

Savings Plus Program

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OCTOBER 3, 2022
REQUEST FOR PROPOSAL - SECONDARY
NUMBER 22-700-01

TRUSTEE/CUSTODIAN AND SECURITIES LENDING PROVIDER SERVICES

The State of California Department of Human Resources (CalHR or Department) releases this Request for Proposal (RFP) to obtain proposals from firms that provide Trustee/Custodian and Securities Lending Services.

The Trustee/Custodian and Securities Lending Provider awarded through this RFP process will replace the current Trustee/Custodian and Securities Lending Provider in the Savings Plus Program's (Savings Plus) Deferred Compensation Plan (IRC 457(b)) and Thrift Plan (IRC 401(k) Plan).

In CalHR's opinion, this RFP is complete and without need of explanation. However, your firm may submit questions and requests for clarifying information no later than 3:00 p.m. Pacific Time (PT) on October 17, 2022 in accordance with the RFP instructions. Note that no verbal information given is binding upon CalHR, unless such information is also issued in writing as an official RFP addendum.

All proposers responding to this RFP are requested to submit a Notice of Intent to Bid on the firm's letterhead, signed by an authorized member of the firm to admin.contracts@calhr.ca.gov by 3:00 p.m. (PT) on November 7, 2022 (Refer to Section III.D Submission of Proposal).

All proposers must comply with the instructions found herein and in Section III.D Submission of Proposal. CalHR must receive your proposal by 3:00 p.m. (PT) on Monday, December 5, 2022. Proposals received after this date and time are ineligible for consideration and will not be opened.

CalHR intends that the Agreements resulting from this RFP will be effective January 1, 2024 and will run for a five-year period with the option to extend the Agreement(s) for up to two (2) additional one-year periods. The Contractor will be notified of the intent to extend no less than one-hundred eighty (180) calendar days prior to the contract expiration date. If the time to respond or any date referenced in this RFP falls on a weekend or holiday, the party whose action is required will have until the next business day to act.

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I. PURPOSE AND DESCRIPTION OF SERVICES

A. Introduction

CalHR issues this RFP to select a directed Trustee/Custodian and Securities Lending Agent for Savings Plus, the state's defined contribution program. The Scope of Work to be provided are described in Section IV, Attachment 2, Exhibit F-1 and Exhibit F-2 of this document.

A firm may submit a proposal provided it is able to satisfy the Minimum Qualifications for Proposers (Section II) including:

1. Trustee/Custodian Requirements and Experience (Section II.A);
2. Securities Lending Requirements and Experience (Section II.B);
3. Organizational Minimum Requirements (Section II.C); and
4. Mandatory Licensing, Experience, and Business Requirements (Section II.D).

CalHR intends that the successful firm will enter into two (2) separate individual Agreements with CalHR; one (1) Trustee/Custodian Agreement and one (1) Securities Lending Authorization Agreement. Both Agreements are expected to be for a five-year period beginning January 1, 2024 with the option to extend the Agreements for up to two (2) additional one-year periods.

B. Scope of the RFP

This RFP contains all instructions that govern the requirements for proposal submission. It addresses the required format of the proposal and related material to be contained therein. It also lists the specific requirements, which all interested parties must meet to be eligible for consideration. Interested parties should:

1. Carefully read the entire RFP.
2. Submit appropriate questions within the designated timeframe, if clarification is necessary.
3. Submit all completed responses by the required dates and times.
4. Accurately follow and appropriately address all RFP procedures and requirements.

C. Legal Review

The final Agreements resulting from this RFP will consist of the RFP terms, the Standard Agreement (Std. 213), exhibits, attachments hereto, and the firm's proposal response (except those response items which contradict RFP requirements). Interested firms may submit, in accordance with the RFP instructions, questions regarding contractual details included in the RFP package. CalHR intends to resolve any and all instances of misinterpretation, miscommunication, and misunderstanding of the proposed contractual language prior to proposal submission.

All interested firms shall have legal counsel sign the Documentation and Certification Checklist (Attachment 1) and provide such counsel's state bar number as evidence of their legal review of contract terms and proposal requirements. Such counsel must be authorized to bind the proposer contractually. An executive officer must also sign the Documentation and Certification Checklist (Attachment 1) certifying that the proposing firm satisfies all the corresponding requirements. If the proposing firm is unable to obtain review by legal counsel, a statement explaining the absence of legal review must be attached and signed by an executive officer. Such statement shall affirmatively state that the executive officer has conducted a review of all contract terms and proposal requirements and is authorized to bind the proposer contractually.

Each proposing firm is fully responsible for completion of the Documentation and Certification Checklist (Attachment 1) and for providing accurate responses in the certifications. By submitting a bid proposal in response to this RFP, the selected firm agrees that it may be assessed up to \$50,000 as liquidated damages for submitting an erroneous, false, or misleading certification as required above, or refusing to adhere to such certification. The purpose of this liquidated damages provision is to set an amount in advance to compensate CalHR for the damages that are impractical or extremely difficult to estimate but would be sustained by CalHR in the event that the proposer submits an erroneous, false, or misleading certification, or refuses to adhere to such certification. The liquidated damages amount is intended to be a reasonable estimate of the costs CalHR will sustain as a result of such action and is not intended to be punitive. A liquidated damages assessment shall be immediately due and payable upon the firm's receipt of an invoice from CalHR tendered under this provision.

Questions about this RFP must be submitted directly to the CalHR Contracts Management Unit via email at admin.contracts@calhr.ca.gov and must be received by 3:00 p.m. Pacific Time (PT) on October 17, 2022.

On October 31, 2022, interested parties can obtain a complete set of questions and answers as an addendum to this RFP at caleprocure.ca.gov/pages/index.aspx.

D. Background

Investment Options

Savings Plus currently offers participants twenty-five (25) investment options through the following three-tiered structure:

1. Tier 1 – Target Date Funds: This tier consists of eleven (11) custom asset allocation funds. The funds are constructed using a combination of Savings Plus core investment options/strategies.
2. Tier 2 – Build Your Own Portfolio: This tier consists of five (5) index funds, four (4) actively managed equity funds, one (1) actively managed socially responsible fund, one (1) actively managed diversified real return fund, one (1) actively managed bond fund, one (1) short-term investment fund (STIF), and one (1) STIF-Cash fund. Except for the Index Funds and the Socially Responsible Fund, Savings Plus investment options are constructed through the use of fund-of-fund structures.
3. Tier 3 – Schwab Personal Choice Retirement Account (PCRA): This tier provides a Self-Directed Brokerage Account (SDBA) option.

Savings Plus investment strategies are currently offered through twenty-three (23) separate accounts, two (2) commingled trust funds, and four (4) mutual funds. Additional information about Savings Plus is available at savingsplusnow.com.

Plan Management

CalHR administers a deferred compensation plan (“457(b) Plan”) established in 1974 under section 457(b) of the Internal Revenue Code (IRC); a thrift plan (“401(k) Plan”) established in 1985 and implemented in 1989 under section 401(k) of the IRC; and a Part-time, Seasonal, and Temporary Employees Retirement Program (“PST Program”) established in 1991 under section 457(b) of the IRC and treated as a component of the 457(b) Plan. CalHR’s authority to establish these plans is in *California Government Code* sections 19993, 19999.5, and 19999.2, respectively. CalHR administers these plans as the Savings Plus Program, and these plans, collectively, are referred to as “the Plan.”

For the purpose of the 457(b) Plan (including the PST Program), all amounts of compensation deferred pursuant to the Plan (including pre-tax and Roth), all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights, **shall be held in trust** for the exclusive benefit of participants and beneficiaries under the Plan. Amounts contributed under the Plan are held and invested, until distributed, by the Trustee.

For the purpose of the 401(k) Plan, all amounts of compensation deferred pursuant to the Plan (including pre-tax and Roth), all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights, **shall be held in trust** for the exclusive benefit of participants and beneficiaries under the Plan. Amounts contributed under the Plan are held and invested, until distributed, by the Trustee.

The 457(b) and the 401(k) Plan documents each permit the use of a group trust to commingle Plan assets in accordance with applicable tax rules. Assets of the 457(b) Plan and 401(k) Plan are commingled and separately accounted for as provided for in the respective Plan documents and the current Trust Agreement for the State of California Savings Plus Program Master Trust, and this structure will be maintained under the new Trust Agreement. The “State of California Savings Plus Program Master Trust,” a group trust within the meaning of Internal Revenue Service Revenue Ruling 81-100, as modified, means the trust account established pursuant to the Trust Agreement between the state and the Trustee.

The purpose of the 457(b) Plan and 401(k) Plan is to encourage and increase savings opportunities for state employees to better provide for and to supplement their retirement income, including income received from their defined benefit retirement plan. Persons eligible to participate in the 457(b) Plan and the 401(k) Plan include state employees, appointed and elected officers of the state, California State Judges, California State University employees, and other eligible employees. Effective January 1, 2021, the program expanded its eligibility to allow PST Program participants to participate in both the 457(b) Plan and the 401(k) Plan to supplement their PST Program benefits.

The PST Program was implemented as a result of the 1990 Federal Omnibus Budget Reconciliation Act, and its purpose is to provide a retirement savings program for employees, who are not covered by CalPERS, Social Security, or other specified retirement plans.

In addition, CalHR administered an Alternate Retirement Program (ARP) established in 2004 under Section 401(a) of the IRC. CalHR's authority to establish ARP is found in California Government Code section 19999.3. ARP closed to new participants as of June 30, 2013. As of August 31, 2022, there were 23 ARP participants in the Plan and CalHR desires to close out ARP before the January 1, 2024 conversion date, if possible.

Staff Support

Savings Plus staff make recommendations to the Administrator and the Management Team on plan design issues, fees, and policies. Staff monitor contract compliance; serve as project managers for service provider Requests for Proposal (RFPs); serve as a liaison to the Third Party Administrator (TPA), investment providers, investment consultants, legal counsel, and other third-party providers; and facilitate employee participation in Savings Plus. Staff establish, monitor, and revise the Plan documents, administrative fees, policies, and procedures for the administration of the Plans.

The Investment Committee is the body responsible for establishing and monitoring investment portfolios and other investment-related matters. The Investment Committee makes recommendations to the Director or the Director's designee on portfolio design, investment strategies, and/or investment consultants; establishes and maintains the Investment Policy; evaluates investment performance; and reviews and votes on portfolio design, investment structure, securities lending program, monitoring guidelines, and manager standing based on recommendations from Savings Plus' consultants.

Administration

Savings Plus operates in an "unbundled" program structure. Currently, Nationwide Retirement Solutions (Nationwide) serves as the Savings Plus TPA. Nationwide provides consolidated recordkeeping and accounting services for participants; operates the website, call center, and walk-in center; provides the SDBA option (via the Charles Schwab PCRA); makes available a fee-based managed account service; reaches out to and educates participants; provides marketing and communication services; reports investment performance to participants; maintains fund fact sheets; and provides participant automated account access features.

J.P. Morgan Chase Bank, N.A., the incumbent Trustee/Custodian and Securities Lending service provider, provides such services pursuant to an agreement that terminates December 31, 2023. The incumbent firm is permitted and invited to participate in this RFP bid process.

Savings Plus maintains separate contracts for the following services: Third Party Administration; Trustee/Custodian; Securities Lending; Investment Management; Investment Consulting; Transition Management; Financial Audits; and External Legal Counsel.

Asset Holdings

As of March 31, 2022, Savings Plus total plan assets were \$20.2 billion, including the SDBA and Loan accounts. A detailed breakdown thereof is depicted in **Appendix A – Portfolio Structure and Assets by Account Level as of 3.31.22** (separate file attachment to this RFP). As of August 31, 2022, total plan assets were \$18.5 billion.

Savings Plus Portfolio Structure

Appendix A describes the overall structure and asset allocation of the portfolio as of March 31, 2022. On a biennial basis, the Plan's external consultant reviews and provides commentary and recommendations on the portfolio structure. CalHR anticipates a material change to the portfolio structure will be implemented shortly after the effective date of the Agreements that result from this RFP solicitation. **Appendix B – Investment Redesign and Reselection** (separate file attachment to this RFP) describes the anticipated project and the Trustee/Custodian's involvement at a high level.

Cost of Administration

Revenues to fund the cost of administration of the Plan are generated primarily through participant administrative fees and from our securities lending program.

All proposers are strongly encouraged to obtain additional information about Savings Plus online at savingsplusnow.com.

II. MINIMUM QUALIFICATIONS FOR PROPOSERS

All proposers to the RFP must satisfy the following Trustee/Custodian Requirements and Experience; Securities Lending Requirements and Experience; Organizational Minimum Requirements; and Mandatory Licensing, Experience, and Business Requirements as of March 31, 2022. Failure to satisfy these mandatory requirements at the time of proposal submission will result in elimination from the evaluation process. The successful firm must adhere to these requirements upon award and throughout the term of the Agreements. For purposes of satisfying these requirements, defined contribution retirement plans are those plans authorized under Section 457(b) or 401(k) of the IRC.

A. Trustee/Custodian Requirements and Experience

Proposer must meet the following minimum qualifications and confirm full acknowledgement of meeting the specified requirements in accordance with the instructions contained within the Statement of Compliance (Attachment 5-A).

1. At least \$10 billion in total market capitalization as of March 31, 2022.
2. At least \$5 trillion in total assets under custody as of March 31, 2022.
3. At least \$500 billion in total tax-exempt assets under trust/custody as of March 31, 2022.
4. Minimum of 15 U.S. public fund custody clients as of March 31, 2022.
5. Minimum of 15 years of experience in providing global custody services to institutional tax-exempt investors as of March 31, 2022.
6. Minimum of 15 years of experience in support of trust/unitized custody accounting configurations involving multiple plans for tax-exempt master trust or master custody clients as of March 31, 2022.

7. Minimum of 15 years of experience providing daily fund valuation and unitization services to DC plans and the ability to support self-branded target date fund investment options.
8. Primary client service representative assigned to the account must have a minimum of 10 years' experience in the master trust/custody field working with public plans and at least five (5) years of employment at the responding firm as of March 31, 2022.

B. Securities Lending Requirements and Experience

Proposer must meet the following minimum qualifications and confirm full acknowledgement of meeting the specified requirements in accordance with the instructions contained within the Statement of Compliance (Attachment 5-A).

1. At least \$10 billion in total market capitalization as of March 31, 2022.
2. At least 10 years of experience in providing securities lending services for institutional tax-exempt investors as of March 31, 2022.
3. At least 10 years of experience in providing securities lending services for Defined Contribution Plans as of March 31, 2022.
4. Minimum of \$500 billion in securities lending lendable assets for each calendar year over the last five (5) years ending March 31, 2022.
5. Will accept responsibility for securities lending program with indemnity for borrower default and operational negligence as an agent.
6. Ability to support a program with acceptable collateral limited to non-cash collateral restricted to U.S. Treasury and Government debt and related instrumentalities.
7. Ability to provide reporting on a daily basis that includes on-loan positions, collateral posted, borrowers/counterparties, rebate rates, fees, and general economics or performance of the program.

C. Organizational Minimum Requirements

Proposer must meet the following minimum qualifications and confirm full acknowledgement of meeting the specified requirements in accordance with the instructions contained within the Statement of Compliance (Attachment 5-A).

1. Key professionals and the firm must not have any financial interest that could pose an actual or potential conflict of interest in providing services described in this RFP.
2. The proposer must be a U.S.-domiciled bank/trust company and a member of the Federal Reserve, or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts.
3. The proposer must have the ability to clear transactions or cash through all major book entry or electronic securities depositories, such as the DTC system and the Federal Reserve System.

4. The proposer shall maintain at least \$25 million of professional liability insurance coverage for errors and omissions in its work throughout the term of the Agreements and provide evidence to the Department of such coverage.
5. The proposer shall maintain at least \$50 million of professional cyber security liability insurance coverage in its work throughout the term of the Agreements and provide evidence to the Department of such coverage.
6. The proposer must have an accounting system that provides Savings Plus access to U.S. and international securities accounts within a uniform framework of pricing, accounting treatment, and reporting.
7. The proposer must possess domestic and international Securities Lending Program capabilities.
8. The proposer must be qualified as a securities lending agent on behalf of Savings Plus, a public defined contribution program as described above for the State of California.

D. Mandatory Licensing, Experience, and Business Requirements

Proposers must satisfy the following licensing, experience, and business requirements. Failure to satisfy these mandatory requirements at the time of proposal submission will result in elimination from the evaluation process. The successful firm must adhere to the requirements upon award and throughout the Agreement term. Proposer must confirm full acknowledgement of meeting the specified requirements in accordance with the instructions contained within the Statement of Compliance (Attachment 5-A).

1. The proposer warrants that it is currently qualified to do business in the State of California, if this Agreement is to be performed in the state. "Doing business" in the State of California is defined as "actively engaging in any transaction for the purpose of financial or pecuniary gain or profit." (REVENUE AND TAXATION CODE §23101). Domestic and foreign corporations (those incorporated outside of California) must be qualified to do business in California. (Refer to CORPORATIONS CODE §2105, REVENUE AND TAXATION CODE §23101 ET. SEQ., and other applicable laws.) It is the firm's responsibility to determine if it is doing business in the State of California and if it is properly qualified to do business in California.
2. The proposer agrees and understands that meeting the needs of Savings Plus and its Plan participants requires proper and complete cooperation and coordination with Savings Plus other business partners. The successful firm must prepare a detailed transition plan that includes: timing of transition phases, staffing levels (including those of client), resource commitments (including those of client), and other considerations. The detailed transition plan would not be required of the incumbent firm, if awarded an Agreement as a result of this RFP.
3. The successful firm shall initiate all necessary transition and implementation procedures immediately upon final anticipated Contract Award Date – July 3, 2023. CalHR and the awarded Contractor shall sign a mutual letter of intent signed by July 10, 2023 clearly specifying responsibilities and obligations during the six-month period preceding the contract effective date. All costs of the Trustee/Custodian and Securities Lending Provider associated with such transitional activities shall be the

responsibility of the successful firm. These activities include establishing effective communication with Savings Plus' TPA, investment managers, and consultants.

III. PROPOSAL REQUIREMENTS AND INFORMATION

A. Time Schedule

The following outlines the important actions, dates, and times when the listed actions must be taken or completed. If CalHR finds it necessary to change any of these dates, it will be accomplished by addendum. All times specified are Pacific Time (PT).

Action / Event	Date	Time (PT)
RFP Release Date	October 3, 2022	3:00 p.m.
Written Questions Submittal Deadline	October 17, 2022	3:00 p.m.
Questions and Answers Posted	October 31, 2022	3:00 p.m.
Notice of Intent to Bid Deadline	November 7, 2022	3:00 p.m.
Final Date for Proposal Submission	December 5, 2022	3:00 p.m.
Approximate Date of On-Site Visits	February 6-10, 2023	TBD
Approximate Date of Finalist Interviews (Virtual)	March 6-10, 2023	TBD
Notice of Intent to Award Posted	June 23, 2023	N/A
Last Day to Protest Award	June 30, 2023	3:00 p.m.
Approximate Contract Award Date	July 3, 2023	N/A
Mutual Letter of Intent Deadline	July 10, 2023	N/A
Anticipated Contract Commencement	January 1, 2024	12:01 a.m.

B. Work Plan and Work Schedule Requirements

Refer to Attachment 2 of this RFP for an example of a State of California Standard Agreement, which shall be entered into with the awarded Contractor from this competitive bid process.

The awarded Contractor shall positively affirm to CalHR in writing no later than December 1, 2023 that all trustee/custodian and securities lending program processes and procedures required by Savings Plus have been properly developed and successfully tested. If the awarded Contractor does not assume its duties/responsibilities on the Anticipated Contract Commencement date, the awarded Contractor shall reimburse Savings Plus for costs incurred to ensure no disruption of services in this daily valuation environment.

Included in the provisions of the Agreement is the requirement for the Trustee/Custodian to reimburse CalHR Savings Plus or the TPA for travel expenses incurred by Savings Plus personnel related to due diligence visits and attendance at the Contractor's general client conferences and educational sessions as noted in Attachment 2, Exhibit A of the Standard Agreement in this RFP package. Over the past seven (7) fiscal years, there was one (1) conference or educational session with reimbursement totaling \$289 and due diligence travel expenses were as follows:

Fiscal Year	Total Costs
July 1, 2015 to June 30, 2016	\$1,722
July 1, 2016 to June 30, 2017	\$0
July 1, 2017 to June 30, 2018	\$3,450
July 1, 2018 to June 30, 2019	\$0
July 1, 2019 to June 30, 2020	\$3,757
July 1, 2020 to June 30, 2021	\$0
July 1, 2021 to June 30, 2022	\$0

Note: The cost of past due diligence visits does not guarantee the cost of future due diligence visits.

C. Proposal Content and Questionnaires

1. Proposal Questionnaires

Interested parties must submit a response to the Proposal Questionnaires, as provided in Attachment 5. Attachment 5-A requires each firm to affirmatively state it will comply with and the manner by which it complies with all Minimum Qualifications, specifically:

- a. Trustee/Custodian Requirements and Experience (Section II.A);
- b. Securities Lending Requirements and Experience (Section II.B);
- c. Organizational Minimum Requirements (Section II.C); and
- d. Mandatory Licensing, Experience, and Business Requirements (Section II.D).

Proposers must respond to all Attachment 5 questions in accordance with the Proposal Submission Procedures.

2. Proposal Submission Procedures

When completing the Questionnaires, each proposing firm must give clear, concise, and quantifiable responses to all questions. The proposing firm must restate each question in **bold** face type (no smaller than 11 point font) with its response directly below it. If awarded an Agreement as a result of this RFP, the firm's proposal, including its responses to the Questionnaires, will be incorporated into the contract between the firm and CalHR. Unless otherwise indicated, answer all questions as of December 31, 2021.

Each proposing firm must submit the entire bid proposal consisting of the Questionnaires and any attachments, exhibits, etc. electronically. If the electronic documents are password-protected, the bid responder assumes all liability should CalHR be unable to access the entire RFP response.

D. Submission of Proposal

1. All proposers responding to this RFP are requested to submit a Notice of Intent to Bid on the firm's letterhead, signed by an authorized member of the firm, indicating the firm intends to submit a proposal. Submit the Notice of Intent to Bid to admin.contracts@calhr.ca.gov by 3:00 p.m. (PT) on November 7, 2022.
2. Proposals should provide straightforward and concise descriptions of the proposer's ability to satisfy the RFP requirements. Proposals must be complete and accurate. Omissions, inaccuracies, or misstatements will be sufficient cause for rejection of the proposal.
3. Proposals must be emailed to admin.contracts@calhr.ca.gov.
4. Proposals must be received by admin.contracts@calhr.ca.gov by 3:00 p.m. (PT) on December 5, 2022. Proposals received after this date and time will not be accepted.
5. If the proposal is made under a fictitious name or business title, the actual legal name of the proposer's firm must be provided.
6. All proposals must include the documents identified in Section IV, Required Attachments. Proposals that do not include the proper "required attachments" shall be deemed non-responsive, which shall be sufficient cause for rejection of the proposal. A non-responsive proposal is one that does not meet the basic proposal requirements.
7. Proposals must be submitted for the Scope of Work requirements described herein.
8. A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. CalHR may reject any or all proposals and may waive any immaterial deviation in a proposal. CalHR's waiver of immaterial defect shall in no way modify the RFP document or excuse the proposer from full compliance with all requirements, if awarded the Agreements.
9. Cost for developing proposals and in anticipation of award of the Agreements are entirely the responsibility of the proposer and shall not be charged to CalHR.
10. A proposer may modify a proposal after its submission by withdrawing the original proposal. A proposer may withdraw its proposal by submitting a written withdrawal request to CalHR, signed by the proposer or an authorized agent. A proposer may thereafter submit a new proposal prior to the proposal submission deadline. Modifications initiated by the proposer in any other manner, oral or written, will not be considered. Proposals may not be withdrawn without cause subsequent to the proposal submission deadline.
11. CalHR, at its sole discretion, may request information from the proposer as part of the Administrative Review described in Section III.E.1. Information obtained from the proposer requested by CalHR during the Administrative Review described in Section III.E.1 may be accepted at CalHR's sole discretion as a proper modification to the original proposal. Additionally, CalHR's acceptance of any modification to the original proposal that was initiated by CalHR during the Administrative Review described in

Section III.E.1 shall not be considered a deviation, material or otherwise, from the requirements of this RFP.

