by your company using this methodology.
- 4) Describe your accounting procedures with regard to mortgage pass-through (i.e., GNMA, FNMA) and mortgage derivative (i.e., inverse floater) securities. How do you price these securities? What is your source and how do you account for pay down information? When do you credit principal and interest payments for each type of security?
- 5) Can your accounting system track hurdle rates and assist in validating investment manager fees by having breakpoints and the associated basis point fees?
- 6) Describe your experience with alternative investments in terms of booking capital call activity, updating net asset values, calculating IRRs, etc.
- 7) Can your accounting system track total commitment levels to alternative investments, as well as capital calls against commitments and market values, current and since inception distributions?
- 8) Can your accounting system accommodate partnership accounting for limited partnership accounts fund to fund? Describe any special procedures for the processing, valuing and reporting of alternative investments including, real estate, private equity, venture capital and other non-traditional assets.
- 9) Can your system calculate IRRs, investment multiples and produce PME (Public Market Equivalent) analysis?
- 10) Do you have any proprietary software for alternative investment accounting? If so, please provide a brief description including:
  - a) Do you have a direct real estate fund administration platform? If so, what services does your direct real estate fund administration platform offer?

- b) What areas of strength and expertise (people or technology) can you provide?
  - c) What value-add services can you provide?
  - d) Where are your servicing teams located?
  - e) What types and strategies of direct real estate funds do you currently service?
  - f) How do you structure a servicing team for a client mandate?
  - g) Describe your firm's competitive advantage for accounting and reporting for private equity and real estate investments.
  - h) Provide a description/overview of Private Equity Systems and Databases. Would this database support other alternative investments that have a drawdown structure? Is there an additional cost associated with this system? If yes, please provide details.
  - i) Do you have different levels of service to support client's private equity needs? Can you provide a fully outsourced service that includes the management of capital calls?
  - j) Describe the valuation methodology and performance reporting available for private equity, real estate, structured credit and other draw down structures, including compliance with GASB 72.
  - k) Specifically comment on your ability to process all transactions related to alternative investment accounts including the process for contributions and distribution support.
- 11) Describe the unit and personnel who would provide asset servicing related to alternative investment managers. Discuss how these individuals would interface with our client service personnel. Provide a schedule of all accounting reports and include samples. How often are such reports produced?
- 12) Is reporting provided on a trade-date, accrual basis? Do asset valuation and transaction statements reflect pending transactions? Is accrued interest included in asset valuations? What, if any, transactions are not accrued?
- 13) How soon after accounting periods are fully audited reports available?
- 14) How many days are the statements left open to record late receipt of trades completed and not settled? Do you offer a fee rebates in the event of late

reports? How soon after fiscal year end are annual reports available? Can you provide interim valuations and reports to meet a one-time or ongoing special client need? Is there an additional charge? Do you currently do this for existing clients?

- 15) To what degree are the deadlines described previously met by stale pricing the investments, and what percentage of investment managers do not provide current market values to meet these deadlines? (Note: A breakdown by investment type would be helpful, i.e. traditional asset classes, hedge funds, private equity, real estate, global asset allocation, etc.)
- 16) When reporting stale values, do you identify the date of the reported value on your reports so clients can determine how stale the value is?
- 17) What steps are taken to ensure the accuracy of client reports? Who is responsible for ensuring accuracy? Does an account officer sign and certify the reports? What controls are built into the process? What is the turnaround time for correcting errors?
- 18) Do you have the ability to perform unitized accounting? How does it work? Is the unitized accounting fully automated into your accounting system?
- 19) Do you have the ability to provide all accounting data and reports via file transfer? Do you currently have a relationship with a third-party data provider that transmits data from your accounting systems to a consultant's performance measurement software? If not, are you willing to establish such a relationship?
- 20) Can you carry the book value of securities at original cost, amortized cost or average cost? How do you compute realized gains and losses?
- 21) Do you have an accounting system for the commission recapture program? Can you provide payment detail at the security level?
- 22) Is fund accounting handled by your business or is it subcontracted out to another company?
- 23) How long is your data retention period? How long is data available online vs. archived?
- 24) What reporting is provided to assist in satisfying GASB Statement No. 40 - Deposits and Investment Risk Disclosures requirements? Please provide examples.
- 25) What reporting is provided to assist in satisfying GASB Statement No. 53 - Derivative Instruments requirements? Please provide examples.

- 26) What provisions are in place for future GASB requirements (i.e. market value/fair value reporting)? How do you prepare for new GASB requirements?
- 27) Are clients able to view accounting and reporting information online? When was your online access fully implemented? What types of reports can be generated?
- 28) Does the client have the ability to create custom reports? Is access available 24 hours a day?
- 29) Is data available real-time (access trade information as it changes throughout the day) or batch processed (data is updated each night)?
- 30) How long is data available on the system?
- 31) Do you offer a help desk for online services? Is there any special hardware or software required to use your online service?
- 32) Provide us with a description of your company's daily valuation service process. Include your NAV calculation methodology.
- 33) Can you provide daily reconciliation of investment activity, corporate actions and valuations?
- 34) Explain your procedures to determine whether the daily calculated NAVs are reasonable.
- 35) What do you do in the event you discover an error in the daily NAV calculation? What are your materiality guidelines? How are errors beyond acceptable tolerances corrected and will you indemnify for such errors?
- 36) What is the process for identifying and resolving share/market value differences between the investment manager, record keeper and you?
- 37) Can you accrue for fees and expenses in the NAV?
- 38) Please describe how you calculate NAVs for mutual funds and collective trusts. Can you receive prices directly from the investment manager or mutual fund? What is your time deadline?
- 39) Please describe your experience with calculating NAVs. How many portfolios do you calculate a daily NAV for? Do you have experience with calculating a daily NAV for fund-of-fund structures?

- 40) Describe how daily NAVs are fed to the record keeper. Why should we have confidence in your daily NAV and your ability to deliver it to the record keeper on time?
- 41) Some investment managers utilize third-party administrators to produce market values for reporting purposes. Does your accounting system keep track of their names for ease in identifying market values upon receipt?
- 42) Some hedge fund-of-fund investment managers, for example, may have hundreds of underlying investments, each potentially creating their own K-1 reporting. Does your system have a way to assist in consolidating these reports?
- 43) Does your system have a general ledger interface managed by the bank? How much input is required from the client? Please describe your general ledger feed capabilities. How long does it typically take to implement a general ledger feed? Is there a cost?
- 44) Can you value and report options and futures instruments? If yes, how do you value these instruments? What capabilities and limitations in this area do you have?
- 45) Discuss your procedures for tracking and reporting failed trades.
- 46) How do you determine exchange rates for your reports?
- 47) Will you act as fiduciary on foreign exchange transactions?
- 48) Describe your process with respect to class actions, U.S. and international, including how you inform clients, how you charge for reporting these items, and how you coordinate with overlapping periods with prior custodians.
  - a) Are you willing to file all claims and required documentation thereof, including those with class periods that predate the conversion from the predecessor custodian, using data supplied by a third-party service provider and/or the predecessor custodian? Are you able to receive data in order to facilitate this activity?
  - b) How will you handle class action filing and income due to settlement periods under prior custodians and settlements that cross over from prior custodian to the new custodian contract?
  - c) Is class action monitoring and filing of claims performed in-house or subcontracted? What is the extent of limitation of your service for domestic and international cases? Be specific.

- d) What controls are in place to prevent missed filings on class actions? How often are such filings reviewed? What kinds of reports are generated for the client to allow review of class action activity and settled claims?
  - e) Are your securities monitoring system capable of interfacing with a third-party, such as an independent monitoring service or law firm?
  - f) How many people are dedicated to monitoring securities, filing proofs of claim, and recovery? Who are they and what are their titles? Please provide resumes.
  - g) Are securities litigation related services as described above included in the overall fees for custody services, or would separate fees be charged? If separate fees, please state those fees.
- 49) Describe your systems, controls, and procedures for providing best execution on foreign exchange transactions. What reports or audit trails are available for monitoring each trade's execution time, method, and other information necessary for the purpose of monitoring exchange rates used for best execution?
- 50) Describe your capabilities for filing all foreign tax reclaim forms, monitoring foreign tax liability and tax reclaim collection, including monthly reconciliations of tax reclaims from a prior custodian. Are there any additional fees associated with these services?
- 51) What are the fees associated with foreign exchange transactions?
- 52) Describe in detail the process by which you transmit data to third-party risk aggregators. Please provide the names of the vendors to whom you have transmitted such information and provide some detail around the information shared.

