

# Request for Proposal

## TAC1066A Addendum 1

Professional Services for  
Master Trust/Investment Custodial Services for Municipal  
Employees Retirement Plan (MERP)

NIGP Commodity Code(s):  
946-00 – Financial Services

**Submit proposals (sealed) to:**

Deputy City Clerk  
City of Tulsa  
175 E. 2<sup>ND</sup> St.  
Suite 260  
Tulsa, OK 74103



CITY OF  
**Tulsa**  
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November 19, 2021

## Addendum #1

Please note the following changes which have been made for clarification to this Invitation for Sealed Bid. **This addendum must be listed as Addendum #1 on Form #6** of the solicitation as verification that you have received and are aware of the information contained herein.

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### QUESTIONS/CLARIFICATION/CHANGES:

#### Changes:

Item 1. under A. General Requirements in section II. INSTRUCTIONS FOR SUBMITTING A PROPOSAL, has changed to correct the time zone to "Standard".

#### Questions and Answers Appear Below:

1. Question: Please provide Attachment A – Accounting & Reporting Requirements as we do not see it included in the RFP materials.  
**Response:** Please see VII. DELIVERABLES: Items A through J on Page 27 of the RFP questionnaire.
2. Question: Please confirm if we can provide a WebRFP in place of the USB drive/disc.  
**Response:** Submitting digital copies of responses are addressed in section VIII. RESPONDENT AND PROPOSAL REQUIREMENTS in item A. “. . . one (1) electronic copy on optical disc or USB drive.”  
The City does not recognize use of file sharing websites as a valid substitute.
3. Question: Please confirm the total separately managed holdings by currency and/or country.  
**Response:** All of the asset held in the separate accounts are U.S. securities denominated in U.S. dollars. Please see TAC1066A–Attachment A – Fee Calculation Worksheet that was provided with the RFP questionnaire for further detail of separate account total market values and number of holdings. The comments section for Domestic Equities separate accounts (Row 48) indicates 227 securities, while the comments section for Fixed Income separate accounts (Row 56) indicates 173 securities.
4. Question: Please confirm the annual transaction volume for Single Line Assets.  
**Response:** TAC1066A–Attachment A – Fee Calculation Worksheet provided the best available information. While annual transaction volumes for Single Line Assets was unavailable, please provide unit pricing for all transaction types even if transaction volumes are not provided.
5. Question: Please confirm the total derivative positions and derivative type (ETD/OTC).  
**Response:** There are currently no derivative positions held in the MERP portfolios. MERP would like to understanding your firm’s capabilities in support of derivatives should they be required in the future.

6. Question: Page 4; Please explain in more detail your plan allocation structure. Do you have one pool with many plans? How many plans are included in the plan allocation? Do they all follow the same allocation percentages?  
**Response:** MERP has multiple participating employers, but only one investment pool. One allocation is applied to the investment pool.
7. Question: Page 11 #7; Are you seeking performance reporting from the Custodian in addition to what Callan provides?  
**Response:** Performance reporting from the custodian is currently not provided or required. MERP would like to understand your firm's capabilities with respect to performance measurement reporting for informational purposes in support of the Plan.
8. Question: Page 14 Section L; Please confirm that all questions regarding NAVs are not indicative of striking an audited NAV like is done within a daily valued DC plan.  
**Response:** MERP's accounting requirement is for monthly audited valuation. To the extent that daily unaudited (best available daily priced) valuations are available, please describe in your responses to the relevant RFP questions.
9. Question: With regard to Master Trust Accounting – How many Master Trust/NAV accounts would be required (I'm guessing 1 based on RFP) and how many Participating accounts are required?  
**Response:** The custodian is responsible for providing monthly valuations for the Plan level only and not the participating individual employers. Master Trust/Plan Accounting from the custodian is currently not provided or required. MERP currently performs Plan Accounting internally but would like to understand your firm's capabilities with respect to Master Trust Plan Accounting in potential future support of the Plan.
10. Question: With regard to submitting our response in hardcopy along with an electronic copy (via drive) – would you like a hardcopy of the Exhibits in hardcopy as well or can those be provided via drive exclusively? The reason I ask is given the items requested, our exhibits can be hundreds of pages and wasn't sure if you/the City would want all that in paper form.  
**Response:** Submitting a response is addressed in section VIII. RESPONDENT AND PROPOSAL REQUIREMENTS in item A. "One (1) unbound original and one (1) bound copy of the proposal . . ." The City considers only that which is submitted on printed documents as your response. Our request for a digital copy is to reduce the degradation which is inherent with scanning documents. The "Completed Attachment A – Fee Calculation Workbook provided in Excel file format", mentioned in item B of this same section should also be submitted in printed paper media.

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**I. STATEMENT OF PURPOSE:**

With this Request for Proposal (RFP), The City of Tulsa’s Municipal Employees Retirement Plan (MERP) Board of Trustees is searching to secure professional services to provide Master Trust/Investment custodial services.

We enthusiastically look forward to receiving your proposal.

**II. INSTRUCTIONS FOR SUBMITTING A PROPOSAL:**

**A. General Requirements**

1. Proposals must be received by **5:00 p.m. on Wednesday, December 01, 2021, Central Standard Time**. Please place proposals in a sealed envelope or box clearly labeled **“TAC1066A Master Trust/ Investment Custodial Services for Municipal Employees Retirement Plan (MERP)”**.

**Proposals received late will be returned unopened.**

2. Proposals shall be delivered sealed to:

Deputy City Clerk  
City of Tulsa  
175 E. 2nd St.  
Suite 260  
Tulsa, OK 74103

3. All interested Respondents (Sellers) are required to register with the Project Manager in order to receive updates, addenda or any additional information required. MERP is not responsible for any failure to register.
4. Inquiries to the Project Manager requesting clarification regarding the Request for Proposal or the content therein must be made via e-mail and must be received prior to the end of the business day on **November 14, 2021**.

**Mark Kinoshita, Senior Vice President – Callan LLC**  
[kinoshita@callan.com](mailto:kinoshita@callan.com)

Any questions regarding this RFP will be handled as promptly and as directly as possible. If a question requires only clarification of instructions or specifications, it will be handled via e-mail. If any question results in a substantive change or addition to the RFP, the change or addition will be forwarded to all registered Respondents as quickly as possible by addendum.

5. Respondents shall designate a contact person, with appropriate contact information, to address any questions concerning a proposal. The Respondents shall also state the name and title of individuals who will make final decisions regarding contractual commitments and have legal authority to execute the contract on the Respondent's behalf.
6. Proposals will be opened on the morning after the due date, at 8:30am, at the:

**Standards, Specifications, and Awards Committee Meeting  
175 East 2<sup>nd</sup> Street, 2<sup>nd</sup> Floor  
City Council Chamber**

7. **Mandatory Pre-proposal Conference:** Attending either one of the two pre-proposal conferences is required for a response to be considered for award.

The meetings will be held by video conference and are scheduled for

**Tuesday, November 02, 2021, at 10:30 AM** Central Daylight Time and  
**Tuesday, November 09, 2021, at 10:30 AM** Central Daylight Time

Register with the Project Manager to receive access information. Please register no later than 24 hours prior to the conference.

Connection information for the pre-proposal meetings will be distributed on the morning of or the day prior to the event.

**B. General Notifications**

1. MERP notifies all possible Respondents that no person shall be excluded from participation in, denied any benefits of, or otherwise discriminated against in connection with the award and performance of any contract on the basis of race, religious creed, color, national origin, ancestry, physical disability, sex, age, ethnicity, or on any other basis prohibited by law.
2. All Respondents shall comply with all applicable laws regarding equal employment opportunity and nondiscrimination.
3. All Respondents shall comply with the Americans with Disabilities Act (ADA) and all proposals and a subsequent contract, if any, shall include the following statement:

“The Respondent shall take the necessary actions to ensure its facilities are in compliance with the requirements of the Americans with Disabilities Act. It is understood that the program of the Respondent is not a program or activity of MERP. The Respondent agrees that its program or activity will comply with the requirements of the ADA. Any costs of such compliance will be the responsibility of the Respondent. Under no circumstances will the Respondent conduct any activity which it deems to not be in compliance with the ADA.”
4. MERP also notifies all Respondents that the MERP has the right to modify the RFP and the requirements herein, to request modified proposals from Respondents, and to negotiate with the selected Respondent on price and other contract terms, as necessary to meet the MERP’s Objectives.
5. Although it is MERP’s intent to choose only the most qualified Respondents, MERP reserves the right to choose any number of qualified finalists for interview and/or for final selection. At the discretion of the MERP, one or more Respondents may be invited to be interviewed for purposes of clarification or discussion of the proposal.
6. This Request for Proposal does not commit MERP to pay any costs incurred in the preparation of proposals, or in submission of a proposal, or the costs incurred in making necessary studies and designs for

preparation thereof, or to contract for services or supplies necessary to respond. Any expenses incurred by the Respondent(s) in appearing for an interview or in any way in providing additional information as part of the response to this Request for Proposals are solely the responsibility of the Respondent. MERP is not liable for any costs incurred by Respondents for any work performed by the Respondent prior to the approval of an executed contract by MERP.

### III. **BACKGROUND**

#### **A. Overview**

The City of Tulsa Municipal Employees’ Retirement Plan (“MERP”) is a cost-sharing multi-employer defined pension trust (the “Plan”). MERP covers full-time non-sworn City of Tulsa (City) employees, some of its component units and employees of four other governmental organizations. The Plan was established by the City in accordance with the City Charter and State statutes, and provides retirement, disability, and death benefits to plan members. Management of the Plan is vested in the Board of Trustees (“Board”) consisting of seven members – two elected by active plan members, one elected by retirees, two mayoral appointments and the Director of Finance and the Director of Human Resources who serve as ex-officio members. The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity.

The Board of Trustees established an investment policy guiding the allocation of invested assets. This policy may be amended by the Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan.

