



Request for Proposal

JANUARY 27, 2016

**MASTER CUSTODIAN AND SECURITIES LENDING
SERVICES FOR ONE YEAR WITH FOUR ONE-YEAR
RENEWAL OPTIONS**

PROPOSALS DUE MARCH 2, 2016

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SECTION I – PURPOSE AND BACKGROUND OF THE RFP

A. Purpose

The Commissioners of the Land Office (CLO) is a constitutional trust and agency of the State of Oklahoma charged with the oversight, management, and administration of certain public lands and trust funds dedicated to the support of our State’s public schools and institutions of higher education. As a part of its management duties, the CLO is responsible for the investment of the permanent school funds and other educational funds and public building funds solely in the best interest of and to provide the maximum benefit for the current and future beneficiaries. To this end, the CLO has the duty to select one custodial bank to settle transactions involving its investment, pursuant to **Oklahoma Statutes Title 64 2014 Supp. § 1013 (J)**.

This Request for Proposal (RFP) is soliciting proposals from qualified vendors to provide master custodian bank, securities lending and other related services for an initial term of one year, with four successive annual renewal periods.

This document contains:

1. Instructions governing the proposals to be submitted and the materials to be included therein;
2. A description of services to be provided;
3. Requirements that must be met to be eligible for consideration;
4. General evaluation criteria; and,
5. Other requirements to be met by each Vendor.

The term “Vendor” as used in the RFP shall mean the custodian bank submitting proposals for consideration. In response to this RFP, the successful Vendor will need to demonstrate exceptional institutional credentials, expertise in custody, and securities lending expertise or outsourced program abilities. To be considered, each Vendor’s proposal must meet the standards and requirements set forth in Section VI, Proposal Requirements.

This RFP is issued pursuant to the requirements of 64 O.S. § 1013 (J), which requires a competitive solicitation every five (5) years. The CLO reserves the right to reject any or all proposals submitted. There is no express or implied obligation for the CLO to reimburse Vendors for any expenses incurred in preparing proposals in response to this RFP. In the event that none of the proposals is satisfactory to CLO, no selection will be made. Proposals submitted in response to the RFP become the property of CLO and are subject to public inspection. CLO reserves the right to modify the RFP contents and requirements at any time prior to the submission deadline.

B. Background

The CLO is an Oklahoma State Agency and Trust created by the original Oklahoma Constitution. The CLO has charge of the sale, rental, disposal and management of school and other public lands and of the funds and proceeds derived thereof, under the rules and regulations prescribed by the Oklahoma Legislature.

The primary purpose of the CLO is to administer the school land trust funds for the production of income for the support and maintenance of the common schools (public schools) and institutions of higher education. This responsibility resides in the five Commissioners as follows:

The Honorable Mary Fallin – Governor

The Honorable Todd Lamb – Lieutenant Governor
The Honorable Gary Jones – State Auditor & Inspector
The Honorable Joy Hofmeister – Superintendent of Public Instruction
The Honorable Jim Reese – Commissioner of the State Board of Agriculture

The Chief Administrative Officer, Harry W. Birdwell, is the Secretary to the Commissioners of the Land Office. The Chief Financial Officer, Karen Johnson, oversees the CLO's Financial Services Division, including accounting and investment functions. In addition to the CLO's agency operations, there are seven primary permanent trust funds for which financial activity must be separately tracked. As of June 30, 2015, the total market value of Permanent Trust Funds' investments was over \$2.1 billion and comprised of investments in marketable securities totaling \$2.13 billion and commercial real estate totaling \$19.5 million. Marketable securities investments are held through CLO's master custodian bank. As provided by statute, the CLO appoints a three-person advisory investment committee. The committee, working with advice from an outside consulting firm, makes recommendations to the Commissioners concerning asset allocation and investment managers. With the implementation of House Bill 1022 passed into law in 2013, the CLO is authorized to acquire, purchase, exchange and grant real property under its jurisdiction. 64 O.S. § 1013 (J).

The interest, dividend, and net rental income derived from investing the Permanent Funds, along with other income deemed distributable by statute are distributed to Oklahoma's public school system and public higher educational institutions (beneficiaries) on a monthly basis in accordance with a statutory apportionment formula. Apportionments to universities, colleges and public schools for the year ended June 30, 2015, totaled over \$128 million.

On a monthly basis the CLO performs compilations of the custodial bank statements for the purpose of creating a trial balance for each permanent trust fund and allocating investment manager activity into the seven agency trust funds to determine the monthly amount of investment income available for distribution to the beneficiaries and reconcile the book value of marketable securities investments including cash to the activity reported in the custodian bank statements. This compilation is the basis for the monthly journal entries for each permanent trust fund's general ledger to record investment activity (book value) and distributable income available for apportionment to the beneficiaries. Critical to this compilation, the master custodian bank performs a monthly Master Trust Valuation to arrive at each permanent trust fund's unitized share of the marketable securities portfolio. This valuation process is described by the current custodian bank service provider as follows:

“The valuation is the process of establishing the total market value of the combined assets. The first step is to determine the value of each asset in each of the Investment Managers' portfolios by multiplying the number of shares or the face amount by the market price. The market values of all assets, plus cash, are then added together to arrive at the total fund value of all Managers' accounts. It is important to note that this valuation is performed on a fully-accrued basis, using trade-date records. This means that all activity initiated within the specified period (month) will be included in the valuation. If a trade (buy or sale) is initiated on the last business day of the month, it is included in this valuation as if the trade had actually settled within the month.” Once the total market value has been determined, the initial valuation is calculated by dividing the total value by an artificially established number of total units. Each Fund's proportionate share of the total assets will be initially determined by calculating what percent of the assets they hold and attributing a number of units to that Fund based on that value. Initially this is a process of “selling” units to each Fund. Following the initial valuation, each Fund would only receive more units if

contributions or deposits were made on behalf of that Fund. The reverse would follow if distributions/withdrawals were made from each Fund; units of the withdrawing Fund only would be “sold” to raise cash unit value, i.e. \$100.00 (CLO initial unit valuation was \$1,000.00) Subsequent valuations will cause this unit value to be adjusted to reflect changes in market value, including income, gains/losses (realized and unrealized). The value would also be adjusted to reflect any income distributed.”

The monthly investment trial balance process is mission critical to the CLO. Additionally, statutes mandate the definition of income to be distributed to the beneficiaries. For example, realized gains are not distributable and must be returned to the trusts’ principal. Realized gains are also monitored by the CLO to determine the payment source for custodian bank and investment manager fees. Gross interest and dividend income must be reported by the custodian bank without netting of any fees.

In addition to custodian services provided for marketable securities investments and cash, the custodian bank also provides certain services related to the commercial investment properties.

The following information is provided regarding the CLO’s types of investments, value, volume, and transactions.