J. Security Movement and Control

- 1) Describe your depository memberships (i.e., DTC, FRB) and the services you use at these depositories. Describe your system for registration and custody of assets.
- 2) Discuss the level of automation of your security transaction processing system.



- 3) How and where are physical settlements transacted?
- 4) What, if any, securities have been misplaced or lost in the last three (3) years? If any, please describe the circumstances.
- 5) Are the custody and settlement groups solely dedicated to the master trust/custody unit? What is the reporting relationship?
- 6) How and when are corporate actions processed?
- 7) How is purchase fail float credited to the Trust?
- 8) What percentage of fails did you experience in the last three (3) years for sales and purchases?
- 9) Fail Float:
  - a) How are accounts compensated?
  - b) How do failed transactions affect cash balances?
  - c) How frequently are managers advised of fails?
  - d) Provide fail experience as a percent of trades.
- 10) Explain your procedures or policy for:
  - a) Income collection.
  - b) Timely settlement of purchases and sales.
  - c) When dividend and interest become available for reinvestment.
- 11) Are you able to transmit proxy information to third-party agents for clients?
- 12) Describe your procedures and control points for identifying “abnormal” prices. What tolerance levels are used for the various security types?
- 13) Are clients allowed to specify alternative pricing sources? Explain.
- 14) Please answer the following questions regarding pricing:
  - a) What are your sources for pricing securities? Please provide a full schedule of all primary and supplemental pricing sources by asset class.

- b) What procedures are in place to investigate unusual or significant pricing changes from the previous pricing period?
  - c) How do you price securities that are not listed on pricing services, such as private placements? Bank Loans?
  - d) What is the frequency of your pricing updates?
  - e) Do you utilize “matrix pricing” for fixed income instruments?
- 15) Describe how difficult securities (i.e. infrequently traded bonds, derivatives) are priced.
- 16) Indicate your pricing sources for the following types of securities:
- a) Listed stocks
  - b) Over-the-counter stocks
  - c) International stocks
  - d) Convertibles
  - e) Corporate bonds
  - f) Treasury bonds
  - g) Agency bonds
  - h) Mortgage pass-throughs and derivatives
  - i) Asset-backed securities
  - j) Commercial paper
  - k) Non-U.S. bonds
  - l) Bank Loans
  - m) Real Estate
  - n) Venture Capital
  - o) Private Placements

p) Futures

q) Options.

17) Do you have a brokerage division? If so, please describe in detail any expertise in transition trades and crossing capabilities.

18) Do you offer alternative prime brokerage products? If so, provide a description.

19) Do you offer fund administrative services? If so, provide a description.

K. System Capabilities & Disaster Recovery

1) What is the configuration and age of the existing hardware used for master trust/custody processing?

2) Does the master trust/custody unit have limitations on access to this equipment? How is access controlled?

3) Please answer each of the following questions about your disaster recovery plan:

a) Are there back-up capabilities for your systems in case of malfunction or disaster?

b) How many hours before data can be retrieved?

c) Is there a business continuity plan? Describe in detail.

d) How often do you test the plan?

e) When was the last test?

f) Have they been used during the past three (3) years?

g) What was the longest duration of any such outage and what was the cause?

h) What has been put in place to prevent this occurrence again?

4) Do you have hot-site back up for systems? Do you have a back-up location for personnel as well? Where are back-up sites located?

5) Does an outside auditor or consultant review the disaster recovery plan? Who?

- 6) Was the existing master trust/custody software developed internally or externally? How is it supported? If developed and supported externally, who is the vendor?
- 7) Describe recent modifications of significance to the core accounting system, and to the security movement and control system. When were they implemented?
- 8) What enhancements of significance are you currently planning to make, and when do you expect to implement them?
- 9) Describe the system's security procedures.
- 10) What down-time have you experienced in the last year? What are the normal hours of availability?
- 11) Do you have one multi-currency system for domestic and global accounting?
- 12) Please discuss your plan / participant accounting system capabilities. Specifically, does your organization have the ability to track the participation of multiple plans or participants in one pool of assets? Please provide detail on how you would propose handling such a situation.

L. Cash Management

- 1) What short-term investment vehicles are available for tax-exempt client use? Who manages these funds? Provide the guidelines, objectives, and management fees for each fund option.
- 2) Is there an automatic sweep into STIF? If so, how does it work?
- 3) Describe domestic STIF's that are available, including their guidelines and fees appropriate for the Board's overnight investments. Describe any defaults, asset write-downs, cash infusions to preserve principal value or other problems that have occurred in the funds since their inception. Provide annual performance numbers net of fees going back five (5) years from \_\_\_\_\_, \_\_\_\_\_, using a bond equivalent yield. Provide a fee schedule for STIF in basis points. Is there daily liquidity? For each commingled STIF proposed, identify the purpose of the fund and provide documentation.
- 4) Do you charge a sweep fee? Describe all fees that are associated with cash management.

- 5) Describe the daily procedure for investing client cash. To what degree is the process automated?
- 6) When is STIF interest credited to the customer? Do you credit interest on due date without exception? If not, explain.
- 7) When are funds withdrawn for purchases? Credited for sales?
- 8) When do you invest funds received for interest, dividends and sales? When do you debit purchases?
- 9) How do you address the issue of any missed dividends?
- 10) How are instructions for wires and book transfer transactions communicated to you? Are there time restrictions?
- 11) How many of your clients currently utilize separate short-term cash managers to manage their cash balances?
- 12) Describe your cash forecasting ability to assist a separate short-term/cash manager in monitoring cash balances.
- 13) At what rate will the bank reimburse the client for the overnight use of client funds if the bank erroneously debits an account overnight?
- 14) Do you notify your clients of bank overdrafts? Does your organization charge fees for bank overdrafts? Do you determine the cause of the problem before charging the account?
- 15) In what currencies are short-term investments available?
- 16) Have any of your short-term investment funds defaulted during the past three (3) years? If so, please describe the circumstances of the default, recovery of the investment, allocation of loss, etc. Did any participants incur a loss? Were adjustments made to your investment guidelines/policies to avoid a similar problem?
- 17) Will investment managers be required to maintain cash balances at each sub-custodian location?
- 18) Which currencies pay interest on account balances? Is there a charge that is netted against these earnings?
- 19) List any countries where your standard cash management policies are currently not enforced and explain.

M. Conversion

- 1) Describe your approach to the implementation and conversion process. Include an estimated conversion calendar, including actions required on the part of the Trust and the Custodian and the timeframe to complete each task.
- 2) Do you have a conversion manual? If so, provide a copy.
- 3) What dedicated resources (personnel, equipment, training of personnel, consultants, etc.), procedures and controls will you provide or recommend in the conversion period to ensure that the conversion is completed successfully in both a timely and accurate manner?
- 4) How long will the conversion process take? What is your plan if the process takes longer than you expect? What remedy will you offer if your plan takes longer than you expect?
- 5) What is the relationship between the transition team and the permanent account administration staff?
- 6) How do you handle transactions and claims that are in process during the transition/conversion period?
- 7) How do you handle the performance measurement files during the transition/conversion period?
- 8) Are you able and willing to backload historical data? Is there an additional fee?
- 9) Give a detailed description of any specific problems that occurred during transitions over the past year and solutions that were instituted.
- 10) Provide a summary of the problems that you reasonably expect to occur during a custody service conversion and your approach to resolving these anticipated problems.
- 11) What fees or costs might a client face transitioning away from your company?

N. Global Custody

- 1) Does your organization have the ability to custody separately managed, non-U.S. assets? If not, what relationships has your company established to meet the needs of clients who wish to utilize separately managed non-U.S. accounts? Is there an additional layer of fees associated with such solutions?

