

7-Dec-22

#	Question	Response
1	Please confirm if a hard copy version of the RFP response is required.	Electronic submission is required, but vendors may submit a hardcopy response in addition to the electronic copy if desired. Electronic submissions must contain a comprehensive response, including scanned copies of signed forms. Please see Section VI - Proposal Requirements, subsection B. Proposal Submission Instructions of the RFP.
2	Please provide the types of transactions on the demand deposit accounts (checks, wire transfers, ACH payments, etc.).	The Demand Deposit accounts have approximately 3,400 transactions for \$563,000 (see page 8 of the RFP). Transactions are both inbound and outbound and the accounts receive checks and ACH. Please refer to the attached Summary Account Analysis Report and the attached Trust Fund - Investment Properties Statement.
3	Please provide details on the requirements for the demand deposit accounts (processing requirements, collateralization, etc.).	The Custodian is responsible for receiving instructions, routing deposits into and out of the appropriate DDA. The DDAs are collateralized at 100%. Please refer to Oklahoma Statute Title 62-517.4. for further details related to collateralization.
4	Specific to securities lending, will CLO accept non-cash collateral?	The CLO currently accepts US Government securities as non-cash collateral. US Government Securities shall mean book-entry securities as defined in 31 C.F.R. Part 357.2 and any other securities issued or fully guaranteed by the US government or any agency, instrumentality or establishment of the US government.
5	Please describe reasoning or rationale for the following section of questions: B.7 Holdings-based Compliance (at Option to the CLO)	The CLO is looking to have additional insight into its portfolio relative to investment policy guidelines and regulatory limitations on an ongoing basis. The introduction of holdings-based compliance may present opportunities to increase monitoring capacity and visibility.
6	Are there prohibited investments, brokers, regions that CLO is considering, in addition to foreign investments?	Guidelines that might be subject to compliance monitoring testing could include these items. Compliance monitoring tests might also include other portfolio attributes such as allocation levels, investment attributes (such as credit ratings) and portfolio and investment statistics.
7	Please confirm the providers legal capacity is Custodian & Securities Lending Agent. In other words, there is no requirements to serve as a Trustee or Directed Trustee.	There are no requirements to serve as Trustee.
8	Per the account structure, one of the S/T accounts is listed as Directed Brokerage. It is our understanding that this is a commission recapture account. Who provides those services to CLO Oklahoma?	The CLO participates in a Commission Recapture Program. CAPIs is the current provider of these services.
9	The CLO Oklahoma has stated that a contract with a chosen provider is one year plus the option of renewal each year thereafter, correct?	Correct. The resulting contract will be for one year plus up to nine optional renewals each year thereafter.
10	Did something change to warrant the solicitation of annual RFPs as opposed to a mandatory RFP cycle?	The CLO is required to issue an RFP at least every ten years, but may elect to issue an RFP before the ten year requirement as desired. The issuance of this RFP also considers the desire to ensure the receipt of optimal services.
11	Why has the CLO chosen to issue an RFP at this time?	The CLO is looking to the results of this RFP to identify opportunities for continued improvement in existing services (accuracy and timeliness), including external financial reporting requirements (such as fair value leveling / GASB 72), and new services designed to meet the objectives and requirements of the CLO.

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12	Please confirm the number of monthly unitizations satisfy the Master Trust reporting requirements. How many unit owners (beneficiaries) participate in each Fund?	In aggregate, there are 7 trust funds that hold units of the Permanent Trust Fund, which is unitized. For example, the Trust Fund 1 for Common Schools consists of 509 K through 12 schools. Custodian banks are not required to unitize to this level, rather only on the 7 trust fund level. Trust Fund 1 represents approximately 74% of the 7 trust funds. See the attached Unitization Report and Page 7 of the RFP.
13	Could you provide a copy of the most recent fund valuation including calculation of income distribution, gain/loss factors and NA?	Please refer to the attached Unitization Report. Income (interest & dividends) received is swept to the account at the State Treasurer's Office. When the CLO creates their G/L entries, they apply the unitization rate to the total income withdrawal for the month as part of the investment worksheet.
14	Is G/L data or information required at the detail or summary level? How is this data currently transmitted by CLO provider?	The CLO requires detail and summary data that ties and is reconciled. Such data is currently transmitted in XML format. See page 8 of the RFP.
15	Please confirm that the software provider of your G/L platform is still proprietary and operates in a Microsoft Windows environment.	The general ledger system is a proprietary application. This system runs in a Microsoft Windows environment (Application and RDBMS servers). The Custodian should provide a monthly file that can be uploaded into the proprietary G/L system.
16	Is compliance a consideration or is this something that the CLO is definitely moving forward with?	The Compliance Services are at option to the CLO. They are not required for proposal submission, but are being considered as a potential optional service for the relationship.
17	Was there a specific incident that sparked the interest in compliance monitoring?	The CLO is looking to have additional insight into its portfolio relative to investment policy guidelines and regulatory limitations on an ongoing basis. The introduction of holdings-based compliance may present opportunities to increase monitoring capacity and visibility.
18	Broadly, what are the things that CLO would be looking to monitor?	Guidelines that might be subject to compliance monitoring testing could include these items. Compliance monitoring tests might also include other portfolio attributes such as allocation levels, investment attributes (such as credit ratings) and portfolio and investment statistics.
19	Can you describe the frequency of monitoring required for this relationship?	The CLO anticipates a compliance monitoring frequency of monthly but is open to options that reasonably balance insight/information with cost and complexity.
20	Could you provide an account analysis statement for the commercial bank and custodial DDA accounts?	Please refer to the attached Summary Account Analysis Report and the attached Trust Fund - Investment Properties Statement.
21	Are you using currently Treasury Management products? Remote Deposit, Direct Deposit, Positive Pay, Online Wire Transfers, etc.?	The CLO is currently utilizing Positive Pay.
22	Please confirm that CLO is still using Invesco Premier US Govt Money Market Fund, Institutional Fund #1949 (CUSIP: 00142W842) for short-term cash sweep today?	Confirmed.
23	Would the CLO consider using a provider's proprietary MMF if comparable and competitive?	The CLO is not currently contemplating any manager changes as a result of this RFP, although the CLO reserves the right to implement manager changes in 2023 as it sees fit.
24	What investment guidelines / restrictions does the client have (regarding permissible instruments, counterparty limits, etc.)?	With regard to cash vehicle usage, a US government only vehicle may be considered.
25	Please provide the most current, detailed asset listing for all assets available for loan in Excel format.	Please refer to the document titled "2022 09 30 CLO Custody RFP - Separate Account Holdings" that was posted with this RFP.