Marketable Securities:

Manager/Portfolio Structure as of 10/31/2015

Long Term Investment Accounts	Mandate	10/31/2015 Assets	Account Structure	Security Holdings
AJO Large Cap Value	Large Cap Value Equities	74,069,315.94	Separate Account	127
Allianz Global Investors US High Yield Bond	High Yield	113,402,946.48	Separate Account	148
Atlantic Asset (BBB)	Investment Grade Corporates	116,604,709.94	Separate Account	101
BlackRock Russell 1000 Index Fund (CF)	Large Cap Index Equities	109,752,562.97	Line Item	2
CenterSquare US REIT	US REIT	78,345,127.88	Separate Account	55
Cohen & Steers Preferreds	Preferred	211,917,296.46	Separate Account	152
Cutwater Core Plus Select Income	Core Plus Fixed Income	101,249,744.00	Separate Account	133
Deprince, Race & Zollo LCV	Large Cap Value Equities	85,675,238.44	Separate Account	75
Dodge & Cox Fixed Income	Core Fixed Income	214,256,833.93	Separate Account	256
Fort Washington High Yield	High Yield	117,079,613.09	Separate Account	198
Guggenheim Inv. Grade CMBS	CMBS	95,840,486.19	Separate Account	63
Harvest Fund Advisors MLP	MLP	106,964,312.62	Separate Account	68
JPMorgan MBS	MBS	213,978,183.77	Separate Account	412
PIMCO All Asset All Authority (PAUIX)	GTAA / Real Return	56,012,264.51	Line Item	1
Robeco BPAM Premium Equity	All Cap Value Equities	75,714,697.72	Separate Account	126
Silvercrest Small Cap Value	Small Cap Value Equities	104,916,401.34	Separate Account	58
Tortoise Capital Advisors	MLP	108,617,131.22	Separate Account	27
Vanguard Total International Stock Ins+ (VIPSX)	International Stock Index	187,285,891.05	Line Item	1
TOTAL LONG-TERM		2,171,682,757.55		
Short Term Investment Accounts	Mandate	10/31/2015 Assets	Account Structure	Holdings
Common Schools	Short Term Investment Funds	117,180.31	Cash Account	N/A
Educational Institutions	Short Term Investment Funds	25,279.92	Cash Account	N/A
University of Oklahoma	Short Term Investment Funds	4,961.87	Cash Account	N/A
Northern Oklahoma University	Short Term Investment Funds	3,156.38	Cash Account	N/A
Oklahoma State University	Short Term Investment Funds	2,552.57	Cash Account	N/A
Normal Schools	Short Term Investment Funds	3,724.68	Cash Account	N/A
Langston University	Short Term Investment Funds	2,002.03	Cash Account	N/A
Short Term Fund	Short Term Investment Funds	91.06	Cash Account	N/A
Directed Brokerage	Short Term Investment Funds	195,702.69	Cash Account	N/A
TOTAL CASH		354,651.51		
TOTAL FUND		2,172,037,409.06		2003

The Long-Term portfolio is unitized and units are held by the following seven (7) account holders: CLO – Common Schools
CLO – Educational Institutions
CLO – University of Oklahoma
CLO – Northern OK
University CLO – Oklahoma
State University CLO –
Normal Schools
CLO – Langston University

Domestic Security Settlements:

For the trailing 12 months ended 10/31/2015, the following describes total security transaction buy/sell settlements:

US Common Stocks	6,573
US Preferred Stocks	859
US Bonds	7,020
Funds / Line Items	146

The CLO has no non-US Dollar currency needs presently or prospectively.

Average Monthly STIF Balances:

For the trailing 12 months ended 10/31/2015, the average month-end balance held within a short-term investment fund (STIF) providing revenue share to the current provider was: \$68,720,128.23. Balances ranged from \$47,810,565.54 at 7/31/2015 to \$103,157,994.46 at 6/30/2015. The current STIF vehicle used is INVESCO STIC PRIME-CASH MGMT / CUSIP: 825252653.

Securities Lending:

The CLO currently maintains an agent securities lending program with BNY-Mellon as agent to the incumbent, Bank of Oklahoma. This RFP contemplates two scenarios for securities lending: 1) Continued Lending or 2) Cessation of Lending.

Gross Lending Revenue (including agent split) for the period from 11/1/2014 – 10/31/2015 was \$1,067,221. As of 10/31/2015, of a lendable portfolio totaling \$1,483,223,015, a total of \$98,243,561 (or 6.62%) was on loan.

The securities lending program currently operates under strict counterparty and cash collateral reinvestment guidelines. It is anticipated that if lending continues, these guidelines will not change. The custodian and lending agent (if used) must agree to include a provision preventing the investment of cash collateral received from counterparties in Foreign Securities.

The CLO's Investment Policy also details other important terms of collateralization, margining of on-loan positions, and delivery versus payment process requirements.

The current cash collateral reinvestment guidelines are stated as follows:

Approved Investments:

Acceptable cash collateral reinvestments will be limited to reverse repurchase agreements on an overnight basis only, collateralized only by the following collateral types with margin requirements of 102%.

Approved Reverse Repurchase Agreement Collateral Types:

1. Securities issued or fully guaranteed by the United States government and agencies including mortgage back securities, instrumentality or establishment of the United States government (“Government Securities”). “Agencies” as listed above refers to Fannie Mae, Freddie Mac, and Ginnie Mae.
2. Ineligible investments: Foreign Securities.

Performance Measurement:

Performance measurement services are currently provided by the CLO’s investment and financial advisor, RVK, Inc. (RVK). The successful Vendor will not be expected to provide performance measurement or analytical services to the CLO but must be able to maintain electronic connectivity with RVK or its custodial data aggregation vendor (Insignis).

Other Electronic Interfaces:

The CLO requires a high quality electronic interface between its Custodian and internal CLO operations. Specific details and requirements are listed below:

1. Reports must separately include fund manager and consolidated summarized transaction detail data on a monthly and year to date basis; transaction detail must be coded, categorized and summarized to include all transaction information necessary for the CLO to build monthly accounting reports.
2. Reporting mechanism must include electronic delivery, via secure transactional Web services within which the beginning and end of the data submission is indicated, of transaction detail data in a consistent, easy-to-parse XML format
3. The CLO must be able to access transactional information online and be able to download transactional and summarized detail for analysis purposes.

Commercial Property Investments:**Demand Deposit Accounts:**

The successful vendor will establish and maintain demand deposit accounts for commercial real estate properties. There are currently 5 (five) demand deposit accounts. The combined activity and balances in these accounts during the 12 (twelve) months ended October 31, 2015, are as follows:

1. 1,200+ transactions;
2. \$10 million in transactions;
3. \$200,000 average monthly balance.

Custodial Account:

The successful vendor will establish, maintain and manage a Commercial Real Estate custodial bank account. There is currently 1 (one) custodial account. The activity and balance in this account during the 12 (twelve) months ended October 31, 2015, are as follows:

1. 150+ transactions;
2. \$5 million in transactions;
3. \$500,000 average monthly balance.

The CLO anticipates acquiring additional commercial real estate property in the near future resulting in additional demand deposit accounts, as well as, increased activity in the custodial account.