- 2) When did the company begin providing Global Custody? Provide a brief history of your global custody operations including the dates of implementation of key elements and enhancements.
- 3) What are the total global assets under custody and/or administration? Total non-US assets under custody and/or administration?
- 4) How many clients do you currently have using global custodian services?
- 5) Briefly describe your Global Custody capabilities including those items which currently set you apart from the competition.
- 6) How long have you used your current global accounting software? What major enhancements have you made in the last three (3) years? Is it fully integrated with the domestic custody system?
- 7) What are the divisions of responsibility among headquarters, the overseas office(s), if any, and the sub-custodians?
- 8) For each country in which you provide custody services, list your custodian agent bank and the year that the current relationship was initiated. How many assets are held with each sub-custodian?
- 9) What criteria do you use to select your global sub-custodians? How frequently do you review your sub-custodian relationships? How often does your organization assess political and market risk in a foreign country? In the past three (3) years, what sub-custodians have been terminated? Please list and give the reason for termination.
- 10) Outside of the U.S., do you use any central depository facilities? Describe your settlement and clearing facilities for depository eligible and physical securities.
- 11) How are settlements communicated?
- 12) When are funds withdrawn for purchases and credited for sales?
- 13) Describe, in detail, your ability to handle foreign exchange transactions including all the alternatives available.
- 14) What are your dividend and income collection and crediting policies, by country? How much of the foreign tax receivable is collectable? On a quarterly basis, please provide an aging of the tax receivable and estimates of the collectability.

- 15) Describe your tax reclaim policy and procedures. How do you notify clients of any changes in local tax laws? How frequently are reclaims performed?
- 16) How does your multi-currency accounting system handle forward foreign exchange contracts? Please describe in detail and include definitions of terms used.
- 17) How does your multi-currency accounting system handle options? When a put or call is sold short, please describe the processing method? What is different in the handling of short options carried over a month end as compared to closing out in the same month?
- 18) How frequently do you reconcile your records with depositories and your sub-custodians – cash, securities, and corporate actions?
- 19) Describe the controls you have in place to ensure the integrity of the sub-custodian settlement and custody reporting.
- 20) Does your insurance coverage apply to securities held in your sub-custody network?
- 21) Do you publish a country and market practices manual which includes a summary of trading, settlement, income collection, etc. practices for each country in your network?
- 22) Is your business able to provide a segregated account to clients in all markets you serve?
- 23) Are accounting and reporting capabilities available in both local currency and in U.S. dollars? Please describe. What foreign exchange rate is used to convert to U.S. dollars? Are the investment managers notified to use the same foreign exchange rate? How do you determine exchange rates for your reports?
- 24) What percentage of the s trust/custody business unit's revenue comes from foreign exchange trading? Please provide dollar amounts, as well as the percentage of revenue for each of the last five (5) years.
- 25) Describe how you handle "failed" transactions and how these are reported to the client. Provide statistics by market on the percent of trades settled on time.
- 26) Describe your systems, controls and capabilities, to identify, track and manage class action, both U.S. and international, litigation or settlement proposals for securities either currently held or previously owned and eligibility requirements for participation in such actions. How quickly is



security class action information updated in your system? Are these reconciled with the investment management firm? Describe any differences from your domestic (U.S.) systems, controls and capabilities. Is there an additional fee associated with this service?

- 27) Please describe your class action capabilities upon your appointment and termination. Do you acknowledge and accept that the Board requires you file all proofs of claim and other required filings in security class action litigation?
- 28) Describe your domestic and international safekeeping network. How many markets are currently covered in your sub-custodian network? Provide the name of each sub-custodian agent and the amount of assets held with that sub-custodian.

O. Audit Controls

- 1) Who is responsible for monitoring audit recommendations made to management? Describe the process and provide a recent example.
- 2) Provide copies of your most recent 10-k and 8-k filings, SSAE 16 (SAS 70) and SOC 1 report (Service Organization Controls Report).
- 3) Provide copies of any Internal Control opinions issued by your independent auditors specifically related to your custody services within the last three years.
- 4) Are you willing to afford the Board's staff and contracted CPA firms continued access to the corporate audit reports and the working papers of the custodian's internal audit division?
- 5) List your current credit rating from all credit agencies that rate your organization for the past four (4) fiscal years along with the specific part of your company that was rated.
- 6) Are trust department records and procedures included in audits by your external auditor? To what degree? What level of certification is provided with annual reports? May client auditors examine bank records pertaining to client accounts?

P. Technology

- 1) Describe the systems enhancement team at your company, outlining the number of employees, team structure and service model.

- 2) Describe the system enhancement process that your company goes through when evaluating technological enhancements and implementation.
- 3) Describe in detail the quality control and testing team and how your company ensures systems enhancements meet quality control standards. Please provide detail using specific examples of a new product launch or enhancement that was pursued within the last year that targeted a business solution using technology.
- 4) Describe the system enhancements your company implemented in the past year in core-accounting, corporate actions, trade processing, benefit payments and performance and analytics. How many are planned in the next 1-to-3 years in these areas and outline the business processes that these systems are enhancing. Please outline the projects and enhancements in sufficient detail so that we may assess the technologies expected to benefit the client experience in the coming years.
- 5) Does your company outsource any unit of its technology department?
- 6) Do you offer an online approval and processing of capital call wires and fund transfers, if yes, is it available to all clients and is there an extra fee associated with this service.
- 7) Does your company engage in the use of joint ventures or outside contractors in its technology solutions strategy? If so, please describe these arrangements and the extent to which outside businesses are engaged in the technology strategy and where they enter the processes described in the systems enhancement and production environment above.
- 8) List and describe five (5) new products brought to market in the past five (5) years that your company considers to be best in class solutions in the custody accounting space.

Q. Education for Board

- 1) Detail your firm's approach to conducting education and training for the Board. Provide examples of training materials and a calendar of training sessions.

R. References

- 1) Provide a list of three (3) public fund clients as references, including name, contact, telephone number, asset values and number of years the client has retained your firm, and product(s) or service(s) the client uses.

- 2) Please provide three (3) references for clients who are your strongest advocates and the corresponding contacts.
- 3) Provide the name, contact, title, telephone number and asset size of all clients who have terminated your firm’s services in the last three (3) years. In each case, detail the reason for termination.

S. Global Custody and Related Services Fees

- 1) Provide a proposal regarding the fees to be paid to your firm for the services identified in the Scope of Services. If fees are charged for services on a per hour basis, please provide hourly rates for all individuals assigned to the Board’s account. The proposal should provide a fee that will cover all services, except no reimbursement will be provided for travel time, expenses, telephone costs, copying costs, etc. Please indicate if there would be any other ancillary costs.

	Total Fee
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Optional year 1	
Optional year 2	

- 2) Provide a timeline for how long the fees will stay in effect.
- 3) State any additional assumptions required for the quote.

T. Biographies

- 1) Please provide biographies for all members of your team both locally and in your corporate headquarters that will be providing services to the Board. Please list their experience, education, expertise, professional designations, relevant publications and presentations.

U. Proposed Contract Revisions

- 1) The Board proposes use of the Custodian and Trustee Services Agreement attached to this RFP as Attachment 9. Please provide any comments, reservations, objections and contract revisions you require with your response to the RFP.

V. Additional Information

- 1) Describe areas or processes, not included in the scope of this engagement, that your firm may examine in order to provide more complete and thorough services.
- 2) Provide any additional information that you believe to be relevant to the RFP and your capability to provide the Services requested.

Note: Do not include any promotional or display material to supplement your proposal.

## **8. BOARD'S RIGHTS**

- A. The Board reserves the right to cancel this RFP in whole or in part, at its sole discretion, at any time before the Contract is fully executed. This RFP does not commit the Board to award a Contract, to pay any costs incurred by Proposers in the preparation of their proposals submitted in response to this RFP, or to procure or contract for services. The Board reserves the right to accept the proposal it considers most favorable to the Board's interest at its sole discretion, and to waive irregularities or informalities in any proposal or in the proposal procedures.

The Board further reserves the right to reject all proposals and seek new proposals when the Board considers such a procedure to be in its best interest. If there is any evidence indicating that two or more Proposers are in collusion to restrict competition or are otherwise engaged in anti-competitive practices, the proposals of all such Proposers shall be rejected, and such evidence may be a cause for disqualification of the participants in any future RFPs issued by the Board.

- B. The Board reserves the right to hold discussions and/or negotiations with any Proposer, to interview or not, to request additional information or revised proposals or to request best and final offers (BAFO) if it is in the best interest of the Board to do so.