#### **B. The Plan**

The Plan had an approximate market value of \$559 million as of December 31, 2020 and is managed by outside investment managers. MERP investment policy’s objective is to balance risk and expected return. MERP’s policy deems the following asset classes as appropriate: domestic equities, international equities, fixed income, real estate, timber, commodities and cash equivalents. The Board has adopted the following strategic policy asset allocation:

MERP	Target (%)	Market Value (US\$ millions) as of December 31, 2020	Accounts/ Vehicle Types
Domestic Equities	36%	\$210.06	2 SMA, 1 CIT
International Equities	24%	\$146.27	3 CIT, 1 MF
Fixed Income	24%	\$112.40	1 SMA, 2 CIT
Real Estate	8%	\$39.74	2 CIT
Commodities	3%	\$16.71	1 MF
Timber	4%	\$24.27	3 CIT
Cash & Equivalents	1%	\$9.60	1 MMF
<b>TOTAL</b>	<b>100%</b>	<b>\$ 559</b>	

**Key:** SMA=Separate Account, CIT=Collective Investment Trust, MF=Mutual Fund, MFF=Money Market Fund



### **C. Services Discussion**

MERP is seeking a custodian bank for the Plan. MERP has a well-diversified investment structure invested across multiple asset classes and therefore requiring a comprehensive set of services from a custodian bank, including, but not limited to, custody safekeeping, trade processing and settlement (contractual settlement), asset servicing, investment accounting, US GAAP and Governmental Accounting Standards Board (GASB) reporting support, corporate actions processing, and proactive investment manager reconciliation. MERP currently performs Plan Accounting internally but would like to understand your firm's capabilities with respect to Master Trust Plan Accounting in potential future support of the Plan.

The preferred custodian should have proven global capabilities in safekeeping (cash movement and control), asset servicing, trade settlement, and financial reporting. Daily access to real-time cash, custody and financial reports through an intuitive, web-enabled, and secure platform is ideal. The use of a cash sweep vehicle (short term cash management) is necessary for idle/frictional cash balances on a daily basis. MERP utilizes third party legal firms to monitor class action lawsuits and notify MERP of any lawsuits where MERP held shares during the class period; these third parties require ongoing access to MERP's holdings and transactions data. The custodian is responsible for filing claims for MERP and collecting any settlement proceeds. MERP also has a commission recapture program in place.

MERP is particularly interested in the custodian's capabilities in providing consolidated financial reports. MERP currently applies GASB accounting requirements within its Comprehensive Annual Financial Report. It is critical that the custodian is able to assist in the year-end preparation of annual reports and help MERP and its external auditors in the completion of the annual financial statement audit. The custodian is also expected to assist with periodic internal audit and tax requests. The custodian should also be able to grant MERP's external auditing firm read-only access to online account information and reports. The custodian is expected to be the book of record (sub-ledger for investment assets) for financial reporting purposes, as required by Comprehensive Annual Financial Reporting standards. For control purposes, MERP staff maintains Excel worksheets to keep track of all activities (investments, flows, transactions, etc.) to reconcile custodian postings, and for proper classification to match the chart of accounts when preparing entries for upload to their internal accounting software, Munis (Tyler).

MERP adopted GASB Statement No. 72, Fair Value Measurement and Application, reporting investments using the fair value hierarchy. Enhanced disclosures, such as the fair value hierarchy and MERP's valuation methodologies for assets and liabilities measured at fair value are required. MERP would like to understand your ability to provide a hierarchy level for each investment in their reporting system based upon the asset class of the investment, provide a fiscal year roll forward report, and assist in providing disclosure footnotes for annual financial reports for the Plan. MERP has also adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures. Additional accounting standards identified or issued in the future, not included here, may apply to MERP.

MERP requires a flexible data management and reporting system that can quickly provide detailed accounting, and holdings at the portfolio, asset class, and manager levels using the latest dashboard technology. MERP would also like to understand your organization's capabilities and available product and service deliverables to support any other administrative and oversight activities commonly used by other clients of similar size and structure that you currently service.

MERP understands that your organization as a global banking entity is required to meet and exceed the disaster recovery and business continuity requirements of the Federal Reserve and other regulators. Given that the custodian is a critical partner to MERP, we would like to better understand your firm's disaster recovery and business continuity plan. MERP would also like to review your SSAE-18 (SOC 1) reports covering your processing environments with a focus on security controls, data transfer and delivery mechanism, data retention and destruction process, PKI support, encryption, and vendor relationship, and management processes.

MERP is embarking on this initiative to gain efficiencies (cost and operational), embrace industry best practice, deploy technology solutions and systems improvements, tighten processes and procedures, enhance risk oversight, and raise the bar on the delivery of services and client service to MERP and its constituencies. MERP believes that the custodian bank will play a critical role in assisting in this effort and would like to incorporate your organization's best thinking. For that reason, MERP believes that client service, proactive engagement, and depth of experience and resources are highly critical to the success of the relationship. The client service team must be equally-adept at understanding the operating requirements of MERP, and recommending improvements which can be achieved via a process flow analysis at the onset of the relationship. The client service team must be familiar with industry best practices and should be able to meet the current and future service needs of MERP. To that end, your organization's client service approach (such as cross-training initiatives and commitment to on-going support) and client engagement process are crucial elements being evaluated by MERP. In addition, the custody provider must be able to interface daily with MERP staff for cash tracking purposes and ad-hoc reconciliation needs. Finally, the service team and the organization must fully understand and embrace the role of a "trusted partner with a fiduciary soul" to align their interest with the mission, purpose, and objectives of MERP.

Callan LLC (Callan) is MERP's investment consultant and is also responsible for the generation of quarterly performance measurement reporting in close coordination with investment managers and the current custodian. Callan LLC will also require on-line access to the custodian's platform. MERP has engaged Callan to assist in the custodian due diligence search and review process.

MERP and Callan are inviting your organization to submit a proposal to provide the aforementioned services. Of particular concern to MERP are cost-effective solutions that embrace technology with a disciplined approach in the delivery of custody services, forming a long-lasting and successful relationship. MERP believes in mutual client service engagement with the custodian bank to manage expectations and foster a service partner relationship rather than a vendor arrangement. Finally, it is imperative that MERP has a knowledgeable, seasoned, and responsive client servicing team assigned to its account.

#### **IV. SCOPE OF WORK – RESPONDENT SURVEY:**

The services listed in the following survey represent the best practices for custody services and functions required by MERP and the best practices for comparable funds that require custody services. Please indicate whether your firm will provide the services listed below by checking the boxes for each applicable item. If for any reason a service is not available, please explain.

##### **A. Safekeeping of U.S. and non-U.S. Assets:**

- 1. The Custodian acts as the central depository and nominee holder of the assets of MERP domestically and internationally and as the transaction-clearing agent for those assets.
- 2. The Custodian is responsible for the safekeeping of MERP's securities (physically or electronically) in a location and manner satisfactory to MERP, with adequate controls and an adequate disaster preparedness plan.
- 3. The Custodian is on-line with domestic depositories (e.g. DTC/PTC, Federal Reserve Book Entry System) and basic international depositories (e.g. Euroclear, Clearstream).
- 4. The Custodian has electronic connectivity with additional significant international depositories.
- 5. The Custodian performs regular reconciliations (at least monthly) with investment managers or provides information electronically to investment managers for reconciliation to ensure records are consistent.
- 6. The Custodian ensures securities in omnibus accounts are attributed correctly to client accounts.
- 7. The Custodian has a dedicated staff for foreign tax withholding.
- 8. The Custodian ensures that accounts are grouped by tax treaty and claims for all clients are processed at the same time.
- 9. The Custodian monitors outstanding foreign tax withholding claims, collects foreign tax reclaims in those countries where MERP has investments (including filing of foreign tax reclaim forms), follows-up on a pro-active basis of delinquent reclaims, and offers "relief or at source" withholdings in all permissible countries.
- 10. The Custodian is responsible for the 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. Also, upon request of MERP, the Custodian is responsible for the timely certification of beneficial ownership and supporting documentation for the purposes of annual shareholder meeting attendance.
- 11. The Custodian has services and support systems necessary for the timely exercise of corporate actions and proxy voting by MERP, or its investment managers, as directed.
- 12. The Custodian offers income accrual in markets where sufficient depository controls and market infrastructure promotes efficient collection. The Custodian clearly identifies the markets in which it offers contractual income accrual.
- 13. The Custodian identifies and collects on a timely basis all receipts/income that become due and payable on MERP's assets, and makes timely payment of receipts/income with the income recognized in all developed markets (e.g. MSCI EAFE countries) and many emerging markets on a contractual basis.
- 14. The Custodian has a staff dedicated to income collection.
- 15. The Custodian clearly identifies the circumstances under which it will rescind contractual income collections.

- 16. The Custodian's securities monitoring and control system is fully integrated with its core accounting system, any sub-custodians, and any depositories.
- 17. The Custodian retains in-house expertise to maintain and upgrade the custody tracking and accounting system.

**B. Settlement Process**

- 1. The Custodian identifies those markets in which it performs contractual settlement.
- 2. The Custodian provides contractual settlement in those markets with sufficient depository controls and where market infrastructure promotes efficient settlement.
- 3. The Custodian maintains clear procedures for contractual settlement. The Custodian identifies the circumstances under which contractual settlement will be suspended.
- 4. The Custodian has specific remedies for each level where a trade fails.
- 5. The Custodian has well-defined methods for monitoring and managing failed trades.
- 6. The Custodian recognizes securities settlement in all developed markets (e.g. MSCI EAFE countries) and many emerging markets on a contractual basis.
- 7. The Custodian acts as the primary contact for all of MERP's investment managers for the resolution of trade discrepancies and also is responsible to assure that trades are affirmed by the appropriate manager.
- 8. The Custodian is able to handle derivatives and other instruments, including collateral management and margin accounts.
- 9. The Custodian notifies MERP in a timely manner of failed trades. The Custodian does not insist that the investment manager is solely responsible for monitoring failed trades.
- 10. The Custodian maintains and utilizes an independent control function reviewing failed trades over a certain threshold.
- 11. The Custodian provides an automated exchange of daily investment data between the Custodian and MERP. Specifically, securities transaction clearing and settlement information is available to MERP on-line, including all necessary notification and coordination with MERP's investment and accounting staff, outside investment managers, and MERP's partners that provide services other than custodial services.