Additional information regarding the CLO is available on the CLO's website located at:
<http://www.clo.ok.gov>

Rules, Regulations, and Reports of the CLO can be found at:
<https://clo.ok.gov/policy/rules-regulations/>

The latest version of the Investment Policy can be found at:
<https://clo.ok.gov/wp-content/uploads/2015/02/Investment-Policy-Nov-12-2015-FINAL.pdf>

Audit reports may be accessed on the State Auditor and Inspector's (SA&I) website at:
<http://www.sai.state.ok.us/audit-reports/municipal-school-trust-audits.php>

C. Minimum Qualifications

Vendors must be able to affirmatively respond to each of the following statements in order to be considered for Agreement award:

1. The Vendor must accept and enter into a written services agreement as supplied by the CLO. Final language will be negotiated in the Agreement negotiation phase.
2. The Vendor must agree (by written affirmation) to provide the services as detailed in Section II, as well as agree to all other requirements as stated in this RFP.
3. The Vendor's key professionals and the organization must not have, nor could they potentially have, a material conflict of interest with the CLO or members of its Board of Commissioners or Investment Advisory Committee.
4. **Vendors must further meet all of the following requirements:**
 - a) Must be a U.S.-domiciled trust company and a member of the Federal Reserve, or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts, and have substantial unimpaired equity capital;
 - b) Must have at least one (1) U.S.-based institutional client with total marketable security trust assets having a market value in excess of U.S.\$1 billion;
 - c) Must be members of, and have the ability to clear transactions or cash through all major book entry or electronic securities depositories, such as the DTC system, and the Federal Reserve System;
 - d) Must have total assets in excess of U.S.\$500 million;
 - e) Must have a service agent in the State of Oklahoma so that service of summons or legal notice may be had on such designated agent as is now or may hereafter be provided by law;
 - f) Must be able to provide extremely timely customer service and be available for questions, conference calls, tele conferences, and meetings at CLO offices;
 - g) Must be able to provide (and be willing to incorporate such requirement contractually) electronic access to all transaction and portfolio reports maintained by the custodial bank involving the investment of funds under control of the CLO and to the Cash Management and Investment Oversight Commission of the State of Oklahoma;
 - h) Must be willing and able to provide audited/final monthly accounting reports by the eight (8th) Business Day following month-end. These reports must minimally:
 - i. Separately include each fund manager and consolidated summarized transaction detail data reflected for the current month and year to date (fiscal year is July 1 to June 30th); transaction detail must be coded, categorized and summarized to include all transaction information necessary for the CLO to build

- monthly accounting reports;
- ii. Include a report reflecting unitization percentages by Trust;
- iii. Include electronic delivery, via secure transactional Web services within which the beginning and end of the data submission is indicated, of transaction detail data in a consistent, easy-to-parse XML format;
- iv. Ensure that the CLO can access transactional information online and be able to download transactional and summarized detail for analytical purposes;
- v. Must be able to process CLO's monthly transfer instructions in a timely manner and move distributable income funds from investment managers to the CLO's bank account for apportionment to the beneficiaries. CLO provides transfer instructions by the 17th (seventeenth) of the month and funds are wired by Vendor by the 20th (twentieth) of the month or earlier, if possible.
- i) Must be able to customize reports at CLO's request; and,
- j) Must be able to respond to requests for information and provide reports required in connection with the CLO's annual audit, including GASB 40 requirements, SOC 1 letters/reports, custodial statement for fiscal year, excel format listing of all investments, etc.

SECTION II – SCOPE OF SERVICES

The CLO is seeking proposals from qualified Vendors for custody and securities lending services. The service functions required are:

- Safekeeping, Securities Transactions, Income Collection, Accounting, and Audited Reporting;
- Settlement and Custody;
- Cash Management;
- Demand deposit and custodial bank accounts for commercial property investments;
- Technology/Systems Support; and,
- Securities Lending (if selected)

The CLO is seeking a cost-effective custodial solution that provides the CLO access to high-quality technology, seamless delivery of custody services, and client service/support. The successful Vendor must demonstrate the ability to deploy automated solutions, and its electronic interfaces (web-based applications) are of particular importance.

The successful bidder or bidders' client servicing philosophy is expected to be best in class and incorporate the industry's best practices. The CLO expects to be assigned a client servicing team consisting of knowledgeable, experienced, and responsive individuals. Out-of-state Vendors must have a service agent in the State of Oklahoma so that service of summons or legal notice may be had on such designated agent as is now or may hereafter be provided by law.

SECTION III – INITIAL EVALUATION CRITERIA

A. The Vendor's proposal will be scored using the following categories:

1. Demonstrated understanding of the scope of services required by the CLO;
2. Professional qualifications, experience and accessibility of key professionals to be assigned to the CLO, including the client servicing team;
3. Demonstrated performance and experience within the past three years with similar

- institutional clients and the depth of its custody products and service deliverables;
4. Custody and core accounting platform used to meet the CLO's needs and Vendor's ability to support asset classes in use or potentially to be implemented by the CLO;
 5. System and technology infrastructure used in the delivery of required services, specifically in the area of Internet-based on-line access and direct linkages to accounting, transactions, corporate actions, and other pertinent information required by the CLO and ability to provide requested customized reports and information;
 6. Securities lending capabilities (if selected), and its ability to manage a program that would generate incremental revenue to the CLO with due consideration of risk management;
 7. Demonstrated financial condition, credit ratings, and organizational commitment to the master trust/custody business;
 8. The presence of potential or actual material conflicts between Vendor or Vendor's key professionals and the CLO;
 9. Ability to provide demand deposit and custodial bank accounts for commercial properties;
 10. Vendor's Commitment to the State of Oklahoma; and,
 11. Evaluation of proposed fees in terms of best value proposal.

B. The Selection Committee will evaluate all proposals received. Finalists may be asked to make a presentation to the Selection Committee before final selection is made. The Selection Committee will then recommend a selection to the Commission for approval. The CLO will provide written notification of the award to each Vendor after the selection is authorized by the Commission.

SECTION IV – TIMELINE

The timeline of the search and evaluation process as currently planned (subject to change at the sole discretion of the CLO without liability) is as follows:

January 27, 2016	RFP Issued
February 10, 2016	Questions Due to CLO via email within an attached Word document. Submit to Simone Chandler at Simone.Chandler@clo.ok.gov by 4:30 p.m. CST
February 19, 2016	Questions and answers consolidated document posted on CLO website at www.clo.ok.gov by 4:30 p.m. CST
March 2, 2016	Proposals Due by 4:30 p.m. CST
March 21, 2016	Interview finalists as deemed necessary
April 1, 2016	Vendor selected and contract negotiations begin
July 1, 2016	Contract start date

SECTION V – REQUIRED INFORMATION

The purpose of this section is to identify the information that should be submitted in response to this RFP, and the order in which it should appear in the proposal response package.

A. Proposal Cover Sheet and Letter

The Proposal must contain the Proposal Cover Sheet (**Exhibit 1**), fully completed, and signed. The proposal shall contain the Proposal Cover Sheet addressed to the attention of the designated CLO contact identifying the Vendor's firm name, and principal office address. Please also provide the name, telephone number, e-mail address and facsimile number of a person authorized to represent the Vendor regarding all matters related to the proposal. The letter also shall explicitly affirm the following:

1. The Vendor has the current capability to provide the proposed services;
2. The Vendor has reviewed the minimum qualifications and meets the eligibility criteria set forth in Section I, subsection C of this RFP. If a Vendor does not meet the minimum qualifications, it must identify those qualifications it does not meet and make a detailed case as to why the CLO should consider that Vendor;
3. The Vendor has thoroughly reviewed the RFP;
4. The Vendor acknowledges and accepts all terms and conditions included in the RFP; and,
5. A person authorized to bind the Vendor to all commitments made in its proposal is the signatory of the letter.