However, the Board may make an award without conducting any interviews or negotiations; therefore, Proposers are encouraged to submit their best proposal at the outset. In order to be considered, the party submitting a proposal waives the right to bring legal proceedings challenging the Board's choice of the award.

## **9. EX-PARTE COMMUNICATIONS**

Proposers and Proposers' representatives may not communicate with the Board except in writing and if the communication is made public. Proposers and Proposers' representatives must communicate in the manner set forth in this RFP. There shall be no communication with any officer, director, employee, or agent of the Board, except as may be reasonably necessary to carry out the procedures specified in this RFP. Nothing herein prohibits Proposers and their representatives from making oral statements or presentations in public to one or more representatives of the Board during a public meeting.

## 10. CONFIDENTIALITY

- A. All responses to this RFP become property of the Board and will be kept confidential until a recommendation for award of a contract has been announced. Thereafter, submittals are subject to public inspection and disclosure under the California Public Records Act (Cal. Govt. Code Sections 6250 et seq.). Therefore, unless the information is exempt from disclosure by law, the content of any proposal, request for explanation, exception, or substitution, response to these specifications, protest, or any other written communication between the Board and any Proposer regarding the procurement, shall be available to the public.
- B. If a Proposer believes any communication contains trade secrets or other proprietary information that the Proposer believes would cause substantial injury to the Proposer's competitive position if disclosed, the Proposer shall request that the Board withhold from disclosure the proprietary information by marking each page containing such proprietary information as confidential. By submitting a proposal with portions marked "confidential," a Proposer represents it has determined such portions qualify for exemption from disclosure under the California Public Records Act. A Proposer may not designate its entire Proposal as confidential nor may a Proposer designate its cost proposal as confidential. The Board will not honor such designations and will disclose submittals so designated to the public.
- C. If a Proposer requests that the Board withhold from disclosure information identified as confidential, and the Board complies with the Proposer's request, Proposer shall assume all responsibility for any challenges resulting from the non-disclosure, indemnify and hold harmless the Board from and against all damages (including but not limited to attorneys' fees that may be awarded to the party requesting the Proposer information), and pay any and all costs and expenses related to the withholding of Proposer information. Proposer shall not make a claim, sue, or maintain any legal action against the Board or its directors, officers, employees, or agents concerning the withholding from disclosure of Proposer information.
- D. If a Proposer does not request that the Board withhold from disclosure information identified as confidential, the Board shall have no obligation to withhold any information from disclosure and may release any information sought without any liability.

## 11. MISCELLANEOUS

### A. Costs of Participating in Selection Process

Costs for developing responses to this RFP, and participating in selection meetings are entirely the responsibility of the firm submitting the proposal. The Board will not pay for any cost incurred by any proposing firm.

B. Legal Compliance

Each Proposer must comply with all laws, ordinances, regulations and codes of the Federal, state, and local governments which may in any way affect the preparation of proposals or the performance of the Contract.

C. Representations

No representations or guarantees of any kind, either made orally, or expressed or implied, are made with regard to the matters contained in this document, including any attachments, letters of transmittal, or any other related documents. Each Proposer must rely solely on its own independent assessment as the basis for the submission of any offer made.



**Peralta Community College District**

**VENDOR'S QUESTIONNAIRE AND CERTIFICATE BY COMPLIANCE**

The following information is requested for information purposes only. It will not be used in determining bid award.

Date \_\_\_\_\_

\_\_\_\_\_ Firm Name

\_\_\_\_\_ Telephone

\_\_\_\_\_ Business Fax

\_\_\_\_\_ Email Address

\_\_\_\_\_ Website

\_\_\_\_\_ Street Address

\_\_\_\_\_ City/State

\_\_\_\_\_ Zip Code + 4®

\_\_\_\_\_ Mailing Address

\_\_\_\_\_ City/State

\_\_\_\_\_ Zip Code + 4®

Type of Organization (check one)    Individual     Partnership     Corporation

\_\_\_\_\_ Name of Owner(s)

\_\_\_\_\_ State of Incorporation (if applicable)

\_\_\_\_\_ Name of Partner(s)

\_\_\_\_\_ Indicate General (G) or Limited (L)

\_\_\_\_\_ Local Address

\_\_\_\_\_ City/State

\_\_\_\_\_ Zip Code + 4®

\_\_\_\_\_ Amount of Annual Business

The Board is identifying vendor ownership as follows:

	Asian-American (Chinese, Japanese, Korean, Vietnamese)	Black or African- American	Filipino	Latino (other than Mexican or Mexican- American)	Mexican or Mexican- American	Native – American	Pacific Islander, other Asian	White	Disabled	Veteran	Women	Subcontractor	Employee	Apprentice
<b>Total #</b>														
<b>% of assets</b>														

The Board is identifying vendor workforce as follows:

	Asian-American (Chinese, Japanese, Korean, Vietnamese)	Black or African-American	Filipino	Latino (other than Mexican or Mexican-American)	Mexican or Mexican-American	Native -- American	Pacific Islander, other Asian	White	Disabled	Veteran	Women	Subcontractor	Employee	Apprentice
<b>Total #</b>														
<b>% of asset</b>														

Explain whether current workforce is racially and ethnically proportionate to the area from which the workforces are drawn (national, state, or local). Use separate sheet if necessary.

Details steps taken by vendor since inception to assure non-discriminatory recruiting, hiring, and apprenticeship, placement, promotion, demotion, layoff and termination practices. Use separate sheet if necessary.

What services are you interested in providing the Board (e.g. construction, management, goods, etc.)?

Main Headquarters Office(s) Address/Telephone  (List all as applicable)	1.  2.  3.
--	------------------------

Total # of Employees \_\_\_\_\_



Local Office(s) Address/Telephone  (List all as applicable)	1.  2.  3.
--	------------------------

Total # of Employees \_\_\_\_\_

Name and list residential zip code for each employee, subcontractor, or apprentice for awarded contract. Please use the Zip + 4®. Use separate sheet as necessary.	1. 2. 3. 4. 5. 6. 7.
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Contractor Name: \_\_\_\_\_ Title: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**Peralta Community College District**

**CERTIFICATE REGARDING WORKERS' COMPENSATION**

Labor Code Section 3700 in relevant part provides:

"Every employer except the State shall secure the payment of compensation in one or more of the following ways:

- (a) By being insured against liability to pay compensation in one or more insurers duly authorized to write compensation insurance in this State.
- (b) By securing from the Director of Industrial Relations a certificate of consent to self-insure, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his employees."

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Contract and will require all subcontractors to do the same.

\_\_\_\_\_  
Contractor

By: \_\_\_\_\_

(In accordance with Article 5 [commencing at Section 1860], Chapter 1, Part 7, Division 2 of the Labor Code, the above certificate must be signed and filed with the awarding body prior to performing any work under this Contract.)





**Peralta Community College District**

**NON-COLLUSION AFFIDAVIT**

(To be executed by Vendor and submitted with the Proposal)

**RFP No. \_\_\_\_\_ Investment Management Services, Multi-Year Contract**

State of California, County of \_\_\_\_\_

(Name) \_\_\_\_\_, being first duly sworn, deposes and says that he or she is (title) \_\_\_\_\_ of (company) \_\_\_\_\_ the party making the foregoing bid that the bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the bid is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the bid are true; and, further, that the bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

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

Signature: \_\_\_\_\_



**Peralta Community College District**

**RFP Acknowledgement and Signature Form**

**RFP No. \_\_\_\_\_ Investment Management Services, Multi-Year Contract**

The undersigned having carefully examined the RFP and accurately provided the required response to the RFP, proposes to enter into a contract with Other Post-Employment Benefits (OPEB) Trust Retirement Board (Board) of the Peralta Community College District to perform the services listed in this RFP, including all of its component parts, and to furnish any and all required labor, materials, equipment, insurance, bonding, taxes, transportation and services required for this project in strict conformity with the RFP.

**Addendum Acknowledgement**

The following addendum(s) are acknowledged in this RFP: \_\_\_\_\_

**Acknowledgment and Signature:**

1. No proposal is valid unless signed in ink by the person authorized to make the proposal.
2. I have carefully read, understand and agree to the terms and conditions on all pages of this proposal. The undersigned agrees to furnish the services stipulated on this proposal.

Vendor Name: \_\_\_\_\_ Title: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Contractor License # : \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Decline Proposal:**

We do not wish to submit a Proposal in response to this RFP. Please state your reason below. Please also indicate if you would like to remain on our vendor list.