**C. Accounting and Reporting**

- 1. The Custodian's custody securities movement and control system and accounting systems are integrated and compatible.
- 2. The Custodian has sufficient personnel and resources dedicated to technology.
- 3. If the Custodian's securities tracking and control system was purchased from an outside vendor, the Custodian retains in-house expertise to maintain and upgrade the system.
- 4. The Custodian has plans for systems enhancements to increase the functionality and capacity of the Custodian's systems.
- 5. The Custodian backs up data daily.
- 6. The Custodian's disaster recovery plan includes off-site back up of data and systems on a different power grid, and the Custodian tests the plan regularly.
- 7. The Custodian's disaster recovery plan has comprehensive coverage over the areas affecting custody clients.

- 8. If the Custodian purchased or leased a core accounting system from an outside vendor, the Custodian retains in-house expertise to maintain and upgrade the system. In-house expertise is particularly important if the system has been customized.
- 9. The Custodian has the source code for those systems that were purchased from an outside vendor. If the Custodian does not have the source code, the Custodian has had the source code placed in an escrow account to which it will have access if there is a problem with the vendor.
- 10. The Custodian uses an accounting system that is an integrated full accrual, trade date based, multi-currency general ledger accounting and reporting platform.
- 11. The Custodian's systems are based on trade date and are designed for trade date accounting.
- 12. The Custodian can accommodate multi-currency accounting (base and local currencies).
- 13. The Custodian can generate tax lot accounting and reporting, including tracking of principal and income, realized and unrealized gains and losses.
- 14. The Custodian has the capability to support partnership and sub-fund accounting requirements.
- 15. The Custodian can do unitized accounting, with a proven record of existing accounts that utilizes unitized accounting.
- 16. The Custodian can perform dollar/plan accounting, with a proven record of existing accounts that require dollar/plan accounting.
- 17. The Custodian's accounting systems can handle a significant number of sub-ledger and plan accounts.
- 18. Entries to the Custodian's accounting and securities tracking and control systems are automated.
- 19. The Custodian's system captures OTC securities and structured derivatives, including the ability to provide independent valuations.
- 20. The Custodian's system captures most security types for tracking and processing.
- 21. The Custodian's trade date accounting and reporting system is appropriate to support MERP's portfolio.
- 22. The Custodian-maintained accounting and custody data are on-line, real-time mode, with the capability to request ad hoc, standard, and customized system generated reports.
- 23. The Custodian's standard monthly audited report package includes 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 are available on-line no later than 8 business days after month-end. Unaudited statements are available on-line on the first business day after month-end.
- 24. The Custodian can provide an annual audited report package (based on calendar year, fiscal year, or both) on-line within 10 to 15 business days after year-end (but no later than 30 days after year-end). Unaudited statements are available on-line on the first business day after year-end.
- 25. The Custodian can provide audited consolidated or fund accounting statements for MERP on a monthly basis. The fund/plan accounting statements are available on-line no later than 8 business days after month-end.
- 26. The Custodian makes reports available on a settlement and trade date basis.

- 27. The Custodian is able to support and generate reports specific to GASB requirements, including support of year end reports (i.e. GASB 40, 72, etc.).
- 28. The Custodian provides reporting for all securities as follows:
  - a) Cash transactions, by security, at manager and asset class/fund level for each day's cash transactions.
  - b) Five 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. These daily cash reports are to be available by 7:30 A.M. ET daily.
  - c) 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. These daily cash reports are to be received by 7:30 A.M. ET daily.
  - d) Monthly reports for domestic equity and fixed income securities must include all trade, income, and corporate action activity as well as all standard holdings information used for domestic equity and fixed income securities at both the manager and the fund level.
  - e) Monthly reports shall provide a summary of failed trades.
  - f) Monthly broker commission report. Detailed summary report of all broker commission activity during the fiscal year. Consolidated monthly statements into annual report.
  - g) A weekly report of month-to-date corporate actions by security for each manager account should be provided on the first business day of each week.
  - h) 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.
- 29. The Custodian provides the following additional reporting for international investments:
  - a) Daily trade activity reports by manager are available.
  - b) Monthly reports, which contain trade activity detail, income, and corporate action events in both base and local currency amounts, are available for global manager accounts. Detailed holding reports grouped by currency, indicating the number of shares, cost, and market value of equity holdings are in both base and local currency, as well as accounting for futures for currency hedging.
  - c) Monthly reports shall provide a detailed summary of failed trades and tax reclaims.
  - d) Cash journals by currency for each manager which detail all cash transactions are available with the monthly report package for each manager.
- 30. The Custodian provides the following additional reporting for alternative investments:
  - a) The Custodian must maintain and report daily to MERP all information related to cash received and disbursed or distributions of securities by account.
  - b) Monthly reporting of all types of transactions is necessary for securities in this asset group.
- 31. The Custodian will provide class-action information for securities that MERP owned in the relevant time periods, including notice of filing and settlement information as required by MERP and its designated representatives.

- 32. The Custodian will provide services and support systems necessary for the timely receipt, review, and monitoring of corporate actions and proxy voting according to specifications by MERP, its designated representatives, and investment managers.
- 33. The Custodian will provide 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.
- 34. The Custodian undertakes automated confirmation of stale pricing and has the appropriate methodology for fair market value pricing for illiquid securities and holdings.
- 35. The Custodian has the ability to provide a proper valuation for real estate and private equity holdings using, at a minimum, a quarter lag cash-flow adjusted roll forward valuation methodology.
- 36. The Custodian has ability to provide "shadow accounting" of real estate and private equity asset classes if the client subscribes to full alternative investment support services.
- 37. The Custodian has the ability to support clients with absolute return, hedged funds, and related mandates in LP structures, direct and/or managed account platforms.
- 38. The Custodian participates and cooperates with scheduled audits and inventory of securities conducted by independent audit firms designated by MERP.
- 39. The Custodian maintains on-line accounting data on a prior-day basis and standard monthly accounting production reports.
- 40. The Custodian processes on a daily basis all cash and non-cash (e.g. corporate actions) accounting transactions affecting assets held in custody.

**D. Accurate and Timely Pricing**

- 1. The Custodian uses independent pricing sources.
- 2. The Custodian provides daily pricing.
- 3. The Custodian has a rigorous, independent methodology to price illiquid and highly structured securities.
- 4. For liquid securities, the Custodian checks prices against additional pricing sources.
- 5. The Custodian uses automatic price feeds.
- 6. The Custodian flags price differences that exceed a custody-established threshold of variance agreed to and approved by MERP and/or investment manager.
- 7. The Custodian has an established methodology for working out price differences with investment managers.
- 8. The Custodian has access to independent sources that are used as the final price for problem securities. The Custodian does not have to rely on the investment manager for independent prices.
- 9. The Custodian has a mechanism for notifying clients of problematic price differentials.
- 10. The Custodian has an up-front check on the quality of pricing data coming in from vendors.
- 11. The Custodian has a methodology for assessing whether asset identifiers are consistent between the Custodian's accounts and the vendor's price feed.
- 12. The Custodian maintains control mechanisms for manual overrides on pricing illiquid or highly structured securities.
- 13. The Custodian has an appropriate level of review of pricing problems.

14. The Custodian works actively with pricing vendors to resolve pricing problems.

**E. Risk Analysis System and Internal Controls**

1. The Custodian runs an automated exception process.
2. The Custodian performs front-end edits to verify the integrity of trade data.
3. The Custodian has specific guidelines for dealing with exceptions and problems at each level.
4. The Custodian has a specific sign-off process for exceptions.
5. The Custodian has specific materiality standards for re-processing client activity.
6. The Custodian has a process for reconciling and following up with investment managers.
7. The Custodian has completed an SSAE 18 (SOC 1) report prepared by an independent third party auditor at least once a year.

**F. Internet Accessibility**

1. The Custodian has, at minimum, a fully functional Internet-based on-line access system for reporting to clients and investment managers.
2. The Custodian's on-line reports allow the client to establish regular automatic report run schedules.
3. The Custodian has standard reports available on-line.
4. The Custodian has a browser-based on-line portal that provides access to accounting data, security level information, corporate actions, income collection, cash movement and custody data.
5. Clients can communicate with their client service team via the Custodian's on-line system.
6. The Custodian's on-line system allows users to download data into standard desktop spreadsheet applications.
7. The Custodian's on-line system allows clients to see pending trades, cash management information, general account statements, specific asset holdings, performance, and portfolio analysis.
8. The Custodian's on-line systems allow flexible report formatting.
9. A significant number of clients use the Custodian's on-line systems.
10. A significant number of investment managers use the Custodian's on-line systems.
11. The Custodian has on-line help available for a significant part of the day.
12. The client can retrieve intra-period data easily from the Custodian's on-line system.
13. The Custodian's daily reports include information from the prior business day.
14. The Custodian offers comprehensive client training.
15. The Custodian's on-line systems support is capable of accommodating current and anticipated service needs, including but not limited to:
- a) Multi-terminal on-line or Internet access to the Custodian's securities movement and control and accounting systems.
- b) On-line access 6:00 a.m. to 10:00 p.m. ET Monday through Friday.