12. If a proposer discovers any ambiguity, conflict, discrepancy, omission, or other error in this RFP, they shall immediately notify the Contracts Management Unit via email at admin.contracts@calhr.ca.gov of such error in writing upon discovery. All proposals are submitted at the proposer's own risk.
13. CalHR may modify this RFP, the Time Schedule, or any of its attachments prior to the date fixed for submission of proposals by issuing an addendum. Addenda shall be numbered consecutively as a suffix to this RFP. The first number of an addendum shall be A1.
14. Interested parties or potential interested parties are prohibited from initiating any communication with any and all CalHR/Savings Plus staff or the staff of Callan, LLC, concerning this RFP except as specified in the RFP. CalHR reserves the right to reject the proposal of any proposer violating this prohibition.
15. Proposers are cautioned to not rely on CalHR during the evaluation to discover and report to the proposer any defects or errors in the submitted documents. Proposers, before submitting their documents, should carefully review them for errors and adherence to the RFP requirements.

E. Evaluation Process

1. Administrative Review

After the proposal submission deadline, each proposal will be checked for completeness, conformity with the RFP requirements, and the presence or absence of required information in conformance with the RFP's submission requirements.

All proposals will be reviewed to ensure they meet the mandatory minimum qualifications and RFP requirements. The mandatory minimum qualifications and requirements as specified in this RFP are as follows:

- a) Each proposing firm must meet the Minimum Qualifications for Proposers, as specified in Section II of this RFP. Refer to the Documentation and Certification Checklist (Attachment 1) for self-certification of requirements.
- b) The individuals signing the Documentation and Certification Checklist – without alteration (Attachment 1), must be legally authorized to contractually bind the proposing firm.

After the Administrative Review, proposals that do not meet the above requirements will be considered non-responsive, will be disqualified, and will not be further evaluated.

CalHR reserves the right to reject any proposals containing false, misleading, inaccurate, or incomplete responses, regardless of whether such error or omission was intentional or due to oversight.

CalHR and the evaluation committee, at their sole discretion, reserve the right to obtain additional information (but are not obligated to do so) orally or in writing, from any proposing firm or from any independent sources available to CalHR regarding qualifications or other submitted information.

2. Evaluation Criteria and Process

The evaluation process will score each proposal that passes the requirements set forth in the Administrative Review above in five (5) categories. The categories, along with the possible points, are as follows:

Evaluation Category	Possible Points
1. Minimum Qualifications	Pass/Fail
2. Response to Proposal Questionnaires (Attachment 5)	400
3. Fee Proposal (Attachment 6)	300
4. On-Site Visit	200
5. Finalist Interview	100
Total Possible Points	1,000

Within each category, the proposals will be evaluated and rated relative to each other. Points will be assigned based on the firm's relative rating to other proposers. The rating will be based upon CalHR's evaluation committee's evaluation and interpretation of the information provided by each proposer.

All proposals received by the stated deadline will go through the administrative review to determine whether they meet the mandatory minimum qualifications. If the mandatory minimum qualifications are not met, the proposal will be considered non-responsive and will be disqualified. A full review of the proposal response will be conducted for each firm that passes the administrative review and meets the minimum qualifications.

The Fee Proposal comprises two scenarios: (1) A hard-dollar flat fee assessment and (2) an incrementally priced approach dependent upon assets, accounts, and transactions. In each scenario, CalHR requires that proposers provide an estimated fee for each of the five (5) years of the intended contract term plus each of the two (2) extension periods. CalHR will review the submitted fee proposals and make an election to consider either scenario one (1) or two (2) at its sole discretion. The relative competitiveness, reasonability, and consistency of the fee proposal to the selected scenario will be evaluated and will form the basis for the scoring of the Fee Proposal section.

CalHR shall remove a proposer from consideration when it determines, at any point through the evaluation process, that a proposer does not meet the RFP's Minimum Qualifications.

CalHR and the evaluation committee, at their own discretion, reserve the right to obtain additional information (but are not obligated to do so) orally or in writing, from the proposing firm or from any independent sources available to CalHR regarding qualifications or other submitted information.

CalHR intends to conduct in-person on-site visits to the offices of the top firms. However, given the current health circumstances, CalHR reserves the right to hold these site visits virtually. These visits will be conducted on a mutually agreed upon date within the timeframe indicated in Section III.A. CalHR's evaluation committee shall be provided access to relationship management, client service, fund accounting, securities lending, investment analytics, and other staff personnel involved in the relationship (including computer information technology staff). CalHR's and Callan's observations made and conclusions reached during the site visit do not affect the points awarded in the prior Evaluation Categories. It is anticipated that the on-site visit evaluation committee will consist of up to four (4) CalHR personnel and one (1) Callan consultant. The proposer shall be responsible for all CalHR travel costs (transportation, lodging, and per-diem) associated with these site visits. Proposers are not responsible for the travel costs of Callan personnel. If site visits are conducted in-person, up to three (3) additional evaluators may participate in the site visit meetings virtually.

CalHR intends to hold finalist interviews with the top firms. Responses in the finalist interview will not affect the points assigned in the first four (4) Evaluation Categories (identified in the above table).

CalHR acknowledges that prospective contractors may desire alternate contract language, and that certain state contract clauses may be subject to negotiations. Thus, CalHR may negotiate certain provisions of the Agreements with the proposer scoring the highest number of points. Due to the complexities of modifying a state contract, negotiations with the selected firm will start with the state's contract terms presented in Exhibit C and Exhibit D of Attachment 2. Any negotiations to the contract language will be limited to these exhibits. CalHR reserves the right, upon written notice, to cease negotiations if it determines that the parties cannot agree on contract terms. CalHR may subsequently negotiate the Agreements with an alternative proposer, as deemed necessary by the Department. If CalHR is unable to successfully negotiate Agreements with the proposing firms, CalHR may award no Agreements.

Notice of Intent to Award will be posted after the Agreements have been successfully negotiated.

F. Award and Protest

1. CalHR will post a Notice of Intent to Award on the Department's website calhr.ca.gov and on caleprocure.ca.gov for five (5) business days prior to awarding the Agreements.

2. If any proposer files a protest with CalHR on the grounds that the protesting proposer would have been awarded the Agreement had the Department correctly applied the evaluation standards in the RFP or if the Department followed the evaluation and scoring methods in the RFP, the Agreement shall not be awarded until either the protest has been withdrawn or CalHR has decided the matter. All protests must be received by CalHR prior to the 'Last Day to Protest Award' as noted in Section III.A. Proposers must submit protests only by certified or registered mail to:

California Department of Human Resources
Contracts Management Unit, Attn: Marcos Hernandez
RFP #22-700-01
1515 "S" Street, North Building, Suite 500
Sacramento, CA 95811

3. Within five business (5) days after filing the initial protest, the protesting proposer shall file with CalHR a full and complete written statement specifying the grounds for the protest. CalHR suggests that proposers submit this complete written statement by certified or registered mail to the address above.
4. Upon award of the Agreements and if not presented in the bid response, the Contractor must complete and submit the Payee Data Record (STD. 204), Attachment 3, to CalHR.

G. Disposition of Proposals

Upon proposal opening, all documents submitted in response to this RFP will become the property of the State of California and will be regarded as public records under the California Public Records Act (Government Code Section 6250, et seq.) and subject to review by the public. CalHR cannot prevent the disclosure of public documents. However, the contents of all proposals, draft proposals, correspondence, agenda, memoranda, working papers, or any other medium that discloses any aspect of a proposer's proposal, shall be held in the strictest confidence until CalHR posts the Notice of Intent to Award, as permitted by law.

H. Standard Conditions of Service

1. The Agreements resulting from this RFP will be for a five-year period expected to begin January 1, 2024. Should the Contractor fail to commence work at the agreed-upon time, CalHR, upon five-days written notice to the Contractor, reserves the right to terminate the Agreements. At CalHR's sole discretion, CalHR may offer to extend the Agreement(s) up to two (2) additional one-year periods. The Contractor will be notified of the intent to extend no less than one hundred eighty (180) calendar days prior to the contract expiration date. The Contractor is not obligated to accept CalHR's offer to extend the Agreement for either of the two (2) additional one-year periods.
2. All performance under the Agreements shall be completed on or before the termination date of the Agreements.
3. Proposers are asked to provide a sample Master Trust/Custody Agreement with sample Trust/Custody Guidelines (Attachment 5-D) and a sample Securities Lending

Authorization Agreement including sample Securities Lending guidelines (Attachment 5-E) as part of their response to the Proposal Questionnaires. Refer to Attachment 2, Exhibit G-1 and Exhibit G-2 respectively. If awarded Agreements as a result of this RFP, no proposed term or condition of the proposer's sample agreements therein submitted may contradict or duplicate other provisions presented by the Department in Attachment 2.

4. No oral understanding or agreement shall be binding on either party.

IV. REQUIRED ATTACHMENTS

Refer to the following pages (Attachments) for additional required attachments that are a part of this RFP.

ATTACHMENT 1

DOCUMENTATION AND CERTIFICATION CHECKLIST

Name of Firm: _____

A complete proposal or proposal package will consist of the items identified below. Complete this checklist to confirm your firm has included the items in its proposal. Place a check mark or "X" next to each item your firm is submitting to CalHR. For those items on the checklist that pertain to certifications, provide written signature to confirm the activity is complete or the requirement is satisfied. For your firm's proposal to be considered responsive, you must include all required attachments **and** this checklist with its proposal package.

The proposal package must include the following items or the proposal will be deemed "non-responsive" and will not be evaluated.

<u>Attachment</u>	<u>Attachment Name/Description</u>
___ Attachment 1	Documentation and Certification Checklist
___ Attachment 4	Darfur Contracting Act
___ Attachment 5	Proposal Questionnaires
___ Attachment 6	Fee Proposal

The proposing firm should also make every effort to include the document listed below in the firm's proposal at the time of submission. If the document is incomplete, the proposing firm's proposal will still be evaluated. However, if the firm is awarded the Agreement, the firm must complete documentation prior to the start of the Agreement.

___ Attachment 3 Payee Data Record (STD. 204)

For each of the items below, all proposing firms must provide a written signature to confirm activity is complete or requirement is satisfied.

1. I am authorized to bind the firm contractually and certify that I have conducted a legal review of all contract terms, conditions, and proposal requirements, as specified in the RFP.

Legal Counsel Name

State Bar Number¹

Legal Counsel Signature

Date

¹ Refer to RFP Section I.C on instructions for absence of legal review. If the respective state of licensing does not issue a bar number, indicate this accordingly.

2. I certify that my firm satisfies the Minimum Qualifications for Proposers, as specified in **Section II**, for proposing firms of **Trustee/Custodian and Securities Lending Services** which consists of i) Trustee/Custodian Requirements and Experience; ii) Securities Lending Requirements and Experience; iii) Organizational Minimum Qualifications; and iv) Mandatory Licensing, Experience, and Business Requirements.

Executive Officer Name

Executive Officer Signature

Date

3. I certify that I have/my firm has enclosed the completed Proposal Questionnaires (Attachment 5-A, Attachment 5-B, Attachment 5-C, Attachment 5-D, and Attachment 5-E).

Executive Officer Name

Executive Officer Signature

Date

4. I certify that I have/my firm has enclosed the completed Fee Proposal (Attachment 6).

Executive Officer Name

Executive Officer Signature

Date

5. I certify that I have/my firm has received "Doing Business with the State of California" (Attachment 2, Exhibit E).

Executive Officer Name

Executive Officer Signature

Date

6. I certify that I am submitting the final electronic bid proposal, including the completed Questionnaires and all attachments on an Adobe PDF (Fee Proposal via Excel) file by 3:00 p.m. (PT) on December 5, 2022.

Executive Officer Name

Executive Officer Signature

Date

ATTACHMENT 2

STANDARD AGREEMENT AND EXHIBITS

Reset Form

Print Form

SCO ID: _____

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES
STANDARD AGREEMENT
STD 213 (Rev. 04/2020)

AGREEMENT NUMBER

PURCHASING AUTHORITY NUMBER (If Applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

Department of Human Resources

CONTRACTOR NAME

2. The term of this Agreement is:

START DATE

January 1, 2024

THROUGH END DATE

December 31, 2028

3. The maximum amount of this Agreement is:

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibits	Title	Pages
Exhibit A	Standard Agreement	6
Exhibit B	Budget Details and Payment Process	2
Exhibit C	General Terms and Conditions	3
+ -	Exhibit D Special Terms and Conditions	5

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (If other than an individual, state whether a corporation, partnership, etc.)

CONTRACTOR BUSINESS ADDRESS

CITY

STATE

ZIP

PRINTED NAME OF PERSON SIGNING

TITLE

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Human Resources

CONTRACTING AGENCY ADDRESS

1515 S Street, North Bldg., Suite 500

CITY

Sacramento

STATE

CA

ZIP

95811

PRINTED NAME OF PERSON SIGNING

TITLE

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

ATTACHMENT 2, EXHIBIT A

SAMPLE STANDARD AGREEMENT

AGREEMENT BETWEEN _____ AND
THE DEPARTMENT OF HUMAN RESOURCES
OF THE STATE OF CALIFORNIA

This AGREEMENT is made effective as of this 1st day of January 2024, by and between _____, hereinafter referred to as “Contractor” or [“Trustee/Custodian” (OR)¹ “Securities Lending Provider”] and the California Department of Human Resources, hereinafter referred to as the “Department” or “CalHR.”

Both parties understand that this Agreement, including each exhibit hereto, sets forth the terms and conditions regarding [Trustee/Custodian (OR) Securities Lending Provider] services for the Savings Plus Program.

WITNESSETH:

WHEREAS, the State of California represents and warrants that it has adopted a Deferred Compensation Plan, pursuant to section 457(b) of the Internal Revenue Code (IRC), as amended, a Thrift Plan, pursuant to section 401(k) of the IRC, as amended, and a Part-time, Seasonal, and Temporary Employees Retirement Program that is a component of the Deferred Compensation Plan established pursuant to section 457(b) of the IRC, as amended, collectively referred to as the Savings Plus Program, hereinafter referred to as “the Plan,” or “Savings Plus” each of which has been filed with and approved by the Internal Revenue Service; and

WHEREAS, the Department is empowered and authorized to act on behalf of the State of California in connection with the Plan; and

WHEREAS, the Department represents that the appointment of the Contractor is authorized by, has been accomplished in accordance with, and does not violate the documents governing the Plan; and

WHEREAS, the Department has entered into a contractual agreement with a third-party administrator (“TPA”) of the Plan, currently Nationwide Retirement Solutions, Inc. (NRS), which is authorized to carry out the instructions of the Department; and

WHEREAS, the Department has entered into contractual agreements with Investment Managers and Transition Managers, who are authorized to carry out the instructions of the Department; and

[WHEREAS, the Department requires Trustee/Custodian services, which effectively and efficiently safekeep, record, and report the authorized investments of the Plan, in which

¹ CalHR intends to award two separate agreements to the successful firm. References to “(OR)” in this Sample Standard Agreement indicate where the text in brackets will be inserted into either the Trustee/Custodian Agreement or the Securities Lending Authorization Agreement, respectively.

state employees who participate in the Plan (hereinafter referred to as "Participants") may elect to invest (OR) WHEREAS, the Department requires Securities Lending Provider Services, which effectively and efficiently generate revenues used to offset overall program costs to state employees who participate in the Plan (hereinafter referred to as "Participants"); and

[WHEREAS, the Department has entered into a contractual agreement for Securities Lending Provider services, which effectively and efficiently generates revenue used to offset overall program costs to Participants (OR) WHEREAS, the Department has entered into a contractual agreement with a Trustee/Custodian, which effectively and efficiently safekeep, record, and report the authorized investments of the Plan, in which Participants may elect to invest]; and

WHEREAS, the Contractor agrees to work with the TPA and all other current persons or entities that the Department determines to be necessary to operate the Plan, and agrees to work with additional persons or entities with whom the Department deems necessary to operate the Plan; and

WHEREAS, the Contractor agrees to provide all services required by the Department's Request for Proposal RFP# 22-700-01 in accordance with its response to the RFP, dated on or about December 5, 2022; and

WHEREAS, this Agreement is not an exclusive arrangement. The Department reserves the right to contract with additional persons or entities that it deems necessary or appropriate for the Plan during the term of this Agreement; and

WHEREAS, the Contractor warrants that it is qualified to do business in California, if such qualification is required by state law; and

WHEREAS, the Contractor is registered or exempt from registration under the appropriate state and federal securities and insurance laws; and

NOW, THEREFORE, in consideration of the premises and mutual promises hereinafter set forth, the parties hereto agree as follows:

1. The term of this Agreement with respect to ongoing [Trustee/Custodian (OR) Securities Lending Provider] services will be for a five-year period beginning January 1, 2024 and ending December 31, 2028, with the option to extend the Agreement for up to two (2) additional one (1) year periods. Notwithstanding the effective date of this Agreement, the Contractor agrees to perform any and all transition activities through December 31, 2023. The Contractor will be notified of the Department's intention to extend the term of the Agreement no less than one hundred eighty (180) days prior to the Agreement's expiration date. If the parties agree to extend the term of this Agreement, the terms and conditions, including price, in effect at the time that the decision to extend is made, will continue in full force and effect. Should the Contractor fail to commence work at the agreed-upon time, the Department, upon five (5) business days written notice to the Contractor, reserves the right to terminate this Agreement. In addition, the Department shall have the right to terminate this Agreement with thirty (30) days' written notice to the Contractor in accordance with Exhibit D - Special Terms and Conditions, and such right shall not be limited or restricted by any provision of this Agreement.

2. The Contractor and the Department acknowledge and agree that the Plan is not subject to Employee Retirement Income Security Act of 1974 (“ERISA”). The Contractor and the Department also acknowledge and agree that the fiduciary standard under California Constitution Article XVI, Section 17 that applies to the Department with respect to the management and administration of Savings Plus and the investment of Plan assets is essentially the same as the ERISA fiduciary standard. Given the foregoing, the Contractor acknowledges and agrees the Contractor is a fiduciary with the same fiduciary duty as an ERISA fiduciary with respect to any action, duty, obligation or responsibility hereunder that constitutes a fiduciary function, and that the Contractor shall perform such functions in accordance with the standard of care set forth in Article XVI, Section 17, of the California Constitution. The Contractor shall exercise Reasonable Care in the performance of all other actions, duties, obligations, or responsibilities hereunder. The term “Reasonable Care” when used in this Agreement means the care, diligence, and skill a professional [trustee/custodian (OR) securities lending agent] would exercise in the same or similar circumstances.
3. The Contractor and Department acknowledge and agree that the National Institute of Standards and Technology (NIST) promotes the U.S. economy and public welfare by providing technical leadership. Further, the Contractor confirms that all its systems / networks that house any and all Savings Plus investment asset information are secured with standards that meet NIST Special Publication (SP) 800-53 Revision 4 or its successor controls or equivalent set of security, privacy, and business continuity controls as defined by NIST, International Organization for Standards (ISO), Control Objectives for Information and Related Technologies (COBIT), or Center for Internet Security (CIS) 20 Critical Security. The Contractor shall confirm continued adherence to subsequent upgrades as may be issued in this SP 800 series or other authoritative sources.
4. No later than December 1, 2023, the Contractor shall create a master trust and the portfolio structure of accounts required to support Savings Plus effective January 1, 2024. The 457(b) Plan document and the 401(k) Plan document each permit the use of a group (master) trust to commingle Plan assets in accordance with applicable tax rules.
5. The Contractor shall maintain at least \$25 million of professional liability insurance coverage for errors and omissions in its work throughout the term of the Agreement and provide evidence to the Department of such coverage.
6. The Contractor shall maintain at least \$50 million of professional cyber security liability insurance coverage in its work throughout the term of the Agreement and provide evidence to the Department of such coverage.
7. The Contractor shall provide the Department or its designee reports which clearly reflect all pertinent aspects of services provided pursuant to this Agreement. The Contractor shall submit monthly reports by the 15th calendar day of the following month (e.g., Trust Accounting, Trust to TPA Units Reconciliation, Trust to Investment Manager Reconciliation, etc.). The Contractor shall provide ad hoc reports, as requested by the Department within an agreed-upon timeframe. At its discretion, the Department can agree that such reporting be provided online (e.g., internet, etc.) if so offered by the Contractor. It is understood and agreed by both parties that no additional agreements, terms, and conditions are required for such access.

8. The Contractor shall pay all costs associated with onsite due diligence reviews. The costs include travel and per-diem for up to three (3) Department staff members. Such due diligence reviews shall occur no more frequently than biennially during the contract period.
9. The Contractor shall waive registration expenses and reimburse travel and per-diem costs for Department staff to attend conferences and education sessions presented by the Contractor.
10. If this Agreement is terminated for any reason, or no reason, by the Department in accordance with Exhibit D, the Contractor will provide the Department access to all records, as referenced throughout this Agreement, electronically or any such other form as mutually agreed upon in writing between the Contractor and the Department.
11. All written notices and written communications required or provided under this Agreement shall be mailed or sent via electronic communication as deemed acceptable by the Contractor and the Department.
12. The representatives during the term of this Agreement will be as follows:

	Department	Contractor
Entity Name	CalHR	TBD
Contact Name	Administrator	TBD
Phone	TBD	TBD
Email	TBD	TBD
Fax	(916) 327-1885	TBD

Direct all inquiries to:

	State Agency	Contractor
Section/Unit	CalHR	TBD
Attention	Administrator	TBD
Address	1515 "S" Street North Bldg, Suite 500 Sacramento, CA 95811	TBD
Phone	TBD	TBD
Email	TBD	TBD
Fax	(916) 327-1885	TBD

Representatives may be changed by written notice without requiring an Amendment to this Agreement.

13. All information supplied to, and all work processed or completed by, the Contractor and its agents, subcontractors, or affiliates shall be held confidential and will not be disclosed to anyone, person, or entity other than the Department, or its designees, except as required by law or consented by the Department.
14. This Agreement (Exhibit A) is an exhibit to the State of California Standard Agreement (Form STD 213) by and between the Department and the Contractor (the "Standard Agreement"). The terms and conditions contained in the Request for Proposal, as well as the Contractor's bid response, are hereby incorporated by reference and made a part of the Standard Agreement by this reference as if attached hereto. In the event of any contradiction or inconsistency between the Standard Agreement, this Agreement (Exhibit A), any other exhibit to the Standard Agreement, the Request for Proposal or the Contractor's bid response thereto, the order of precedence with respect to such agreements, exhibits, and documents shall be as follows:
 - a) the Standard Agreement (Form STD 213)
 - b) this Agreement (Exhibit A) to the Standard Agreement
 - c) Exhibit B (Budget Details and Payment Process) to the Standard Agreement
 - d) Exhibit C (General Terms and Conditions) to the Standard Agreement
 - e) Exhibit D (Special Terms and Conditions) to the Standard Agreement
 - f) Exhibit E (Doing Business with the State of California) to the Standard Agreement
 - g) [Exhibit F (Trustee/Custodian Scope of Work) to the Standard Agreement (OR) Exhibit F (Securities Lending Scope of Work) to the Standard Agreement]
 - h) [Exhibit G (Contractor's Master Trust/Custody Agreement) to the Standard Agreement (OR) Exhibit G (Contractor's Securities Lending Authorization Agreement) to the Standard Agreement]
 - i) Request for Proposal (RFP 22-700-01)
 - j) the Contractor's bid response and any documented information provided by the Contractor during the RFP evaluation process.
15. The Department and the Contractor agree that any federal and state law or regulation governing the tax-qualification or administration of plans that meets the requirements of IRC section 457(b) and/or 401(k) shall supersede any conflicting or inconsistent provision of this Agreement.
16. Notwithstanding anything contained herein to the contrary, no party to this Agreement will be required to perform or render any services, the performance or rendition of which would be in violation of any laws relating thereto.
17. The Agreement shall be governed by, and construed in accordance with, the laws of the State of California, without applying the principles of conflicts of law thereunder. The parties

irrevocably consent to the jurisdiction and venue of any federal and state courts in Sacramento County in the State of California.