B. General Information

Each proposal shall include the following:

1. A table of contents including a clear identification of the material by section and by page number.
2. A brief description of the Vendor's experience in providing the services identified in Section II, Scope of Services, to institutional investment clientele.
3. Notice of Legal Proceedings:
 - a) Each Vendor shall disclose any and all known or threatened material lawsuits, legal or administrative proceedings, governmental investigations, criminal actions or law enforcement activities (including those by federal, state or local authorities, or self-regulatory organizations) or non-routine Securities and Exchange Commission inquiries or investigations relating to Vendor or any of Vendor's affiliates, including any proceedings to which Vendor, its affiliates, or any of their respective officers, directors or employees, is a named party or of which any of such has been the focus. Is Vendor aware of any activities of its firm, its affiliates, or their respective officers, directors or employees that are likely to result in any of the above investigations or proceedings?
 - b) Please list and describe any such proceedings or actions that have occurred in the last five (5) years, including whether Vendor or any of its affiliates, or their respective officers, directors or employees has been censured by any regulatory body.
 - c) In the last five (5) years, has Vendor, its principals or any of Vendor's affiliates submitted a claim for errors and omissions, fiduciary liability and/or fidelity bond insurance coverage? If yes, please explain and provide details.
 - d) Does Vendor have a procedure by which it may undertake internal investigations of its employees, officers and directors? Please describe. Please disclose any and all ongoing internal investigations of any of Vendor's officers, directors or employees. Please give specific attention to those persons who would be closely responsible for the products or services sought by the CLO.
4. Please list any possible, known or potential conflicts of interests with the CLO the Vendor may have.

C. Questionnaire and Fee Proposal

All Vendors shall complete and submit the technical questionnaire and fee proposal attached hereto as Appendix I. Please label this response: **Questionnaire and Fee Proposal Response – Custody and Securities Lending Response – CLO.**

Note:

The CLO intends to enter into a contract or contracts with the selected Vendor. Final fee calculations and the basis thereof will be determined during contract review and negotiation. The CLO reserves the right to reject any and all responses or portions thereof. The CLO reserves the right to withdraw this RFP or a portion of this RFP without selecting a contractor.

SECTION VI – PROPOSAL REQUIREMENTS

The purpose of this section is to indicate the terms and conditions that will govern the submission and review of proposals made in response to the RFP. Vendors selected to provide custody and/or securities lending services as part of this RFP process will be required to enter into a Services Agreement with the CLO.

A. Instructions for Completion

Vendors responding to the RFP shall:

1. Prepare their proposals according to the requested format as set forth herein;
2. Respond directly to each question posed and provide each disclosure required herein; and,
3. Provide any relevant attachments as appropriate.

B. Proposal Submission Instructions

To be considered a complete response, each Vendor must follow the following procedure:

1. Proposals must be received by **4:30 p.m. CST on Wednesday, March 2, 2016** only at the following address:

Commissioners of the Land Office
Master Custodian and Securities Lending Services Proposal
ATTN: Simone Chandler, CPO
204 N. Robinson Ave., Suite 900
Oklahoma City, OK 73102

2. The proposal must contain the Proposal Cover Sheet fully completed, and signed in addition to the table of contents, all required information, responses, schedules and forms (**see Exhibits**). The Vendor shall submit an original proposal with four (4) copies and two (2) USB flash drives (electronic copies) containing identical information as submitted in hard copy format.
3. The proposal, all hard and electronic copies must be submitted together in one completely sealed package, box or envelope. It must be clearly marked “Master Custody and Securities Lending Services” on the outside face of the package containing the proposal in order that the receiving agent can identify it without opening the package.
4. Proposals may be either mailed or hand-delivered. If the proposal is sent by mail or

express delivery service, the responding Vendor shall be responsible for actual delivery of the proposal to the proper address before the deadline. All timely proposals become the property of CLO.

5. All proposals, once opened, are considered to be a public record and shall be available for viewing and reproduction by any person.
6. In submitting this proposal, the Vendor must agree to an audit which provides that books, records, documents, accounting procedures, practices or any other items of the service provided relevant to the proposal and performance of the contract are subject to examination by the CLO, The Oklahoma State Auditor and Inspector, and the State Purchasing Director.

C. Cost Liability

The CLO will not be liable or responsible for any costs incurred by any Vendor responding to this RFP or prior to the issuance of a contract.

D. Additional Information

Questions regarding this RFP or requests for additional information should be directed through **e-mail** with an attached Word document by **4:30 p.m. CST on Wednesday, February 10, 2016**, to the following CLO contact:

Simone Chandler, CPO

Email: Simone.Chandler@clo.ok.gov

Interested Vendors should not contact any employee, representative or commissioner of the CLO concerning this RFP (except as required during the natural course of preexisting business relationships). All questions and answers will be consolidated into a single Q&A document. The Q&A document will be posted on the CLO website at www.clo.ok.gov by **4:30 p.m. CST on Friday, February 19, 2016**.

The CLO does not guarantee the validity or reliability of information obtained from other sources. If it becomes necessary to revise any part of this RFP, an addendum will be provided.

E. Vendor's Responsibility

Each Vendor should familiarize itself with the service specifications and the work to be performed before submitting a response. All proposals are to remain valid for at least 180 days from the date of submission.

F. Oral Presentation

Vendors submitting a proposal in response to this RFP may be required to give oral presentation(s) of their proposals to the Selection Committee, CLO staff and / or CLO Investment Committee and /or the Commissioners of the Land Office. Should oral presentations be entertained, each selected Vendor will be given an opportunity to clarify or elaborate on its proposal, but in no way will this information change the Vendor's original written submission. The CLO will determine the occurrence, date, time and location of such presentations, if deemed necessary.

G. On-Site Visits

Vendors that submit a proposal in response to this RFP may be required to accommodate an on-

site visit by representatives of the CLO or the CLO's investment advisor, RVK, Inc. Although on-site visits are not envisioned, should on-site visits be required, the CLO will determine the occurrence, date, and time of such visits.

H. Disclosure of Proposal Contents

All materials submitted by Vendors shall become the property of the CLO and will not be returned. Proposals submitted may be reviewed and evaluated by any person designated by the CLO, in its sole discretion. Pursuant to Title 51, Oklahoma Statutes Sections 24A.1 et seq., Proposals submitted in response to this RFP are public records and must be made available for inspection in accordance with the provisions of Title 51, O.S. § 24A.1 et seq.

I. Economy of Presentation

To be considered for selection, Vendors must submit a complete response to this RFP. Proposals should be prepared simply and economically, providing a straightforward, concise description of the Vendor's capabilities and approach in meeting the requirements set forth in this RFP. The emphasis should be on each proposal's completeness and clarity of content.

J. Rejection of Proposals

The CLO will be the sole judge of the Vendor's responsiveness to the RFP and reserves the right to reject any or all responses, with or without cause, without incurring any liability whatsoever.

K. Contract Execution

After selection, the CLO may enter into contract negotiations with the selected Vendor to finalize terms, fees and conditions. This RFP and the selected Vendor's proposal, or any part thereof, may be included in and made a part of the final contract. The resulting contract and all attachments shall be a public document.

Pursuant to Title 74, vendors are required to register with the State of Oklahoma's Central Purchasing prior to award of an Agreement. Potential Vendors are encouraged to register with the State of Oklahoma's Central Purchasing Vendor Registration system: (http://www.ok.gov/DCS/Central_Purchasing/Vendor_Registration/index.html). A vendor pending contract award (i.e. a vendor selected through this RFP process) **MUST** register.

If, in the sole opinion of the CLO, an acceptable contract with the selected Vendor cannot be reached, the CLO reserves the right to disqualify such Vendor and to negotiate with the next-preferred Vendor.

L. Contract Term

The CLO proposes to hire a custodial provider for the period from July 1, 2016 through June 30, 2017 (the contract to be entered into may be renewed on an annual basis with a maximum of 4 one-year renewal options).

M. Applicable Laws and Courts

This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the District Court of Oklahoma County, Oklahoma. The Vendor shall comply with all applicable federal, state and local laws, rules and regulations.