- c) 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.
- d) Access to at least 18 months of historical accounting reports and custody transactions on-line.
- e) Daily actual and traded cash positions (on-line real-time).
- f) Multi-level database security controls.
- g) On-line trade entry.
- h) The ability to provide formatted data to MERP and external sources designated by MERP (e.g., to consultant, third-party performance measurement vendor, third party proxy vendor, third party class action monitoring vendor, Bloomberg, etc.) for whatever frequency required (daily, weekly, monthly, etc.).
- i) Transmitting to an off-site emergency processing center established by MERP

**G. Cash Management (Sweep of Idle Cash)**

- 1. The Custodian's global cash management function has regional centralization.
- 2. Clients can choose among global cash management options that will earn interest for MERP.
- 3. The Custodian has a clear schedule of charges for overdraft problems.
- 4. The Custodian has overnight cash sweeps, including overnight multi-currency cash sweeps.
- 5. The Custodian has cash management vehicles available for each investment risk tolerance.
- 6. The Custodian fees are disclosed and are competitive.
- 7. The Custodian will work with third-party cash managers.
- 8. The Custodian allows clients to maintain separate accounts versus investing short term funds through a pool of assets.
- 9. The Custodian makes contributions available for investment same-day.
- 10. The Custodian can accommodate a one day notification prior to cash disbursements.
- 11. The Custodian can work with third parties (investment managers, transfer agents or participants) to facilitate collections and withdrawals in a daily environment.
- 12. The Custodian has a clear float management policy.
- 13. The Custodian ensures that accounts are compensated for any and all uncredited income.
- 14. The Custodian's cash management services and cash movement operations can facilitate the daily investment of all available cash in domestic and international accounts.

**H. Foreign Exchange**

- 1. The Custodian has a disclosure policy that delineates all types of foreign currency transactions (i.e. income repatriation, standing instructions, settlement FX, funding FX such as Global Capital Calls, netting, etc.).
- 2. The Custodian will not limit MERP and investment managers from transacting foreign currency with other dealers or desks other than that of the Custodian.
- 3. The Custodian shall provide a report on all FX executed through their own foreign currency desk on-behalf of MERP or as directed by the investment managers.

- 4. The Custodian will disclose at what price the custodian valued the foreign currency trade with the relevant benchmark - this may include the WM Fixing Rate, the Hi-Lo of the day, and other metrics where appropriate.
- 5. The Custodian automatically flags off-market transactions (off-market is considered to be 10% or greater variance).
- 6. The Custodian ensures that an independent compliance monitoring group reviews all off-market transactions and indicates the reasons for the price.
- 7. The Custodian discloses to clients any conflicts of interest.
- 8. The Custodian ensures that an independent compliance group reviews failed foreign exchange transactions.
- 9. The Custodian has a desk of foreign exchange traders that can execute transactions in the inter-bank market, including 24-hour access to foreign exchange markets.
- 10. The Custodian can execute a significant number of foreign exchange trades directly in the market as required by country regulations or restrictions (i.e. restricted currencies).

**I. Safekeeping for Derivatives**

- 1. The Custodian must have relationships with exchanges on which exchange traded derivatives transactions are executed and processed.
- 2. The Custodian must have defined procedures and processes for OTC derivatives, and able to provide independent valuation and monitoring when needed.
- 3. For non-dollar bonds or foreign debt securities, depositories are used by the Custodian. However, the Custodian must have a relationship with a local sub-custodian when depositories are not available.
- 4. For Bank Loans, the Custodian has the requisite capabilities to track, safekeep, process, and settle, and value such instruments using both internal and external vendor capabilities.
- 5. The Custodian must be able to properly record and monitor securities movements for proper accounting of derivatives and non-dollar assets.

**J. Corporate Governance and Litigation Support**

- 1. The Custodian should be able to support active monitoring of proxy notification, voting and corporate governance policies of MERP.
- 2. The Custodian must be able to block a specified number of shares of any holdings or securities to effect a proxy vote or class action filing.
- 3. The Custodian has a client-accessible system for monitoring class action litigation and bankruptcy proceedings affecting portfolio securities held by client.
- 4. The Custodian has a system of filing claim notices and other documents in connection with such proceedings.
- 5. The Custodian has a system to track history of portfolio securities held during any periods that are the subject of such proceedings.
- 6. The Custodian has a system to advise client and client's investment managers of significant dates and deadlines in respect of such proceedings, including but not limited to opt-out elections in class action litigation, deadlines for filing claims, deadlines for filing bankruptcy notices or claims.

**K. Client Service**

- 1. The Custodian shall assign a day-to-day administrator to act as one point of contact for MERP and supported by a seasoned team.

- 2. The Custodian shall assemble a coordinated client service team that has the requisite experience, tenure and knowledge in the delivery of the main functions that MERP contracts with the Custodian.
- 3. The Custodian shall maintain a Client Procedures Manual Handbook/Business Requirements Document for MERP which can be made available upon request.
- 4. The Custodian shall provide an education and training seminar at least once a year to ensure that MERP is aware of new industry initiatives relative to custody, trade processing and related best practices.
- 5. The Custodian shall furnish MERP with information regarding new industry initiatives, regulatory updates, and best practice via electronic delivery of newsletters, publications, etc.
- 6. The Custodian shall develop a service level expectation with MERP. Expectations are to include at least the following:
  - a) Client service team should be able to support MERP work hours from 7:00 am to 5:30 pm Central Time.
  - b) Process flow analysis and documentation of MERP's operational functionality and inventory check of requirements during the on-boarding and/or conversion period.
  - c) Respond to telephone inquiries and emails within 3-hours.
  - d) For issues with a longer time to resolution, provide estimated time to resolve and weekly status reports for all outstanding issues.
  - e) Provide escalation chart (personnel, back-up, and deadlines) for problem and error resolution tracking purposes.
  - f) Define delivery deadlines for monthly audited reports.

**L. Fund, Pool, and Investment Accounting (For Review Only)**

- 1. The Custodian can deploy unitization and pool accounting, utilizing equitable share accounting (unit and dollar basis) where required.
- 2. The Custodian has experience unitizing accounts at least on a monthly basis.
- 3. The Custodian can accrue fees in NAV calculations on a daily basis.
- 4. The Custodian reviews corporate actions, unrealized gains and losses, and foreign exchange in striking NAVs.
- 5. The Custodian has experience with unit pricing for all asset classes (Domestic Equity, Fixed Income, International Equity, Mortgages, Absolute Return, Real Estate and Private Equity).
- 6. The Custodian can collect NAVs and do unit pricing in a daily environment and provide for an audited unit value at the fund level at least monthly.
- 7. The Custodian is able to strike a NAV for illiquid asset classes at least monthly.
- 8. The Custodian has daily on-line access to NAVs.
- 9. The Custodian shall provide for a clear and detailed policy on Materiality Thresholds and Error Resolutions.
- 10. The Custodian has clear procedures for researching NAV errors, communicating problems to the client, reprocessing NAVs, and making clients whole in the event of a loss due to calculation errors.
- 11. The Custodian can provide audited monthly unit values as follows:

- a) The Custodian can provide accounting resources for unitized accounting in electronic format.
- b) The Custodian should have an experience with unit value pricing and should be able to calculate NAVs in a daily environment.
- c) The Custodian will need to communicate relevant monthly NAV information electronically to MERP.
- d) The Custodian should make available audited NAV calculations no later than the 10<sup>th</sup> business day after month-end.

**V. RESPONDENT PROFILE - CUSTODY AND SAFEKEEPING SERVICES:**

**A. Experience**

1. State your firm's lines of business. Where does custody of tax-exempt assets (i.e. public funds, endowments, foundations, Taft-Hartley, ERISA, etc.) fit within the organization as a service or product offering?
2. List the office location (primary and secondary) from which the work is to be delivered for MERP's relationship.
3. What is the approximate revenue contribution of your Institutional Trust and Custody Business to overall company revenue in percentage terms?
4. Please provide information on your organizational profile as indicated in the following table as of December 31, 2020.

CUSTODY PROFILE	CUSTODIAN BANK
<b>Total Assets under Custody and Administration</b>	Total Market Value = US\$
<b>Global Head of Asset Servicing/Custody Services/Investor Services</b>	Name = Title = Tenure with Bank = Tenure at Current Position =
<b>Number of Personnel Dedicated to Custody, Asset Servicing and Support</b>	Total Employee Count (Company Wide) = Total Number of Employees (Custody and Asset Servicing Only) = Total Number of Employees Dedicated to Alternative Investment Support (Private Markets, Hedge Funds, Absolute Return, and other Non-Traditional Asset Classes Only) =

5. 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.
6. Describe in detail any potential conflicts of interest your firm may have with Callan retained by MERP for the solicitation and procurement of custody and related services.
7. 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**

	<b>Total Number of Clients</b>	<b>Asset Value (US\$ millions)</b>
<b>2016</b>		
<b>2017</b>		
<b>2018</b>		
<b>2019</b>		
<b>2020</b>		

**Public Fund Custody Clients Only**

	<b>Total Number of Clients</b>	<b>Asset Value (US\$ millions)</b>
<b>2016</b>		
<b>2017</b>		
<b>2018</b>		
<b>2019</b>		
<b>2020</b>		

8. Provide the number of **tax-exempt trust and 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.

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

	<b>Clients Gained (Number)</b>	<b>Clients Gained (US\$ millions)</b>	<b>Clients Lost (Number)</b>	<b>Clients Lost (US\$ millions)</b>
<b>2016</b>				
<b>2017</b>				
<b>2018</b>				
<b>2019</b>				
<b>2020</b>				

9. Please list the top five (5) Public Fund clients 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, 2020.

**Public Fund Custody Clients Only**

<b>Organization Name</b>	<b>Location (City and State)</b>	<b>Asset Value (US\$ millions)</b>

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10. 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, 2020.