Reason:

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Company: \_\_\_\_\_ Address: \_\_\_\_\_

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**AGREEMENT FOR TRUSTEE/CUSTODIAN SERVICES**

This Agreement ("Agreement") is entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 2017, by and between the Other Post-Employment Benefits Trust Retirement Board ("Board") of the Peralta Community College District ("District") and \_\_\_\_\_ ("Trustee").

WHEREAS, the District has adopted and maintains the Peralta Community College District Retiree Healthcare Plan (the "Plan") for the purpose of providing welfare benefits to certain eligible employees; and

WHEREAS, the District has entered into the Indenture of Trust, dated as of December 1, 2005, between the District and Deutsche Bank National Trust Company, relating to \$153,749,832.25 Peralta Taxable 2005 Limited Obligation OPEB (Other Post-Employment Benefit) Bonds (the "Indenture"), and Section 4.01 of the Indenture provides that these bonds are secured by a pledge of and lien on amounts held in the Retiree Health Benefit Program Fund; and

WHEREAS, the District is authorized under Section 4.06 of the Indenture to request the trustee under the Indenture to transfer funds held by the trustee to a third party custodian to be invested as determined by the District (or its appropriated delegated representative) in accordance with California Government Code section 53622; and

WHEREAS, U.S. Bank National Association pursuant to the Agreement of Resignation, Appointment and Acceptance dated June 21, 2013, became the successor trustee to Deutsche under the Indenture (in such capacity, "U.S. Bank"); and

WHEREAS, the District has authorized and the Plan appoints the Board for purposes specified therein, including for the purposes of appointing a custodian to maintain custody of the assets and a trustee to hold in trust all funds contributed to the Plan and grants the Board the authority to enter into an agreement pursuant to which a trust shall be created for such purpose; and

WHEREAS, the Board is acting on behalf of the District under a delegation made under California Government Code section 53621 and wishes to engage the Trustee to maintain custody of certain of the funds transferred from the District's Retiree Health Benefit Program Fund under the Indenture as is permissible for the Board to do under Section 4.6 of the Indenture; and

WHEREAS, the Board desires to obtain trustee and custodian services in connection with Request for Proposals ("RFP") No. \_\_\_\_\_, and issued the RFP dated \_\_\_\_\_, 2017, a copy of which is attached, as Exhibit A, and incorporated herein, and

WHEREAS, Trustee desires to furnish the services described in the RFP and has submitted a written proposal dated \_\_\_\_\_, 2017, and

WHEREAS, copies of relevant portions of the Trustee-provided materials described in the preceding sentence are attached, as Exhibit B, and incorporated herein,

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter set forth, the parties hereby agree as follows:

1. PERFORMANCE OF SERVICES

Trustee agrees to provide trustee and custodian services to the Board in accordance with the terms and conditions of this Agreement, including Exhibit A and Exhibit B.

2. SCOPE OF SERVICES

The scope of services that Trustee will provide consist of the services set forth in Exhibit A, Section 5.

3. OPEB TRUST

A. Name of Trust

Effective upon the execution of this Agreement by the Board and the Trustee, the Board hereby establishes with the Trustee a trust, the name of which shall be "Peralta OPEB Retiree Medical Trust 1" (the trust established hereby shall hereinafter be referred to as the "Trust"). The Trustee hereby agrees to serve as a discretionary trustee of the Trust until removal or resignation in accordance with the provisions of this Agreement. The Trustee accepts the Trust upon the terms set forth in this Agreement and agrees to hold, administer and deal with the Trust Fund (as that term is defined in Section 3.B.) in accordance with the terms of this Agreement. The Trust applies only to participants in the Plan who became employed by the District prior to July 1, 2004.

B. Trust Fund

Subject to the terms of this Agreement, the Trustee agrees to accept such sums of money in cash or other assets acceptable to the Trustee as contributions to the Trust as from time to time shall be paid or delivered to the Trustee by the Board or its designee. All such money or other assets, plus any income or gain thereon, less any investment loss, payment or disbursement therefrom shall constitute the trust fund (the "Trust Fund") to be held, without distinction between principal and income, and paid or distributed in accordance with the terms of this Agreement.

C. Payments from Trust and Nondiversion of Assets

- i. The Board shall be solely responsible for ensuring that all payments from the Trust Fund, including but not limited to those directed by the Board or its designee, shall be consistent with the purpose of the Trust, and shall be used solely to provide benefits to participants and their beneficiaries under the Plan and to defray reasonable expenses of administering the Plan, except as otherwise permitted under the terms of the Plan and applicable law, which shall specifically include as consistent with the purpose of the Trust (a) a request from the District to make a transfer of designated amounts from the Trust Fund following a determination by the District that any or all of the amounts held in the Trust Fund are and will not be required for payment of current or future retiree health benefit costs, and that such amount is to be applied to redeem or defease outstanding bonds issued under the Indenture in whole or in part; or (b) a request from the District or U.S. Bank (or any successor trustee under the Indenture) to make a transfer of designated amounts from the Trust Fund following a determination by U.S. Bank (or any successor trustee under the Indenture) that an Event of Default

as defined under Article 8 of the Indenture has occurred. The Trustee may rely exclusively without further investigation and shall have no duty or obligation to make any determination or inquiry with respect to either (i) any request by the District to transfer funds following a determination by the District that any or all of the amounts held in the Trust Fund are or will not be required for payment of future retiree health benefit costs, or (ii) any request from the District or U.S. Bank (or any successor trustee under the Indenture) to transfer funds following a determination by U.S. Bank (or any successor trustee under the Indenture) that an Event of Default as defined under Article 8 of the Indenture has occurred.

- ii. The Trustee shall make payments from the Trust Fund to such persons (including the Board, the District, and U.S. Bank (or any successor trustee under the Indenture)) in such form or manner and in such amounts as the Board may direct from time to time (or as the District or U.S. Bank (or any successor trustee under the Indenture) may request upon making a determination in those specific situations identified under Section 3.C.i of this Agreement.) Each payment direction from the Board to the Trustee shall be in writing or in such electronic form as previously agreed upon in writing by the Board and the Trustee and shall be deemed to include a certification made by the Board that any payment from the Trust Fund directed thereby is a direction that the Board is authorized to provide to the Trustee, that complies with the terms of the Plan and that is not contrary to any provision of law applicable to the Plan or the Trust Fund. With respect to the specific situations identified in Section 3.C.i of this Agreement as being permitted directions for distribution of Trust funds, any payment request from the District to make a transfer of designated amounts from the Trust Fund following a determination by the District that any or all of the amounts held in the Trust Fund are or will not be required for payment of current or future retiree health benefit costs, or any direction from the District or any payment direction from the District or U.S. Bank (or any successor trustee under the Indenture) to make a transfer of designated amounts from the Trust Fund following a determination by U.S. Bank (or any successor trustee under the Indenture) that an Event of Default as defined under Article 8 of the Indenture has occurred, shall be in writing or in such electronic form as previously agreed upon in writing by the Board and the Trustee and shall be deemed to include a certification made by the District or the Board that any payment from the Trust Fund under these specific situations is a direction that the District or U.S. Bank (or any successor to the Indenture) is authorized to provide to the Trustee, that complies with the terms of the Plan and that is not contrary to any provisions of law applicable to the Plan or the Trust Fund. The Trustee shall have no duty or obligation to make any determination or inquiry with respect to any payment request by the District or U.S. Bank (or any successor trustee under the Indenture) following a determination by the District or U.S. Bank (or any successor trustee under the Indenture) as described above and in Section 3.C.i of this Agreement.

D. Tax-Exempt Status

- i. It is intended that the funds held in the Trust qualify as moneys of a governmental plan or unit under Section 401(a)(24) of the Internal Revenue Code of 1986, as amended (the "Code") (or any comparable section of any future legislation that amends, supplements, or supersedes said section) described in Code section 818(a)(6).

- ii. If the Trustee receives notice from any governmental authority that purports to levy or assess any tax with respect to the Trust Fund, the Trustee shall provide written notice of such levy or assessment to the Board. Following receipt of such notice, the Board shall promptly direct the Trustee to pay the tax or to protest the levy or assessment of the tax in the manner directed by the Board.
- iii. The Trustee or its agent shall perform all required tax withholding and information reporting services in connection with payments from the Trust Fund made at the direction of the Board, or its designee. The Trustee shall perform such services on the basis that the Trust is exempt from federal, state and local income taxes, and shall act accordingly.