18. The Contractor agrees to provide services as a [directed Trustee/Custodian as outlined in Exhibit F (Trustee/Custodian Scope of Work) (OR) Securities Lending Agent as outlined in F (Securities Lending Scope of Work)].
19. Notwithstanding the mentioned Scope of Work, the Contractor shall conduct the following [trustee and custodian services on behalf of the Department, including the activities and functions as further described in Exhibit G (Master Trust/Custody Agreement) (OR) securities lending services on behalf of the Department, including the functions as further described in Exhibit G (Securities Lending Authorization Agreement)].

ATTACHMENT 2, EXHIBIT B-1

BUDGET DETAILS AND PAYMENT PROCESS

1. Trustee / Custodian Costs

The Trustee/Custodian costs are a component of overall investment management expense, which are deducted from gross investment performance to arrive at the net earnings distributed to Savings Plus Participants.

Subject to Exhibit C, Item 8, the Contractor has proposed and does agree to the following maximum annual fee schedule. The total annual fees listed below include an amount to be paid to the Contractor for services as described in the Standard Agreement. The Contractor confirms that the amounts noted in the Fee Schedule below are sufficient to cover costs for technical support for operational activities involving the addition of new investment options, asset movement, and portfolio accounts restructuring.

The amounts herein presented do not include amounts related to the Savings Plus Securities Lending Program.

Fee Schedule: The Department has left this section of Attachment 2, Exhibit B-1 intentionally blank. The Fee Proposal (Attachment 6) shall be completed – including a Hard Dollar Flat Fee and an Asset/Account/Transaction-based Incremental Pricing Model – so that annual fees are documented for each year, including fees for the first (1st) and second (2nd) annual extensions provided for above (Attachment 2, Exhibit A, Item 1 of the Standard Agreement).

- A. As directed by / in collaboration with the Department, the Contractor shall accrue monthly fees to the various Savings Plus investment options. The Contractor shall accrue incremental amounts on a daily basis, such that the appropriate amount of Trustee/Custodian fees have been segregated within each investment option. The Contractor accrues fees against the daily unitized net asset values communicated to the TPA.
- B. The Department and the Contractor agree and understand that the daily accrual rates applied to Participant assets shall be unchanged throughout the year. As requested by the Department, the Contractor shall provide statistical analysis reasonably necessary to support the accrual rates to be applied, as well as any subsequent changes thereto.
- C. On an annual basis, if not required sooner, the Department and the Contractor shall confer and agree on any changes to the allocation of Trustee/Custodian costs to the Savings Plus investment options.
- D. After month-end, in order to receive its monthly Trustee/Custodian fees, the Contractor shall submit an invoice to the Department. The invoice shall indicate the accrual amounts by investment option and the total of the invoice. Upon approval of the invoice, the Department shall authorize the Contractor to deduct the Trustee/Custodian fees from the investment options. The Department shall instruct the Contractor as to the liquidation methodology based on the accrual rates for each investment option.

ATTACHMENT 2, EXHIBIT B-2

BUDGET DETAILS AND PAYMENT PROCESS

1. Securities Lending Program Costs

- A. As described in Exhibit G-2 (Securities Lending Authorization Agreement), the gross revenues generated by the Savings Plus Securities Lending Program shall be allocated to the Department and the Contractor. The Department shall use its net amount to help offset overall costs to Participants. The allocation of revenues shall be: ____% the Department and ____% the Contractor.
- B. The Contractor shall remit accumulated securities lending revenue, which is earned on a daily basis, no later than the 15th Calendar Day following the month in which the revenue was earned. The Department shall instruct the Contractor as to the remittance methodology.

ATTACHMENT 2, EXHIBIT C

GENERAL TERMS AND CONDITIONS

1. **APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Director of the Department of Human Resources (“CalHR”) or the designee. The Contractor may not commence performance until such approval has been obtained.
2. **AMENDMENT:** No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or agreement not incorporated in the Agreement is binding on any of the parties.
3. **ASSIGNMENT:** This Agreement may not be directly or indirectly assigned by the Contractor, either in whole or in part, including by change of control, merger, operation of law or any other manner, without the consent of CalHR, which shall not be unreasonably withheld; provided, however, that consent shall not be required in the event the Contractor is prohibited by law from obtaining such consent or providing notice to CalHR of the transaction prior to its effective date. Any permissible assignment shall be in the form of a formal written amendment.
4. **AUDIT:** The Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. The Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. The Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of the state to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, section 1896).
5. **DISPUTES:** The Contractor shall continue with the responsibilities under this Agreement during any dispute.
6. **INDEPENDENT CONTRACTOR:** The Contractor, and the agents and employees of the Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the state.

7. NON-DISCRIMINATION CLAUSE: During the performance of this contract, the contractor and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractors and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Contractors and subcontractors shall comply with the provision of the Fair Employment and Housing Act (Gov. Code, § 12900 et seq.) and the applicable regulations promulgated thereunder (cal. Code Regs., tit. 2, § 11000 et seq.). The applicable regulations of the Fair Employment and Housing Council implementing Government Code section 12990, set forth in Subchapter 5 of Division 4.1 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made part hereof as if set forth in full. The Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work specific to the Department and under this Agreement.

8. COMPENSATION: The consideration to be paid Contractor, as provided herein, shall be in compensation for all of the Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.
9. GOVERNING LAW: This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.
10. ANTITRUST CLAIMS: The Contractor by signing this Agreement hereby certifies that, if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes sections set out below.

A. The Government Code Chapter on Antitrust claims contains the following definitions:

- 1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the state or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of section 16750 of the Business and Professions Code.
- 2) "Public purchasing body" means the state or the subdivision or agency making a public purchase. Government Code section 4550.

- B. In submitting a bid to a public purchasing body, the bidder offers and agrees that, if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under section 4 of the Clayton Act (15 U.S.C. sec. 15) or under the Cartwright Act (Chapter 2 (commencing with section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code section 4552.
 - C. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code section 4553.
 - D. Upon demand in writing by the assignor, the assignee shall, within one (1) year from such demand, reassign the cause of action assigned under this part if the assignor has been, or may have been, injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code section 4554.
11. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of \$100,000, the Contractor acknowledges in accordance with Public Contract Code 7110, that:
- A. The Contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
 - B. The Contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
12. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

ATTACHMENT 2, EXHIBIT D

SPECIAL TERMS AND CONDITIONS

1. **INDEMNIFICATION (THIRD PARTY CLAIMS):** The Contractor agrees to indemnify, defend, and save harmless the state and all of the officers, trustees, agents, and employees of the foregoing from and against any and all losses, costs, liabilities, damages, or deficiencies, including interest, penalties, and attorneys' fees, which (i) arise out of or are due to a breach by the Contractor or any of its representations, warranties, covenants, or other obligations contained in this Agreement, or (ii) are caused by or resulting from the Contractor's acts or omissions constituting bad faith, willful misfeasance, negligence, or reckless disregard of its duties or obligations under this Agreement, or (iii) accrue or result to any of the Contractor's subcontractors, material men, laborers, or any other person, firm, or corporation furnishing or supplying services, material, or supplies in connection with the performance of this Agreement.

2. **PRELITIGATION DISPUTE RESOLUTION PROCEDURES:** Any claim that the Contractor may have regarding the performance of this Agreement, including, but not limited to, claims for additional compensation, extension of time, shall be submitted to the Department of Human Resources (CalHR), Savings Plus, within ten (10) business days after the Contractor first knew or reasonably should have known of the problem. Within ten (10) business days of this filing, a representative for Savings Plus shall meet with the Contractor for purposes of resolving the dispute. Should the Contractor disagree with the decision, the Contractor may appeal to CalHR Director or Designee within fifteen (15) business days of the decision. The CalHR Director, or Designee, shall meet with the Contractor to review the issues raised. A written decision signed by the Director or Designee shall be returned to the Contractor within thirty days of the conclusion of the meeting. The decision of CalHR Director or Designee shall be final except that nothing in this section shall constitute a waiver by the Contractor to seek enforcement of any right under this contract after the above dispute resolution procedures have been exhausted.

3. **SUBCONTRACTING:** Nothing contained in this Agreement or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its Subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. For purposes of the preceding sentence, "Subcontractor" shall include only those subcontractors that provide services that the Contractor agrees to provide under this Agreement, and shall not include any entity that is not an affiliate, branch, parent, or subsidiary of the Contractor and that is a security depository, provider of market data, broker, or subcustodian, to the extent the Contractor used Reasonable Care in the selection and monitoring of such entity. The Contractor's obligation to pay its subcontractors is an independent obligation from the

State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any monies to any subcontractor.

4. CONTINGENCY FEE: The Contractor warrants, by execution of this Agreement, that no person or selling agency shall be employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingency fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall have the right to annul this Agreement without liability, pay only for the value of the work actually performed, or in its discretion, to deduct from the contract work actually performed, or in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingency fee.
5. TERMINATION: In the case of an assignment of this Agreement to any affiliate or subsidiary of the Contractor, CalHR may immediately terminate this Agreement at no cost to CalHR, and such termination shall not be a waiver of its rights regarding assignment as set forth in Exhibit C of this Agreement. CalHR may terminate this Agreement or any part thereof at no cost to CalHR for any reason or for no reason by giving the Contractor thirty (30) calendar days' written notice of the effective date of the termination. The Contractor may terminate this Agreement for reasonable cause at no cost to CalHR by giving CalHR one-hundred eighty (180) calendars days written notice of the effective date of the termination. Reasonable cause shall not include previously agreed upon contract terms, conditions, or requirements. The Contractor shall bear the cost of any Participant communication and contractor search/replacement costs should the Contractor exercise such termination rights. Search/replacement costs shall be performed in line with industry averages. Notwithstanding the written notice requirement, the Trustee/Custodian agrees to continue providing services under this agreement until the transition to the successor trustee is complete.
6. PRIVITY OF CONTRACT: The Contractor will have no privity of contract with Participants of the Program. The Contractor agrees not to accept or honor any instructions that may be submitted in writing or orally by Participants with respect to sub-accounts; nor shall the Contractor provide any information on the sub-accounts to any Participant in writing or orally without written instruction from CalHR.

7. ERRORS AND OMISSIONS: The Contractor shall be solely liable for and solely responsible to CalHR and the Plan for processing errors, by the Contractor, its agents, assignees, subcontractors, and any other person, firm, or corporation contracted by or acting on behalf of the Contractor. In the event of a loss of interest and/or principal to the Plan due to an error by the Contractor or its agents, assignees, subcontractors, or other person, firm, or corporation contracted by or acting on behalf of the Contractor, in processing directions from CalHR and/or the Third Party Administrator on behalf of the Plan, the Contractor agrees to put the Plan in the same position as if the processing error had not occurred and to make CalHR whole for any of CalHR's related direct costs and/or fees.

In the event of a loss of investment earnings to Plan Participants due to an error by the Contractor or its agents, assignees, subcontractors, or other person, firm, or corporation contracted by or acting on behalf of the Contractor, in calculating NAV pricing, if the NAV error meets or exceeds the materiality threshold, the Contractor agrees to put the Participants in the same position as if the pricing error had not occurred and to make the Participants whole for any investment-related losses. The parties shall establish an agreed-upon materiality level for the correction of such processing errors. Written confirmation of the correction shall be mailed by the TPA to the address on file for the affected Participants. The Contractor shall be liable for the postage costs associated with communicating the correction to affected Plan Participants.

8. AUTHORIZED PERSONS: Those persons/positions designated by the Director ("Authorized Persons") have the authority to provide directions and instructions to the Contractor pursuant to this Agreement. The Department shall provide the Contractor with an Authorized Signatures List, including specimen signatures. CalHR may change the Authorized Signatures List pursuant to mutually agreed-upon Security Procedures without requiring a contract amendment.
9. STATEMENT OF COMPLIANCE: The Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, section 11102) (Not applicable to public entities.)
10. DRUG-FREE WORKPLACE REQUIREMENTS: The Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:
- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - B. Establish a Drug-Free Awareness Program to inform employees about:
 - 1) the dangers of drug abuse in the workplace;
 - 2) the person's or organization's policy of maintaining a drug-free workplace;

- 3) any available counseling, rehabilitation, and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

C. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both, and the Contractor may be ineligible for award of any future state agreements if the Department determines that any of the following has occurred: the Contractor has made false certification or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

11. EXPATRIATE CORPORATIONS: The Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code section 10286 and 10286.1, and is eligible to contract with the State of California.
12. LABOR CODE/WORKERS' COMPENSATION: The Contractor needs to be aware of the provisions of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and the Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code section 3700)
13. FORCE MAJEURE: Neither party hereto shall be liable for any failure of performance due to causes beyond its reasonable control, the occurrence of which could not have been prevented by the exercise of due diligence, such as Acts of God or acts of the other party; acts of civil or military authority, earthquakes, fires, floods, epidemics, windstorms, explosions, natural disasters, sabotage, wars, riots, changes in laws, regulations, tariffs mandated or approved by federal, state, or other governmental or regulatory entities, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party as soon as possible after the event or occurrence (but in no event more than thirty (30) calendar days thereafter). Either party may terminate this contract for any one or more of such reasons if the underlying reason for the notice called for in the preceding sentence continues for more than sixty (60) calendar days.
14. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: The Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against the Contractor within the immediately preceding two-year period because of the Contractor's failure to comply with an order of a Federal court, which orders the Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

15. SEVERABILITY; WAIVER: If any provisions of this Agreement are held invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue to be fully effective.

Except as otherwise provided herein, no failure or delay on the part of either party in exercising any power or right under this Agreement operates as a waiver, nor does any single or partial exercise of any power or right preclude any other or further exercise, or the exercise of any other power or right. No waiver by a party of any provision of this Agreement, or waiver of any breach or default, is effective unless it is in writing and signed by the party against whom the waiver is to be enforced.

16. COUNTERPARTS: This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original, but all the counterparts together constitute the same agreement.

ATTACHMENT 2, EXHIBIT E

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. **CONFLICT OF INTEREST**: The Contractor needs to be aware of the following provisions regarding current or former state employees. If the Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.
 - A. Current State Employees (Pub. Contract Code §10410):
 - 1) No officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity, or enterprise is required as a condition of regular state employment.
 - 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.
 - B. Former State Employees (Pub. Contract Code §10411):
 - 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into an Agreement in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the Agreement while employed in any capacity by any state agency.
 - 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into an Agreement with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed Agreement within the 12-month period prior to his or her leaving state service.

If the Contractor violates any provisions of above paragraphs, such action by the Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time, and payment for per diem. (Pub. Contract Code §10430 (e))

2. **AMERICANS WITH DISABILITIES ACT**: The Contractor assures the state that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

3. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change, the state will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.
4. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:
 - A. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the Contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
 - B. "Doing business" is defined in R&TC section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
 - C. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.
 - D. The Contractor warrants that it is currently qualified to do business in California if the Agreement is to be performed in the state.
5. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.
6. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.
7. NOTICE OF AGENCY EVALUATION OF CONTRACTOR PERFORMANCE PER PUBLIC CONTRACT CODE: Within sixty (60) calendar days after the completion of this Agreement, the Contracts Manager shall complete a written evaluation of the Contractor's performance under this Agreement. The evaluation shall be prepared on Contract/Contractor Evaluation form (STD 4) and maintained in the Agreement file. If the Contractor did not satisfactorily perform the work, a copy of the evaluation will be sent to the Department of General Services, Office of Legal Services, and to the Contractor within fifteen (15) business days of the completion of the evaluation. (PCC 10367; 10369; 10370).

ATTACHMENT 2, EXHIBIT F-1

TRUSTEE/CUSTODIAN SCOPE OF WORK

Listed below is the Scope of Work for trust/custody services and functionality conducted by a directed Trustee/Custodian, and best practices for comparable plans and funds that require such services. State if Contractor is able to provide the services listed below by checking the boxes for each applicable item. If for any reason a service is not available or Contractor is unable to, please explain succinctly.

1. Custody, Safekeeping, Asset Servicing, and Income Collection

- Contractor shall act as the central custodian depository and nominee holder of the assets of Savings Plus domestically and internationally and as the transaction-clearing agent for those assets.
- Contractor shall safekeep and custody cash and securities (physically or electronically) in a location and manner satisfactory to Savings Plus, with adequate controls and an adequate business continuity and disaster preparedness plan.
- Contractor shall maintain a secure integrated connectivity with domestic depositories (e.g., DTC, Fed Book Entry System) and international depositories (Euroclear, Clearstream).
- Contractor shall be responsible for secure online, real time access to DTC/FED Book Entry-maintained trade activity as reported in the custody system, and must be accessible to Savings Plus staff to allow for review of trade, cash flows (contributions and distributions, wires, funding, expenses, and other payments) and securities movement activity of portfolio assets.
- Contractor shall provide online access and/or can build connectivity with investment managers to access commingled funds (collective investment trusts, institutional mutual funds, limited partnerships, and other vehicles).
- Contractor shall provide the necessary access with exchanges on which derivatives are traded because they are held on the exchanges where purchased.
- Contractor shall provide access to depositories such as Clearstream or Euroclear for the efficient processing of cross border transactions. Contractor must have a relationship with a local sub-custodian or regulated depositories, when Clearstream or Euroclear is not available.
- Contractor shall perform regular reconciliations with investment managers or provide information electronically to investment managers for reconciliation to ensure records are consistent.
- Contractor shall ensure securities in omnibus accounts are attributed correctly to Savings Plus accounts.
- Contractor shall assist CalHR in completing such necessary market tax documentation by filling out required documentation in the capacity of directed Trustee, or prepopulating documentation for markets that require signature from the beneficial owner and providing review and due date for documentation, and submit completed forms to appropriate tax authorities on behalf of the Trust.
- Contractor shall provide global market kits as required by new market opening and alert CalHR when the new market is open and available for trading, and provide to CalHR documentation to obtain "relief at source" or reclaim withheld taxes, as applicable.
- Contractor shall have a dedicated staff for foreign tax withholding, reclaims processing, and support tax agents matters, where applicable.
- Contractor shall maintain accounts, and grouped by tax treaty and claims for timely documentation and processing.

- Contractor shall monitor and pursue recovery of outstanding foreign tax withholding claims, collect foreign tax reclaims in those countries where Savings Plus has investments (including filing of foreign tax reclaim forms), follow-up on a proactive basis of delinquent reclaims, and offer “relief at source” withholdings in all permissible countries.
- Contractor shall be responsible for timely notification of all corporate actions and activities including but not limited to tender offers, called bonds, class action suits, proxy statements and solicitations, proxy cards, and annual reports.
- Contractor shall be able to support, upon request of Savings Plus and/or as required by local market and issue requirements, the timely certification of beneficial ownership and supporting documentation for the purposes of annual shareholder meeting initiatives.
- Contractor shall provide support systems necessary for the timely exercise of corporate actions and proxy voting by Savings Plus, or its investment managers or third-party providers, as directed.
- Contractor shall offer contractual income accrual posting in markets where sufficient depository controls and market infrastructure promotes efficient collection.
- Contractor shall clearly identify the markets in which it offers contractual income accrual.
- Contractor shall be responsible for identification and timely collection of all receipts/income, which become due and payable on Savings Plus’ assets and the timely payment of receipts/income with income recognized in all markets (e.g., MSCI ACWI countries) on a contractual basis.
- Contractor shall have a staff dedicated to income collection for proper reconciliation of all economic benefits of ownership.
- Contractor shall clearly identify the circumstances under which it will rescind contractual income collections.

2. Transaction Activity, Settlement, and Failed Trade Process

- Contractor shall identify those markets in which it performs actual and contractual settlements.
- Contractor shall provide contractual settlement in those markets with sufficient depository controls and where market infrastructure promotes efficient settlement both domestically and internationally.
- Contractor shall have clear written procedures for contractual settlement and identify the circumstances under which contractual settlement will be suspended.
- Contractor shall have well-defined methods for monitoring and managing failed trades.
- Contractor shall track all trade settlements and fails daily, including impacted securities out on loan.
- Contractor shall have defined processes for handling trade fails and provide guidance on remedies for trade fails both domestically and internationally, including CSDR requirements.
- Contractor shall act as the primary contact with all Savings Plus investment managers for the resolution of trade discrepancies and is also responsible to assure that trades are affirmed by the appropriate manager.
- Contractor shall notify Savings Plus investment managers in a timely manner of failed trades.
- Contractor shall not insist that investment managers are solely responsible for monitoring failed trades.
- Contractor shall have an independent control function reviewing failed trades over a certain threshold, including securities out on loan.
- Contractor shall provide Trade Settlement for both separate account strategies and the net daily participant trades by investment option as submitted by the TPA, including the following:

- Settlement of cash transactions and cash movement as instructed
 - Settlement of securities transactions as executed by separate account managers
 - Cash settlement of recordkeeping-only trades (for commingled trust/mutual fund options) as submitted by the TPA on a net participant cash flow basis
- Contractor shall have a secure automated exchange of daily investment data with Savings Plus. Specifically, cash and securities transaction clearing and settlement information shall be available to Savings Plus online, including all necessary notification and coordination with Savings Plus staff, outside investment managers, and other service providers other than custodial services.
3. Accurate and Timely Pricing
- Contractor shall use independent pricing sources to value all types of securities and cash instruments held domestically and internationally across all asset classes.
 - Contractor shall provide daily pricing services for valuation processes and maintain written stale (or hard to value) pricing procedures.
 - Contractor shall have rigorous, independent methodology(s) to price illiquid and highly structured securities. For liquid securities, Contractor shall check prices against additional pricing sources for proper coverage.
 - Contractor shall use automatic price feeds from pricing vendors and third-party pricing or valuation agents.
 - Contractor shall flag price differences that exceed a bank-established threshold of variance.
 - Contractor shall establish proper process and methodology for reconciling price differences with investment managers.
 - Contractor shall, in coordination with Savings Plus, maintain access to independent sources to use as the final price for problem securities.
 - Contractor shall not solely rely on the investment manager for independent pricing of securities held in manager accounts.
 - Contractor shall maintain a mechanism for notifying Savings Plus of problematic price differentials.
 - Contractor shall have up-front checks on the quality of pricing data coming in from pricing vendors and agents.
 - Contractor shall have control mechanisms for manual overrides on pricing illiquid or highly structured securities.
 - Contractor shall have an appropriate level of review of pricing problems and logs to document such review.
 - Contractor shall book all investments at cost and report investments with updated market values.
 - Contractor shall recognize gains and losses on securities sold on an average cost basis.
4. Accounting Integration and Reporting
- Contractor shall reconcile daily the security transactions and activities with sub-custodians and depositories and with proper integration with the core accounting system.
 - Contractor shall retain in-house expertise to maintain and upgrade the custody (securities, transaction activity, and cash tracking) and accounting (plan, fund, and trust reporting) systems.

- Contractor shall have sufficient personnel and resources dedicated to systems and technology utilized in support of custody, accounting, performance, and compliance monitoring systems. If the securities tracking and control system was purchased from an outside vendor, Contractor shall retain in-house expertise to maintain and upgrade the system.
- Contractor shall maintain disaster recovery and business continuity sites, and backs up daily through redundant platforms to ensure functionality. Contractor's disaster recovery plan shall include off-site back up of data and systems on a different power grid, and the Contractor shall test the plan regularly.
- Contractor shall retain in-house expertise if the core accounting system was purchased or leased from an outside vendor and have the expertise to maintain and upgrade the system.
- Contractor shall have the source code for those systems that were purchased from an outside vendor. If Contractor does not have the source code, Contractor shall have the source code placed in an escrow account to which it will have access if there is a problem with the vendor.
- Contractor shall maintain a formal process for vendor assessment of business partners and other third-party providers in support of the custody, accounting, data management, performance measurement, and advanced analytics services required and contracted by Savings Plus.
- Contractor shall be able to support a multi-currency, full accrual, trade date based general ledger accounting platform.
- Contractor shall support unit, dollar, percentage, and/or share-based allocation for multi-manager funds and plan/trust accounting with a proven record of existing accounts that require unitized accounting for defined contribution plans.
- Contractor shall support plan and trust accounting with a proven record of existing accounts that require such services.
- Contractor's accounting systems shall have the functionality to handle a significant number of sub ledger and plan accounts.
- Contractor shall have the entries to the accounting and securities tracking and control systems automated and controlled through an exception-based processing environment.
- Contractor's custody and accounting systems shall capture the majority of security types across all asset classes, including OTC securities and structured derivatives.
- Contractor shall have the appropriate trade date accounting and reporting to support Savings Plus portfolios on a daily valued environment.
- Contractor shall allow CalHR access to the Contractor-maintained fund custody and accounting data online and the capability to request ad hoc (as well as standard) system reports.
- Contractor shall support standard monthly audited report package, including a statement of assets and transactions, accrued income at month-end, failed trade report, pending trade report, cash, and cash equivalents sorted by fund. The monthly audited statements should be available online no later than five (5) business days after month-end. Unaudited statements should be available online on the first business day after month-end.
- Contractor shall provide annual audited report package online no later than sixty business days after calendar year-end and after Savings Plus' fiscal year-end (June 30). Unaudited statements should be available online on the first business day after year-end.
- Contractor shall provide audited trust/plan/fund accounting statements on a monthly basis. The plan accounting statements should be available online no later than five (5) business days after month-end.