**Tax-Exempt Client Asset Size Distribution**

Distribution	Number of Clients	Aggregate Market Value (US\$ millions)
<b><i>Public and Sovereign Wealth Funds</i></b>		
Below \$500 million		
\$500+ million to \$1 billion		
\$1+ billion to \$5 billion		
\$5+ billion and Up		
<b><i>Corporate ERISA</i></b>		
Below \$500 million		
\$500+ million to \$1 billion		
\$1+ billion to \$5 billion		
\$5+ billion and Up		
<b><i>Taft-Hartley and other Eleemosynary Funds</i></b>		
Below \$500 million		
\$500+ million to \$1 billion		
\$1+ billion to \$5 billion		
\$5+ billion and Up		
<b><i>Endowments and Foundations, etc.</i></b>		
Below \$500 million		
\$500+ million to \$1 billion		
\$1+ billion to \$5 billion		
\$5+ billion and Up		
<b>TOTAL</b>		

11. List and provide a summary description of all pending or threatened litigation, regarding Custody Services, against your organization. List and describe all agency supervision associated with the pending or threatened litigation. What has been your experience with regard to litigation or agency supervision over the past five years?

**B. Client Servicing**

1. What would be the most distinct element of your client servicing approach that MERP would benefit from and that is considered exceptional relative to the custody industry?
2. How do you propose to staff (relationship and day-to-day) for MERP both from a client servicing perspective and actual daily service deliverables point of view given MERP's configuration?
3. Does your firm have a dedicated unit just for Public Fund relationships?

4. What is the typical client load of your client servicing/relationship manager and day-to-day contact to be assigned to MERP?
5. Please provide an organizational chart showing all areas that will be involved in servicing this account. Provide a brief description of each area's responsibilities.
6. What is the staff turnover over the last three years of the client servicing group to be assigned to MERP? How do you manage the client service team turnover and how does this process minimize the impact on your clients?
7. Please provide the names and bios of the client servicing team members as follows and as specified in the table below. The response shall include Management Executive Sponsor, Relationship Manager, Client Service Team, Custody and Accounting (Financial Reporting and GAAP), Trade Processing and Securities Settlement, including Cash and Expense Reconciliation, Technology and Systems Support.

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

8. Does the envisioned MERP service team handle other Public Fund clients similar to MERP in configuration? Are any of these clients located in Oklahoma? Please list clients in the table below.

**Public Fund Custody Clients Only**

Client Name	Location or Region	Asset Value (US\$ millions)

9. Discuss opportunities your financial institution offers to clients for training and continuing education, and whether those educational opportunities would be available to MERP.
10. Are you able to provide different levels of training and education to MERP investment and operations staff – at a minimum of 20 hours a year?
11. Indicate how customer satisfaction is monitored, and whether clients are provided with the ability to participate in the annual evaluations of their support group as well as overall service performances. If available, the custodian must provide the results of its most recent customer evaluation (name of customer may be omitted).
12. Is your institution willing to establish a service level agreement (SLA) or a business requirements document (BRD) after a process flow analysis in addition to the custody

contract/agreement? Do you have other clients for which you have agreed to such arrangement? Please provide a summary discussion of your approach.

13. Provide a list of three (3) client references of similar size and configuration as MERP that you have serviced over the last three years and furnish corresponding contact information.

**C. Risk and Insurance**

1. Enumerate substantive issues raised by independent auditors in your SSAE 18 (SOC 1) and issues published in your Form 10-Q. Provide a copy of the most recent annual report, Form 10-Q and SSAE 18 (SOC 1). Kindly label accordingly.
2. Specific to the above, please identify any and all functions that are not covered by the SSAE 18 (SOC 1) reports.
3. Provide the following data and explain its implications, including current capital requirements in lieu of market conditions and regulatory requirements.

**Capital Base  
December 31, 2020 or Latest Available**

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

4. Provide your organization's current short term and long term credit rating.
5. Provide a summary detail on the CCAR Stress Test that you recently conducted under the guidance of federal regulators. In addition, please provide guidance on how you intend to meet Basel III in terms of capital adequacy and liquidity.
6. Describe the various types of insurance coverage and indemnification provided to protect clients of service(s) proposed. Each description should include:
  - a) Risk Coverage
  - b) Carriers
  - c) Levels
  - d) Limits
  - e) Deductibles
  - f) Expiration
7. Does your organization subcontract any of the services required by MERP? Kindly state contract vendor name and for which service functions or deliverables.
8. Please describe your business continuity and disaster recovery plans. Does this include pandemic planning, cyber-attack (penetration testing), and rogue events? When was the most recent test done? Indicate the date, test type and summary results of the last testing of such emergency plan(s).



9. MERP would like to understand your data retention, data transfer, and limited access vendor relationship processes specific to custody and related services requested in this RFP. Please describe. Also, what happens to the data at the end of the contract? Is it destroyed or returned?
10. Specific to cloud based services, where is the data hosted? If located in the United States, what State is the data center located. Is the cloud a multi-tenant platform or private platform? Will there be any sharing of hardware, software or networks with other businesses such as government entities and private sector entities?
11. Regarding access to client information, how does your firm monitor and track employees' access to client information, including if an employee has downloaded any or a substantial amount of confidential client information (i.e. account numbers, fund names, manager names, security level information, etc.)?
12. Are any of the services required by MERP processed, maintained, and stored in and outside of the US? Please identify critical custody and ancillary services.
13. What will be the recovery time(s) and service level for critical custodial services in the case of a major disaster?
14. Does your firm have an internal audit and control team overseeing all services required by MERP? If so, who comprises the team, what are their roles, how and when do they audit, and what is their level of independence?

#### **D. Systems, R&D, and Technology**

1. Provide the Systems, R&D, and Technology budgets (in actual US\$ terms) specific to trust and custody services over both the past three years and the next three years.
2. 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.
3. Is the above delivery system subcontracted or developed in-house? If subcontracted, please specify the vendor name and release number, including the description of the relationship and how access to the source code is defined.
4. Are you undergoing any level of system integration, retiring/sunseting of platforms, major software or application upgrades, migration to a new internal application or to a third-party vendor application specific to custody/asset servicing, accounting, performance measurement & analytics, and related services contemplated in this RFP?
5. Is your custody and accounting platform able to interface with various third-party accounting systems such as Munis, Oracle, SAP, Great Plains, etc.? Is your accounting system able to map and categorize custody accounts specific to a client's chart of accounts?
6. Is your organization able to deliver professional expert-level Microsoft Excel spreadsheets (data direct and interactive spreadsheets)? If so, is this available or in development? What information and reports does interactive spreadsheets support (i.e., accounting, GASB support, etc.)?
7. What is your vision over the next five years in terms of your technology and processing capabilities, including next-generation initiatives?

## **E. Trade Processing, Settlement, and Custody**

1. Are you able to meet the following functions?
  - Accept daily instructions from investment managers and the client.
  - Advise investment managers of daily changes in cash equivalent balances.
  - Immediately advise investment managers of additions or withdrawals from account.
  - Notify investment managers of tenders, rights, fractional shares or other dispositions of holdings.
  - Resolve any problems that investment managers may have relating to custodial account, including security pricing differences.
  - Safekeeping of securities.
  - Interest and dividend collection.
  - Process all investment manager transactions.
  - Collect proceeds from maturing securities.
  - Disburse all income or principal cash balances as directed.
  - Daily feed of beginning of day holdings and cash balances, including end of day information.
  - Provide monthly statements by investment manager account and consolidated statement of all assets on a plan and total trust levels.
2. State the value of assets held (as of December 31, 2020) at Depository Trust Company and Federal Reserve and the length of the direct participant relationship with these custodians.
3. State the value of assets for basic international depositories, such as Euroclear, Clearstream, etc. as of December 31, 2020.
4. Does your organization employ actual or contractual settlement date? It is the requirement of MERP to have contractual settlement. Is this requirement acceptable?
5. Does your firm have global custody capabilities, and do you employ SEC 17f-5 and 17f-7 in the review and contracting arrangements with your sub-custody network? Please explain your role as Custody Manager and tracking of sub-custodians and the inherent risks associated with such arrangements. Please specify any limitations you make regarding your contracts with your sub-custodians.
6. What is normal protocol in handling not-in-bank assets such as commingled funds and LPs? What is different about your custody platform or product/service deliverable that distinguishes your capabilities compared with the competition especially with an investment structure similar to MERP?
7. In a separate attachment, please provide a side-by-side comparison of daily vs. monthly controls, audit, and review for each of the functions – trade processing, settlements, income, corporate actions, securities pricing, and position and cash reconciliation. Please label accordingly.
8. There is growing concern regarding the requirement for an Independent Tax Agent in certain countries where the Plan is currently invested or can invest in the future. Please describe how you support the Registration Process, designation of an Independent Tax Agent and preparation of the Global Power of Attorney for the Plan. How do you ensure that this is not a burden to MERP?

9. Related to the previous question, identify the countries for which you have formulated a solution for Independent Tax Agent requirements, including distinct policies. Who is the normal contracted Independent Tax Agent assisting clients like MERP?

#### **F. Income Collection**

1. Describe your procedures for ensuring that interest and dividends (domestic and international) are paid.
2. When and in what instances do you rescind contractual income collections? What is/are your policy(s) for both domestic and international markets?
3. Do you track late collections of income? Can you produce a tracking report detailing outstanding claims? Do you notify clients of failures to collect or late collections of income?
4. Please describe your tax reclaim procedures for ADRs and international securities. Are you able to guarantee 100% relief?
5. There is always the potential that an investment could generate Unrelated Business Taxable Income (UBTI). Although your firm is not the portfolio manager, how do you assist clients report or track the potential for UBTI? Please discuss any procedures that your organization has in place for assisting clients in dealing with any potential UBTI.