N. Ethics in Public Contracting

By submitting bids or proposals, Vendors certify that their bids/proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other vendor, supplier, or subcontractor in connection with the bid/proposal. Vendors must further certify that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of value, in exchange for procuring this contract.

O. Collusion

By responding, the Vendor represents that the proposal is not made in connection with any competing Vendor submitting a separate response to the RFP and is in all respects fair and without collusion or fraud. It is further represented that the Vendor did not directly or indirectly induce any firm to submit a false or sham proposal or to refrain from proposing. In addition, the Vendor represents that it did not participate in the RFP development process, had no knowledge of the specific contents of the RFP prior to its issuance, and that no employee of the agency participated directly or indirectly in the Vendor's proposal preparation. Any resulting contract is invalid and of no effect unless a notarized sworn **non-collusion affidavit** is provided by Bidder, pursuant to 74 O.S. § 85.22. (OMES-FORM-CP-004 attached **Exhibit 2**.)

P. Professional Services Certification

Pursuant to 74 O.S. § 85.41-42, certification is required that no person involved in the development of the contract while employed by the State will be employed by the Vendor to fulfill the services required in the contract, and further that the audit report to be provided is not a duplication of a report previously provided to the CLO. Vendor to complete and provide Professional Services Certification attached as **Exhibit 3**.

Q. Further Instructions and Conditions

1. All responses to this RFP must conform to these instructions. Failure to conform may be considered appropriate cause for rejection of the response.
2. Terms and conditions of RFP – Submission of a proposal indicates the Vendor's acceptance of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the CLO and the firm selected.
3. Timing and sequence – The timing and sequence of events resulting from this RFP will be determined solely by the CLO.
4. Oral agreements - Any alleged oral agreement or arrangement made by a Vendor with any agency or employee shall be superseded by the written contract between the CLO and Vendor.
5. Amending or canceling requests - The CLO reserves the right to amend or cancel this RFP, prior to the due date and time, at its sole discretion.
6. Rejection for default or misrepresentation - The CLO reserves the right to reject the proposal of any Vendor that is in default of any prior contract, for misrepresentation or otherwise, as may be determined by the CLO (or its designate).
7. State's clerical errors in awards - The CLO reserves the right to correct inaccurate awards

resulting from its clerical errors.

8. Rejection of qualified proposals - Proposals are subject to rejection in whole or in part if they limit or modify any of the terms and conditions and/or specification of the RFP.
9. Vendor's presentation of supporting evidence - A Vendor, if requested, must be prepared to present evidence of experience, ability, service facilities, and financial standing necessary to satisfactorily meet the requirements set forth or implied in its proposal.
10. Changes to proposal - No additions or changes to a Vendor's original proposal shall be allowed after submittal, except where corrections of errors or omissions may serve the best interests of the CLO. Clarification at the request of the CLO may be required at the Vendor's expense.
11. Right to award, reject or waive – The CLO reserves the right to award in part, to reject any and all proposals in whole or in part, to waive technical defects, irregularities and omissions if, in its judgment, the best interests of the CLO will be served.
12. Qualifications of Vendors - CLO may make such reasonable investigations as deemed proper and necessary to determine the ability of the Vendor to perform the services/furnish the goods, and the Vendor shall furnish to CLO all such information and data for this purpose as may be requested. CLO reserves the right to make a site visit at the offices of the Vendor prior to award to satisfy questions regarding the Vendor's capabilities. CLO further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Vendor show that the Vendor is not properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.
13. Business Continuity - The Vendor must indicate any recent or anticipated changes in its corporate structure such as mergers, acquisitions, new venture capital, stock issue, etc.
14. Assignment of Contract - A contract shall not be assignable by the Vendor in whole or in part without the written consent of CLO.
15. Confidentiality - The Vendor is expected to comply with provisions of Oklahoma statutes regarding confidentiality of certain personal data of CLO's lessees and other constituents, and agrees not to disclose confidential information to other parties without CLO's prior authorization and approval.
16. Hold Harmless Clauses and Indemnity - The CLO prohibited from holding a private entity harmless from liability or providing indemnity to a private entity for the acts or omissions of others. The contract between the successful Vendor and CLO will not have any such terms.
17. Taxpayer and Citizen Protection Act Compliance - By entering this Agreement, the Vendor certifies that it and any proposed subcontractors are in compliance with 25 O.S. § 1313 and participates in a Status Verification System. The Status Verification system is defined in 25 O.S. § 1312 and includes but is not limited to the free Employment Verification Program (E-Verify) through the Department of Homeland Security and available at www.dhs.gov/E-Verify.

18. Non-Collusion - Any resulting contract is invalid and of no effect unless a notarized sworn non-collusion affidavit is provided by Bidder, pursuant to 74 O.S. § 85.22. (OMES-FORM-CP-004 attached **Exhibit 1**).

**Request for Proposal
Master Custodian and Securities Lending Services
State of Oklahoma Commissioners of the Land Office (“CLO”)
January 27, 2016**

APPENDIX I: QUESTIONNAIRE

EXECUTIVE SUMMARY

Please provide a summary of your qualifications identifying key areas of differentiation and why your firm is best positioned to provide the scope of services identified by the CLO in this RFP. In this executive summary, affirm your ability to meet all scope of service elements.

A. ORGANIZATION AND BACKGROUND

A.1 Organization

1. Provide a brief organizational history.
2. Summarize your current initiatives and business plans relative to your commitment to the master trust/custody industry.
3. Summarize your commitment to the State of Oklahoma.
4. Do you have offices and officers in Oklahoma City, Oklahoma?
5. Summarize your ability to provide timely customer service to the CLO including your availability for questions via telephone or email, teleconferences, and meetings at CLO offices.
6. Discuss any significant alliances or joint ventures currently in place or which may have been in place in the most recent 5 calendar years.
7. What percentage of the bank’s revenue comes from Master Trust/Master Custody services?
8. What is the bank’s commitment to Master Trust/Master Custody relationships? Summarize your business plan for Master Trust/Master Custody services for the next three years.
9. How many trust/custody clients have you gained and lost in each of the past three years for reasons other than mergers/acquisitions/consolidations? Please provide a detailed description of the circumstances under which you lost each client.
10. Please provide the name, asset size, contact person, and telephone number of three existing clients whom we may contact for references. The funds should be of similar size, complexity, and portfolio composition as our fund. (Please note: while reference listings are required, they will not be contacted unless your firm is selected as a finalist).
11. Please provide at least 3 (three) references of a former client. (Please note: while reference listings are required, they will not be contacted unless your firm is selected as a finalist).

12. Describe the various types of insurance coverage and indemnifications provided to protect custody clients, including:
 - a) Risks covered
 - b) Carriers
 - c) Levels
 - d) Limits
 - e) Deductibles

13. Provide an organizational summary of the following details:
 - a) Corporate Assets as of 9/30/2015
 - b) Current S&P Short Term/Long Term Debt Ratings
 - c) Current Moodys Short Term/Long Term Debt Ratings
 - d) Current Fitch Short Term/Long Term Debt Ratings
 - e) Capital Adequacy Ratios as of 9/30/2015:
 - i. Tier 1 Capital Ratio
 - ii. Total Capital Ratio

14. Has your firm been the subject of any litigation regarding custodial trust services or any regulatory sanctions over the past five years? If so, please describe fully.

A.2 Professional Staff

1. How many personnel does your firm have in the following segments?
 - a) Total
 - b) Relationship Management/Administrative
 - c) Accounting/Auditing
 - d) Trade Processing/Support
 - e) Benefit Payments
 - f) Other (Describe Category or Categories)

2. Comment on the turnover rates for service delivery staff and relationship management professionals. What processes and procedures are in place to ensure the continuous high quality service of accounts? How do you manage the introduction of new staff members to clients?