- Contractor shall make reports available on a settlement and trade date basis.
- Contractor shall be able to support required reporting for all securities:
 - Cash transactions, by security, at manager, and fund level for each day's cash transactions.
 - Five (5) business day forecasts of cash transactions by security at the manager and fund level for each day of the forecast and a separate fund level report by security for each business day of the forecast.
 - For bond accounts, both cash receipt and cash forecast reports should list the principal, interest, and total amount to be received for each security. Bond reports should be subtotaled by security type.
 - Monthly reports for equity and fixed income securities must include all trade, income, and corporate action activity as well as all standard holdings information used for equity and fixed income securities at both the manager and the fund level.
 - Monthly broker commission report of all broker commission activity and consolidated broker commission statement for annual reporting purposes.
 - Monthly corporate actions report by security for each manager account.
 - Monthly analysis of all transactions occurring during that month at both the manager and the fund level, stating month-end market and cost values, and all income, contributions, disbursements, transfers, and month-end accrued earnings adjustments sorted by account.
- Contractor shall provide additional reporting for international investments:
 - Monthly reports, which contain trade activity detail, income, and corporate action events in both base and local currency amounts, are required for global manager accounts.
 - Detailed holding reports grouped by currency, indicating the number of shares/units, cost, and market value of equity and fixed-income holdings are required in both base and local currency, as well as accounting for forwards and futures for currency hedging.
 - Cash journals by currency for each manager that detail all cash transactions are required with the monthly report package for each manager.
- Contractor shall provide class-action information for securities that Savings Plus owned in the relevant time periods, including notice of filing and settlement information on a monthly basis.
- Contractor shall provide a summary of the month's securities lending transactions sorted by manager and account, stating securities out on loan, collateral, counterparty, gross income, rebates, bank fees, and net securities lending income summarized by account.
- Contractor shall provide daily securities lending report detailing failed trades or pending fails because of failure to return lent securities, and subject to CSDR penalties.
- Contractor shall furnish services and support systems necessary for the timely receipt, review, and monitoring of corporate actions and proxy voting according to specifications by Savings Plus.
- Contractor shall maintain at a minimum daily pricing for all publicly traded securities on a non-audited basis and end-of-month audited pricing for all securities, including private placements and non-publicly traded securities.
- Contractor shall provide accounting and/or recordkeeping for the net daily participant trades as submitted by the TPA for the Self-Directed Brokerage Account balance and the Participant Loan Account balance (Aggregate).
- Contractor shall conduct the following activities:

- Reconcile cash and security positions for all separate accounts to validate daily NAVs.
 - Reconcile non-custody investment holdings and share balances in the investment options to validate daily NAVs.
 - Perform a monthly reconciliation of market values and unit balances as reported by the Contractor with Savings Plus third-party administrator, investment consultants, and the various investment managers.
- Contractor shall provide accounting and financial consolidated reporting on a fiscal year basis, July 1 - June 30, as well as a calendar year basis, as required by Savings Plus. Contractor shall participate and cooperate with scheduled audits and inventory of securities conducted by independent audit firms designated by Savings Plus, when required.
 - Contractor shall provide annual GASB regulatory reporting including GASB 40, GASB 53, and GASB 72 within sixty calendar days of calendar and fiscal year-end.
 - Contractor shall identify accounting team and contacts for CalHR's accounting inquiries.
 - Contractor shall monitor and manage the investment manager reconciliation process and provide CalHR with a summary scorecard with investment manager reconciliations, variances, and reasons for variances.
 - Contractor shall provide support and training to CalHR staff as needed on GASB reporting requirements and support audit requests.

5. Fund-of-Fund, Unit Value Accounting and Net Asset Value (NAV) Reporting

- Contractor shall furnish Savings Plus with a daily pricing, daily accounting, and NAV Calculation guide, covering methodology, all security types, and proper accounting treatment.
- Contractor shall support accounting and unitization on a daily basis for NAV calculations and in support of the fund-of-fund account structure of Savings Plus.
- Contractor shall accrue fees in NAV calculations on a daily basis.
- Contractor shall review corporate actions, unrealized gains and losses, and foreign exchange in striking NAVs.
- Contractor shall support daily electronic feeds to third-party recordkeepers and account servicers, including online access to NAVs.
- Contractor shall automatically calculate two-level (or three-level as needed) NAVs for target date funds, multi-manager, and fund-of-fund arrangements at the manager level and investment options level, including all cash or liquidity accounts.
- Contractor shall have clear procedures for researching NAV errors, communicating problems to the client, reprocessing NAVs, and making the client whole in the event of a loss due to Contractor's pricing or calculation errors, if the error exceeds the NAV materiality threshold. The TPA calculates the amount owed to make plan participants whole in accordance with CalHR's price correction procedures.
- Contractor shall agree to a formal policy and procedural process for NAV materiality threshold and error resolution for Savings Plus.
- Contractor shall communicate to the Savings Plus TPA on a daily basis the unit values/prices for each of the Savings Plus investment options as produced by its comprehensive pricing protocol and system. The deadline for reporting daily unit values/prices shall be mutually agreed upon by the Contractor and the TPA; CalHR reserves final judgment as to the deadline. The Contractor shall create and maintain

documented agreed-upon daily procedures for the communication of unit values/prices. The procedures shall specifically include alternate procedures to be followed when the initial established deadlines have passed. Such alternate procedures are subject to CalHR approval. CalHR reserves the right to investigate missed price deadlines and determine liability, if any, for participant losses resulting from missing such deadlines.

- Contractor shall assume final responsibility for ensuring that all pricing is properly and accurately reported commensurate with the complexity that is generated by the Savings Plus portfolio structure. The Contractor shall provide Daily Unit Value/Net Asset Value Calculations.
- Contractor shall calculate daily expense accruals and ensure that the amounts are excluded from daily investment option unit values/prices provided to the TPA including but not limited to the below-listed:
 - Investment Manager Fees
 - Contractor's Core Custody Fees
 - Savings Plus Administrative Fees
- Contractor shall confirm market values reported on the quarterly investment manager fee invoices to ensure the fee charged by the investment manager is commensurate with the agreed upon rate per market value. The Contractor shall process payment to the managers upon written direction from Savings Plus.
- Contractor shall act upon CalHR's instructions in regard to various auxiliary participant and other program related fees to be paid to CalHR or to the TPA or other fees that may be assessed to holders of investment options including but not limited to the application of short-term trade or redemption fees.
- Contractor shall assist CalHR in an annual analysis of Contractor's custodial fee accrual amounts assessed against each of the Savings Plus investment options to determine appropriate accrual rate allocations.
- Contractor shall communicate and reconcile the unitized share balances for Savings Plus investment options with the TPA on a daily basis.

6. Cash Management and Foreign Exchange

- Contractor shall support the cash management of daily short-term cash balances.
- Contractor shall allow Savings Plus to choose among cash management options maintained by Contractor and/or third-party short-term cash managers.
- Contractor shall have a clear schedule of charges for overdraft problems.
- Contractor shall have overnight cash sweeps, including overnight multi-currency cash sweeps.
- Contractor shall have cash management vehicles available for each investment risk tolerance, preservation of principal, support daily liquidity, and stability of a \$1 NAV.
- Contractor shall disclose all cash management fees and expense ratios for available cash sweep options.
- Contractor shall allow Savings Plus to maintain separate accounts for cash management purposes when appropriate, and not be limited to investing in short-term investment funds (STIF) or money market funds (MMF) commingled vehicles.
- Contractor shall have plan and/or participant contributions available for investment same-day.
- Contractor shall require no more than a one-day to two-day notification prior to cash disbursements.

- Contractor shall work with third parties (investment managers, recordkeepers) to facilitate collections and withdrawals in a daily environment.
- Contractor shall furnish Savings Plus with foreign exchange services and requisite disclosure of execution and the fees and costs with such services.
- Contractor shall maintain a desk of foreign exchange traders that can execute transactions in the inter-bank market and can give clients 24-hour access to foreign exchange markets.
- Contractor shall have the ability to execute a substantial number of foreign exchange trades directly in the market as required by investment managers and/or Savings Plus, where appropriate. Contractor does not have to rely on a local broker, unless such restricted market is only available through a local custodian and as required by country regulations.
- Contractor shall not require investment managers to execute exclusively with Contractor for foreign currency transactions and shall allow investment managers to exercise discretion with their preferred route to market for foreign currency needs, as dictated by specific market practices or currency restrictions.
- Contractor shall institute policies around off-market transactions (off-market is considered to be 10% or greater variance) and an independent audit or review of all off-market transactions and shall indicate the reasons for the price.

7. Performance Measurement, Analytics, and Compliance Monitoring

- Contractor shall have the ability to support performance measurement, analytics, and compliance monitoring.
- Contractor's performance measurement system shall be fully integrated and compatible with core custody and accounting systems.
- Contractor shall be able to generate both gross and net returns calculations consistent with GIPS standards.
- Contractor shall be able to support time weighted (TWRTN), dollar weighted or money weighted (DWRTN), and internal rate of return (IRR) calculations.
- Contractor shall calculate performance consistent with GIPS methodology or standards.
- Contractor shall have performance analytics and attribution available at either holdings or security levels.
- Contractor shall maintain significant control over performance systems product development and maintenance.
- Contractor shall make performance and analytics information accessible online with the ability to generate standardized or custom reports and analytics.
- Contractor shall make available final performance reports available by the third business day after books are closed at month-end.
- Contractor shall calculate and verify monthly performance returns for participant investment options for delivery to the CalHR's TPA on a monthly basis.
- Contractor shall calculate and make available to the TPA, as necessary, investment performance calculations for each Savings Plus investment option. These calculations are based on unit values that the Trustee/Custodian has generated using its pricing protocol, as referenced above in the *Support for Savings Plus Investment Portfolio Structure* section. As applicable, performance shall be calculated as

follows: Total Return (One-Month and One-Year) and Average Annual Return (Three-Year, Five-Year, Ten-Year, and Inception-to-Date).

- Contractor shall provide a wide array of domestic and global indexes for benchmarking and building customized benchmarks in order for Savings Plus to generate performance and analytical reports.
- Contractor shall reconcile performance and holdings with investment managers.
- Contractor shall have the ability to generate unaudited flash performance reports monthly.
- Contractor shall calculate IRRs (dollar weighted) and equity multiples for real estate, private equity, and other related investments.
- Contractor shall calculate performance returns at the security and manager level and various intervening roll-ups including at the consolidated fund or investment option level. This capability shall also be available online as part of the performance package.
- Contractor shall provide customization options for performance reports.
- Contractor shall provide third-party access to performance data online and as directed by Savings Plus.
- Contractor shall support universe comparison service at the asset class and fund level utilizing internally developed and third-party providers (such as TUCS) and/or relevant universes.
- Contractor shall maintain the ability to support performance attribution analysis at the asset class, country, industry, and security level for all global public securities.
- Contractor shall be able to generate portfolio characteristics for equity (i.e., price to book, earnings, etc.) and fixed income (convexity, duration, etc.) securities.
- Contractor shall be able to support fund fact sheets when required or in support of the TPA for such service.
- Contractor shall assist the TPA prepare the Top 10 holdings for each Savings Plus Investment Option. Contractor shall provide the underlying holdings within each Savings Plus separately managed investment account no later than thirty (30) days after quarter-end. Contractor shall also obtain actual investment holdings within the various commingled trusts and mutual funds and forward this information to the TPA as soon as investment holdings are made available by the third-party investment manager after month or quarter-end.
- Contractor shall have performance attribution capabilities and support both fund and plan attribution for equity and fixed-income mandates.
- Contractor shall provide a full array of risk adjusted performance statistics (such as Sharpe Ratio, Information Ratio, Downside Risk Measures, and others).
- Contractor shall support traditional style and/or beta exposure analysis, as required.
- Contractor shall support rates of return calculation for each investment manager mandate. Monthly performance measurement services are required for all investment accounts, including the maintenance of historical returns, annualized and cumulative, of each investment manager mandate.
- Contractor shall have the ability to support, when required, access to benchmark and index comparisons, including customized/ blended benchmark reporting and monthly/quarterly portfolio characteristics/analytics.
- Contractor shall have the ability to support drill-down or look through analysis of commingled funds.
- Contractor shall be able to support Value at Risk (VaR) and scenario/event analysis of consolidated portfolio and individual asset class portfolios (i.e., equities, fixed income, etc.), if required.

- Contractor shall maintain that the performance measurement, risk analytics, and compliance monitoring modules are fully integrated and compatible with the core custody and accounting systems in support of custody book of record, accounting book of record, and performance book of record.
 - Contractor shall have significant control over performance measurement, risk analytics, and compliance monitoring systems' product development, upgrades, and maintenance whether sourced internally or through external vendors.
 - Contractor shall have the ability to provide investment manager policy and guideline compliance reporting.
 - Contractor shall perform daily compliance monitoring for separate accounts with documented criteria for each Savings Plus investment manager.
 - Contractor shall offer post-trade-settlement compliance reporting on a monthly basis and compliance reporting through on-line reporting product delivery.
 - Contractor shall conduct compliance reporting product that allows screening by CUSIP, sector, industry, and country.
 - Contractor shall support compliance monitoring at the portfolio manager level for domestic and global separate accounts.
 - Contractor shall notify Savings Plus of breaches of investment guidelines through agreed upon alert tool.
 - Contractor shall monitor potential violations and warnings based on daily accounting records that shall be reviewed, validated, and reported.
 - Contractor shall ensure quarterly compliance violations are logged and sent to the Savings Plus investment monitoring consultant within five (5) business days of the quarter-end.
 - Contractor shall ensure quarterly compliance reports are sent to CalHR within 15 business days of quarter-end.
 - Contractor shall ensure compliance reporting queries from CalHR are addressed within three (3) business days and resolved within an agreed-upon timeframe based on complexity.
 - Contractor shall agree that new rules or amendments to existing rules and updates to compliance monitoring documents will be implemented within five (5) business days of receipt of request from CalHR, or agreed-upon timeframe based on complexity.
 - Contractor shall also maintain functionality to provide online monitoring of securities lending guideline compliance reporting for all securities lending transactions for Savings Plus according to its guidelines.
8. Technology and On-Line, Web Enabled Accessibility
- Contractor shall maintain, at minimum, a fully functional secure, web-enabled online access system for reporting to Savings Plus and its investment managers and consultants.
 - Contractor shall have standard reporting available online and allow the client to establish regular automatic report run schedules.
 - Contractor shall be able to provide online access to accounting data, security level information, corporate actions, income collection, cash movement, and custody data.
 - Contractor shall allow users to download data through the online portal into standard desktop spreadsheet applications.

- Contractor, through the online portal, shall allow clients to see pending trades, cash management information, general account statements, specific asset holdings, performance, and portfolio analysis.
- Contractor shall allow flexible report formatting or configured dashboard access depending on user access rights and functional responsibilities (such as accounting, investments, regulatory reporting, etc.).
- Contractor shall have online help available for a significant part of the day, including the duration of CalHR's business hours.
- Contractor shall allow retrieval of intra-period data easily from the online portal.
- Contractor shall provide access to daily reports, which shall include information as of the prior business day.
- Contractor shall provide comprehensive client training, as requested.
- Contractor shall support and be capable of accommodating current and anticipated service needs, including but not limited to:
 - Multi-terminal online or Internet access to Contractor's securities movement and control and accounting systems.
 - Online access 6:00 a.m. to 10:00 p.m. PT Monday through Friday.
 - Ability to create ad hoc reports on sales, purchases, income, holdings at manager level, multiple managers, and total fund level. Ability to provide these reports by alpha sort, industry sort, CUSIP sort, and ticker sort.
 - Access to at least 24 months of historical accounting reports and custody transactions online.
 - Daily actual and traded cash positions (online real-time).
 - Secure access to wire transfers and online trade entry.
 - Ability to provide formatted data to external sources designated by the CalHR (e.g., to third-party performance measurement vendor) for any requested frequency (daily, weekly, monthly, etc.).

9. Class Action Litigation Settlement Support

- Contractor shall maintain a client-accessible web enabled reporting system for monitoring class action litigation settlements involving portfolio securities held by Savings Plus.
- Contractor shall maintain a formal procedural process and system of filing claim notices and other documents in connection with such settlement proceedings.
- Contractor shall identify whether CalHR traded and/or held positions during the relevant claim period to determine its potential eligibility to file a claim for a share of the settlement proceeds.
- Contractor shall have a process or system to track history of portfolio securities held during any periods that are the subject of such proceedings.
- Contractor shall have a process or system to advise CalHR and Savings Plus investment managers of significant dates and deadlines with respect of corporate actions, including but not limited to opt-out elections in class action litigation and deadlines for filing claims.
- Contractor, upon receipt of each notification of class action litigation settlement, shall review transactional and holdings data of Savings Plus to determine whether Savings Plus is an eligible participant in the class.
- Contractor, in all cases where Savings Plus is an eligible class member, shall file timely and accurate proofs of claims on behalf of Savings Plus to the claims administrator.

- Contractor shall respond, if required, to rejection notices and/or any related inquiries from the claims administrator.
- Contractor shall allow Savings Plus to provide authorized instructions which shall specify how the Contractor shall process/credit any damage award proceeds from the settlement of class action litigation upon disposition of the case.
- Contractor shall request from Savings Plus IRS Form W-9, as may be necessary to process damage award proceeds resulting from the settlement of securities class action litigation.
- Contractor shall make available to Savings Plus within 10 business days of the end of each month (or quarter), a monthly class action litigation settlement report ("Class Action Report") which shall provide a listing of all securities class action litigation notifications and related actions taken by Contractor for which Savings Plus has been determined an eligible class participant. The monthly (or quarterly) Class Action Report made available to Savings Plus by Contractor shall include: (a) Company name, (b) Class period, (c) Deadline date for filing each proof of claim, (d) Date each proof of claim is filed by Contractor on behalf of Savings Plus, (e) CUSIP number, (f) Status of the claim, (g) Dates of deficiency/rejection notices, and resubmission cures by the Contractor, (h) Claim payment data including: date settled, dollar amount or number of shares received as a result of the final damage award, and (i) any other information material to the settlement or damage award.
- Contractor shall support data requests from any third-party class action agent and/or securities litigation utilized by CalHR in support of the beneficial interest of Savings Plus.
- Contractor shall have no duty to verify reports it incorporates regarding securities or cash held outside its custody submitted by third parties, including without limitation, class action agents, securities litigation specialist, brokers, other banks, or trust companies.

10. Client Service, Administrative Support and Account Set-Up:

- Contractor shall support the following administrative requirements:
 - No later than June 30, 2024, create a Service Level Document (SLD) specific to the Scope of Work required to serve as Trustee/Custodian for Savings Plus. The SLD will be reviewed periodically and updated to reflect the most current practices.
 - Provide on-site training to CalHR staff during the initial conversion process and on an ongoing basis as mutually agreed.
 - Provide to CalHR an annual independent auditor's report conducted/issued in compliance with Statement on Standards for Attestation Engagements (SSAE) No. 16 and any successor disclosures. This report or these reports (if multiple are issued) shall cover all service areas and control environments relied upon for delivering the services within scope.
 - With a demonstrated full and certain understanding of the Savings Plus portfolio investment structure, Contractor shall maintain a comprehensive pricing protocol and system to independently ensure the accuracy of the asset values and/or prices received from various third-party sources where available on a daily basis. This system shall employ procedures to verify the primary asset values/prices to proper and effective secondary sources, compare prior day's prices to current day's prices, and investigate changes outside established tolerances as well as changes from the prior month that appear unreasonable in relation to current market trends.
 - Contractor shall provide effective protection against unauthorized access to Savings Plus records under the Contractor's control. Contractor shall ensure adherence to federal security standards and

controls outlined by NIST SP 800-53, Rev 4, or its successor; or equivalent set of security, privacy, and business continuity controls as defined by NIST, International Organization for Standards (ISO), Control Objectives for Information and Related Technologies (COBIT), or Center for Internet Security (CIS) 20 Critical Security.

- Contractor shall support a mutually agreed-upon operating process with Savings Plus and its TPA to provide for the prompt and accurate custody, trade execution and settlement, and valuation of assets and investment options.
- Contractor shall maintain a complete history of all Savings Plus activities occurring throughout the term of the engagement. Contractor agrees and understands that CalHR requires access to such history even after the contractual relationship has ended. Documentation shall be maintained for a period not less than that established by the Contractor's own internal retention policies.
- Contractor shall assign a client management executive engaged in the governance of the relationship.
 - Provide a relationship manager who shall be readily available to address service issues and/or strategic needs.
 - The relationship manager shall serve as primary day-to-day contact for daily inquiry management and issue resolution.
 - Provide a named client executive, who shall be available by email and telephone between the hours of 7:00 a.m. and 5:00 p.m. PT.
- Contractor shall commit a client service team with the following responsibilities.
 - Provide an experienced client service team commensurate with the complexity of the Savings Plus portfolio and associated requirements. The client service team shall maintain personnel that exhibit responsiveness, flexibility, knowledge, proactivity, and problem resolution skills.
 - Ensure an open line of communication for updates on pending deliverables and provide notification if a deadline cannot be met.
 - Ensure proper back-up personnel are in place and communicated ahead of vacations and holidays.
 - Ensure all deliverables are met in line with target dates as outlined in the service level document.
 - Execute requests for updates or changes to online portal access requests, such as account additions, deletions, new user IDs, and composite maintenance.
 - Maintain up-to-date account lists, including changes in account openings, account closures, composite openings, and composite closures.
 - Provide or facilitate training and overview of the Contractor's products.
 - Act as a liaison for account openings and closings and provide notification to CalHR if there is a delay.
 - Provide an updated account schematic with accounting opened/closed dates with each change to Savings Plus investment managers or investment options.
 - Conduct collaborative service review meetings with CalHR as requested, but no less than semi-annually, to review current and outstanding items.
 - Liaise with other Savings Plus business partners (such as TPA, investment managers, consultants, transition managers, auditors, outside counsel, etc.) to ensure accurate and timely completion of product deliverables and resolution of CalHR's inquiries.
- Contractor shall maintain the following account set-up and corresponding CalHR required trust/custody structure, and changes within the structure.

- Establish and maintain domestic and global accounts in a timely manner within industry standards / best practices and as otherwise requested by CalHR. The resultant Savings Plus Portfolio Structure shall include all accounts deemed necessary for proper receipt, disbursement, recording, and reporting of participant and investment activities including but not limited to: participant contributions, benefit disbursements, daily participant-directed trades, CalHR-directed asset movements, assessed and collected Savings Plus administrative fees and investment advisory fees (i.e. costs for an elective TPA service provided to and paid by participants). The fees or costs, if any, associated with current fund for fund structure and future Savings Plus Portfolio Structure accounts.
- Register all Savings Plus assets and accounts in the manner consistent with industry standards such that the State of California Savings Plus Program Master Trust shall at all times be understood to be and reflected as the beneficial owner for the sole benefit of Plan participants and their beneficiaries. Though securities are often registered under other names, including but not limited to various nominee names, the Contractor shall maintain proper and effective accounting controls that ensure clear identification of the beneficial owner of those securities.
- Where possible and permitted by regulatory authorities, the Contractor will be given appropriate authorization via a limited power of attorney to possess the capacity to represent Savings Plus in connection with domestic and global account set-ups and will file regulatory documents/forms, as necessary.
- Contractor shall promptly request all account set-up documentation required from CalHR and/or its designees as necessary to effectively service the Savings Plus portfolio structure.