#### **G. Corporate Actions, Proxy Voting, and Class Action Claims Filing**

1. Describe the organization structure and staffing of your corporate actions, proxy voting support, securities litigation and class action claims filing services. Do you have one or more dedicated units focusing on these services, or other structures?
2. Specific to proxy actions, can you support proxy voting by the investment managers, third party vendor, or client? Please describe.
3. What is distinct about your proxy notification and proxy voting support service, whether in-house or subcontracted to a third-party?
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?
5. Do you have experience providing data to third party class action monitoring vendors designated by clients? Are data feeds customized for each vendor or are only standard file formats available?
6. Please describe your class action monitoring and claims filing processes and procedures in detail, including but not limited to the following:
  - a) Identifying all eligible security positions and match trading history against open class action cases
  - b) Calculating recognized losses
  - c) Preparing supporting materials for a claim and submit a timely, complete and acceptable filing
  - d) Tracking administration of the settlement
  - e) Handling award distribution payments to investors
  - f) Handling of claim deficiency notices
7. Are you willing to file all claims with class periods that predate the conversion using data supplied by the previous custodian of record?

## H. Accounting and Reporting

1. MERP would like to institute a formal manager reconciliation process to verify month-end audited statements. What is your 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 information?
2. Specific to the above investment manager reconciliation process, is it any different for custodied assets versus not-in-bank assets?
3. How is your accounting capability different for separately managed accounts versus commingled funds? Is the capability any different if it is domestic or international and by asset class?
4. 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?
5. Is the above system able to handle plan, trust, pooled, and unitized accounting for multiple participating entities?
6. Does your organization have a general ledger accounting system in a full accrual trade date multi-currency basis?
7. Enumerate a complete description of the general ledger system and the accounting fields (asset and transaction buckets, debit and credit tables, etc.) available.
8. MERP would consider the custodian fund accounting provider as the "book of record" for assets and transactions. Do you accept this responsibility?
9. What are the future or planned enhancements to your current accounting and reporting system? If planned changes or enhancements are envisioned, what are the advantages to clients?
10. 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.

Pricing Sources	Asset Class, Security, or Instrument Type	Specify if Primary or Secondary	Daily Feeds (Yes or No)

11. What types of reports are available to clients? List both standard and non-standard reports. Please provide samples.
12. 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.

13. Given the investment account structure of MERP, are you able to meet the requirement that audited statements be available by the 8th business day after month end? Is this acceptable?
14. Is your firm able to independently calculate management and performance incentive fees and post accruals monthly? How do you ensure that accruals are reversed when payment is made?
15. How does your organization 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.
16. Do you have the capability to provide GASB 72 reporting, including leveling? Please describe your methodology to delineate, assign, and determine the leveling required.
17. Are you able to generate accounting and reporting information for GASB 40 purposes? Please describe and provide sample reports.
18. How does your organization keep abreast of new GASB standards and provide support to your clients with implementation? Please describe your plan to track and address future GASB requirements.
19. Are you able to furnish the financial reports listed in Attachment A – Accounting and Reporting Requirements?
20. What is distinct about your derivatives processing and valuation (e.g. swaps, etc.) capabilities that MERP should be aware of beyond basic line item tracking? Provide detail of capabilities and support.
21. How do you handle security/cash transfers between accounts, specifically between custodied accounts and non-custodied accounts such as commingled funds? How does the client know that the cash balances and positions are in sync?
22. Specific to commingled funds, do you have the ability to drill down and capture the client's pro-rata share of holdings for use in terms of monitoring and analytics?
23. Describe special procedures for the processing, valuing and reporting of Securities Held Elsewhere assets such as real estate, commodities, alternative investments, private equity, venture capital, and non-traditional assets including the following:
  - a) Private Equity estimated and final valuations
  - b) Unlagged private equity and real estate valuations – adjusting current period closing valuations, ensuring all expected valuations have been received, handling timing differences (e.g., accrued capital calls)
  - c) Unfunded commitments – reserve commitments, investment period monitoring, recallable distributions
  - d) Private investment distributions – identifying components (cost, realized gain/loss, etc.), adjusting lagged valuations, timing differences (declared by fund, received, liquidated)
  - e) Advanced technology for capital calls – workflow, client wire initiation
24. Specific to alternative investments, do you have capabilities to drill down to the company (security) or partnership level in terms of monitoring? Kindly enumerate and delineate by types of alternative investments such as hedge funds, distressed, private equity, venture capital, real estate, absolute strategies, convertibles, etc.

25. What is distinct about your capabilities in the area of private investments (commodities, timber, infrastructure, real estate, etc.), including capital calls and cash/stock distributions? What services are available to support this important area?
26. How does your firm coordinate with multiple commingled funds in order to render consolidated reporting and performance measurement services? Do you have a special team that handles such arrangements?

**I. Cash Management (Short Term Investment Management) and FX Capabilities**

1. To the extent MERP would use STIFs managed and offered by the custodian, please list acceptable vehicles for the sweep of frictional cash. Please identify each available vehicle as required in the table below and provide a summary description of each and attach appropriate prospectus/fund fact sheets, and fund cut-off time accordingly.

Short Term Fund Vehicle Name and Investment Manager	Regulatory Framework for Inv. Policies & Guidelines (Complies with SEC Rule 2a-7 MMF, OCC Reg 9 STIF, or Other - specify)	Valuation Methodology (Constant \$1NAV or Variable \$1NAV)	Available for Public Funds and Qualified Tax-exempt Institutional Investors (Yes or No)	Total Asset Market Value as of Dec. 31, 2020 (US\$)	Asset Management Fees/Costs or Expense Ratios (bps)

2. 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?
3. Does your organization charge daily transaction costs for cash sweeps or 12-b1 fees?
4. How can MERP be assured that cash is reflected properly in both accounting and custody ledger databases? Can transactions be recorded in the ledger regardless of where the cash is or invested? Please describe your process.
5. What is your daily compensation and overdraft policy? What is your schedule of charges for overdraft positions?
6. Does your organization charge a penalty or administrative fee/cost for maintaining/holding balances in certain currencies? Please explain and provide specific pricing if applicable.
7. Does your organization have the capability to provide a cash availability projection report? How many days is the cash projection (i.e., 5 days, 10 days, 30 days, 60 days or 90 days)?
8. Specific to money movement, expense payment, wires and/or capital calls initiated by MERP, what are your policies and procedures (i.e. authorization, approval, tracking/monitoring, access codes, authentication process, etc.)? Describe a progressive cash flow movement and control process for MERP’s review.

9. Does your organization have an online instruction entry system available to clients for processing bills, expenses, etc. related to the Plan? Can the system accept custom MERP instruction templates?
10. Describe your Foreign Currency (FX) management capabilities and competitiveness, including transparency, reporting, benchmarking, compliance culture, and risk discipline.
11. Has your firm been investigated for any issues related to FX trading? If so, please explain.
12. MERP reserves the right to allow managers to execute all FX trades with third party brokers. What different FX execution options can you provide to both MERP and its investment managers beyond custody FX execution venues (i.e., direct and indirect FX, Street FX, Pre-Negotiated FX, Electronic FX Execution Platforms, etc.)?
13. Does your organization charge a penalty or administrative cost for currencies executed by a third-party other than the custodian bank?

**J. Conversion Process**

1. Describe your organization's formal transition planning process, including a timeline, for the Plan as it would apply to MERP specific to custody.
2. For example, given a notification of engagement by **February 1, 2022** and a targeted conversion of **May 1, 2022**, please provide a detailed transition calendar.
3. On what date would you commence parallel processing in order to develop history, test procedures, and establish entitlements/accruals given a full conversion by **May 1, 2022**?
4. How do you conduct the transfer of line items, commingled funds, securities and cash from a prior custodian and its sub-custodians to control the risk of loss of assets and assure that all are received and accounted for properly?
5. Given the structure of the Plan, what should MERP look out for, areas of concern and heightened level of sensitivity during the conversion period?
6. What are the transition and conversion fees/costs to MERP that we should be aware of?

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**VI. TIME FRAME FOR REVIEW:**

The time frame for review of proposals is expected to be three (3) to six (6) weeks, but the MERP reserves the right to vary the period as necessary to meet its objectives. At the discretion of MERP, one or more Respondents may be invited to be interviewed for purposes of clarification or discussion of their proposals.

**VII. DELIVERABLES:**

The services, reports, and plans to be delivered to MERP will include but not be limited to:

- A. Annual certified trust/plan statements for audit purposes
- B. Annual certified custody statements for audit purposes
- C. Monthly Audited Statements with requisite Financial and Balance Sheet Reports (Working Trial Balance, Changes in Net Assets, Cash Flow Statements, etc.)
- D. All Fair Value reporting requirements under ASC 820, ASU 2009-12, ASU 2010-06, ASU 2011-11, etc. including:
  - 1. Level 3 asset roll forward detail:
    - Acquisitions, dispositions, transfers into, transfers out of, unrealized gains/(losses), realized gains/(losses) all on a gross basis
  - 2. Transfers between all levels of assets on a gross basis (i.e. all transfers in to a level reported separately from transfers out of the same level)
- E. Certification of assets annually for auditors
- F. Valuation methodologies and procedures of custodian and pricing vendors/services utilized
- G. Plan expenses by month and fiscal year
- H. Pending transaction reports
- I. GASB 40 – Deposit and Investment Risk Disclosures, an amendment of Statement No. 3
- J. GASB 72 – Fair Value Measurement and Application

Each item will be required by the Plan as applicable.

**VIII. RESPONDENT AND PROPOSAL REQUIREMENTS**

To be considered, interested Respondents should submit or address the following:

- A. One (1) unbound original and one (1) bound copy of the proposal along with one (1) electronic copy on optical disc or USB drive.
- B. Completed Attachment A – Fee Calculation Workbook provided in Excel file format.
- C. A description of the Respondent’s qualifications and experience and that of key personnel assigned to this project (and that of each Respondent proposed as part of the team). It is noted that equipment, material and staff shall be provided by the Respondent.