3. Describe your personnel retention plan including depth, recruitment, replacement, training and incentive programs.

4. List the names of the personnel who will be assigned to this account and the physical location of their offices. Provide a professional biography for each of the personnel listed. Include the names of other organizations for which they perform or have performed related duties. Please comment on the current number of relationships for which this individual is directly or indirectly responsible.

5. Summarize the details of each relationship or client service individual who is proposed to be a member of the day-to-day team supporting the CLO relationship:

Name & Title	Office Location	Educational Credentials	Years with your Firm	Years of Industry Experience	# of Other Relationships Serviced

6. How many accounts does your typical client service and relationship management representative manage? How do you determine the number of accounts assigned to each individual, team or group?

A.3 Accounts and Assets

1. Please summarize (as of 9/30/2015) your client base in the table included below:

Client Type & Size	# of Relationships	Aggregate Asset Size (\$MM)
Corporate ALL		
Corporate <\$500MM		
Corporate \$500MM+ - \$1BB		
Corporate \$1BB+ - \$5BB		
Corporate \$5BB+ - \$25BB		
Corporate \$25BB+		
Public Fund ALL		
Public Fund <\$500MM		
Public Fund \$500MM+ - \$1BB		
Public Fund \$1BB+ - \$5BB		
Public Fund \$5BB+ - \$25BB		
Public Fund \$25BB+		
Taft-Hartley/Union ALL		
Taft-Hartley/Union <\$500MM		
Taft-Hartley/Union \$500MM+ - \$1BB		
Taft-Hartley/Union \$1BB+ - \$5BB		
Taft-Hartley/Union \$5BB+ - \$25BB		
Taft-Hartley/Union \$25BB+		
Endowments/Foundations ALL		
Endowments/Foundations <\$500MM		
Endowments/Foundations \$500MM+ - \$1BB		
Endowments/Foundations \$1BB+ - \$5BB		
Endowments/Foundations \$5BB+ - \$25BB		
Endowments/Foundations \$25BB+		
Other (e.g. Financial Institutions/Mutual Funds) ALL		
Other <\$500MM		
Other \$500MM+ - \$1BB		
Other \$1BB+ - \$5BB		
Other \$5BB+ - \$25BB		
Other \$25BB+		
TOTAL ALL		

2. Provide the number of tax-exempt accounts gained or lost as specified for the periods listed below. Report corresponding market values in \$U.S. millions as of initiation date for accounts gained and as of termination date for accounts lost.

MASTER TRUST/CUSTODY ACCOUNTS				
Year	Gained		Lost	
	# Relationships	Value (\$)	# Relationships	Value (\$)
Calendar 2011				
Calendar 2012				
Calendar 2013				
Calendar 2014				
Calendar 2015				

3. Do you currently provide similar services to any other public land trusts? Please identify the trusts and discuss the tenure of your relationship.

4. Do you currently provide Master Trust Valuation services, (unitized accounting/ownership) to any other clients? Please identify the clients and discuss the tenure of your relationship.
5. Provide the following information for the five largest Trust/Custody accounts in descending order by total asset values as of September 30, 2015.

LARGEST FIVE TRUST/CUSTODY ACCOUNTS BY TOTAL ASSET VALUE AS OF SEPTEMBER 30, 2015		
Fund Name	Total Asset Value (\$US Mill)	Relationship Start Year

A.4 Technology

1. Discuss your investment in technology and systems development for the past five years.
2. Please describe your system hardware. How long has the current hardware been in place? Do you plan to upgrade the hardware in the near future? How much funding has been committed to hardware enhancements over the next three years?
3. Please describe your system software. Indicate who designed the software (in-house versus purchased). How much funding has been committed to software enhancements over the next three years?
4. Describe the staffing in place to handle software and hardware support within the Master Trust/Custody department.
5. Discuss your planned investment in technology and systems development for the next five years? Specify the anticipated enhancements that will be made.
6. Describe the security measures taken for your systems, users and access points.
7. What back-up and recovery capabilities are in place in case of malfunctions or emergencies? Where is the back-up system located? How often is it tested? When was your last test of these plans?
8. Are you able to provide monthly and year-to-date audited statements of assets, transactions, unitization percentages by trust and other accounting reports within 8 (eight) working days of month end? If not, how soon can you provide it? Can you provide CLO the ability to access that information on-line?
9. What provisions are made for the training of the CLO's personnel to use the on-line information system? What hardware is required for a client to have access on-line?
10. Discuss your ability to meet the specific technology needs identified by the CLO as follows:
 - a) Audited/final monthly accounting reports by the eighth (8th) business day following month-end. These reports must minimally:
 - i. Separately include each fund manager and consolidated summarized transaction detail data reflected for the current month and year-to-date (fiscal year is July 1 to June 30th); transaction detail must be coded, categorized and summarized to include all transaction information necessary for the CLO to build monthly accounting reports including trial balance format reflecting changes to cash and book value of investments.
 - ii. Include electronic delivery, via secure transactional Web services within which the beginning

and end of the data submission is indicated, of transaction detail data in a consistent, easy-to-parse XML format.

- iii. Include specialized reports such as purchased interest recovered report, trust fund unitized ownership % report, external audit information requests.
 - iv. Provide the CLO with access to transactional information online and ability to download transactional and summarized detail for analytical purposes.
 - v. Provide investment information in a format to be downloaded into the CLO's general ledger.
- b) Can you provide customized reports at CLO's request? If so, describe your approach to providing such reports and any additional cost to the CLO.

B. SERVICES

B.1 Administration and Client Services

1. Please describe your administrative and client service structure and how it integrates with the overall organization.
2. What process is in place to ensure continuous coverage of our relationship in the absence of primary members of the service team?
3. How do administrators assure that custody services are provided to a client in accordance with proper standards of care, regulatory requirements, and the executed agreement for services? What controls are currently in place to ensure that account activity is within the policy limits set by the client?
4. How do you monitor legislative and/or regulatory changes affecting Master Trust/Master Custody administration? How are these changes communicated to clients?
5. Describe your ability to monitor portfolios for compliance with investment limitations imposed by Oklahoma State law or by CLO Investment Policy.
6. Provide copies of your most recent SSAE 16/SOC 1 Report or Reports covering all Scope/Service Areas contemplated by this RFP (including technology, custody, accounting, securities lending, etc.).
7. How do you measure the performance of your professional staff? Describe your firm's approach to improve performance when your staff receives an unsatisfactory evaluation from your clients.
8. Describe your process for interfacing with the investment managers serving your custody clients, including the following:
 - a) Dedicated staff positions and responsibilities
 - b) Mode and means of trade instruction communication and validation
 - c) Mode, timing, and content of reports
 - d) Inquiry and problem resolution processes
 - e) Reconciliation and audit processes
9. Describe your timeline for processing CLO transfer requests moving funds from investment managers to the custodian account and then wiring these funds to CLO's operating bank account for distribution to beneficiaries.

B.2 Settlement and Custody

1. What are the names of the working units that process U.S. trades and settlements? Describe their reporting relationship and level of responsibility to client service unit.