11. Rebalancing and Trading Activity Support:

- Contractor shall work with CalHR and contracted transition management firms to complete transition activities for asset managers including termination, liquidation, or restructure of funds such as portfolio re-designs, enhancements, and re-enrollment efforts to redirect participants into an optimal QDIA.
- Contractor shall make available an automated foreign currency program to investment managers with specific disclosures on policies, procedures, and competitiveness of rates and execution methodologies.
- CalHR creates and maintains the Savings Plus Liquidity and Rebalancing Policy. Contractor shall fully support this policy, which necessitates a monthly analysis of investment manager market values within each Savings Plus investment option. When dictated by the Policy, Contractor shall initiate and settle required trades. This trading activity is separate from daily participant trading.
- Contractor shall assist in the annual evaluation of Trade Cost Analysis (TCA) and FX analysis. The Contractor shall provide information requested by the Savings Plus third-party consultants such as but not limited to the broker used and explicit costs in dollars: by trade date, by trade size, by exchange, by trade price, by order live time in seconds, and by order type (market, limit, etc.) for both U.S. and non-U.S. trading activity.

ATTACHMENT 2, EXHIBIT F-2

SECURITIES LENDING SCOPE OF WORK

Listed below is the Scope of Work for securities lending services conducted on an agency basis, and best practices for comparable plans and funds that require such services. State if Contractor is able to provide the services listed below by checking the boxes for each applicable item. If for any reason a service is not available or Contractor is unable to, please explain succinctly.

1. Program

- Contractor shall conduct securities lending on an agency basis to generate incremental return within a risk-controlled program.
- Contractor shall accept that CalHR reserves the right to suspend and discontinue securities lending at any time for any reason.
- Contractor shall manage the securities lending program with a focus on intrinsic value lending and identify opportunities within the agreed upon parameters set by CalHR.
- Contractor shall be familiar in managing a securities lending program preferred by CalHR with the following guidelines: (a) Acceptable collateral is limited to Securities issued or guaranteed by the United States Treasury and Government or its agencies or instrumentalities; and United Kingdom Gilts; (b) Savings Plus securities are available for loan to both U.S. based and international borrowers, and fully collateralized at all times; (c) Collateral requirements shall be at a minimum 102% to 105% of the market value of securities (equity or fixed income) subject to loan plus accrued interest for fixed-income securities.
- Contractor shall provide at a minimum a fully indemnified program for borrower counterparty default and any risk indemnification appropriate for the protection of Savings Plus.
- Contractor shall be familiar with ERISA DOL PTE 2006-16 as a safe harbor guide to the general conduct of the program desired by CalHR.
- Contractor shall maintain all economic benefits of ownership on all loaned securities except for proxy voting.
- Contractor shall recall securities for whatever reason as directed by CalHR and/or Savings Plus investment managers.

2. Loans

- Contractor shall lend securities to eligible borrowers held in separate accounts (lending accounts) and shall meet certain requirements.
 - Deliver securities against receipt of acceptable collateral at proper collateralization levels both initial and maintenance margin.
 - All loans shall be made on a fully disclosed basis.
 - Upon discussion with CalHR and subsequent direction, suspend lending activity in one or more markets if Contractor determines that lending in those markets is prohibited, ambiguous to regulation around securities lending and beneficial owner's interest, impractical, and/or uneconomical.
 - Ensure fair and reasonable allocation of lending opportunities (using proper lending algorithm in the allocation of opportunities and consistent with FFIEC or DoL ERISA requirements) taking

into account demand for and availability of securities, collateral, eligibility of borrowers, tax treatment, liquidity, and commercial factors.

- Provide loans that are terminable on demand, or, provide loans that are terminable on demand.
- Terminate loan of securities as soon as practicable after receipt of notice or instruction to terminate.

3. Borrowers

- Contractor shall lend securities to approved borrowers as listed in the Approved Borrowers List furnished by Contractor based on their eligibility and financial strength and condition.
 - Approved Borrowers List may allow for U.S. and Non-U.S. borrowers as long as they are approved to operate and subject to the court jurisdiction of the U.S. or regulated by Strategic Resolution Regimes.
 - Verify if borrower is in compliance with its obligations under the applicable securities borrowing agreement.
 - Shall have responsibility for the evaluation of the financial condition of a borrower.
 - At least once a year, CalHR will furnish Contractor with a list in writing of investment managers who have discretionary authority or control with respect to the investment of securities held in Savings Plus that are subject to loan or who render investment advice within the meaning of any applicable regulations under ERISA with respect to lendable securities. Contractor shall check if borrowers are affiliates and/or party in interest that could introduce potential conflict of interest to a loan.
 - Contractor shall possess comprehensive counterparty credit risk assessment capabilities, including a centralized review process that is separate and distinct from the lending business line/function.

4. Collateral and Mark to Market

- Contractor shall receive and hold all collateral received from the borrower on or before release of securities subject to lending.
 - Verify that the collateral is acceptable as per Savings Plus program parameters.
 - A loan may be collateralized by more than one type of collateral as long as compliant with Savings Plus program parameters.
 - Collateral shall be credited to a Collateral Account that shall be separate from the Contractor's proprietary assets.
 - Substitutions of collateral shall be credited to a Collateral Account that shall be separate from the Contractor's proprietary assets.
- Contractor shall perform mark to market of all loans (both at initiation and loan maintenance margins) based on applicable and agreed collateral requirement.
 - Require that the initial collateral for a loan is determined by applying the applicable collateral requirement to the market value of the security that is the subject of the loan.
 - Market value of the collateral shall be calculated each business day.
 - If the market value of the collateral is less than the collateral requirement, Contractor shall demand the delivery of additional collateral from the borrower.
 - Excess collateral may be returned to the borrower upon demand.

- Collateral procedures may be modified based on general market conditions, the market value of securities on loan to a given borrower, and in accordance with general market practice and regulatory requirements; provided however, any such modification may not, without the CalHR's approval, reduce the minimum collateral requirement or add to the agreed types of eligible collateral.

5. Distributions

- Contractor shall monitor information publicly available in the applicable market about forthcoming income payments, actions, and distributions (cash or non-cash) for securities on loan to ensure all economic benefits of ownership are retained by Savings Plus.
 - Credit appropriate lending account on the anticipated payment date with the amount of all dividends, interest payments, and other cash distributions.
 - Any non-cash distribution, which is in the nature of a stock split or a stock dividend, shall either be added to the existing loan to which that distribution relates as of the date that non-cash distribution is payable or be delivered by the borrower to the Contractor and the Contractor shall credit that non-cash distribution to the applicable lending account.
 - Any non-cash distribution that is in the nature of warrants or rights to purchase shares made with respect to any securities on loan shall be deemed to be a new loan made to the borrower (and shall be considered to constitute securities on loan) as of the date that non-cash distribution is payable.
 - If the borrower fails to deliver the non-cash distribution on such date, Contractor shall credit such non-cash distribution to the applicable lending account, or credit the lending account an amount equivalent to the market value of such non-cash distribution as of the close of business on the day prior to the credit date.

6. Reporting

- Contractor shall furnish a monthly report detailing the activities within the program, utilization, loans outstanding, collateralization levels, counterparty exposure, revenue (rebates, fees, and income whether positive or negative), and other performance and risk metrics available for full transparency into the conduct of lending program.
- Contractor shall provide comprehensive reporting on lending performance, including the ability to identify and report on lending functions (utilization, collateralization, counterparty exposure, earnings, spreads, and spread decomposition) and access to risk monitoring and risk management tools on a daily and periodic basis.
- Contractor shall provide a monthly report that itemizes by lending account the revenue earned and the share split to Savings Plus and to the Contractor; such report should be provided at least one (1) business day prior to the wire date to Savings Plus.
- Contractor shall have an online web portal to view of the Savings Plus securities lending program to determine loans outstanding, borrowers, collateralization, revenue earned, and other related reports for full transparency.
- Contractor shall allow CalHR's auditors and independent auditors reasonable access to the records of the Contractor relating to loans and collateral of Savings Plus that may be required in connection with their examination of books and records for financial reporting and audit purposes.

- Contractor shall present annually on the status of the program, updates, market trends, industry dynamics, risks and opportunities, and potential program enhancements for risk and revenue management.
- Contractor shall be available as requested to assist CalHR or its designee in the annual evaluation of the Savings Plus Securities Lending Program.

ATTACHMENT 2, EXHIBIT G-1

MASTER TRUST/CUSTODY AGREEMENT

The proposer shall provide a sample Master Trust/Custody Agreement ("Master Trust Agreement"), including sample guidelines as part of the Proposal Questionnaires. No proposed term or condition of the sample Master Trust Agreement herein submitted may contradict or duplicate other provisions presented by the Department in Attachment 2. The successful firm's Master Trust Agreement will then be incorporated as Exhibit G to the State of California Standard Agreement (Form STD 213), Agreement Number S_____, entered into as of January 1, 2024 by and between the State of California Department of Human Resources ("the Department") and _____ (hereinafter "the Contractor").

ATTACHMENT 2, EXHIBIT G-2

SECURITIES LENDING AUTHORIZATION AGREEMENT

The proposer shall provide a sample Securities Lending Authorization Agreement ("Securities Lending Agreement"), including sample guidelines as part of the Proposal Questionnaires. No proposed term or condition of the sample Securities Lending Agreement therein submitted may contradict or duplicate other provisions presented by the Department in Attachment 2. The successful firm's Securities Lending Agreement will then be incorporated as Exhibit G to the State of California Standard Agreement (Form STD 213), Agreement Number S _____, entered into as of January 1, 2024 by and between the State of California Department of Human Resources ("the Department") and _____ (hereinafter "the Contractor").

ATTACHMENT 3

PAYEE DATA RECORD (STD. 204)

STATE OF CALIFORNIA – DEPARTMENT OF FINANCE

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9 or W-7)
STD 204 (Rev. 03/2021)

Section 1 – Payee Information

NAME (This is required. Do not leave this line blank. Must match the payee's federal tax return)

BUSINESS NAME, DBA NAME or DISREGARDED SINGLE MEMBER LLC NAME (If different from above)

MAILING ADDRESS (number, street, apt. or suite no.) (See instructions on Page 2)

CITY, STATE, ZIP CODE

E-MAIL ADDRESS

Section 2 – Entity Type

Check one (1) box only that matches the entity type of the Payee listed in Section 1 above. (See instructions on page 2)

SOLE PROPRIETOR / INDIVIDUAL

SINGLE MEMBER LLC *Disregarded Entity owned by an individual*

PARTNERSHIP

ESTATE OR TRUST

CORPORATION (see instructions on page 2)

MEDICAL (e.g., dentistry, chiropractic, etc.)

LEGAL (e.g., attorney services)

EXEMPT (e.g., nonprofit)

ALL OTHERS

Section 3 – Tax Identification Number

Enter your Tax Identification Number (TIN) in the appropriate box. The TIN must **match** the name given in Section 1 of this form. Do not provide more than one (1) TIN. The TIN is a 9-digit number. **Note:** Payment will not be processed without a TIN.

- For **Individuals**, enter SSN.
- If you are a **Resident Alien**, and you do not have and are not eligible to get an SSN, enter your ITIN.
- Grantor Trusts (such as a Revocable Living Trust while the grantors are alive) may not have a separate FEIN. Those trusts must enter the individual grantor's SSN.
- For **Sole Proprietor or Single Member LLC (disregarded entity), in which the sole member is an individual**, enter SSN (ITIN if applicable) or FEIN (FTB prefers SSN).
- For **Single Member LLC (disregarded entity), in which the sole member is a business entity**, enter the owner entity's FEIN. Do not use the disregarded entity's FEIN.
- For all other entities including LLC that is taxed as a corporation or partnership, estates/trusts (with FEINs), enter the entity's FEIN.

Social Security Number (SSN) or Individual Tax Identification Number (ITIN)

_____ - _____ - _____

OR

Federal Employer Identification Number (FEIN)

_____ - _____

Section 4 – Payee Residency Status (See instructions)

- CALIFORNIA RESIDENT – Qualified to do business in California or maintains a permanent place of business in California.
- CALIFORNIA NONRESIDENT – Payments to nonresidents for services may be subject to state income tax withholding.
- No services performed in California
- Copy of Franchise Tax Board waiver of state withholding is attached.

Section 5 – Certification

I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the state agency below.

NAME OF AUTHORIZED PAYEE REPRESENTATIVE

TITLE

E-MAIL ADDRESS

SIGNATURE

DATE

TELEPHONE (include area code)

Section 6 – Paying State Agency

Please return completed form to:

STATE AGENCY/DEPARTMENT OFFICE
Department of Human Resources

UNIT/SECTION
Contracts Management Unit

MAILING ADDRESS
1515 S Street, Suite 500, North

FAX

TELEPHONE (include area code)
916-323-4021

CITY
Sacramento

STATE
CA

ZIP CODE
95811

E-MAIL ADDRESS
admin.contracts@calhr.ca.gov

STATE OF CALIFORNIA – DEPARTMENT OF FINANCE

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9 or W-7)
STD 204 (Rev. 03/2021)

GENERAL INSTRUCTIONS

Type or print the information on the Payee Data Record, STD 204 form. Sign, date, and return to the state agency/department office address shown in Section 6. Prompt return of this fully completed form will prevent delays when processing payments.

Information provided in this form will be used by California state agencies/departments to prepare Information Returns (Form 1099).

NOTE: Completion of this form is optional for Government entities, i.e. federal, state, local, and special districts.

A completed Payee Data Record, STD 204 form, is required for all payees (non-governmental entities or individuals) entering into a transaction that may lead to a payment from the state. Each state agency requires a completed, signed, and dated STD 204 on file; therefore, it is possible for you to receive this form from multiple state agencies with which you do business.

Payees who do not wish to complete the STD 204 may elect not to do business with the state. If the payee does not complete the STD 204 and the required payee data is not otherwise provided, payment may be reduced for federal and state backup withholding. Amounts reported on Information Returns (Form 1099) are in accordance with the Internal Revenue Code (IRC) and the California Revenue and Taxation Code (R&TC).

Section 1 – Payee Information

Name – Enter the name that appears on the payee's federal tax return. The name provided shall be the tax liable party and is subject to IRS TIN matching (when applicable).

- Sole Proprietor/Individual/Revocable Trusts – enter the name shown on your federal tax return.
- Single Member Limited Liability Companies (LLCs) that is disregarded as an entity separate from its owner for federal tax purposes - enter the name of the individual or business entity that is tax liable for the business in section 1. Enter the DBA, LLC name, trade, or fictitious name under Business Name.
- Note: for the State of California tax purposes, a Single Member LLC is not disregarded from its owner, even if they may be disregarded at the Federal level.
- Partnerships, Estates/Trusts, or Corporations – enter the entity name as shown on the entity's federal tax return. The name provided in Section 1 must match to the TIN provided in section 3. Enter any DBA, trade, or fictitious business names under Business Name.

Business Name – Enter the business name, DBA name, trade or fictitious name, or disregarded LLC name.

Mailing Address – The mailing address is the address where the payee will receive information returns. Use form STD 205, Payee Data Record Supplement to provide a remittance address if different from the mailing address for information returns, or make subsequent changes to the remittance address.

Section 2 – Entity Type

If the Payee in Section 1 is a(n)...	THEN Select the Box for...
Individual • Sole Proprietorship • Grantor (Revocable Living) Trust disregarded for federal tax purposes	Sole Proprietor/Individual
Limited Liability Company (LLC) owned by an individual and is disregarded for federal tax purposes	Single Member LLC-owned by an individual
Partnerships • Limited Liability Partnerships (LLP) • and, LLC treated as a Partnership	Partnerships
Estate • Trust (other than disregarded Grantor Trust)	Estate or Trust
Corporation that is medical in nature (e.g., medical and healthcare services, physician care, nursery care, dentistry, etc.) • LLC that is to be taxed like a Corporation and is medical in nature	Corporation-Medical
Corporation that is legal in nature (e.g., services of attorneys, arbitrators, notary publics involving legal or law related matters, etc.) • LLC that is to be taxed like a Corporation and is legal in nature	Corporation-Legal
Corporation that qualifies for an Exempt status, including 501(c) 3 and domestic non-profit corporations.	Corporation-Exempt
Corporation that does not meet the qualifications of any of the other corporation types listed above • LLC that is to be taxed as a Corporation and does not meet any of the other corporation types listed above	Corporation-All Other

Section 3 – Tax Identification Number

The State of California requires that all parties entering into business transactions that may lead to payment(s) from the state provide their Taxpayer Identification Number (TIN). The TIN is required by R&TC sections 18646 and 18661 to facilitate tax compliance enforcement activities and preparation of Form 1099 and other information returns as required by the IRC section 6109(a) and R&TC section 18662 and its regulations.

Section 4 – Payee Residency Status

Are you a California resident or nonresident?

- A corporation will be defined as a "resident" if it has a permanent place of business in California or is qualified through the Secretary of State to do business in California.
- A partnership is considered a resident partnership if it has a permanent place of business in California.
- An estate is a resident if the decedent was a California resident at time of death.
- A trust is a resident if at least one trustee is a California resident.
 - For individuals and sole proprietors, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose that will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For information on Nonresident Withholding, contact the Franchise Tax Board at the numbers listed below:

Withholding Services and Compliance Section: 1-888-792-4900 E-mail address: wscs.gen@ftb.ca.gov
For hearing impaired with TDD, call: 1-800-822-6268 Website: www.ftb.ca.gov

Section 5 – Certification

Provide the name, title, email address, signature, and telephone number of individual completing this form and date completed. In the event that a SSN or ITIN is provided, the individual identified as the tax liable party must certify the form. Note: the signee may differ from the tax liable party in this situation if the signee can provide a power of attorney documented for the individual.

Section 6 – Paying State Agency

This section must be completed by the state agency/department requesting the STD 204.

Privacy Statement

Section 7(b) of the Privacy Act of 1974 (Public Law 93-579) requires that any federal, state, or local governmental agency, which requests an individual to disclose their social security account number, shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it. It is mandatory to furnish the information requested. Federal law requires that payment for which the requested information is not provided is subject to federal backup withholding and state law imposes noncompliance penalties of up to \$20,000. You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the state agency(ies) with which you transact that business.

All questions should be referred to the requesting state agency listed on the bottom front of this form.

ATTACHMENT 4

DARFUR CONTRACTING ACT

Pursuant to Public Contract Code section 10478, if a bidder or proposer currently or within the previous three years has had business activities or other operations outside of the United States, it must certify that it is not a “scrutinized” company as defined in Public Contract Code section 10476.

Therefore, to be eligible to submit a bid or proposal, insert your company name and Federal ID Number and complete only one of the following three paragraphs (via initials for Paragraph # 1 or Paragraph # 2, or via initials and certification for Paragraph # 3):

<i>Company/Vendor Name (Printed)</i>	<i>Federal ID Number</i>
<i>Printed Name and Title of Person Initialing (for Options 1 or 2)</i>	

1. _____ We do not currently have, and have not had within the previous three years,
Initials business activities or other operations outside of the United States.

OR

2. _____ We are a scrutinized company as defined in Public Contract Code section 10476
Initials but we have received written permission from the Department of General Services
 (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A
 copy of the written permission from DGS is included with our bid or proposal.

OR

3. _____ We currently have, or we have had within the previous three years, business activities
Initials or other operations outside of the United States, but we certify below that we are not
+ certification not a scrutinized company as defined in Public Contract Code section 10476.
below

CERTIFICATION For # 3.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer/bidder to the clause listed above in # 3. This certification is made under the laws of the State of California.

<i>By (Authorized Signature)</i>	
<i>Printed Name and Title of Person Signing</i>	
<i>Date Executed</i>	<i>Executed in the County and State of</i>

ATTACHMENT 5

PROPOSAL QUESTIONNAIRES

Interested parties must complete and submit these Proposal Questionnaires. There are five (5) components to the Proposal Questionnaires as follows:

1. Statement of Compliance (Attachment 5-A): Firms are required to complete and submit the Statement of Compliance.
2. Trustee/Custodian Questionnaire (Attachment 5-B): Firms are required to complete and submit the Trustee/Custodian Questionnaire.
3. Securities Lending Questionnaire (Attachment 5-C): Firms are required to complete and submit the Securities Lending Questionnaire.
4. Sample Master Trust/Custody Agreement (Attachment 5-D): Firms are required to provide a sample Master Trust/Custody Agreement including sample Trust/Custody guidelines.
5. Sample Securities Lending Authorization Agreement (Attachment 5-E): Firms are required to provide a sample Securities Lending Authorization Agreement including sample Securities Lending guidelines.

All RFP questions should be answered clearly and completely. Respond based on EXISTING functionality, not prospective functionality. Prospective functionality should be included, however, to provide a better understanding of your firm's technology strategies and future implementation plans.

ATTACHMENT 5-A

STATEMENT OF COMPLIANCE

Affirmatively state that the firm proposing to contract with CalHR satisfies and will comply with **and** specifically re-state how the firm meets compliance with each of the specific requirements within the following components:

- 1) Trustee/Custodian Experience Requirement, as listed in RFP Section II.A (8 Items)
- 2) Securities Lending Experience Requirements, as listed in RFP Section II.B (7 Items)
- 3) Organizational Minimum Requirements, as listed in RFP Section II.C (8 Items)
- 4) Mandatory Licensing, Experience, and Business Requirements, as listed in RFP Section II.D (3 Items)

EXAMPLE 1:

Trustee/Custodian Experience Requirements, Item 1: At least \$10 billion in total market capitalization as of March 31, 2022.

Firm Response: XYZ Firm maintains at least \$10 billion in total market capitalization as of March 31, 2022.

EXAMPLE 2:

Mandatory Licensing, Experience, and Business Requirements, Item 2: The proposer agrees and understands that meeting the needs of Savings Plus and its Plan participants requires proper and complete cooperation and coordination with Savings Plus other business partners. The successful firm must prepare a detailed transition plan that includes: timing of transition phases, staffing levels (including those of client), resource commitments (including those of client), and other considerations. The detailed transition plan would not be required of the incumbent firm, if awarded an Agreement as a result of this RFP.

Firm Response: XYZ Firm agrees and understands that meeting the needs of Savings Plus and its Plan participants requires proper and complete cooperation and coordination with Savings Plus other business partners. As the successful firm, we will prepare a detailed transition plan that includes: timing of transition phases, staffing levels (including those of client), resource commitments (including those of client), and other considerations.

ATTACHMENT 5-B

TRUSTEE/CUSTODIAN QUESTIONNAIRE

A. Organization

1. Briefly describe your organization’s corporate history, company structure and ownership, and strategic partners and alliances.
2. Complete the following Firm Profile Table.

Firm Profile	Proposal Response
Total Assets under Custody and Administration (\$US as of 12/31/2021)	
Revenue Contribution of Trust/Custody and Asset Servicing to overall Firm Revenue (as of 12/31/2021) <ul style="list-style-type: none"> • Dollar Terms (US\$D) • Percentage Terms 	
Total Tax-Exempt Clients under Custody (as of 12/31/2021) <ul style="list-style-type: none"> • Total Market Value (\$US): • Number of Clients: 	
Total Public Fund DC Tax-Exempt Clients under Custody (as of 12/31/2021) <ul style="list-style-type: none"> • Total Market Value (\$US): • Number of Clients: • Percent Public Funds relative to Total Tax-Exempt Assets Under Custody: 	
Total Public Fund Tax-Exempt Clients under Custody with Over \$10 billion in Assets (as of 12/31/2021) <ul style="list-style-type: none"> • Total Market Value (\$US): • Number of Clients: • Percent of Public Fund clients greater than \$10 billion relative to Total Tax-Exempt Assets Under Custody: 	
Global Head of Asset Servicing/Custody Services/ Investor Services <ul style="list-style-type: none"> • Name: • Title: • Tenure with Bank: • Tenure at Current Position: 	
Number of Personnel dedicated to Custody, Asset Servicing and Support (as of 12/31/2021) <ul style="list-style-type: none"> • Total Employee Count (Company Wide): • Total Number of Employees (Custody and Asset Servicing Only): • Total Number of Employees dedicated to Daily Valued DC Clients: • Total Number of Employees dedicated to internal Legal Counsel for Institutional Tax-exempt Clients: • Total Number of Employees dedicated to Performance Measurement, Risk Analytics, and Compliance Monitoring (for <i>asset owner plan sponsors</i> only): 	

3. Briefly describe your organization's overall business philosophy. Summarize your business plan for Trustee/Custodian Services for the next three (3) years.
4. State your firm's lines of business. Where does trust/custody of tax-exempt assets and qualified assets (i.e., public, corporate ERISA, endowments, foundations, etc.) fit within the organization as a service or product offering?
5. What is the total revenue derived for your firm from Trustee/Custodian Services for the twelve (12) months ended December 31, 2021? What percentage of the bank's revenue comes from Trustee/Custodian Services?
6. List the office location (primary and secondary) from which the work is to be delivered for the Savings Plus relationship.
7. Describe any organizational issues (i.e., mergers, acquisitions, personnel changes, business concerns, etc.) about your institution that are currently in process or have occurred within the last three years. What are your firm's areas of planned strategic growth? Describe any planned or ongoing initiatives that could significantly impact the services provided or fees charged for this account.
8. During the past five (5) years, has your firm or any of its affiliates, or management or employees of any of them, been the subject of any of the following (whether resolved, pending, or threatened): If the answer to any of the following is "yes", provide a description of each relevant matter, including dates, parties, nature of the matter and current status.
 - i. Any examination (routine or otherwise) by the SEC or any other governmental regulator, agency, or self-regulatory body?
 - ii. Any investigation or proceeding by any governmental regulatory or law enforcement agency, including, but not limited to any SEC, DOL or state investigations?
 - iii. Any litigation or other proceeding alleging fraud, breach of fiduciary duty, bad faith, willful misconduct or breach of any investment advisory, investment management or similar agreement?
9. To the extent not included in your response to the foregoing questions, during the past ten years, has your firm or any of its affiliates, or the owners or employees of any of them, been the subject of any conviction, plea of nolo contendere, judgment, administrative action, consent decree, sanction, license suspension or revocation, damages award, reparations, arbitral award or negotiated settlement in connection with any examination, investigation, litigation or proceeding of a type described in (i)-(iii) above?