- D.** Respondent must meet the following minimum qualifications. Please provide proof and full acknowledgement of meeting the specified requirements.
1. At least \$5 billion in total market capitalization as of December 31, 2020.
  2. At least \$100 billion in total tax-exempt assets under trust/custody as of December 31, 2020.
  3. Minimum of 10 U.S. public fund master custody clients and/or tax-exempt qualified plans as of December 31, 2020.
  4. Minimum of 15 years of experience in providing global custody services to institutional tax-exempt investors as of December 31, 2020.
  5. 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 pension plans and at least three (3) years of employment at the responding firm as of December 31, 2020.
- E.** A description of previous projects that Respondent (and any others proposed as part of Respondent's team) has conducted for organizations of similar size and complexity. Provide contact names and telephone numbers of references from these organizations.
- F.** When responding to this Request for Proposal (RFP), we encourage you to describe the ways in which you believe your organization's service capability is unique, superior, or would add particular value. Please be succinct in your answers. If certain services cannot be provided, please state so where appropriate and also state if such services are planned to be offered in the near future.

### **Response Format**

**1. Length of Response**

The Technical and Fee Section of the RFP should be completed and answered in the same sequence as specified with questions reiterated and the corresponding answers provided. A response shall not exceed 150 pages, excluding the fee section, biographies, report samples and attachments required as part of the RFP. You are encouraged to be succinct and respond to the RFP as directed. If, for any reason, your organization cannot comply or is unable to provide a specific service, respond with "cannot comply" or "unable to provide" and briefly describe the reason.

Please note that MERP reserves the right to consider the Response to the RFP as part of the final legal custody agreement between MERP and the custody provider. Be cognizant of your firm's response as a complete, fair, and direct representation of your capabilities, and abide with full transparency and disclosure.

**2. Cover Letter**

The response must include a cover letter addressed to City of Tulsa Human Resources Department, 175 E. 2nd St., Suite 1450, Tulsa, OK 74103. The letter must state, in one or two paragraphs, your organization's commitment to the RFP process and a statement to the effect that your organization is willing to perform all services mandated. The letter should be signed by one or more

individual(s) at the Asset Servicing Group Business Head Level (Vice Chairman, Executive Vice President or Managing Director) authorized to contractually bind your organization. An unsigned submission will be rejected. The letter should also include the name, address, telephone, and fax numbers of the appropriate contact person within your organization. The cover letter must state that the proposal is valid for six (6) months after the submission deadline

**IX. EVALUATION OF PROPOSALS:**

A panel consisting of not less than three MERP employees will evaluate proposals. Final selection shall be the sole determination of the MERP, and if a selection is made it will be to the Respondent whose proposal is determined to be in the best interests of MERP. The approval of the selected Respondent will be subject to the final determination of the MERP and will be contingent on the successful completion of a contract between the MERP and the selected Respondent(s).

MERP seeks to retain the highest quality organization to provide custody services in an open, fair, and competitive process. MERP seeks innovative ideas, presented in a complete custody service package, which can meet the requirements of both management and staff and help streamline and improve the way in which MERP manages its investment and investment accounting operations. Throughout the selection process, MERP reserves its sole discretion in awarding the contract. MERP reserves the right: (i) to not select any proposal; (ii) to select any portions of a particular proposal for further consideration; (iii) to accept a proposal other than the lowest cost proposal submitted; or (iv) to reject any and all proposals received if such action is considered by MERP in its sole discretion to be in the best interests of MERP. Core factors to be reviewed are Experience and Organization, Client Service, Team Coordination, Custody and Accounting Processes, Systems & Technology Platform, Ancillary Services, and Costs.

**X. AWARD OF PROPOSALS:**

Per Tulsa Revised Ordinances (TRO) Title 6, Chapter 4, in addition to Price, these factors may be considered in the evaluation and award of proposals:

1. The ability, capacity and skill of the Respondent to perform the contract or provide the service required,
2. Whether the Respondent can perform the contract or provide the service promptly or within the time specified, without delay or interference,
3. The character, integrity, reputation, judgment, experience and efficiency of the Respondent,
4. The quality of performance by Respondent of previous contracts or services,
5. The previous and existing compliance by the Respondent with laws and ordinances relating to the contract or service,
6. The sufficiency of the financial resources and ability of the Respondent to perform the contract or provide the service,

7. The quality, availability and adaptability of the Supplies, Services, and Information Technology Systems offered by Respondent to the particular use required,

8. The ability of the Respondent to provide future maintenance, support and service related to Respondent's offer,

9. Where an earlier delivery date would be of great benefit to the Using Department, the date and terms of delivery may be considered in the Proposal award,

10. The degree to which the Proposal submitted is complete, clear, and addresses the requirements in the Proposal specifications,

11. If a point system has been utilized in the Proposal specifications, the number of points earned by the Respondent.

12. The total cost of ownership, including the costs of supplies, materials, maintenance, and support necessary to perform the item's intended function.

13. If an evaluation committee performs the evaluation, the recommendation of such committee.

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**XI. MISCELLANEOUS:**

- A.** MERP expects to enter into a written Agreement (the "Agreement") with the chosen Respondent that shall incorporate this RFP and your proposal. Further, Respondent will be bound to comply with the provisions set forth in this RFP. In addition to any terms and conditions included in this RFP, MERP may include in the Agreement other terms and conditions as deemed necessary. Your response to this RFP will be considered part of the Agreement, if one is awarded to you.
- B.** All data included in this RFP, as well as any attachments, are proprietary to MERP.
- C.** The use of MERP's name in any way as a potential customer is strictly prohibited except as authorized in writing by MERP.
- D.** Your proposal must clearly indicate the name of the responding organization, including the Respondent's e-mail address and web site information, if applicable, as well as the name, address, telephone number and e-mail address of the organization's primary contact for this proposal. Your proposal must include the name, address, telephone number and e-mail address of the Respondent and/or team of Respondents assigned to the MERP account.
- E.** MERP assumes no responsibility or liability for any costs you may incur in responding to this RFP, including attending meetings or contract negotiations.
- F.** MERP is bound to comply with Oklahoma's Open Records Act, and information submitted with your proposal, with few exceptions, is a matter of public record. For specifics on the Oklahoma Open Records Act, see the link below:

<https://libraries.ok.gov/law-legislative-reference/library-laws/statutes-open-records/>

MERP shall not be under any obligation to return any materials submitted in response to this CSP request.

- G.** MERP shall not infringe upon any intellectual property right of any Respondent, but specifically reserves the right to use any concept or methods contained in the proposal. Any desired restrictions on the use of information contained in the proposal should be clearly stated. Responses containing your proprietary data shall be safeguarded with the same degree of protection as MERP's own proprietary data. All such proprietary data contained in your proposal must be clearly identified. MERP shall not be under any obligation to return any materials submitted in response to this RFP.

# NON-COLLUSION AFFIDAVIT

(Required by Oklahoma law, 74 O.S. §85.22-85.25)

STATE OF \_\_\_\_\_ )  
 )ss.  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, of lawful age, being first duly sworn,  
state that:

**(Seller's Authorized Agent)**

1. I am the authorized agent of Seller herein for the purposes of certifying facts pertaining to the existence of collusion between and among Respondents and municipal officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the proposal to which this statement is attached.
2. I am fully aware of the facts and circumstances surrounding the making of Seller's Proposal to which this statement is attached, and I have been personally and directly involved in the proceedings leading to the submission of such proposal; and
3. Neither the Seller nor anyone subject to the Seller's direction or control has been a party:
  - a. to any collusion among Respondents in restraint of freedom of competition by agreement to respond at a fixed price or to refrain from responding,
  - b. to any collusion with any municipal official or employee as to quantity, quality, or price in the prospective contract, or as to any other terms of such prospective contract, nor
  - c. in any discussions between Respondents and any municipal official concerning exchange of money or other thing of value for special consideration in the letting of a contract.

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

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

Notary Commission Number: \_\_\_\_\_

**The Affidavit must be signed by an authorized agent and  
notarized**

## INTEREST AFFIDAVIT

STATE OF \_\_\_\_\_ )

)ss.

COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, of lawful age, being first duly sworn, state that I am the agent authorized by Seller to submit the attached Proposal. Affiant further states that no officer or employee of MERP either directly or indirectly owns a five percent (5%) interest or more in the Respondent's business or such a percentage that constitutes a controlling interest. Affiant further states that the following officers and/or employees of MERP own an interest in the Respondent's business which is less than a controlling interest, either direct or indirect.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

Notary Commission Number: \_\_\_\_\_

County & State Where Notarized: \_\_\_\_\_

**The Affidavit must be signed by an authorized agent and notarized**

**AFFIDAVIT OF CLAIMANT**

STATE OF \_\_\_\_\_ )  
 )ss.  
COUNTY OF \_\_\_\_\_ )

The undersigned, of lawful age, being first duly sworn, on oath says that this contract is true and correct. Affiant further states that the work, services or materials will be completed or supplied in accordance with the contract, plans, specifications, orders or requests furnished the affiant. Affiant further states that (s)he has made no payment directly or indirectly of money or any other thing of value to any elected official, officer or employee of MERP or any public trust of which MERP is a beneficiary to obtain or procure the contract or purchase order.

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

Name: \_\_\_\_\_

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

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

Notary Commission Number: \_\_\_\_\_

**The Affidavit must be signed by an authorized agent and notarized**





## Exhibit A - Price Sheet Summary

### Custody and Related Services Costs and Fees

This Fee Section is divided into two sections, namely: flat fee and unit cost basis. Bid competitively.

- A. Provide an annual flat fee for trust/custody services required by MERP. All quoted fees should be on a flat dollar (in US dollars) basis. If fee minimums are required, please do state so, accordingly.

Monthly Audited, Daily Priced	Flat Dollar Fee
<b>1<sup>st</sup> Year</b>	
<b>2<sup>nd</sup> Year</b>	
<b>3<sup>rd</sup> Year</b>	
<b>4<sup>th</sup> Year</b>	
<b>5<sup>th</sup> Year</b>	

- B. What are the short-term investment vehicles you propose as applicable to MERP? Identify the total expense ratio, including management fees, and cut-off time for each. (Specify: Sweep Options, Late Day Cash, Overnight, FDIC approved, 2a-7 funds, and US Government Only.)