4. OPEB TRUST INFORMATION

The Board agrees to provide Trustee with reasonably necessary and appropriate information for Trustee to perform its obligations under this Agreement, as requested by Trustee from time to time. The Board agrees to inform Trustee within a reasonable time of any change in circumstances affecting the needs or goals of the Board.

5. TERM OF AGREEMENT

The term of this Agreement is from \_\_\_\_\_ to \_\_\_\_\_, with the option, at the Board’s sole discretion, to extend for two additional one-year periods, unless terminated sooner in accordance with Section 19 of this Agreement. Upon expiration of this Agreement, the provisions of Section 19 of this Agreement regarding termination apply.

6. KEY PERSONNEL

At all times during the term of this Agreement [*lead Trustee’s name*] shall serve as the primary staff person of Trustee to undertake, render and oversee all of the services under this Agreement. Upon written notice by Trustee and approval by the Board, which will not be unreasonably withheld, Trustee may substitute this person with another person, who possesses similar qualifications and experience for this position.

7. COMPENSATION

A. Fees for Services

The Board will pay compensation to Trustee in accordance with the following fee schedule:

	Total Custodian/Trustee Fee
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Optional year 1	
Optional year 2	

Trustee represents and warrants that the rate of the fees paid by the Board is not and will not be higher than any fee paid or payable by any other tax-exempt client of Trustee with trustee and custodian services comparable to the services required under this Agreement. If Trustee charges a lower fee to a fund of similar size and complexity, then Trustee will reduce the fees for the Board accordingly.

B. Fee Limitation

The fees described in this Section are all-inclusive and cover all services provided under this Agreement, including but not limited to establishment, maintaining, holding and monitoring a fund holding Trust assets; accounting, securities settlement, and cash management; corporate actions, class actions, and proxy processing; quarterly and annual reporting; and, recordkeeping. Trustee will not be reimbursed for travel time, expenses, telephone costs, copying costs, etc. Unless the Board provides advance written consent, no additional fees or other costs of any kind shall be charged, directly or indirectly, to the Board or the Trust assets for services provided under this Agreement. To the extent additional work is undertaken as agreed to by the Board in writing and in advance, such additional work will be charged based on the terms agreed to by the parties.

C. Payment of Fees

- i. All fees under this Section 6 will be payable by the Board only to Trustee, and not to any subcontractor or other vendor engaged to provide services under this Agreement.
- ii. Fees shall be paid monthly in arrears. At the end of each calendar month, Trustee shall prepare and submit to the Board an invoice for fees then due under this Agreement.
- iii. All undisputed invoices will be paid within \_\_\_\_\_ days of receipt.
- iv. If the Board has a genuine good faith dispute in relation to all or any portion of an invoice submitted by Trustee, the Board may withhold payment of the amount subject to dispute and will notify Trustee within \_\_\_\_\_ days of receipt of the disputed invoice of the withheld amount. If all or any portion of the disputed amount becomes payable, the Board will make payment of such amount within \_\_\_\_\_ days of the date the parties agree such amount is due by the Board.
- v. Annual fees under this Agreement will be pro-rated to reflect the monthly billing cycle, and to reflect any period when services are provided for less than a full month. If this Agreement is terminated by either the Board or Trustee effective as of a date which is not the end of a calendar month, the Board shall pay Trustee a pro rata portion of the fee payable hereunder through the written receipt of such notice based on the actual number of days of such month that have elapsed.
- vi. No payment made to the Trustee shall constitute a waiver of any claim or right that the Board may have against the Trustee.
- vii. The Board may withhold payment on or offset against an invoice or a portion thereof in an amount and to such extent as may be reasonably necessary to protect the Board from loss because of:
  - a. the Trustee's failure to perform services in accordance with the Agreement;
  - b. third-party claims, suits, or liens arising out of or relating to the Trustee's performance of services under the Agreement, except to the extent secured or provided for by insurance, bond, or otherwise to the Board's reasonable satisfaction; or

- c. the Trustee's failure to pay money to the Board when due.
- viii. Notwithstanding any provision to the contrary, the Board shall have no obligation to make any payment to the Trustee at any time, after notice to the Trustee when
  - a. the Trustee is in material breach of the Agreement; or
  - b. the Trustee fails to furnish and maintain evidence of current insurance in accordance with the requirements of the Agreement.

D. Expenses

- i. Trustee shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, and telephone and other communication facilities. Trustee shall not be reimbursed for travel expenses.
- ii. Except as expressly provided otherwise herein, the Trust shall pay all of its own expenses including, without limitation, taxes, expenses of an investment fund, expenses of the Trust's actuary, independent auditors and legal counsel, if any, and fees and expenses of administration of the Trust.

E. Other Services

If and to the extent that the Board requests that Trustee render services beyond the scope of this Agreement, such additional services will be compensated separately on terms to be agreed upon between the Board and Trustee at the hourly or other rates specified in Exhibit B, Section 7.S.

F. Conflicting Provisions

Notwithstanding anything to the contrary, the terms of this Section override any conflicting provisions in the attached Exhibits A and B regarding fees.

8. SUSPENSIONS, COMPLAINTS

Trustee shall promptly give notice to the Board if Trustee receives written notice of the filing against it or any professional of Trustee who has performed any service with respect to the Trust in the 24 preceding months, of any complaints or disciplinary actions by the Securities and Exchange Commission or any other agency or department of the United States, any registered securities exchange, the NASD, any Attorney General or any regulatory agency or authority of any State.

9. NOTICES

- A. All communications relating to the day-to-day activities of the Trustee in providing services to the Board will be exchanged between the Board (or its designee) and [*lead Trustee's name*].
- B. All notices required to be given, or which may be given by either party to the other, shall be deemed to have been fully given and fully received when made in writing and deposited in the United States mail, registered and postage prepaid and addressed to the respective parties as follows:

If to the Board:

OPEB Trust Retirement Board  
Peralta Community College District  
Attn: OPEB Trust Retirement Administrator [Verify title of new position]  
333 East 8th Street  
Oakland, CA 94606

If to Trustee:

Trustee  
Attn: [name]  
[Address]  
[City, State and zip code]

Notification of a change in the name of the contact person shall be in writing.

10. OWNERSHIP OF WORK

- A. All reports, analyses, charts, tables, schedules and all other materials prepared, or in the process of being prepared, for the services to be performed by Trustee are the property of the Board. The Board will be entitled to access and copies of these materials during the progress of the work. Any such materials remaining in the hands of Trustee or in the hands of any subcontractor or other vendor providing services under this Agreement upon completion or termination of work will be immediately delivered to the Board. If any materials are lost, damaged or destroyed before final delivery to the Board, Trustee shall replace them at its own expense and Trustee assumes all risk of loss, damage or destruction of or to such materials.
- B. Any and all rights of copyright to materials prepared under this Agreement are, to the extent permitted by law, hereby assigned to the Board. Trustee agrees to execute any additional documents which may be necessary to evidence such assignment.

11. CONFIDENTIALITY

Any Board materials to which Trustee has access or work prepared by Trustee during the course of this Agreement (“Confidential Information”) will be held in confidence by Trustee, who will exercise all reasonable precautions to prevent the disclosure of Confidential Information to anyone except the officers, employees and agents of Trustee as necessary to accomplish the performance of services to be performed under this Agreement. Except as required by law, Trustee will not release any reports, information, or promotional materials prepared in connection with this Agreement whether confidential or not to any third party without prior written approval of the Board. To the extent permitted by law, Trustee shall notify the Board in advance of releasing any reports, information or promotion materials that Trustee is required to disclose by law.

12. SUBCONTRACTORS

Trustee shall not subcontract any services to be performed by it under this Agreement without the prior written approval of the Board, except for service firms engaged in drawing, reproduction,

typing and printing. Trustee shall be solely responsible for reimbursing any subcontractors and the Board will have no obligation to them.