If the answer to the foregoing is "yes", provide a description of each relevant matter, including dates, parties, nature of the matter and the resulting resolution.

10. Describe in detail any potential conflicts of interest your firm may have in providing to Savings Plus the services described in this RFP. Include potential conflicts posed by any activities of

affiliated or parent organizations, brokerage activities, investment banking activities, or any past or current relationships with Savings Plus and Callan LLC.

B. Client Base

1. What is the total of all assets held in custody for institutions for which hard close daily valuation accounting services are provided as of December 31, 2021? How many client relationships does this represent?

2. Provide your organization's client distribution as specified in the following table. Report aggregate market values of total assets under custody in US\$ million as of December 31, 2021.

Distribution	Number of Clients	Number of Plans	Aggregate Market Value (US\$ millions)
Public and Sovereign Wealth Funds			
Below \$5 billion			
\$5 billion to \$15 billion			
\$15 billion and up			
Endowment and Foundations, etc.			
Below \$5 billion			
\$5 billion to \$15 billion			
\$15 billion and up			
Corporate ERISA			
Below \$5 billion			
\$5 billion to \$15 billion			
\$15 billion and up			
Taft-Hartley and other Eleemosynary Funds			
Below \$5 billion			
\$5 billion to \$15 billion			
\$15 billion and up			
Total			

3. Provide the number of your organization’s clients as categorized in the following matrix. Report aggregate values of their total assets under custody in US\$ millions for periods specified.

Total Tax Exempt Trust and Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
2018		
2019		
2020		
2021		
2022 YTD		

Public Fund Tax-Exempt Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
2018		
2019		
2020		
2021		
2022 YTD		

4. Provide the number of tax-exempt trust/custody accounts gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US\$ millions as of initiation date for clients gained and termination date for clients lost.

	Clients Gained (Number)	Clients Gained (US\$ millions)	Clients Lost (Number)	Clients Lost (US\$ millions)
2018				
2019				
2020				
2021				
2022 YTD				

5. Provide the number of Public Fund custody accounts gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US\$ millions as of initiation date for clients gained and termination date for clients lost.

	Clients Gained (Number)	Clients Gained (US\$ millions)	Clients Lost (Number)	Clients Lost (US\$ millions)
2018				
2019				
2020				
2021				
2022 YTD				

6. List five (5) institutional clients with Trustee/Custodian arrangements similar to Savings Plus (i.e., daily valuation, portfolio structure contains stand-alone investment options and fund-of-funds structured investment options, and total assets over \$10 billion) serviced by your firm as specified in the following table. Report aggregate market values of total assets under custody in US\$ million as of December 31, 2021. If any of these clients is serviced by the proposed service team for Savings Plus, please indicate.

Organization Name	Location (City and State)	Asset Value (US\$ millions)

7. Provide three (3) tax-exempt institutional public fund DC client references of comparable size and configuration as Savings Plus and furnish corresponding contact information, accordingly. Ensure that two (2) references have assets greater than U.S. \$10 billion and that at least two (2) references utilize global custodial services. (Note: while reference listings are required, they will only be contacted if your firm is selected as a finalist.)

C. Client Servicing

1. Describe how your firm proposes to service Savings Plus both from a client servicing perspective and actual daily service deliverables. What regular communications/ processes does your firm propose to support this structure?
2. How will your firm ensure continuous coverage of the Savings Plus relationship in the event of that primary members of the Savings Plus service team leave – whether temporarily or permanently?
3. Provide in the table format below the personnel turnover your firm has experienced in the administration and client service areas in the past three (3) years. Comment on this turnover history and differentiate between individuals leaving the firm and those moving to other departments within your organization.

		# of Departures	# of Reassignments	# of New Hires
Administration Personnel	2021			
	2020			
	2019			
	Comment:			
Client Service Personnel	2021			
	2020			
	2019			
	Comment:			

4. Describe the unit and personnel who would service Savings Plus’ external Investment Managers. Describe how these individuals would interface with Savings Plus client service personnel.
5. Describe the unit and personnel who would provide Savings Plus and its third-party administrator with regular fund accounting and reconciliation services. Describe how these individuals would interface with Savings Plus client service personnel.
6. How does your firm propose to coordinate the delivery of service with staff located in different time zones and geographic locations?

7. What would be the most distinct element of your client servicing approach that Savings Plus would benefit from and that is considered exceptional relative to the trust/custody industry given the size and complexity of Savings Plus?
8. Provide an organizational chart showing all areas that will be involved in servicing this account. Provide a brief description of each area's responsibilities, including assigned personnel.
9. Are background checks conducted for personnel who do/could access financial and sensitive data of Savings Plus, including all service team members, operational, and technology personnel?
10. Provide the names and bios of the client servicing team members as follows and as specified in the table below and shall include Management Executive Sponsor, Relationship Manager, Client Service Team, Custody and Accounting (Financial Reporting, GASB Support and GAAP), DC Daily Valuation Process, Trade Processing and Securities Settlement, including Cash and Expense Reconciliation, Recordkeeper Liaison, Technology and Systems Support, Performance Measurement and Analytics, and Compliance and Legal Support.

Name	Responsibility	Location	Number and Size of Client Relationships	Years with Bank	Years of Experience and Credentials

11. Discuss opportunities your financial institution offers to clients for training and continuing education, and whether those educational opportunities would be available to Savings Plus.
12. Describe your firm's process for ensuring that account lists, including changes in account openings, account closures, composite openings, and composite closures in interfacing with administrative service agencies are up to date.
13. The administrative requirement to complete forms and documents for cross border investments, power of attorney requirements, and registration to open markets, derivatives (ISDA) issues, compliance requirements imposed on Qualified Institutional Investors places an inordinate challenge on clients, including familiarity with nomenclature and market practice. As custodian, why is your firm better suited to assist Savings Plus on such matters and how is your client servicing approach with corresponding bench strength alleviate such concerns?

14. Provide tangible examples by the client servicing team of working partnerships with clients to develop best-in-class service for your firm's most sophisticated DC clients similar to Savings Plus. How does your firm develop best-in-class, best practice initiatives for clients?
15. Does your company currently provide custody services to other defined contribution plans that use Nationwide Retirement Solutions as their administrative service agency or plan record keeper? If so, list the number of clients and aggregate value for all such plans. Indicate if a formal standard operating agreement is in place.
16. List other firms that function as administrative services agency or record keeper for a defined contribution plan for which your company provides custody services. List the aggregate value for which your company provides custody services for each of these firms. Indicate if formal standard operating agreements are in place with each.
17. Savings Plus has established a Service Level Agreement (SLA) and Business Requirements Document (BRD) with the current provider. Describe how your firm will establish an SLA and BRD for Savings Plus after a process flow analysis in addition to the custody contract/agreement no later than June 30, 2024? Does your firm have other clients for which it has agreed to such arrangement? Provide a summary discussion of your firm's approach.
18. What is the typical recourse should the client service team and your firm be unable to meet the service standards or business requirements as agreed to?
19. When implementing investment fund changes, describe your firm's recommended/best practice approach in coordinating with the client and recordkeeper to ensure successful fund transitions when transitioning from one investment manager to a like investment manager and when transitioning from a legacy investment structure to a new investment design structure when such transition includes a participant election period. Include an outline of proposed roles and responsibilities for members within your firm, the recordkeeper, and the client.
20. Describe how your firm will be prepared to support the scale of the projects described in **Appendix B – Investment Redesign and Reselection** whether conducted as separate projects or combined into a single, larger-scale project.

D. Financial Strength, Business Contingency, and Insurance

1. Please enumerate substantive issues raised by independent auditors in your SSAE 18 and issues published in your Form 10-Q. Provide a copy of the most recent annual report, Form 10-Q and SSAE 18. Kindly label accordingly.
2. Specific to the above, identify any and all functions that are not covered by the SSAE 18 reports.
3. Does the SSAE 18 report cover custody in detail regarding operational controls or is your firm relying on a third-party custodian for such reports if subcontracted?

4. Specify if your firm is governed by the Federal Reserve and/or Special Resolution Regimes as your primary regulator and/or your firm operates as a financial institution as a state-chartered bank.
5. Provide the following data and explain its implications, including current capital requirements in lieu of market conditions and regulatory requirements.

Capital Requirements	Actual	Current Requirements
Tier 1 Capital Ratio		
Total Capital Ratio		
Leverage Ratio		
Tangible Common Equity		
TLAC (Total Loss Absorption Capacity)		

6. Provide your organization's current short term and long-term credit rating.
7. Provide summary detail on the CCAR Stress Test that your firm recently conducted under the guidance of federal regulators. In addition, provide guidance on how your firm intends to meet Basel III in terms of capital adequacy and liquidity. If your firm is not subject to federal examination, specify your firm's state chartered formal review of its balance sheet to operate and financial strength.
8. Describe the various types of insurance coverage(s) and indemnification provided to protect clients of proposed service(s) and solicited in the RFP. Each description should include:
 - i. Risk Coverage (include identifying whether your firm has coverage for breach of fiduciary duty)
 - ii. Carriers
 - iii. Levels
 - iv. Limits
 - v. Deductibles
 - vi. Expiration
9. Is your firm willing to provide a contractual indemnity that indemnifies Savings Plus' plan fiduciaries for negligence, breaches of law, and breaches of the trust/custodial agreement?
10. Is there any pending or threatened litigation (including class action) against your asset servicing firm other than that brought by regulatory bodies?
11. Describe any legal and regulatory investigation/examination issues that occurred the last five (5) years and how your firm responded to each (e.g., pay to play, securities lending, foreign exchange, cash reinvestment losses – impairment and gating, etc.)

12. Does your firm subcontract any of the custody services required by Savings Plus? Kindly state contract vendor name and for which service functions or deliverables.
13. Describe your business continuity and disaster recovery plans. Do these plans include pandemic planning, cyber-attack (penetration testing), and rogue events? When was the most recent test done? Indicate the date and general summary results of the last testing of such emergency plan(s).
14. What will be the recovery time(s) and service level for critical custodial services in the case of a major disaster?
15. Savings Plus would like to understand your firm's data retention, data transfer, and limited-access vendor relationship processes specific to custody and related services requested in this RFP. Please describe.
16. Does your firm have an internal audit and control team and compliance overseeing all services required by Savings Plus? If so, who comprises the team, what do they do, how and when, and how do they maintain their independence?

E. Security and Data Protection

1. Are any of the service platform applications cloud-based?
 - i. Are the platforms FedRAMP Authorized?
 - ii. Is the cloud a multi-tenant platform or private platform?
 - iii. Will there be any sharing of hardware, software, or networks with other businesses such as government entities and private sector entities?
2. Is your firm planning to outsource any service platforms in the next 5 years?
3. Is your firm planning to move any service platforms to a cloud environment in the next 5 years?
4. Is all of the work done onshore?
 - i. If not, where are the offshore locations?
 - ii. If not, would your firm be willing to contractually agree to an onshore option (including for services performed by subcontractors)?
 - iii. Would there be an extra cost for the onshore option?
5. Is your firm's IT security framework based on NIST? Can your firm contractually agree to comply with NIST?
6. If your firm's information security framework does not comply with NIST SP 800-53 Revision 4 or its successor:
 - i. Can your firm agree to comply with NIST Special Publication 800-53 Revision 4 or its successor?

- ii. Can your firm agree to be audited by a client based on NIST SP 800-53 Revision 4?
 - iii. Can your firm agree to adjust its information security program, based on any gaps between the framework your firm is following, and the NIST 800-53?
7. Does your firm annually assess its information security program through SOC reporting?
8. Is your firm willing to provide results of recent Pen Test, SSAE 18 (SOC) reports, other third-party security reviews, or similar cross-border requirements such as International Standards for Assurance Engagements (ISAE) No. 3402?
9. Is your firm willing to provide or show policies related to security controls?
10. Does your firm restrict access to sensitive personal information to US citizens? If not, can your firm restrict access to sensitive personal information only to US citizens and protected citizens (as defined by federal law)?
11. Is all data stored, processed, and accessed in the US only – and not transmitted outside the U.S.? If not, can your firm contractually agree that a particular client's data will only be stored, accessed, and processed in the US only – and will not be transmitted outside the U.S.?
12. Can your firm restrict employees and subcontractors from travelling outside the U.S. with client data?
13. Does your firm encrypt data in transit in accordance with FIPS 140-2 Level 2 standards? If not, what standard does your firm use for encrypting data in transit?
14. Does your firm encrypt data at rest in accordance with FIPS 140-2 Level 2 standards? If not, what standard does your firm use for encrypting data at rest?
15. Would your firm agree to notify a client about an actual or reasonably suspected unauthorized disclosure or access of personal information, even if the event did not pose a risk of harm to the affected individual?
16. Would your firm agree to notify a client about an event that may jeopardize or indicate the compromise of information systems in which client data is stored, even if the client's data itself is not affected by the event?
17. Would your firm agree to investigate and reasonably address the cause of any event or breach?
18. Is your firm compliant with ISO 27701 and ISO 27001 standards?
19. Does your firm comply with the following?
 - i. General Data Protection Regulation (GDPR) in the EU
 - ii. California Consumer Privacy Act (CCPA)
 - iii. DSGVO (Datenschutz-Grundverordnung)

iv. Brazilian General Data Protection Law (LGPD)

20. Has your firm settled any claims related to its alleged breach data privacy or cybersecurity standards in the past three (3) years?
21. Does your firm currently maintain cyber liability and privacy breach insurance that will cover cybersecurity and identity theft breach losses of our data and property? If so, provide proof of coverage.
22. Does your firm engage any third-party service providers to provide data security/cybersecurity services? If so, identify those providers and confirm whether the providers are subject to regular security reviews and independent security assessments.
23. Would your firm's written custody agreement with Savings Plus address responsibility for cybersecurity and the allocation of liability for any losses/costs associated with the breach?
24. Would your firm's written custody agreement with Savings Plus limit your liability in the event of a cybersecurity breach?
25. Does your firm anticipate having access to participant (or other individual level) information in connection with your firm's trust and custody services contemplated by this RFP? What types of individual level data would your firm have access to and why?
26. Has your firm experienced any security breaches in the past? What happened? How did your firm respond?
27. Will your firm represent, in its contract with us, that it will comply with all applicable privacy and confidentiality requirements, including the protection of any and all individuals' personal information, under federal, state, and local law?
28. Has your firm taken affirmative steps to assess and document compliance with the Department of Labor's "Cybersecurity Program Best Practices" issued on April 14, 2021? If so, provide your firm's detailed compliance statement addressing all twelve (12) parts.

F. Systems, R&D, and Technology

1. Describe in the table format below the major systems supporting the Trustee/Custodian service. Describe any major system architecture changes and differentiators from competing organizations.

Technology Capabilities	Accounting	Settlement	Safekeeping	Reporting	Performance	Securities Lending	Other
Description of System(s)							
Proprietary (Y/N)							
Capacity							
Updates / Differentiators							
Frequency of Updates							
Past 5 Years							
Description of Enhancements							
Next 5 Years							
Description of Enhancements							
Comments:							

2. Provide the Technology, R&D and Systems budgets (in actual US\$ terms) specific to trust and custody services over the past three (3) and projected for the next three (3) years. Is the budget based on a percentage of total operating expenses and capital expenditures?
3. Provide a brief description of the information delivery system or workstation for client interface. Include a description of client interface technical requirements (i.e., PC operating system, Mac OS, web browser software and version). Describe the levels of service, if any.
4. Is the above information delivery system subcontracted or in-house? If subcontracted, specify the vendor's name and release number, including the description of the relationship and how access to the source code is defined.
5. Is your firm undergoing any level of system integration, retiring/sunsetting of platforms, major software or application upgrades, migration to a new application internal or to a third-party

vendor specific to custody/asset servicing, accounting, valuation modules, performance measurement & analytics, and related services contemplated in this RFP?

6. Is your firm able to deliver the next level of Microsoft Excel Spreadsheets (data direct and interactive spreadsheets)? If so, is this available or in development? What information and reports do interactive spreadsheets support (i.e., accounting, GASB or analytics support, etc.)?
7. What are five (5) critical features of your firm’s on-line platform that sets your firm apart from the competition?
8. What is your firm’s vision over the next five (5) years in terms of its technology and processing capabilities that will ensure its competitiveness and existence, including next generation initiatives?

G. Trade Processing, Settlement, and Custody

1. List each country in the table format below in which your firm is the custodian of assets for clients and provide the following information: name of the depositories, agents, or sub-custodian banks that your firm uses directly and with which your firm has a signed agreement. If more than one (1) is used in any market, list each of them.

Country	Direct Custody of Assets (Y/N)	Depositories, Agents, or Sub-Custodians Custody of Assets (Y/N)	Name(s) of Depositories, Agents, or Sub-Custodians Custody of Assets
AUSTRALIA			
AUSTRIA			
BAHRAIN			
BANGLADESH			
BELGIUM			
BENIN (WAEMU)			
BERMUDA			
BOTSWANA			
BRAZIL			
BULGARIA			
BURKINA FASO (WAEMU)			
CANADA			

Country	Direct Custody of Assets (Y/N)	Depositories, Agents, or Sub-Custodians Custody of Assets (Y/N)	Name(s) of Depositories, Agents, or Sub-Custodians Custody of Assets
CAYMEN ISLANDS			
CHILE			
CHINA			
COLOMBIA			
COSTA RICA			
CROATIA			
CYPRUS			
CZECH REPUBLIC			
DENMARK			
ECUADOR			
EGYPT			
ESTONIA			
EUROMARKET			
EUROCLEAR			
FINLAND			
FRANCE			
GERMANY			
GHANA			
GREECE			
GUINEA BISSAU (WAEMU)			
HONG KONG			
HUNGARY			
ICELAND			
INDIA			

Country	Direct Custody of Assets (Y/N)	Depositories, Agents, or Sub-Custodians Custody of Assets (Y/N)	Name(s) of Depositories, Agents, or Sub-Custodians Custody of Assets
INDONESIA			
IRELAND			
ISRAEL			
ITALY			
IVORY COAST (WAEMU)			
JAPAN			
JORDAN			
KAZAKHSTAN			
KENYA			
KUWAIT			
KOREA			
KUWAIT			
LATVIA			
LEBANON			
LITHUANIA			
LUXEMBOURG			
MALAWI			
MALAYSIA			
MALI (WAEMU)			
MALTA			
MAURITIUS			
MEXICO			
MOROCCO			
NAMIBIA			

Country	Direct Custody of Assets (Y/N)	Depositories, Agents, or Sub-Custodians Custody of Assets (Y/N)	Name(s) of Depositories, Agents, or Sub-Custodians Custody of Assets
NETHERLANDS			
NEW ZEALAND			
NIGER (WAEMU)			
NIGERIA			
NORWAY			
OMAN			
PAKISTAN			
PALESTINIAN AUTONOMOUS AREA			
PANAMA			
PERU			
PHILIPPINES			
POLAND			
PORTUGAL			
QATAR			
ROMANIA			
RUSSIA			
SAUDI ARABIA			
SENEGAL (WAEMU)			
SERBIA			
SINGAPORE			
SLOVAK REPUBLIC			
SLOVENIA			
SOUTH AFRICA			
SOUTH KOREA			

Country	Direct Custody of Assets (Y/N)	Depositories, Agents, or Sub-Custodians Custody of Assets (Y/N)	Name(s) of Depositories, Agents, or Sub-Custodians Custody of Assets
SPAIN			
SRI LANKA			
SWAZILAND			
SWEDEN			
SWITZERLAND			
TAIWAN			
TANZANIA			
THAILAND			
TOGO (WAEMU)			
TRINIDAD & TOBAGO			
TUNISIA			
TURKEY			
UGANDA			
UKRAINE			
UNITED ARAB EMIRATES			
UNITED KINGDOM			
UNITED STATES			
URUGUAY			
VENEZUELA			
VIETNAME			
ZAMBIA			
ZIMBABWE			
Other Markets – Describe			
Total			

2. Provide the name(s) of the working unit(s) that process U.S. and non-U.S. trades and settlements and provide investment accounting data. Describe their reporting relationship and level of responsibility within your organization.
3. Does your firm currently interact with Nationwide Retirement Solutions (NRS) with respect to daily trading and trade settlements in the same manner as envisioned/stipulated in this RFP?
4. Describe your organization's policy and procedures for assuring that each client's assets are properly held in safekeeping and that positions are accurately maintained in its accounting records. Include information about segregation of assets and distinctions between physical and book entry positions.
5. How does your firm determine its responsibility, as well as any sub-custodian responsibility, for compensation for losses to client accounts due to processing errors?
6. Describe your organization's process for managing its foreign sub-custodian network of depositories, sub-custodians, and agents, including:
 - i. Selection
 - ii. Oversight
 - iii. Problem resolution
 - iv. Termination
7. Does your firm employ SEC 17f-5 and 17f-7 in the review and contracting arrangements with its sub-custody network? Explain your role as Custody Manager and tracking of sub-custodians and the inherent risks associated with such arrangements. Specify any limitations your firm makes regarding its contracts with its sub-custodians.
8. Describe your organization's process and procedures for interfacing with Investment Managers and external client-selected additional custodians serving your organization's custody clients, including:
 - i. Dedicated staff positions and responsibilities
 - ii. Mode and means of trade instruction communication and validation
 - iii. Mode, timing, and content of daily and monthly reports
 - iv. Inquiry and problem resolution processes
 - v. Reconciliation and audit processes (detail process and provide information on acceptable tolerance levels allowed)
 - vi. Special support for Investment Managers located outside of the U.S.
 - vii. Ability to reflect daily transactions and holdings for external assets under custody, in reporting both ad-hoc and established report formats
9. Describe your organization's procedures for processing trade instructions. Provide a flow chart that depicts the inter-unit information and transactional process. This information should contain a summary of the following information elements:
 - i. Name and reporting responsibilities of working units performing the processing

- ii. Electronic receipt of securities trade instructions
 - iii. Other modes of receiving trade instructions and parties using them
 - iv. Trade validation procedures
 - v. Degree of automation of each method of trade validation
 - vi. Manual intervention procedures, if required
 - vii. Provisions for electronic trade instructions
 - viii. Asset transfers, pending trades, pending FX transactions. Include details as to when your firm prices the portfolio for performance measurement given the occurrence of asset transfers
 - ix. Procedures utilized to ensure client-imposed/specified authorization requirements are met
10. Describe the processing of trade settlements of securities and currencies. Include the following and identify any distinctions amongst them:
- i. U.S. securities
 - ii. International securities (Eurobonds and CDs)
 - iii. Non-U.S. securities
 - iv. Foreign exchange
11. Is your firm able to meet the following core custody functions?
- i. Accept daily instructions from investment managers and the client.
 - ii. Advise investment managers of daily changes in cash equivalent balances.
 - iii. Immediately advise investment managers of additions or withdrawals from account.
 - iv. Notify investment managers of tenders, rights, fractional shares, or other dispositions of holdings.
 - v. Resolve any problems that investment managers may have relating to custodial account, including security pricing differences.
 - vi. Safekeeping of securities.
 - vii. Interest and dividend collection.
 - viii. Process all investment manager transactions.
 - ix. Collect proceeds from maturing securities.
 - x. Disburse all income or principal cash balances as directed.
 - xi. Daily feed of beginning of day holdings and cash balances, including end of day information.
 - xii. Provide monthly statements by investment manager account and consolidated statement of all assets on a plan and total trust levels.
12. State the value of assets held (as of December 31, 2021) at Depository Trust Company and Federal Reserve and the length of the direct participant relationship with these custodians.
13. State the value of assets for basic international depositories, such as Euroclear, Clearstream, etc. as of December 31, 2021.