- C. What are the overdraft charges for domestic and international transactions?

- D. Identify the services included in the flat fee stated in Item A and based on the current investment structure of MERP:

1. Custody Services for all Asset Types (i.e. domestic and international)? **yes \_\_\_ no \_\_\_**

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

Safekeeping	\$ _____	charge or fee
Asset Servicing	\$ _____	charge or fee
Transaction Processing	\$ _____	charge or fee
Other (global custody)	\$ _____	charge or fee

2. Commingled Fund and Intra-Account Fund Transfers? **yes \_\_\_ no \_\_\_**

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

Transfer In and Out	\$ _____	charge or fee
Cash In and Out	\$ _____	charge or fee
Wires In and Out	\$ _____	charge or fee

3. Accounting - Monthly Valuation, but Daily Price? **yes \_\_\_ no \_\_\_**

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

Per portfolio	\$ _____	charge or fee
Per Asset Level, Fund or Composite	\$ _____	charge or fee
Per Plan, Unitization or Sub-account	\$ _____	charge or fee

4. Daily On-line/Internet services? **yes \_\_\_ no \_\_\_**

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

_____	\$ _____	charge or fee
_____	\$ _____	charge or fee

5. Contractual Settlement and auto-credit program for income collection? **yes** \_\_\_ **no** \_\_\_

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

Domestic	\$ _____	charge or fee
International	\$ _____	charge or fee
ADR's	\$ _____	charge or fee

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

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

_____	\$ _____	charge or fee
_____	\$ _____	charge or fee
_____	\$ _____	charge or fee

7. Penalty costs? **yes** \_\_\_ **no** \_\_\_

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

Third-party FX trades	\$ _____	per trade
Overdrafts Charges	\$ _____	per trade
Negative Currency Cash Balances	\$ _____	per trade

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

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

Wire transfer	\$ _____	charge or fee
Courier service	\$ _____	charge or fee
Telex charges	\$ _____	charge or fee
Computer processing	\$ _____	charge or fee
Staff training	\$ _____	charge or fee
Stamp duty	\$ _____	charge or fee
Registration	\$ _____	charge or fee
Others: (specify)	\$ _____	charge or fee

9. Proxy notification? **yes** \_\_\_ **no** \_\_\_

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

Reporting:	\$ _____	charge or fee
On-line Access:	\$ _____	charge or fee
Others: _____	\$ _____	charge or fee

10. Corporate Actions – both Domestic and International? **yes** \_\_\_ **no** \_\_\_

Voluntary/Mandatory	\$ _____	charge or fee
Involuntary	\$ _____	charge or fee
Others:	\$ _____	charge or fee

11. Class Action Processing? **yes** \_\_\_ **no** \_\_\_

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

Reporting:	\$ _____	charge or fee
On-line Access:	\$ _____	charge or fee
Legal Filings	\$ _____	charge or fee
Others: _____	\$ _____	charge or fee

12. Regulatory and GASB Reporting Support? **yes** \_\_\_ **no** \_\_\_

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

_____	\$ _____	charge or fee
_____	\$ _____	charge or fee

13. MERP requires a minimum of 20 hours for training and continuing education for keeping clients abreast of new developments within your organization and the custody industry. Is your organization able to meet this requirement? **yes \_\_\_ no \_\_\_**

If **no**, what are the (annual?) fees or charges?

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

14. Independent Derivatives Processing and Valuation? **yes \_\_\_ no \_\_\_**

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

Exchange Traded Derivatives

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

OTC Derivatives

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

15. Data Interface with Internal and External Providers? **yes \_\_\_ no \_\_\_**

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

External Auditors \$ \_\_\_\_\_  
 Consultants \$ \_\_\_\_\_  
 Internal G/L \$ \_\_\_\_\_  
 3<sup>rd</sup> Party Class Action Agent \$ \_\_\_\_\_  
 3<sup>rd</sup> Party Tax Agent \$ \_\_\_\_\_  
 3<sup>rd</sup> Party Proxy Voting Service \$ \_\_\_\_\_  
 Others: (specify) \$ \_\_\_\_\_

16. Specify other charges and fees not included in the proposed FLAT FEE. If a charge or fee is in direct response to a particular RFP question, identify both section and question.

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

**Fee Calculation Workbook:**

For purposes of unit cost verification and calculation methodology, complete Attachment A – Fee Calculation Workbook provided in Excel file format.

Company Name: \_\_\_\_\_

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

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

Name Printed: \_\_\_\_\_

Title: \_\_\_\_\_

## MERP General Contract Terms

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It is anticipated that MERP will enter into an Agreement (contract) with the selected Respondent for an initial term ending one (1) year from the date of its execution by MERP, with four (4) one-year renewals available at the option of MERP. Contracts entered into by MERP generally include, but are not limited to, the following terms:

1. **Renewals.** Contractor understands and acknowledges that any future contracts or renewals are neither automatic nor implied by this Agreement. The continuing purchase by MERP of the Services set forth in this Agreement is subject to MERP's needs and to MERP's annual appropriation of sufficient funds in MERP Board's fiscal year (July 1<sup>st</sup> to June 30<sup>th</sup>) in which such Services are purchased. In the event MERP does not appropriate or budget sufficient funds to perform this Agreement, this Agreement shall be null and void without further action by MERP Board.
2. **No Indemnification or Arbitration by MERP Board.** Contractor understands and acknowledges that MERP Board is a municipal corporation that is funded by its taxpayers to operate for the benefit of its citizens. Accordingly, and pursuant to Oklahoma law, MERP shall not indemnify nor hold Contractor harmless for loss, damage, expense or liability arising from or related to this Agreement, including any attorneys' fees and costs. In addition, Contractor shall not limit its liability to MERP for actual loss or direct damages for any claim based on a breach of this Agreement and the documents incorporated herein. MERP reserves the right to pursue all legal and equitable remedies to which it may be entitled. MERP will not agree to binding arbitration of any disputes.
3. **Intellectual Property Indemnification by Contractor.** Contractor agrees to indemnify, defend, and save harmless MERP and its officers, employees and agents from all suits and actions of every nature brought against them due to the use of patented, trademarked or copyright-protected appliances, products, materials or processes provided by Contractor hereunder. Contractor shall pay all royalties and charges incident to such patents, trademarks or copyrights.
4. **General Liability.** Contractor shall hold MERP harmless from any loss, damage or claims arising from or related to the performance of the Agreement herein. Contractor must exercise all reasonable and customary precaution to prevent any harm or loss to all persons and property related to this Agreement.
5. **Liens.** Pursuant to City's Charter (Art. XII, §5), no lien of any kind shall exist against any property of City. Contractor agrees to indemnify and hold the MERP harmless from all claims, demands, causes of action or suits of whatever nature arising out of the services, labor, and material furnished by Contractor or Contractor's subcontractors under the scope of this Agreement.
6. **No Confidentiality.** Contractor understands and acknowledges that MERP is subject to the Oklahoma Open Records Act (51 O.S. §24A.1 *et seq.*) and therefore cannot assure the confidentiality of contract terms or other information provided by Contractor pursuant to this Agreement that would be inconsistent with MERP's compliance with its statutory requirements there under.
7. **Compliance with Laws.** Contractor shall be responsible for complying with all applicable federal, state and local laws. Contractor is responsible for any costs of such compliance. Contractor shall take the necessary actions to ensure its operations in performance of this contract and employment practices are in compliance with the requirements of the Americans with Disabilities Act. Contractor certifies that it and all of its subcontractors to be used in the performance of this agreement are in compliance with 25 O.S. Sec. 1313 and participate in the Status Verification System. The Status Verification System is defined in 25 O.S. Sec. 1313 and

includes, but is not limited to, the free Employee Verification Program (E-Verify) available at [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify).

8. **Right to Audit.** The parties agree that books, records, documents, accounting procedures, practices, price lists or any other items related to the Services provided hereunder are subject to inspection, examination, and copying by MERP or its designees. Contractor shall retain all records related to this Agreement for the duration of the contract term and a period of three years following completion and/or termination of the contract. If an audit, litigation or other action involving such records begins before the end of the three year period, the records shall be maintained for three years from the date that all issues arising out of the action are resolved or until the end of the three year retention period, whichever is later.
9. **Governing Law and Venue.** This Agreement is executed in and shall be governed by and construed in accordance with the laws of the State of Oklahoma without regard to its choice of law principles, which shall be the forum for any lawsuits arising under this Agreement or incident thereto. The parties stipulate that venue is proper in a court of competent jurisdiction in Tulsa County, Oklahoma and each party waives any objection to such venue.
10. **No Waiver.** A waiver of any breach of any provision of this Agreement shall not constitute or operate as a waiver of any other provision, nor shall any failure to enforce any provision hereof operate as a waiver of the enforcement of such provision or any other provision.
11. **Entire Agreement/No Assignment.** This Agreement and any documents incorporated herein constitute the entire agreement of the parties and supersede any and all prior agreements, oral or otherwise, relating to the subject matter of this Agreement. This Agreement may only be modified or amended in writing and signed by both parties. Notwithstanding anything to the contrary herein, the MERP does not agree to the terms of any future agreements, revisions or modifications that may be required under this Agreement unless such terms, revisions or modifications have been reduced to writing and signed by both parties. Contractor may not assign this Agreement or use subcontractors to provide the Goods and/or Services without MERP's prior written consent. Contractor shall not be entitled to any claim for extras of any kind or nature.
12. **Equal Employment Opportunity.** Contractor shall comply with all applicable laws regarding equal employment opportunity and nondiscrimination.

**The undersigned Respondent agrees to the inclusion of the above provisions, among others, in any contract with the MERP.**

Company Name: \_\_\_\_\_

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

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

Name Printed: \_\_\_\_\_

Title: \_\_\_\_\_