13. INDEMNIFICATION

The Trustee shall indemnify, defend and hold harmless the Board, its members, designees, directors, officers, representatives, employees, contractors, agents, successors and assigns, and the District from and against any and all liability, claims, damages, losses, expenses (including but not limited to reasonable attorneys' fees, arbitration costs, judgments, fines, and amounts paid in settlement), actions, demands, and suits whatsoever caused by, arising from, or related to the Trustee's performance of services provided under this Agreement, including any act or omission of the Trustee, or any of its directors, officers, members, agents, representatives, employees, or subcontractors. The Trustee further agrees to defend any and all such actions, suits or claims and pay all reasonable attorneys' fees and all other incurred costs and expenses. If any judgment is rendered against the Board or any of the other individuals enumerated above in any such action, the Trustee shall, at its own expense, satisfy and discharge the same. This provision shall survive the termination of the Agreement.

14. INSURANCE

A. Types of Insurance

1) Commercial General Liability Insurance

Trustee shall, at its own expense, procure and maintain Commercial General Liability insurance providing bodily injury and property damage coverage with a combined limit of at least \$1,000,000 each occurrence and a general aggregate limit of at least \$2,000,000. This insurance must include but not be limited to premises and operations, contractual liability covering the indemnity provisions contained in this Agreement, personal injury, products and completed operations, and broad form property damage, and include a Cross Liability endorsement.

Said Policy must protect Trustee and the Board in the same manner as though a separate policy had been issued to each, but nothing in said policy may operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as insured.

2) Business Automobile Liability

Trustee shall, at its own cost and expense, procure and maintain Business Automobile Liability insurance providing bodily injury and property damage with a combined single limit of at least \$1,000,000 per occurrence for all owned, non-owned and hired automobiles. This insurance must provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

3) Workers' Compensation and Employers' Liability Insurance

If Trustee employs any person to perform work in connection with this Agreement, Trustee shall procure and maintain at all times during the



performance of such work Workers' Compensation Insurance in conformance with the laws of the State of California, and federal laws where applicable. Employers' Liability Insurance must not be less than \$1,000,000 for each accident and \$1,000,000 for each disease, with a policy limit of \$1,000,000.

The Policy must contain a waiver of subrogation in favor of the Board and its officers, directors, employees, volunteers, and agents, while acting in such capacity, and their successors and assignees, as they now or as they may hereafter be constitute, singly, jointly, or severally.

4) Professional Liability Insurance

Trustee shall also maintain Professional Liability Insurance covering Trustee's performance under this Agreement, with a limit of liability of \$5,000,000 for any one claim and \$5,000,000 annual aggregate. This insurance must be applicable to any claim arising from the work performed under this Agreement. The policy must contain an "Extended Reporting Period" provision providing for at least one year of Extended Reporting. In the event of non-renewal or cancellation, Trustee must purchase the Extended Reporting Period coverage at Trustee's sole expense or provide evidence of new coverage with a retroactive date prior to the commencement of work under this Agreement. Prior to commencing work under this Agreement, Trustee shall furnish to the Board a Certificate of Insurance, or a certified copy of the insurance policy if requested, indicating compliance with the requirements of this paragraph. This certificate or policy must further stipulate that 30 days' advance written notice of any cancellation, non-renewal or estimated settlements in excess of the limits of the policy will be given to the Board. In the event of a reduction in limits, Trustee will provide evidence of reinstatement of limits or provide evidence of additional coverage so that a minimum of \$5,000,000 per claim/\$5,000,000 annual aggregate is evidenced.

Trustee shall notify the Board of any professional liability claim that has an estimated settlement value in excess of the policy. If the amount of the professional liability insurance is reduced by other claims, Trustee shall procure such additional insurance to restate the limits as required under this Agreement.

If any insurance specified above must be provided on a claims-made basis, then in addition to the coverage requirements stated above, such policy must provide that:

- a. Policy retroactive date coincides with or precedes Trustee's start of work (including subsequent policies purchased as renewals or replacements).
- b. Trustee will make every effort to maintain similar insurance for at least three years following project completion, including the requirement of adding all additional insureds.
- c. If insurance is terminated for any reason, Trustee agrees to purchase an extended reporting provision of at least two years to report claims arising from work performed in connection with this Agreement.

The policy must also allow for reporting of circumstances or incidents that might give rise to future claims.

5) Cyber Risk Insurance

Trustee shall also procure and maintain Cyber Risk Insurance in the minimum amount of \$1,000,000 per claim for the duration of this Agreement and three years following its termination to respond to privacy and network security liability claims, including but not limited to: liability arising from theft, dissemination, and/or use of data of the Board and/or Trust, including but not limited to bank, credit card account and personally identifiable information, such as name, address, social security numbers, etc., regardless of how stored or transmitted; network security liability arising from (i) the unauthorized access to, use of, or tampering with computer systems, including hacker attacks or (ii) the inability of an authorized user to gain access to Board and/or Trust data, including denial of service, unless caused by a mechanical or electrical failure; liability arising from the introduction of a computer virus into, or otherwise causing damage to, a Board and/or Trust or third party computer, computer system, network, or similar computer related property and the data, software, and programs thereon; and crisis management expenses (i.e. notification, public relations, reputation damage, forensics, etc.) for a data breach.

B. General Insurance Requirements

1) Acceptable Insurance

All policies will be issued by insurers acceptable to the Board. This insurance must be issued by an insurance company or companies authorized to do business in the State of California with minimum "Best's" rating of A- and with minimum policyholder surplus of \$25,000,000 or a company acceptable to the Board in its sole discretion. All policies must be issued in a form satisfactory to the Board and must be issued specifically as primary insurance. Workers' Compensation coverage requirements may be met with the California State Compensation Fund.

2) Procure and Maintain Insurance

Trustee shall, at its own cost and expense, procure and maintain at all times during the performance of this Agreement, all of the required policies specified above. The failure to procure or maintain the required insurance policies acceptable to the Board will constitute a material breach of contract.

Any person, firm, or corporation that Trustee authorizes to work upon the District's property, including any subcontractor, will be deemed to be Trustee's agent and will be subject to all applicable terms of this Agreement. Prior to Trustee's start of the work or entry onto the District's property, Trustee agrees to require its subcontractors to procure and maintain, at Trustee's (or its subcontractors) sole cost and expense (and to prove to the Board's reasonable satisfaction that it remains in effect throughout the performance of the work under this Agreement), the kinds of insurance described herein.

Trustee shall not commence work until proper evidence of insurance coverage of the types and amounts specified in this Section has been provided to the Board. Trustee must not violate or permit to be violated any conditions or provisions of said policies of insurance, and at all times must satisfy the requirements of the insurer for the purpose of maintaining said insurance in effect.

3) Terms of Policies

All insurance specified above must remain in force until all work to be performed is satisfactorily completed. If the insurance is provided on a claims-made basis it must remain in force for the entire term of the Agreement and a minimum of three years thereafter.

4) Claims

If any claim is made by any third person against Trustee on account of any incident connected to this Agreement, Trustee shall promptly report the fact in writing to the Board, giving full details of the claim.

C. Evidence of Insurance and Endorsements

Trustee must submit a Certificate of Insurance demonstrating compliance with the required insurance policies. Prior to the commencing of work or entering onto the District's property, Trustee shall file a Certificate of Insurance with the Board evidencing the foregoing coverages, including the following endorsements:

- 1) The insurance company(ies) issuing such policy(ies) will provide at least 30 days' notice to the Board of cancellation or non-renewal.
- 2) That the policy(ies) is primary insurance and the insurance company(ies) providing such policy(ies) will be liable thereunder for the full amount of any loss or claim that Trustee is liable for under this Section, up to and including the total limit of liability, without right of contribution from any other insurance maintained or which may be maintained by the Board.
- 3) Such insurance will include as additional insureds, with the exception of Professional Liability Insurance, the Board, and its respective directors, officers, employees, and agents while acting in such capacity, and their successors and assignees, as they now or as they may hereafter be constituted, singly, jointly, or severally.
- 4) The policy will also contain either a Cross Liability endorsement or Severability of Interests Clause and stipulate that inclusion of the Board as an additional insured will not in any way affect the Board's rights as respects any claim, demand, suit or judgment made, brought, or recovered against Trustee. Said policy will protect Trustee and the Board in the same manner as though a separate policy had been issued to each, but nothing in said policy will operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.