2. Briefly describe your securities settlement process. Describe your procedures and capabilities of settling and accounting for same day cash trades.
3. Describe your depository membership and the services you use at these depositories. Describe your system for the registration and custody of assets.
4. How are instructions for investment transactions relayed to you? Are there any time restrictions? What procedures are in place to identify, follow-up and resolve failed trades? What percentage of buy/sell transactions failed for the most recent calendar year?
5. What, if any, securities have been misplaced or lost during the last three years? If any, please describe the circumstance(s) and what was done to correct the problem.
6. Discuss your operational procedures for settling purchases and sales. Include in your discussion the provision of actual settlement date processing and contractual settlement date processing. Please specifically identify when contractual settlement is unavailable.
7. How and when do you record and report (within your system to clients, to investment managers, etc.) corporate actions (stock splits, stock dividends, name changes, tender offers, called bonds, etc.). Have you missed any deadlines?
8. How do you determine your and your agent's responsibility for compensation for losses to client accounts due to errors in processing?
9. What are your primary and supplemental pricing sources and method of receipt and input of prices for stocks, bonds, options, derivative products, and convertibles? How frequently are prices updated? Are all procedures consistent with your accounting systems? (Include all asset classes)
10. How are valuation and holding differences resolved between your accountants and the investment managers? Do you perform a formal reconciliation process – describe fully.
11. How do you resolve pricing discrepancies with your clients?
12. What is your policy on updating or changing prices? When are differences/corrections made? What notification is provided?
13. Describe your ability to provide demand deposit and custodian accounts for commercial properties. Will CLO staff and CLO's external commercial property management company have on-line access to transactions and statements?

B.3 Income and Capital Changes Processing

1. Provide information regarding your process and procedures for establishing entitlements/accruals for dividends and interest for all asset types.
2. Describe the process by which you validate the information for accruals/entitlements from your primary sources. List the alternate sources and procedures used for enriching the accrual establishment database. Distinguish between automated, semi-automated, and manual steps.
3. Provide information regarding your procedures for posting income and capital changes to client accounts. What are your sources of information? How is it received? What are your processing steps?
4. Describe your process for class action lawsuits and settlements.
5. Describe your process for foreign tax reclaims (as they particularly apply to ADR holdings).

B.4 Cash Management

1. What is your policy toward crediting of interest and dividends on payable dates? Are income payments credited in same day funds?
2. When are funds withdrawn for purchase? Credited for sales? Is it completed by Fed funds or clearing-house funds?
3. Do you sweep cash automatically? If so, how often and to what balance?
4. What short-term investment vehicle (NOTE THE PROHIBITION ON FOREIGN SECURITIES) do you propose for this relationship? Provide the following details:
 - a) Fund Name and Ticker Symbol (if available)
 - b) Investment Advisor and Fund Manager Name(s) and experience
 - c) Investment philosophy and objectives
 - d) Types of allowable investments
 - e) Explicit Statement that Foreign Securities are not Approved Investments
 - f) Investment performance
 - g) Trailing 1 Year at 9/30/2015
 - h) Trailing 3 Years at 9/30/2015
 - i) Trailing 5 Years at 9/30/2015
 - g) Minimum Required Balance
 - h) Gross and Net Expense Ratio
 - i) Detailed statement of any/all revenue sharing derived by Vendor or an affiliate of Vendor
 - j) Sweep Time restrictions
5. Can you provide income and cash projection reports?

B.5 Accounting and Reconciliation

1. How many professional accounting staff members are devoted exclusively to the daily, monthly, and annual accounting activities associated with each client?
2. What are the qualifications of your client service accountants?
3. List the titles, experience and education of each client service accountant that would service this account.
4. How many accounts does your typical accounting client service manager service? How is that determined in your organization?
5. Describe your quality control procedures for validating accounting accuracy for various reports provided to clients.
6. Describe timing and process for correcting errors and generating revised reports.

B.6 Client Reporting

1. Provide a complete description and samples (as applicable) of your accounting system including, but not limited to:
 - a) standard reporting package including manager and composite detail and summary reporting, including asset type breakouts
 - b) unitization reporting
 - c) reconciliation reports and processes
2. Describe any unique features of your standard and custom reporting package.

3. Explain the methodology and policies in place for the provision of trade-date reporting including accrual accounting. What transactions are not accrued?
4. How soon after accounting periods are fully audited reports available? Can you provide required reports by the 8th (eighth) business day following month end? Do you offer reports on media other than hard copy? Please specify.
5. Are you willing and able to prepare special reports from available data? Is there an extra charge for this service?
6. Discuss the methods by which your firm would provide unitized accounting for the trust funds. What system(s) are utilized and how are unit ownership records maintained? Discuss all areas where manual processes might be involved.
7. Discuss your firm's ability to provide detailed and summary reporting by investment manager and by investment type (Equity, Fixed Income, etc.) and the flexibility by which clients such as the CLO can run such reporting.
8. Do you have the capacity to report brokerage commissions by account and by transaction? Do you have the capacity to produce a transaction analysis report of each trade and is this provided as a normal service?
9. Discuss your firm's ability to provide investment information in a format that can be downloaded into the CLO's general ledger system?
10. Discuss the process by which your firm would support the accurate and timely monthly distribution of income earned by investment managers to CLO's trust participants – the schools and universities.

B.7 Securities Lending

1. Provide an overview of your securities lending operation. Do you complete security lending internally or through the use of another organization? How long have you been engaged in securities lending?
2. How many clients currently participate in your securities lending program? List the total number of security lending relationships among existing Master Trust/Custodian clients and the dollar value of security lending relationships among custody clients.
3. What is the total dollar size of your securities lending program? What is the average daily percentage outstanding on loan?
4. Have you or your clients ever sustained a loss as the result of your lending activities within the last ten years? If yes, provide an explanation of the loss, loss mitigation efforts, support provided by your organization (cash funding, reduced earnings, other) and the magnitude of the loss.
5. Describe your policy for screening for potential borrowers. What challenges or obstacles do the CLO's Investment Policy guidelines related to no foreign borrowers present and how would you mitigate this?
6. How many borrowers are currently on the approved list? Please list them clearly indicating if a borrower would be considered "foreign".
7. What constitutes eligible collateral within your program and what is the percentage of collateral you require? Please provide the percentage of each type of collateral held on average in year 2015.
8. What challenges or obstacles do the CLO's Investment Policy guidelines related to loan-level collateralization and margining present and how would you mitigate this?

9. Comment upon the current investment guidelines for cash collateral reinvestment contained within the Introduction. What challenges or obstacles do the guidelines present and how would you mitigate this?
10. Do you impose fees for the investment and reinvestment of cash collateral? Are any other fees or charges deducted from the earnings remitted to the client before or after the earnings split? If so, specify the amount(s).
11. Explain your security loan allocation system and the basis on which you make such allocations to all clients. How do you provide equal opportunity to all participating clients to lend their securities?
12. How do you coordinate your securities lending activities with the CLO investment managers?
13. What are the terms of indemnification available to your clients? Describe in detail your indemnification policy against losses to lending participants. Explicitly comment upon circumstances where cash may be provided in lieu of lent securities and the value date that would be used.
14. Do you provide indemnification for any investments made with cash collateral received? Are there limits (such as investments in repurchase agreements)? If so, describe the availability of such offerings to the CLO and the terms of indemnification available to your clients including policies and timelines?
15. Do you provide indemnification for any non-cash collateral received? Are there limits or specific categories to which such indemnification might apply? If so, describe the availability of such offerings to the CLO and the terms of indemnification available to your clients including policies and timelines?
16. Describe your initial and ongoing credit analysis program. Provide a description of your credit review process and how often the names are reviewed. How are dealer, bank, or other lending limits determined and who makes those decisions?
17. How does your credit process interrelate (if it does) with any cash collateral reinvestment resources (internal or third-party)?
18. How are credits (both counterparty and investment) monitored and what actions are taken after credit downgrades?
19. How many brokers are authorized to borrow in your program? Provide a list of your current approved borrowers.
20. Discuss your firm's risk management tools and systems related to securities lending.
21. Describe your compliance process related to your securities lending program. What tools or reporting is provided to clients to monitor program compliance with investment guidelines and lending parameters?