14. Is your firm's system capable of producing a report which shows all failed trades across all of a client's investment manager accounts at any given point in time? What is your organization's current total fail rate for sales and purchases?
15. Does your firm employ actual or contractual settlement date? It is the requirement of Savings Plus to have contractual settlement. Is this requirement acceptable? When and in what circumstances does your firm not offer or suspend contractual settlement?
16. Savings Plus understands certain administrative requirements around international markets such as market account openings, completeness of global documentation, trade settlements, and cash/position reconciliation for country jurisdictions they are in or intend to invest in. What would be different and compelling about your firm's non-US asset servicing support and structure that Savings Plus should take note of? What would be the general responsibilities of Savings Plus (e.g., review and sign) and what is/are your firm's role and responsibilities to assist in navigating such processes?
17. New settlement disciplines under Central Securities Depository Regulation (CSDR) went into effect in February 2022 and have been years in the making to harmonize settlements in the EU. How has your firm responded and what is the benefit of its approach to institutional clients like Savings Plus?
18. Discuss your firm's ability to provide custody services to developing, ultra-emerging, and frontier markets in Africa, Central/South America, Eastern Europe, and Asia (Middle East, South Asia and South East Asia).
19. What is normal protocol in handling not-in-bank assets such as Collective Investment Trusts, Mutual Funds, and LPs? What is different about your firm's custody platform or product/service deliverable that distinguishes its capabilities compared with the competition?
20. Regarding the requirement for an Independent Tax Agent in certain countries where Savings Plus is currently invested or can invest in the future, describe how your firm supports the Registration Process, designation of an Independent Tax Agent and preparation of the Global Power of Attorney for Savings Plus. How does your firm ensure that this is not a burden to Savings Plus?
21. Describe your firm's collateral processing for derivatives and support of synthetic transactions, including collateral margins, marking to market, collateral management, valuation and reporting, and cash management capabilities in support of investment managers who hold such exposure or positions.
22. Related to the above, UMR (Uncleared Margin Rules) is clearly a major issue to both asset owners and asset managers. What does Savings Plus need to know about UMR and how your firm is able to support clients impacted by the rule?

23. Describe your firm’s approach and vision on the development of ability to support the custody of Digital Assets. What are the initiatives in this space that your firm have introduced and are exploring? Is your firm able to custody Digital Assets to date?

H. Income Collection

1. Describe your firm’s procedures for ensuring that interest and dividends (domestic and international) are paid. Also describe your firm’s policies for cash crediting and debiting, including cut-off deadlines for all securities both domestic and international
2. When and in what instances does your firm rescind contractual income collections? What is/are your firm’s policy(s) for both domestic and international markets?
3. Does your firm track late collections of income? Can your firm produce a tracking report detailing outstanding claims?
4. Does your firm notify clients of failures to collect or late collections of income?
5. Describe your firm’s tax reclaim procedures for ADRs and international securities. Is your firm able to guarantee 100% relief?
6. Tax reclaim is contingent on proper documentation completed properly and filed on time. Does your firm offer a more comprehensive and evolved solution aside from its normal income collection platform or group? Why does your firm think its solution would matter to Savings Plus?
7. What percentage and US\$ value of tax reclaims for the last three (3) years ending December 31, 2021, was your firm able to reclaim?

Period	Total Tax Reclaims (US\$)	Actual Reclaims Collected (US\$)	Actual Reclaims Collected as a percent of Total Tax Reclaims (%)	Outstanding Reclaims (US\$)	Outstanding Reclaims as a percent of Total Tax Reclaims (%)
2019					
2020					
2021					

8. Why does your firm think it has a more proactive tax reclaim service model than other custodian banks or specialist third-party reclaim agents? Please describe.
9. Describe your firm’s process for obtaining an annual Certificate of U.S. Tax Residency (Form 6166) from the IRS on behalf of your firm’s clients.

10. Is your firm able to identify all relevant markets in which "relief at source" is available with respect to the most favorable tax withholding rate that applies to U.S. tax residents, including governmental entities and retirement or pension plans, and provide to CalHR any documents necessary to obtain such relief at source? If not, how would that be accomplished for Savings Plus?"
11. Is your firm able to determine, in all relevant markets, the most favorable withholding rate that applies to U.S. tax residents, including governmental entities and retirement or pension plans, and provide to CalHR any documents necessary to obtain such withholding rate through a reclaim process? If not, how would that be accomplished for Savings Plus?
12. How does your firm go about assisting Savings Plus specific to relief at source, navigating the European Court of Justice Tax regimes, and other issues to maximize reclaims given current international separate accounts? Would this require the engagement of a third-party to assist with such reclaims? If so, would the client need to contract directly with the third-party or would the arrangement be through your firm?
13. Describe your firm's reporting capabilities specific to tax reclaims. Can Savings Plus get regular reporting by country on total available tax reclaim, reclaim opportunity vs actual amount collected, etc.?

I. Corporate Actions, Proxy Voting, and Class Actions

1. Describe the organization structure and staffing of your firm's corporate actions, proxy voting support, securities litigation and class action claims filing services. Does your firm have one or more dedicated units focusing on these services, or other structures?
2. Specific to proxy actions, can your firm support proxy voting by the investment managers, third party vendor, or client? How about access to proxy notifications and tally of votes at the manager level? Are there any specific proxy reporting that your firm offers that Savings Plus should know about?
3. How does your firm obtain information about and handle class action suits both domestic and international? How quickly is security class action information updated in your firm's system? What information is reported?
4. Is class action monitoring and filing of claims performed in-house or subcontracted? What can your firm do and not do in terms of class action monitoring, handling, and filing? Is this delineated by opt-in or opt-out considerations, domestic or international class actions?
5. Describe your firm's class action monitoring and claims filing processes and procedures that would be beneficial to the Savings Plus including but not limited to the following:
 - a) Identify all eligible security positions and match trading history against open class action cases,
 - b) Calculate recognized losses,
 - c) Prepare supporting materials for a claim and submit a timely, complete, and acceptable filing,

- d) Track administration of the settlement, and
- e) Handle award distribution payments to investors

6. Describe how many claim deficiency notices your firm has received in the past three (3) calendar years, and what percentage of claims filed that represents. What actions does your firm take in response to a deficiency notice? Describe the technology and systems your firm uses for this service, and all client reports your firm provides on class actions and claims filing and award distributions. Describe any quality control processes or audits your firm uses related to claims filing and distribution payments. Be very specific.
7. Is your firm willing to file all claims with class periods that predate the conversion using data supplied by the previous custodian of record? Does your firm engage a third-party for filings that predate conversion? If so, would CalHR have to contract directly with a third-party for such services?

J. Accounting and Reporting

1. Describe your firm's investment and fund accounting capability (include system name and year developed). Is the system maintained in-house or subcontracted or maintained through a service bureau arrangement with a third-party?
2. Is the above platform a general ledger accounting system in a full accrual, trade date multi-currency basis?
3. Is the above system able to handle plan (participant), pool, trust, and unitized accounting for multiple participating plans or entities? This is critical to Savings Plus. Describe the extent of your firm's capabilities and actual deliverables.
4. Describe your firm's investment accounting capability (include system name and year developed) for unitized investment options, white label, fund of funds, or target date funds for daily valued plans. Is the accounting system able to handle separate account, mutual funds, LPs, commingled fund vehicles, and/or combination thereof for investment pooled options?
5. Describe the basis for monthly audited reports. Are the asset holdings and transactions based on settlement date accounting, settlement date accounting with pending trade adjustments, or trade date accounting? Describe in detail the closing cycle and the ability to close individual accounts (or in phases) while still ensuring that all accounts are closed on a timely basis.
6. Provide a diagram summarizing your organization's accounting and service delivery units and the technology supporting them. Provide the names of, and describe in detail, all accounting systems used to support the Trustee/Custodian business line and client needs, including systems for Securities Movement and Control (SMAC), trust accounting, global custody, securities lending, and multi-currency accounting. This diagram should assist generally with an understanding of the following items (further detail of which may be requested by Savings Plus):

- i. Compliance with GAAP
 - ii. Master file structure, maintenance, and control
 - iii. Double-entry features linking securities and cash that would ensure no “one-legged” entries or “netting”
 - iv. Reversal procedures and controls
 - v. List of discrete entry codes
 - vi. “Up-front edits” for input accuracy
 - vii. Proofs of correct receipt of income and capital changes
 - viii. Exceptions monitoring and internal control reports
 - ix. Special accounting procedures to accommodate local practices for non-U.S. investments
 - x. Extent of integrated system processing between U.S. and non-U.S. securities
 - xi. Policies and procedures for your organization’s multi-currency accounting for converting data into U.S. Dollars, and
 - xii. Policies and procedures for ensuring that batch-fed or asynchronous information housed in separate data stores are maintained consistently and do not report different data
7. For each core system used, define its processing mode – batch or type of on-line, real-time processing and provide its daily and monthly processing schedule, including starting and ending times.
8. Will Savings Plus have online access to account and daily transaction data? Will your firm provide such access as part of this contract solicitation process without the need for an additional or supplemental contractual agreement?
9. Beyond online access to information, what level (duration, information types, etc.) of transaction detail can be made available with notice to the custodian? What is the minimum length of time for recovering this transaction level detail?
10. How long can your firm maintain data in a format readily available to be accessed by your clients? Describe your organization’s client data archiving policy and procedures.
11. Savings Plus considers the custodian as the “book of record” of the sub-ledgers for assets and transactions. Does your firm accept this responsibility? Please describe.
12. Enumerate all data vendors utilized by your institution for pricing, fixed income (i.e., swaps) and mortgage factors, corporate actions, etc. Specify primary, secondary, and tertiary sources, and can be furnished as a separate exhibit and label, accordingly.

Pricing Sources	For what type of Securities, Instruments or Asset Class	Specify if Primary, Secondary, or Tertiary	Daily Feeds (Yes or No)

Pricing Sources	For what type of Securities, Instruments or Asset Class	Specify if Primary, Secondary, or Tertiary	Daily Feeds (Yes or No)

13. What types of reports are available to clients? List both standard and non-standard reports. Please provide samples.
14. What is your firm’s investment manager reconciliation policy and procedure before audited statements are sent to clients? Is this proactive, reactive, or is the onus on the investment manager to reconcile to your firm’s book of record?
15. Month-end audited financial statements are expected to be delivered by the 5th business day after month end. Is your firm able to meet this requirement? If not, explain.
16. As trustee/custodian and fund accounting provider, Savings Plus will rely on your firm for independent valuation and pricing of securities and transactions. Given your firm’s reliance on third-party vendors for pricing, data, and market information, how does your firm ensure accuracy, appropriateness, and that errors are detected/rectified? Will your firm indemnify Savings Plus for pricing, data, market information errors of your third-party vendors utilized in the provision of audited statements – Yes or No, and explain?
17. How does your firm handle derivatives and other complex instruments such as collateralized mortgage obligations, options/futures, swaps, commodities, bank loans, short sales (leverage), and hedge fund accounting? Include the method used to calculate realized and unrealized gains and losses and the corresponding GASB (and or appropriate GASB equivalent) utilized to guide methodologies. What is distinct about your firm’s derivatives processing and valuation capabilities that Savings Plus should be aware of beyond line-item tracking?
18. Is your firm able to generate accounting and reporting information for GASB 40 purposes? Describe and provide sample reports.
19. How does your firm handle GASB 53 requirements specific to commingled funds, real estate, commodities, private equity, absolute return, and OTC derivatives? Are the general classifications for GASB 53 within GAAP guidelines as determined by an independent third-party vendor (i.e., E&Y, Deloitte, PwC, etc.)? Provide sample reports.
20. Does your firm have the capability to provide GASB 72 reporting, including leveling? Describe your firm’s methodology to delineate, assign, and determine the leveling required. How does your firm handle GASB requirements on fair value reporting requirements specific to commingled funds and other line-item portfolios? Provide sample reports.
21. How does your firm keep abreast of new GASB standards and provide support to its clients with implementation? Describe your firm’s plan to track and address future GASB requirements.

22. Given the level of unitization and daily valuation deployed within the Plan and the investment options, Savings Plus (in coordination with the custodian and investment managers) wants to employ a rigorous formal monthly reconciliation process to help monitor and resolve any valuation differences. Is your firm willing to implement a formal monthly manager reconciliation process as a critical deliverable?
23. Is your firm able to independently calculate management and performance incentive fees and post accruals monthly? How does your firm ensure that accruals are reversed when payment is made?
24. How will your firm support the requirement to review and process payment of quarterly investment manager fee invoices by reviewing and validating market values to ensure that the fee charged by the investment manager is commensurate with the agreed upon rate per market value. Describe your firm's service offering for fee tracking, invoice processing, and expense management reconciliation services, level of services offered, and any additional associated fees.
25. Specific to commingled funds, does your firm have the ability to capture the plan's pro-rata share of holdings for use in terms of monitoring and analytics?

K. Defined Contribution Capabilities – NAV, Accounting, Rebalancing, and Reporting

1. Describe your firm's familiarity and experience with daily valued, hard-close, accounting.
2. Provide the number of your firm's tax-exempt DC clients as categorized in the following matrix. Report aggregate values of their total assets in US\$ millions for periods specified.

	Total Number of Clients	Asset Value (US\$ millions)
2019		
2020		
2021		

3. How many clients does your firm provide daily valuation and total asset market value for? Complete the following table as of December 31, 2021.

Distribution	Number of Clients	Aggregate Market Value (US\$ millions)
Public and Sovereign Wealth Funds		
Endowment and Foundations, etc.		
ERISA Corporate (DB and DC Plans)		
Taft-Hartley and other Eleemosynary Funds		

Distribution	Number of Clients	Aggregate Market Value (US\$ millions)
Insurance Funds		
Mutual Funds		
Collective Investment Trust		
Others		
TOTAL		

4. List the information requested in the following matrix, in descending order by Total Asset Value, for the ten largest DC client relationships (actual assets that your firm provides fund accounting and designated trustee/custodian of assets) of your firm as of December 31, 2021.

Client Name	Total Asset Value (US\$ million)	Start Date	Client Servicing Officer and Relationship Manager Names	Client Type Public Fund(P) or Corp ERISA (C)

5. Does your firm have a separate investment accounting system for DB and DC plans (or monthly vs. daily valued funds)?
6. Describe your firm's investment accounting capability (include system name and year developed) for daily valued plans. Is the system able to handle share accounting, dollar allocation, unitization and/or mutual fund accounting requirements?
7. Describe your firm's share, dollar allocation, unitization, and mutual fund accounting methodologies.

8. Does your firm have an electronic interface with NRS (Nationwide), the current provider, and other major recordkeepers of the industry? Please enumerate the names of recordkeepers (independent or mutual fund/insurance companies) that your firm is familiar with and complete the table below.

Firm Name	Number of Clients	Formal Operating Model with Recordkeeper? (Yes or No)	Electronic Links or Interfaces are Established? (Yes or No)

9. Specify the formula or calculation methodology of your firm’s daily NAV. Is this generated through equitable share (dollar) accounting or unitized accounting? What system is used (i.e., IAS, MCH, FIS InvestOne/Arena, internal, etc.)?
10. Why should we have confidence in your firm’s daily NAV and your firm’s ability to deliver the NAV to the recordkeeper on a timely basis? In a very succinct manner, sufficiently describe and illustrate a day in the life of a NAV and the expected timing release of the NAV to the recordkeeper at end of day.
11. Variances in prices and fund NAVs are independently verified and reviewed by the client, custodian/fund accountant, recordkeeper, and managers. Variances greater than the agreed-upon tolerance level will be researched. Explain how errors beyond the acceptable tolerances are corrected. Confirm your firm’s agreement to indemnify or make the Plan and its participants whole for such errors that are determined to be the responsibility of the Contractor.
12. What is(are) your firm’s current policy(ies) on materiality or threshold limits on NAV errors on a daily basis at the individual manager, investment option, and total fund level?
13. What is your firm’s error resolution policy given a break in the materiality threshold at both the participant and fund level? What is the operating model or policy and timing of resolution? Describe in detail.
14. Daily Reconciliation Processes: Address the items as specified below with a yes or no, and only describe if a key differentiator.
- i. Custodian and Investment Managers

1. Investment managers communicate investment positions to the Custodian daily. Can your firm handle such daily interface? Via fax and/or electronic interface?
 2. Custodian reconciles its position to the investment manager activity, separate and commingled funds daily. Can your firm provide daily reconciliation of all investment activity and valuation?
 - ii. Recordkeeper and Custodian
 1. Custodian communicates its participant unit position to the Recordkeeper daily through a nightly price file exchange. Can your firm provide individual participant unit position to the Recordkeeper daily? Through what medium and information delivery platform?
 2. Recordkeeper reconciles the participant unit position received from the Custodian to its position in the evening prior to processing that day's activity. Can your firm handle such an arrangement?
 - iii. Custodian and Recordkeeper
 1. Recordkeeper communicates its participant activity and ending position to the Custodian on the daily trade reports. Can your firm handle this requirement?
 2. Custodian performs an independent verification of participant net unit activity by dividing the net cash flow in the trade report by the NAV sent the prior evening from the price file. Is this acceptable? Does your firm have its own verification process? Please describe.
 3. Custodian also performs an independent verification of ending unit position by adding or subtracting the net unit activity to the position held by the Custodian. This new balance is compared to the balance state on the Recordkeeper's trade report. Can your firm handle this requirement? List vendors your firm currently has electronic interface with (i.e., depositories, trading, and accounting.).
 4. This reconciliation process is performed prior to any transaction occurring in the Plan. Is this acceptable?
15. Calculation of NAV Process: Can your firm perform the following - yes or no and explain or describe if a material differentiator?
- i. Custodian should be willing to calculate a daily net asset value (NAV) for each investment option of the Plan. The Custodian-calculated NAV is referred to as "participant-traded unit value" or "unit value."
 - ii. The NAV will incorporate investment fund performance as well as accruing plan expenses, if applicable.
 - iii. The Custodian receives prices for separate accounts and commingled funds directly from the investment managers and able to accommodate both electronic, depository or NSCC-eligible, and if necessary, a less automated (manual) process.
 - iv. Custodian normally relays NAV's to Recordkeepers by 7:00 pm eastern time.
 - v. Custodian requires the mutual and commingled funds to report prices by 6:30 pm eastern time in order to meet the 7:00 pm commitment. Custodian proactively communicates with the Recordkeeper if it anticipates a delay in relaying the NAV.

- vi. The Custodian will accrue a daily expense factor when calculating the NAVs, if this is a plan provision. The amount to be accrued will be discussed with Savings Plus.
 - vii. Custodian performs several levels of review on the change in a fund's NAV for reasonability.
 - viii. Parameters are set in consultation with Savings Plus for an acceptable variance level for the change in both the price of securities in the account and the fund's NAV.
 - ix. The daily change in a fund's NAV is compared to the day's condition in that fund's particular market or agreed upon indices or mandate benchmark.
 - x. Variances in prices and fund NAVs are independently verified and reviewed by the Custodian, Recordkeeper and Investment Managers. Variances greater than the acceptable tolerance level will be researched and the error resolution policy will be applied accordingly.
16. Specific to Daily Valuation, kindly provide in a separate exhibit a complete description of your firm's Daily Valuation Process for all securities and asset types (including NAV calculations), Materiality Threshold and Error Resolution Policies. This is important.
17. Is the system able to handle synthetic NAVs, and all adjustments to render the impact of frictional cash, fee accruals, and waterfall impact?
18. Does your firm have experience in unitizing the core options with multiple investment manager line-ups and also unitizing investment manager line ups to build out the target date fund options? If so, how many current DC clients (qualified, tax-exempt clients) does your firm currently deliver unitization of core investment options and target date funds?
19. Is your firm's unitization methodology able to manage unitized accounts comprised of separate accounts, mutual funds, LPs, and commingled fund vehicles?
20. Is holdings-level information available on unitized portfolios? Multi Class? White Label? Target Date Funds? Will the returns match the unitized returns?
21. Describe your firm's capabilities and corresponding rebalancing methodology for unitized investment options (i.e., target date funds, fund of funds, white label, etc.). Is this function subcontracted or delivered by another entity, or is the functionality built within your firm's core accounting platform?
22. Describe how your firm will support CalHR's Savings Plus Liquidity and Rebalancing Policy, which necessitates a monthly analysis of investment manager market values within each Savings Plus investment option and when dictated by the Policy, initiate and settle required trades separate from daily participant trading. Refer to **Appendix C – Savings Plus Liquidity and Rebalancing Policy** and **Appendix D – Rebalancing Illustration as of Sept 2022** (separate file attachments to this RFP).

23. How does your firm’s unitization methodology handle expenses and expense accruals (cascading or waterfall effect from trust level down to portfolio level)? How are cash flows handled (i.e., clearing accounts, cash accounts, etc.) within this structure?
24. How is your firm able to apportion, track, and account for fees and expenses across different share classes and roll-ups? Is your firm’s platform robust enough to handle multi-share classes and sub-classes to render NAVs across such vertical and horizontal unitized structure? Please explain.
25. If required, is your firm familiar with glidepath management and does it have pertinent working experience with such requirements in custom target date funds?
26. Can the rebalancing capability for glidepath management support the following if needed?
 - i. Able to handle smart rebalancing (functionality to process within static percentages, dollar-based, allocation or glide path, and/or performance driven).
 - ii. Able to handle symmetric and asymmetric bands.

L. Cash Management

1. To the extent the Plan would use STIFs or MMFs managed and offered by the custodian either for sweep or portfolio management, list acceptable vehicles for the sweep of frictional cash. Identify each available vehicle as required in the table below. Provide a summary description of each and attach appropriate prospectus/fund fact sheets, accordingly.

Short Term Fund Vehicle Name and Investment Manager	Regulatory Framework for Inv. Policies & Guidelines <small>(Complies with SEC Rule 2a-7 MMF, OCC Reg 9 STIF, or Other - specify)</small>	Valuation Methodology <small>(Constant \$1NAV or Variable \$1NAV)</small>	Total Asset Market Value as of December 31, 2021 <small>(US\$)</small>	Asset Management Fees/Costs or Expense Ratios <small>(bps)</small>	Trading Deadline or Cut-off <small>(specify time in eastern time zone)</small>

2. Are all of the funds specified above NSCC eligible?
3. How is money invested that is received after the close of business or after the trade deadline close? What is the late day cash vehicle or account – description, asset size value, and fees?
4. Does your firm charge daily transaction costs for cash sweeps or 12-b1 fees?
5. What is your firm’s daily overdraft policy? What is your firm’s schedule of charges for overdraft positions?