D. Consequence of Lapse

Should any required insurance not be procured or lapse during the term of this Agreement, requests for payment originating after such lapse will not be processed until the Board receives satisfactory evidence of reinstated coverage as required by the Agreement. If insurance is not reinstated, the Board may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

15. INDEPENDENT CONTRACTOR

Neither Trustee nor any party contracting with Trustee will be deemed to be an employee of the Board or the District. Trustee is and will be an independent contractor, and the legal relationship of any person performing services for Trustee will be one solely between that person and Trustee.

16. ASSIGNMENT

Neither party to this Agreement shall assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of the other party.

17. COMPLIANCE WITH LAW

The Trustee shall fully comply with all laws, executive orders, regulations, and other legal requirements applicable to the Trustee and to the services performed under this Agreement. Failure to comply with this provision shall constitute a material breach of the Agreement.

18. BOARD REPRESENTATIVE

The Chair of the Board, or such person or persons as he or she designates in writing from time to time, will represent and act for the Board, except when approval or other action is required to be given or taken by the entire Board.

19. TERMINATION OF THIS AGREEMENT

- A. The Board has the right to terminate this Agreement at any time, for any reason or no reason, by giving 30 days' written notice to Trustee.
- B. If the Agreement is terminated for any reason other than a breach or default by Trustee, the Board shall pay to Trustee in accordance with the provisions of Section 7 all sums actually due and owing from the Board for all services performed and all permitted expenses incurred up to the day reasonable transition to a new trustee/custodian services to the Board is completed. If the Agreement is terminated for breach or default, the Board shall remit final payment to Trustee in an amount to cover only those services performed and permitted expenses incurred in full accordance with the terms and conditions of this Agreement up to the effective date of termination.
- C. Upon receipt of a termination notice, Trustee agrees to cooperate fully with the Board in the orderly transfer of business to Trustee's successor. Upon receipt of notice of termination, Trustee agrees to use its best efforts to assist the Board in transferring responsibility for services being provided in the manner designated by the Board, within a reasonable period of time from the date of the termination notice, the Board's fiduciary duty under California law.

- D. Until the final distribution of the Trust Fund, the Trustee shall continue to have all of the duties and obligations allocated to it under this Agreement. The Trustee shall account for the administration of the Trust Fund up to the effective date of its removal or resignation.
- E. The Board will not in any manner be liable for Trustee's actual or projected lost profits had Trustee completed the services required by this Agreement.

20. TERMINATION OF TRUST

In the event of the termination of the Trust, the Trustee shall continue to administer the Trust Fund in accordance with the terms of this Agreement until all of the purposes for which the Trust has been established have been accomplished or the Trustee has disposed of the Trust Fund after the payment of or other provision for all expenses incurred in the administration of the Trust (including, without limitation, any compensation to which the Trustee may be entitled through the date of such final distribution of the Trust Fund). All assets remaining in the Trust Fund upon termination of the Trust shall, as directed by the Board, be transferred to, or the Trust shall be merged with, such other trust or trusts maintained by the District for the purpose of providing welfare benefits to certain eligible employees of the District.

21. BOOKS, AUDIT AND INSPECTION OF RECORDS

Trustee shall maintain appropriate records of all of its activities under this Agreement. All Trustee and subcontractors costs incurred in the performance of this Agreement will be subject to audit. Trustee and its subcontractors shall permit the Trustee, or its authorized representatives to inspect, examine, make excerpts from, transcribe, and copy Trustee's books, work, documents, papers, materials, payrolls records, accounts, and any and all data relevant to the Agreement at any reasonable time, and to audit and verify statements, invoices or bills submitted by Trustee pursuant to this Agreement. Trustee shall also provide such assistance as may be required in the course of such audit. Trustee shall retain these records and make them available for inspection hereunder for a period of four years after expiration or termination of the Agreement.

22. EQUAL EMPLOYMENT OPPORTUNITY

In connection with the performance of this Agreement, Trustee shall not discriminate against any employee or an applicant for employment because of race, religion, color, sex, disability or national origin.

23. CONFLICT OF INTEREST

- A. Trustee warrants and represents that it is familiar with California Government Code Sections 1090 et seq. and 87100 et seq., and that it does not know of any facts that constitute a violation of said sections or the District's conflict of interest code, District Board of Trustees Policy 2710. The Trustee represents that it has completely disclosed to the Board, and if applicable will disclose in the future, all facts bearing upon any possible interests, direct or indirect, which the Trustee believes any member of the Board, or other officer, agent, or employee of the Board, or any department presently has, or will have, in the Agreement, or in the performance thereof, or in any portion of the profits thereunder. If the Trustee subsequently becomes aware of any such facts, the Trustee shall promptly provide notice to the Board of same, along with a proposal for remedying the violation.

The Board at its sole discretion, may determine whether the proposal or any other proposed resolution is satisfactory.

- B. The Trustee represents that it does not presently have, and shall not have during the period of the Agreement, any direct or indirect interest that would conflict in any manner or degree with the performance of services required by the Agreement. The Trustee further represents that it will not employ, subcontract to, or otherwise involve any person or entity having such conflicts of interest in the performance of the Agreement. If the Trustee subsequently becomes aware of any such conflicts of interest, the Trustee shall promptly provide notice to the Board of same, along with a proposal for remedying the violation. The Board, at its sole discretion, may determine whether the proposal or any other proposed resolution is satisfactory.
- C. Trustee may be required to publicly disclose financial interests under the Board's or the District's Conflict of Interest Code. Trustee agrees to promptly submit a Statement of Economic Interest on the form provided by the Board upon receipt. No person previously in the position of director, officer, employee or agent of the Board may act as an agent or attorney for, or otherwise represent, Trustee by making any formal or informal appearance, or any oral or written communication, before the Board, or any officer or employee of the Board, for a period of 12 months after leaving office or employment with the Board if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, awards or revocation of a permit, license, grant or contract.

24. FRAUD OR MISAPPROPRIATION

The Trustee certifies that none of its officers has been convicted of fraud or misappropriation of funds.

25. ATTORNEYS' FEES

If any legal proceeding should be instituted by either of the parties to enforce the terms of this Agreement or to determine the rights of the parties under this Agreement, the prevailing party in said proceeding will recover, in addition to all court costs, reasonable legal fees.

26. APPLICABLE LAW

This Agreement, its interpretation, and all work performed under it will be governed by the laws of the State of California.

27. JURISDICTION AND VENUE

The parties agree that any action brought by either party under or in relation to this Agreement, including without limitation to interpret or enforce any provision of this Agreement, shall be brought in, and each party agrees to and does hereby submit to the jurisdiction and venue of, any state or federal court located in Alameda County.

28. BINDING ON SUCCESSORS

All of the terms, provisions, and conditions of this Agreement will be binding upon and inure to the benefit of the parties and their respective successors, assigns, and legal representatives.

29. TITLES OF PROVISIONS

The titles given to the provisions of the Agreement are for ease of reference only and shall not be used in the construction or interpretation of the Agreement or relied upon or cited for any other purpose.

30. ENTIRE AGREEMENT; AMENDMENT; EXECUTION

- A. This Agreement, including attachments and Exhibits, constitutes the entire Agreement between the parties with respect to the subject matter hereof and may not be amended except by a written amendment executed by authorized representatives of both parties.
- B. No amendment to this Agreement may violate the terms of the Plan, the Indenture, or applicable law.
- C. In the event of a conflict between the terms and conditions of this Agreement and an attachment or Exhibit, the terms of this Agreement will prevail. Each party to this Agreement represents and warrants that any person or persons signing this Agreement on behalf of such part is authorized and empowered to sign and deliver this Agreement for such party.

31. SEVERABILITY

If any provision of this Agreement shall be held or made non-enforceable by a statute, rule, regulation, decision of a tribunal or otherwise, such provision shall be automatically reformed and construed so as to be valid, operative and enforceable to the maximum extent permitted by law or equity while most nearly preserving its original intent. The invalidity of any part of this Agreement shall not render invalid the remainder of this Agreement and, to that extent, the provisions of this Agreement shall be deemed to be severable.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement by their duly authorized representatives as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

OPEB TRUST RETIREMENT BOARD

Trustee

By: \_\_\_\_\_  
[name], [title]

By: \_\_\_\_\_  
[name], [title]

**APPROVED AS TO LEGAL FORM:**

By: \_\_\_\_\_  
Attorneys for the Board