B.8 Transition and Conversion

1. What planning and training would you need to conduct:
 - a) With the CLO staff?
 - b) With our outside investment managers?
 - c) With our current custodian?
 - d) With depositories?
 - e) With our current and potential new securities lending provider(s)?
2. Provide a detailed description of your last comparable conversion judging similarity by relative plan size and complexity. Include details of specific problems that occurred and the solutions implemented, timeline, etc. Provide the Vendor names and contact information.
3. What is the minimum and suggested timeframe for conversion of an account such as the CLO?

4. Please describe your approach to the implementation and conversion process in detail.
5. Provide a detailed transition plan including an estimated conversion calendar. This plan should include actions required on the part of the CLO and the Master Trustee/Custodian and the time frame to complete each task.
6. What dedicated resources (personnel, equipment, consultants, etc.), procedures, and controls will you provide during the conversion period to ensure that the conversion is completed successfully in both a timely and accurate manner?
7. Do you have a dedicated conversion team in place? If so, please provide names, titles and length of time on the conversion team.
8. What is required of the CLO in the conversion process?
9. What is the relationship between the conversion team and the permanent account administration staff during the conversion process?
10. How do you ensure sufficient control during the transition period to assure that the process is successfully completed in both an accurate and timely manner?
11. Describe any training provided to CLO staff regarding use of Vendor's electronic systems, including available reports and customization and analytical capabilities.
12. What costs are associated with the conversion? Do you cover the costs of conversion?

SECTION VII - FEE PROPOSAL – OPTION 1: CONTINUED SECURITIES LENDING

Please state your proposed total fee for this Custody relationship assuming the continuation of the securities lending program and commercial property demand deposits and custodian bank accounts under its current configuration. The CLO is interested in evaluating proposals that are either on a hard annual dollar fee basis or expressed as an all-inclusive basis points on total market value of assets. Fees shall be invoiced by the Custodian and paid by the Principal quarterly. **Please do not include holdings-based, account-based, or transactional quotes.**

Provide a quote in one of the following two forms:

Form 1	Annual Fee (\$)
All Custody Services	

Form 2	Annual Basis Points (bp) on Total Net Asset Value
All Custody Services	

Describe other material incremental charges or financial condition of engagement (if any):

- Fee Guarantee Term (and/or associated cap on annual renewal increases)
- Overdraft Fee Rate
- Charges to support Class Action Filings
- Wire or Check Disbursement Fees
- Other Fees or Assumptions (clearly describe)

Securities Lending:

The CLO currently participates in a securities lending program.

Provide your proposed securities lending earnings split quote in the following format:

Net Income to CLO (%)	Net Income to Custodian/Lending Agent (%)

Provide your proposed cash collateral investment annual management fee (if any) in the following format:

Basis Points (bp), if any, expressed in annual terms even if netted out of yield

Finalist institutions may be asked to provide a detailed earnings estimate based upon an updated holdings list.

Commercial Property:

All demand and custodian account fees and services

Annual Fee (\$)

SECTION VIII - FEE PROPOSAL – OPTION 2: CESSATION OF SECURITIES LENDING

Please state your proposed total fee for this Custody relationship assuming the cessation of the securities lending program. The CLO is interested in evaluating proposals that are either on a hard annual dollar fee basis or expressed as an all-inclusive basis points on total market value of assets. Fees shall be invoiced by the Custodian and paid by the Principal quarterly. **Please do not include holdings-based, account-based, or transactional quotes.**

Provide a quote in one of the following two forms:

Form 1	Annual Fee (\$)
All Custody Services	

Form 2	Annual Basis Points (bp) on Total Net Asset Value
All Custody Services	

Describe other material incremental charges or financial condition of engagement (if any):

- Fee Guarantee Term (and/or associated cap on annual renewal increases)
- Overdraft Fee Rate
- Charges to support Class Action Filings
- Wire or Check Disbursement Fees
- Other Fees or Assumptions (clearly describe)

PROPOSAL COVER SHEET

RFP Date	Agency Requisition Number	Proposal Deadline
January 27, 2016 (Contractual Master Custodian and Securities Lending Services)	RFP FSD-16100421	Must be Received by 4:30 p.m. CST March 2, 2016

**Attention: Simone Chandler, CPO
Commissioners of the Land Office**

Vendor Identification

Name of Firm:	_____
Address:	_____ _____
City/State/Zip Code:	_____
Telephone Number:	_____
Facsimile Number:	_____
Email Address:	_____

Vendor Signature: _____

Name & Title

Date: _____



Certification for Competitive Bid and/or Contract (Non-Collusion Certification)

NOTE: A certification shall be included with any competitive bid and/or contract exceeding \$5,000.00 submitted to the State for goods or services.

Solicitation or Purchase Order #: _____

Supplier Legal Name: _____

SECTION I [74 O.S. § 85.22]:

A. For purposes of competitive bid,

1. I am the duly authorized agent of the above named bidder submitting the competitive bid herewith, for the purpose of certifying the facts pertaining to the existence of collusion among bidders and between bidders and state 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 said bid;
2. I am fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of such bid; and
3. Neither the bidder nor anyone subject to the bidder's direction or control has been a party:
 - a. to any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding,
 - b. to any collusion with any state 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 bidders and any state official concerning exchange of money or other thing of value for special consideration in the letting of a contract, nor
 - d. to any collusion with any state agency or political subdivision official or employee as to create a sole-source acquisition in contradiction to Section 85.45j.1 of this title.

B. I certify, if awarded the contract, whether competitively bid or not, neither the contractor nor anyone subject to the contractor's direction or control has paid, given or donated or agreed to pay, give or donate to any officer or employee of the State of Oklahoma any money or other thing of value, either directly or indirectly, in procuring this contract herein.

SECTION II [74 O.S. § 85.42]:

For the purpose of a contract for services, the supplier also certifies that no person who has been involved in any manner in the development of this contract while employed by the State of Oklahoma shall be employed by the supplier to fulfill any of the services provided for under said contract.

The undersigned, duly authorized agent for the above named supplier, by signing below acknowledges this certification statement is executed for the purposes of:

the competitive bid attached herewith and contract, if awarded to said supplier;

OR

the contract attached herewith, which was not competitively bid and awarded by the agency pursuant to applicable Oklahoma statutes.

Supplier Authorized Signature

Certified This Date

Printed Name

Title

Phone Number

Email

Fax Number



Professional Services Contract Certification

Solicitation or Purchase Order #: _____

Supplier Legal Name: _____

A. In accordance with 74 O.S. § 85.42, the supplier named herein certifies that no person who has been involved in any manner in the development of this contract while employed by the State of Oklahoma shall be employed by the supplier to fulfill any of the services provided for under said contract.

B. In accordance with 74 O.S. § 85.41, if this contract is for professional services as defined in 74 O.S. § 85.2, and if the final product is a written proposal, report, or study, the supplier named herein further certifies that (s)he has not previously provided the state agency or any other state agency with a final product that is a substantial duplication of the final product of the proposed contract.

Signature

Date

Printed Name

Title