6. Does your firm charge a penalty or administrative fee/cost for maintaining/holding balances in certain currencies? Explain and provide specific pricing if applicable.
7. Does your firm have the capability to provide a cash availability projection report? How many days is the cash projection (i.e., 5 days, 10 days, 30 days, 60 days, or 90 days)?
8. Specific to money movement, expense payment, wires and/or other cash flows initiated by Savings Plus, what are your firm's policies and procedures (i.e., authorization, approval, tracking/monitoring, access codes, authentication process, etc.)? Describe a progressive cash flow movement and control process for Savings Plus.
9. Does your firm have an online instruction entry system available to clients for processing bills, expenses, etc. related to the Plan? If so, can it be used to instruct payments from multiple trust codes at one time? Can the system accept custom Savings Plus instruction templates?
10. Describe your firm's Foreign Currency (FX) management capabilities, including disclosure and transparency of spreads and spot rates.
11. Savings Plus reserves the right to allow its investment managers to execute any and all FX trades with third-party brokers. Does your firm charge a penalty or administrative cost for currencies executed by a third-party other than the custodian bank? If so, what is the cost?
12. What different FX execution options can your firm provide to both Savings Plus and its investment managers beyond custody FX execution for both standing instructions (i.e., dividend repatriation) and settlement driven (i.e., money movement to clear funding and settlement), including direct and indirect FX execution?
13. Specific to FX execution, discuss the following:
 - a. How does your firm demonstrate the competitiveness of its foreign exchange and how does your firm ensure that custodial clients achieve best execution? What documentation, reporting or analysis would your firm provide to Savings Plus that demonstrates such?
 - b. Is your firm willing to disclose both explicit and implicit costs of FX Trades?
 - c. Is your firm willing and able to provide a "time-stamped" FX trade and disclose at what price your firm valued the FX trade?
 - d. Does your firm flag off-market transactions (considered to be 10% or greater variance) automatically?
 - e. Are off-market transactions reviewed independently and the reasons for the price indicated in the review process?

M. Performance, Analytics, Compliance Monitoring, and Risk Management

1. Is your firm able to calculate both gross and net of fees performance consistent and/or compliant with GIPS and CFA Institute standards?
2. Describe your firm's performance calculation methodology for daily and month end returns. How are performance returns calculated (i.e., Modified Dietz, BAI Institute Method, Mid-Point

Adjusted, Begin and End Point Estimations, Transaction-Cash Flow Adjusted, Begin and End of Day Adjusted, Effective Weight, etc.)?

3. Is your firm able to calculate true time-weighted rate of returns at the security level and at the portfolio level? Is this contingent on subscribing to daily vs. monthly rate of return calculations?
4. Are returns generated at the security level daily and then rolled-up to portfolio, asset class, investment option, plan and/or Plan levels?
5. Are the performance systems capable of handling accrued (earned but unpaid) management fees?
6. Describe your firm's approach to loading and maintaining the performance and custom benchmark history of Savings Plus in your firm's system.
7. Are performance calculations recalculated if the accounting books are re-opened and/or re-adjusted? What is your firm's policy and historical limit to such re-rendering of the performance numbers?
8. What (if any) enhancements have been made in the performance and analytics space recently? Are there any in the pipeline? Please describe.
9. Is holdings level information available on line-item portfolios, consolidations, white label funds, investment option unitized portfolios? Multi Class? Target Date Funds? Will the returns match the unitized returns?
10. Are there different levels of performance measurement and analytics services? If there are different service levels, describe whether they reside in one performance measurement module/system or multiple modules/systems.
11. Describe your firm's performance attribution capabilities, including factor levels. Is your firm able to attribute performance (over the total portfolio or a subset of the total) versus a policy benchmark into selection, allocation, and interaction effects over flexible time periods (1 month, 3 months, trailing 12 months, 3 years)?
12. Describe the universe or peer group comparison databases and any available DC Plan Universe Comparative Group.
13. Is your firm able to provide any levels of risk management software or application for scenario testing, full-bore risk analysis and Value at Risk ("VAR")? Describe the actual software or application that would meet this requirement.
14. Does your firm have drill down performance capabilities for commingled funds?

15. Does the system integrate guideline compliance into the automated trading process and actively monitor transactions and portfolio composition on a Post-Trade, Pre-Settlement basis, performed daily and available online?
16. What are the different levels of compliance monitoring (i.e., basic, intermediate, or advanced) that your firm provides? Are there different costs or fees for each level for your firm's compliance monitoring services?
17. Provide a complete description of your firm's capabilities for monitoring for compliance purposes requirements embodied in the Patriot Act, Anti-Money Laundering, and OFAC SDN List. Is your firm able to identify for Savings Plus companies in which the Plan is invested that are fined by OFAC?
18. In the area of ESG, provide products/services your firm is able to deploy (current and contemplated) to assist clients in monitoring their holdings and/or any other metrics available, including service sets available and/or partnered with third-party firms.
19. Specifically describe your firm's abilities to support the quarterly "Top 10 security holdings" by investment option, which would require exposure look through Savings Plus non-custody investments – e.g., commingled trust funds and mutual funds. Based on your understanding of the investment portfolio structure herein described, what solutions can your firm provide in this area?
20. How does your firm support the preparation of data and information sets for fund fact sheets in coordination with the TPA and/or third-party consultant? Does your firm have a fund fact sheet generator?
21. Describe how your firm will support Savings Plus in the annual evaluation of Trade Cost Analysis (TCA) and FX analysis by providing information requested by the Savings Plus third-party consultants. Such information would include: broker used and explicit costs in dollars; by trade date; by trade size; by exchange; by trade price; by order live time in seconds; and by order type (market, limit, etc.) for both U.S. and non-U.S. trading activity.
22. Describe the service model and resources available to support Savings Plus staff analyzing the performance, analytics, and compliance monitoring data.

N. Managing Transition and Conversion Process

The incumbent firm does not need to respond to questions in this Section (Attachment 5-B, Section N), unless they are proposing a reimplementations of their current services. If a reimplementations is not proposed the incumbent firm will receive full points in this Section.

1. Identify the individuals and specify the team leader and the roles each member will serve in the transition. Also, describe their experience and how they are related to the Trustee/Custodian Services Division. Include each team member's professional biographical information.

2. Explicitly describe your firm's formal transition planning process, including timing of transition phases, staffing levels (including those of client), resource commitments (including those of client), and other considerations. Provide a sample of documentation and a proposed timeline/transition plan for the anticipated transition events. How would the transition of Savings Plus differ from a "typical" transition?
3. What planning and training would your firm need to conduct?
 - i. With Savings Plus staff
 - ii. With Savings Plus' outside Investment Managers
 - iii. With Savings Plus' current custodian
 - iv. With Savings Plus' current TPA (NRS)
 - v. With depositories, agents, and sub-custodians
 - vi. With Savings Plus' current Securities Lending agent
4. Provide a detailed description of your firm's last comparable conversion of a daily valued plan judging similarity by relative plan size and complexity. Include details of specific problems that occurred and the solutions implemented, timeline, etc.
5. Describe the plan participants' experience during the last comparable conversion. Specifically describe the impact, if any, on daily participant trading activity, (i.e., a blackout).
6. What resources are required of the client during the transition period? Include in your response both Savings Plus personnel and time resources anticipated.
7. What lead-time is required for a typical large institutional client transition and how might Savings Plus' transition be different? Specifically describe the impact of re-registration of domestic versus international financial instruments held by the incumbent custodian.
8. What is the role of the transition team during implementation? Will Savings Plus' ongoing service team be involved in the transition? Will there be overlap with the transition team?
9. For each of the items identified below, describe how your firm would prepare its accounting and performance measurement databases and systems for processing Savings Plus' investments:
 - i. What information would your firm load into its system in advance?
 - ii. Can your firm back-load performance data for accounts, composites, and benchmarks? Clearly describe any and all limitations to your firm's abilities in this area.
 - iii. How could your firm receive that data and in what format?
 - iv. For what period would your firm conduct parallel processing in order to develop history, test procedures, and establish entitlements/accruals?
 - v. How far in advance would your firm begin processing trades to prepare for live processing of settlements by the conversion date?
 - vi. What is your firm's policy for treatment of accruals earned before the conversion date?

10. Recognizing the very conservative non-cash collateral (U.S. Treasury, Agency Securities and U.K. Gilts) strategy used for the lending program maintained with the incumbent custodian (a strategy that is not under consideration for change), what challenges, if any, does your firm anticipate for Savings Plus' conversion?
11. What would be a reasonable parallel processing for the asset transfer of the Plan and the role of Savings Plus staff in the conversion?
12. How does your firm conduct the transfer of securities and cash from a prior master custodian and its sub-custodians to control the risk of loss of assets and assure that all are received and accounted for properly?
13. How will your firm handle class action filings and income due related to settlement periods under prior custodians and settlements that cross over from the prior custodian to the new custodial contract?
14. What is your firm's policy to make a client whole if an asset was not transitioned or failed to be accounted for after the conversion date? Who pays the client?
15. What should Savings Plus look out for, areas of concern and heightened level of sensitivity during the conversion period? Discuss how tax reclaims, re-registration, accruals, etc. are handled during the conversion period.
16. Describe how your firm will support an external audit process to confirm and test asset balances during the transition.
17. What are the transition and conversion fees/costs to Savings Plus that we should know about?

ATTACHMENT 5-C

SECURITIES LENDING QUESTIONNAIRE

A. Firm Profile

1. Describe your firm's Securities Lending Program including a brief history clearly specifying the year in which your firm started lending for client accounts in the U.S. and globally.
2. Are there any current organizational issues (i.e., mergers, acquisitions, personnel changes, business concerns, etc.) about your institution regarding securities lending that we should know about? Describe.
3. Describe your firm's Securities Lending Area and its structure, including:
 - i. Number of employees
 - ii. Names of key staff and their experience
 - iii. Staff turnover in the last three (3) years
 - iv. Size of program (total assets currently lent, number of clients in the lending program)
 - v. Significant development over the past three (3) years
 - vi. Client turnover for each of the last three (3) years
4. Describe the asset categories and country locations in which your firm lends securities. Identify when your firm started in each category and what factors your firm considers before lending in a particular category. Provide a list of markets and asset categories in which your firm currently performs Securities Lending functions as of December 31, 2021.
5. Describe your firm's abilities and any points of differentiation as they relate to the lending of securities collateralized solely with U.S. Treasury, U.S. Agency, and U.K. Gilt non-cash collateral.
6. List and describe all pending or threatened litigation against your firm in reference to securities lending services. List and describe all agency supervision associated with the pending or threatened litigation. What has been your firm's experience with regard to litigation or agency supervision over the past seven (7) years? (Note that providing a link to a website or company maintained internet portal will not be accepted and will be deemed unresponsive specific to this question.)
7. CalHR requires a SSAE 18 (SOC 1) report covering your firm's securities lending function. Verify that your firm can fulfill this requirement. List substantive issues raised by independent auditors in your SSAE 18 (SOC 1) specific to the securities lending program and indicate whether there have been any changes in internal controls since the date of your SSAE 18 (SOC 1) report.

8. Provide a brief summary of your firm's Business Continuity and Disaster Recovery specific to securities lending program, including Pandemic, Cyber-Crime, and other events impacting its operational and on-going effectiveness.
9. Does your firm subcontract any of the securities lending services? Provide contract vendor name and which service, functions, or deliverables they support. Does your firm indemnify CalHR for their performance?

B. Client Base

1. Describe your firm's current client base. How many clients participate in your firm's lending program? Complete the following table as of December 31, 2021.

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

2. What was the daily average dollar volume of securities loans outstanding for the last 12 months ending December 31, 2021? Specify in US\$ millions.

Asset Classes	Daily Avg. Lendable Base (US\$ millions)	Daily Avg. Out On Loan (US\$ millions)	Avg. Rebate Rate/Fees (bps)	Avg. Daily Spreads Net of Rebate (bps)
US Large Cap Equities				
US Mid/Small Cap Equities				
US Corporate Bonds				
High Yield				
REITS				
US Government Bonds				
TIPS				
Non-US Equity				
Non-US Fixed Income				

3. On average over the last three (3) years, what percent of eligible securities on loan used cash versus non-cash collateral for each of the following asset classes?

Security Types	Percent Collateralized in Cash (%)	Percent Collateralized in Non-Cash (%)
Domestic Equities		
US Treasury Bonds		
US Agencies		
Corporate Bonds		
International Equities		

C. Program Structure

1. Describe your firm’s distinct competitive advantage and strengths specific to its securities lending capabilities, including “what your firm can and cannot do” within the program.
2. What are the critical initiatives and developments in your firm’s securities lending program (people, process, product, performance, and price) that we should know about?
3. Describe in detail how your firm apportions loans across multiple lending clients. Include a description of your firm’s queuing system for any and all instances where it may be overridden.
4. Identify and provide a brief description of the core systems, processes, vendor arrangements, and systematized functional technologies and systems around the following -
 - Lending Queue or Allocation Engine
 - Lending Restrictions and Compliance
 - Trading and Research (Asset Class Information Advantage, Borrower Demand Assessment, Locate, Substitution, Supply and Demand Revenue and Risk Mechanics, Rerating, etc.)
 - Collateral Maintenance and Collateralization Levels
 - Collateral Management (both cash and non-cash)
 - Risk Analytics and Assessment
5. Describe your firm’s Securities Lending reporting capabilities. Provide a sample of your firm’s standard daily, monthly, quarterly, and annual reports. Reports should include but not be limited to utilization, collateralization, counterparty exposure, earnings, spreads, and spread decomposition. Are these reports also available electronically?
6. Describe how your firm will provide Savings Plus with daily access to reporting, performance, and risk monitoring tools to CalHR.
7. Is your firm able to contract as a Fiduciary Manager as defined under ERISA 2006-16 and in accordance with the standard of care set forth in Article XVI, Section 17 of the California Constitution? What are the limitations of your firm’s fiduciary responsibility?

8. Given a restricted program such as that required by Savings Plus, does this impact allocation or queuing process and relevant entitlement methodology utilized by your firm's securities lending program? How can Saving Plus be assured that fairness is applied consistently without undue burden to the Plan?
9. How does your firm manage the recall of securities out on loan for any reason (sale, proxy, etc.)? Describe your firm's substitution and buy-in procedures.
10. A trade fail can occur due to the inability to recall securities, and there is the potential for opportunity costs and penalties (such as CSDR regulation) that can materialize. How does your firm manage such costs and penalties?

D. Borrowers and Collateralization

1. What is the general form of your firm's Borrowers Agreement (ISLA, GMSLA, etc.)?
2. Describe how credit analysis is performed and with what frequency the individual borrowers are reviewed, including systems, processes and proprietary approaches deployed for counterparty risk assessment.
3. Provide a list of your firm's current borrowers. Identify the top ten borrowers and the percentage these borrowers represent of the total program. Can a client restrict specific borrowers?
4. Describe your firm's assessment of non-US borrowers within the program and their inclusion as eligible borrowers. Does your firm take into consideration requirements using ERISA DoL PTE 2006-16 for borrower eligibility?
5. Are non-US borrowers allowed within the program and are they subject to SEC supervision and under the jurisdiction of US securities laws when borrowing securities from ERISA and US Tax-Exempt Qualified Plans?
6. Does the borrow list include your firm, affiliates, subsidiaries, and/or other entities managed or controlled by your firm or parent? If so, please identify.
7. Does your firm have compensation arrangements with borrowers beyond the normal form of negotiating rebates/fees that we should know about? Does this differ for affiliated and non-affiliated lending?
8. Does your firm's Borrower's Agreement specify that "borrowing to manipulate a proxy" is restricted?
9. Describe the monitoring procedures in place for ensuring the appropriate collateral and margin levels are maintained and describe which pricing sources your firm uses and how often portfolios are priced.

10. Specific to loans collateralized with non-cash collateral restricted to U.S. Treasury, U.S. Agency, and U.K. Gilt, what is the average mismatch as of the 4th quarter ending December 31, 2021?
11. What are the forms of collateral (cash and non-cash) that your firm accepts for all securities lending programs enterprise-wide? Please enumerate and delineate if acceptable under ERISA DoL PTE 81-6 and 2006-16 or applicable/negotiated on a client-by-client basis.
12. What collateralization percentage is required for each of the security types (domestic and international equities and fixed income) and delineated by cash and non-cash collateral? What value (market value only, including accrued interest, etc.) is the basis for this percentage?
13. What are the collateralization levels (initial margin and daily margin) for non-cash collateral other than US Treasury, Government and Agencies? Enumerate and specify by collateral type.

E. Risk Management and Indemnification

1. How does your firm manage the following risks?
 - i. Borrower/Counterparty Risk and Default
 - ii. Collateral Investment Risk
 - iii. Non-Cash Collateral Perfection or Control Risk
 - iv. Interest Rate Risk
 - v. Credit Spread Risk
 - vi. Liquidity Risk
 - vii. Trade Settlement Risk
 - viii. Operational Negligence
 - ix. Sovereign Risk
 - x. Currency Fluctuation Risk
2. Has your firm experienced any losses due to operational negligence, collateral reinvestment and/or security specific reinvestments, and/or broker default since the inception of your firm's securities lending program? Describe. What was the recourse provided to clients and the level of dialogue to explain (resolve) the issues?
3. Does your firm stress test its securities lending program? Describe the methodology and procedures utilized for stress testing, including the frequency of testing.
4. Is your firm able to support a fully-matched program?
5. What are the terms of counterparty indemnification available to your firm's clients? Describe in detail your firm's counterparty indemnification policy.
6. Savings Plus requires full operational and borrower default indemnification within the securities lending program. Is your firm able to comply with this requirement? Describe your firm's full operational and borrower default indemnification policy. Be sure to address the following:

- i. Borrower files for bankruptcy for whatever reason.
 - ii. Failure to recall securities before settlement date.
 - iii. Failure to secure additional collateral and margin requirements.
 - iv. Failure to receive dividends, distributions, and all economic benefits of ownership.
 - v. Immediate use of Non-Cash Collateral in lieu of Borrower Bankruptcy.
7. Does your firm provide additional types of indemnification beyond broker default (i.e., collateral, negligence, trade settlement, etc.)? If so, can your firm provide Savings Plus with these additional levels of indemnification? Describe.
8. Does your firm's program specifically specify that non-cash collateral is indemnified from default and losses? Please describe.
9. Is your firm able to provide for total or partial collateral investment risk indemnification if cash collateral is accepted by Savings Plus? Does your firm have clients with such arrangements? If so, please describe?
10. Is non-cash collateral covered under your firm's borrower default indemnity regardless of SIPC and Orderly Liquidation Authority (OLA – Dodd Frank Act) pronouncements? Are there any specific limits to your firm's indemnity in compliance with Special Resolution Regimes? Please explain.
11. For a program with non-cash collateral restricted to US Treasury and Government debt and related instrumentalities, can the posted collateral be perfected to the benefit of Savings Plus under the control and custody of the Plan's trustee/custodian?
12. Can a client limit lending on any specific security such as: no more than 95% of outstanding shares, 33 1/3 rule, maintain at least 1 or 100 shares, maximum of 25%, tradable lots per position, and/or client specific parameters per security? Please explain.
13. Can a client limit lending at a specific security level based on Intrinsic Value such as at least 15 bps of pure demand spread without reinvest, only on negative rebate levels, and/or earnings based on overnight reinvest only? Please explain.
14. For review, provide a brief description of cash collateral reinvestment vehicles (REPO, US Treasury/Gov't STIF of MMF, commingled, customized, separate, 2a-7, etc.) utilized in the reinvestment of cash collateral applicable to public fund plans.
15. Does your firm charge a management fee (bp) and/or administration fees (bp) plus expense ratios for each type of collateral reinvestment fund, separate accounts, or collateral reinvestment fund? If so, specify the fee and if fees are deducted before or after the split.

16. Does your firm charge an administration, recordkeeping fee (bp) for non-cash collateral? Does this vary by type of non-cash collateral?
17. If cash and/or non-cash collateral are required to be perfected under the control of Savings Plus, will there be custody and related charges that we should know about?
18. Does your firm have gating and redemption procedures your firm have instituted, enhanced, or codified regarding client's rights specific to securities lending exit or withdrawal from either cash or non-cash collateral pool(s) or any custom separate account arrangements.
19. What is the weighted average duration mismatch between lending and reinvesting for your firm's largest lending pool or representative composite of separate accounts for the each of the four (4) quarters ending December 31, 2022? How about the average gap existing in your firm's open and term loans for the overall program?
20. What is the weighted duration difference between loans and total non-cash collateral only portion of your firm's lending program? Can this be delineated between term and open loans with non-cash collateral as the posted collateral?
21. The industry is entering a period of rising interest rates and the potential for rapid increases by the Federal Reserve. Given cash collateral requires proper reinvestment and the potential for gap risk due to duration mismatch between loan and investment, how does your firm intend to manage all associated risks in such an environment and how is your firm managing the positioning of its program?

F. Revenue Management

1. Given current non-cash collateral is limited to US Treasury/Gov't securities, what is your firm's proposal for the revenue sharing arrangement and/or the split of security lending income (or rebate fee paid by the borrower for non-cash collateral)?
2. For the above revenue sharing arrangement, is the split also applicable to negative income if it occurs?
3. Furnish a revenue estimate of the securities lending income for the Plan for one (1) year ending December 31, 2021 utilizing the holdings provided in **Appendix E – Assets as of 12.31.21 for Securities Lending Revenue Estimates** (separate file attachment to this RFP). Note that the estimate is backward looking and not forward looking. Thus, for the one-year estimate ending December 31, 2021, utilize the holdings provided and assume that the holdings are in a buy and hold strategy from January 1, 2021 to December 31, 2021. Utilize the guidelines listed below and provide revenue estimates in the fee calculation worksheets (3 worksheets in total) specified in the following pages.
 - i. Intrinsic value lending of 15 bps minimum for any loan with acceptable collateral limited to non-cash collateral using US Treasuries/Government securities only;

- ii. Intrinsic value lending of 15 bps minimum with overnight cash collateral US Treasury REPO reinvestment guideline only; and,
- iii. Intrinsic value lending of 15 bps minimum, with a program structure of 50% overnight cash collateral US Treasury REPO reinvestment guideline and 50% collateral limited to non-cash collateral using US Treasuries/Government securities only.

CALCULATION WORKSHEET #1

(Assume Intrinsic value lending of 15 bps minimum for any loan with acceptable collateral limited to non-cash collateral using US Treasuries/Government securities only)

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	Share of Revenue w/ Borrower Default Indemnification (Percent)	Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. Corporate Bonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

CALCULATION WORKSHEET #2

(Intrinsic value lending of 15 bps minimum with overnight cash collateral US Treasury REPO reinvestment guideline only)

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	Share of Revenue w/ Borrower Default Indemnification (Percent)	Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. Corporate Bonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 ($\$100,000,000 \times 0.002 \times 0.80$).

CALCULATION WORKSHEET #3

(Intrinsic value lending of 15 bps minimum, with a program structure of 50% overnight cash collateral US Treasury REPO reinvestment guideline and 50% collateral limited to non-cash collateral using US Treasuries/Government securities only)

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	Share of Revenue w/ Borrower Default Indemnification (Percent)	Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. Corporate Bonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

ATTACHMENT 5-D

Master Trust/Custody Agreement

The proposer shall provide a sample Master Trust/Custody Agreement ("Master Trust Agreement"), including sample guidelines as part of the Proposal Questionnaires.

ATTACHMENT 5-E

Securities Lending Authorization Agreement

The proposer shall provide a sample Securities Lending Authorization Agreement ("Securities Lending Agreement"), including sample guidelines as part of the Proposal Questionnaires.

ATTACHMENT 6

FEE PROPOSAL

The proposed fees are 30% of the total points available. Proposing firms are required to document and disclose all assumptions and qualifications within **Appendix F – Fee Proposal Workbook** (separate file attachment to this RFP). All proposing firms must provide fees for Trustee/Custodian services under two scenarios:

- 1) Hard Dollar Flat Fee
- 2) Asset/Account/Transaction-based Incremental Pricing Model

The Fee Proposal will be incorporated into the final Trustee/Custodian Agreement between the successful firm and CalHR as Exhibit B of the Standard Agreement (refer to Attachment 2, Exhibit B-1 of this RFP).

The proposer's response to the Securities Lending Questionnaire (Attachment 2, Exhibit 5-C), Section F, Question 1 will be incorporated into the final Securities Lending Authorization Agreement between the successful firm and CalHR where specified in Item 1.A of Exhibit B of the Standard Agreement (refer to Attachment 2, Exhibit B-2 of this RFP).

With respect to both resulting Agreements, if the Department and the successful firm negotiate a lower rate after the proposer's initial proposal submission, the lower rate shall be incorporated into the final Agreements, respectively.

V. APPENDICES

The following appendices are a part of this RFP and are included as separate file attachments:

Appendix A – Portfolio Structure and Assets by Account Level as of 3.31.22

Appendix B – Investment Redesign and Reselection

Appendix C – Savings Plus Liquidity and Rebalancing Policy

Appendix D – Rebalancing Illustration as of Sept 2022

Appendix E – Assets as of 12.31.21 for Securities Lending Revenue Estimates

Appendix F – Fee Proposal Workbook