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26	Please list in detail any restrictions or limitations to the current securities lending program other than those described in the RFP.	The lending program parameters, specifically limits to cash collateral reinvestment guidelines, are as described in the RFP (see pages 7 and 8 of the RFP). The CLO currently accepts US Government securities as non-cash collateral. US Government Securities shall mean book-entry securities as defined in 31 C.F.R. Part 357.2 and any other securities issued or fully guaranteed by the US government or any agency, instrumentality or establishment of the US government.
27	What is the minimum credit rating for counterparties to repurchase agreements required for cash collateral reinvestment?	Although the lending agent maintains a counterparty credit review process, the CLO does not currently require a minimum credit rating for counterparties to repurchase agreements, although all repurchase agreements are required to be overnight in term and are limited as to the acceptable collateral guidelines.
28	What is the diversification requirement (maximum exposure) for each counterparty to repurchase agreements used in cash collateral reinvestment?	The CLO does not currently have a diversification requirement (maximum exposure) for repo counterparties.
29	Please describe any restrictions to collateral posted in repurchase agreements beyond listed asset class, e.g. time to final maturity, etc.	Please refer to pages 7 and 8 of the RFP.
30	Please describe any and all fees paid in association with providing securities lending services.	The CLO does not believe this information is necessary at this time to provide an informed response to the RFP. The CLO looks forward to competitive responses from industry participants in response to the service requirements outlined in this RFP.
31	Please list the number of new loans and returns made during 2019 and 2020 in the current third-party lending service relationship.	The CLO does not believe this information is necessary at this time to provide an informed response to the RFP. The CLO looks forward to competitive responses from industry participants in response to the service requirements outlined in this RFP.
32	Do you require any/all securities be recalled for proxy voting or dividend record date?	No.
33	What is the revenue sharing arrangement or fee split with your current provider?	The CLO does not believe this information is necessary at this time to provide an informed response to the RFP. The CLO looks forward to competitive responses from industry participants in response to the service requirements outlined in this RFP.
34	Gross Lending Revenue (including agent split) for the prior twelve months ending 9/30/2022 was \$436,002.69. Does this number also include rebates paid to borrowers? If so, can you please provide net client earnings after agent fees?	Yes, the gross lending revenue is after rebates paid to borrowers, but before agent lender revenue split. The CLO looks forward to competitive responses (including agent lending split) from industry participants in response to the service requirements outlined in this RFP and does not believe that the current split is necessary for an informed and competitive bid.
35	Is CLO open to using a registered 2a-7 money market fund for the cash collateral reinvestment associated with securities lending?	The CLO currently uses, and prefers to continue to use, a segregated account structure with a cash collateral investment strategy that is more conservative than that employed by a registered 2a-7 money market fund. Responses that condition the offering of securities lending services on alternative cash collateral program design may be considered, but with an expected reduction in the evaluation score.
36	Is CLO willing to enteratin US Treasury and Agency non-cash collateral in the lending guidelines?	Yes - these forms of non-cash collateral are accepted. The CLO currently accepts US Government securities as non-cash collateral. US Government Securities shall mean book-entry securities as defined in 31 C.F.R. Part 357.2 and any other securities issued or fully guaranteed by the US government or any agency, instrumentality or establishment of the US government.
37	Would CLO be open to using an online RFP portal as a way to receiving the RFP responses?	Yes.

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38	Please provide a number of accounts where CLO would potentially leverage a investment compliance solution? Would this just be for separate accounts and/or would you like to obtain look through on commingled funds as well?	Investment compliance services are contemplated at this time for separately managed accounts only; look through on commingled funds would not be required.
39	Can CLO please provide additional clarity on the accounting requirements for the commercial real estate program? If there are no accounting requirements for these DDA's please state accordingly.	The Custodian is responsible for receiving instructions, routing deposits into and out of the appropriate DDA. The DDAs are collateralized at 100%. Please refer to Oklahoma Statute Title 62-517.4. for further details related to collateralization. Transactions are both inbound and outbound and the accounts receive checks and ACH. Please refer to the attached Summary Account Analysis Report and the attached Trust Fund - Investment Properties Statement.