



## REQUEST FOR PROPOSAL

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Request for Proposal No. 2010-01

### **MASTER CUSTODIAN/SECURITIES LENDING and INTEGRATED DISBURSEMENT SERVICES**

November 2009

**KEY DATES AND OTHER INFORMATION**

Request for Proposals (RFP) issued:	December 18, 2009
Notice of Intent to Propose Due	January 8, 2010
Written Questions Due	January 15, 2010
Due date for submission of proposals:	February 5, 2010
Evaluation of proposals:	February 8 – March 5, 2010
Recommendation to Board of Retirement:	March 12, 2010
Interview of Finalists:	March 19, 2010
Estimated Board Approval and Contract Execution:	April 23, 2010

**Notice of Intent**

Each interested party should send a brief Notice of Intent to Propose to this RFP only via e-mail to [CustodyRFP@sjcera.org](mailto:CustodyRFP@sjcera.org) on or before 5:00 p.m. on Friday, January 8, 2010. The Notice must include the title of the RFP to which you intend to respond, the single point of contact at your firm responsible for the RFP response and the telephone, fax, and e-mail information for this individual.

**Written Questions**

Written questions will be accepted only via e-mail at [CustodyRFP@sjcera.org](mailto:CustodyRFP@sjcera.org). All questions must identify the RFP section and page number to which the question refers. Questions and responses thereto will be posted on the SJCERA web site. Written questions to the above e-mail address will be accepted until 5:00 p.m. on Friday, January 15, 2010. Written responses will be posted on the SJCERA web site by 5:00 p.m. on Friday, January 22, 2010.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

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**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

**I. INTRODUCTION**

The San Joaquin County Employees' Retirement Association (SJCERA) is a public, defined benefit pension plan, located in Stockton, California, established and governed under the provisions of the County Employees' Retirement Law of 1937 (CERL) (California Government Code, Title 3, Division 4, Part 3, Chapter 3, Section 31450 et seq.). The system was established on April 29, 1946, to provide retirement, disability, death and survivor benefits for covered employees.

The Board of Retirement and SJCERA management are responsible for collecting, depositing, investing and managing trust funds for the purpose of providing benefits to participants and their beneficiaries. SJCERA management and staff are responsible for daily operations involving the administration of retirement, disability and death benefits, investments, portfolio administration, member services, accounting, and information system management. As of December 31, 2008, SJCERA's net assets totaled approximately \$1.56 billion. Additional information regarding SJCERA's financial condition, investment policies and portfolio composition, list of Investment Managers and organization can be found in its 2008 Comprehensive Annual Financial Report, provided as Exhibit 3. (Note: Assets totaled \$1.69 billion as of September 30, 2009. See Exhibit 1).

Since November 1989, SJCERA has utilized a variety of custodial/trust and integrated disbursement services from The Northern Trust. In September of 2000, the Board conducted a Request for Proposal (RFP) and believes it is prudent to conduct another RFP to evaluate the custodial services available in the marketplace.

**II. PURPOSE**

The purpose of this RFP is twofold: 1) To solicit proposals from qualified firms to provide custodial services for the safekeeping, delivery, securities valuation, investment performance reporting, securities lending and other services in connection with the investments of SJCERA; 2) To solicit proposals from qualified firms to provide retiree payroll services for the timely payment of benefits, integrated disbursements, and potentially tax remittance, reporting, and 1099R issuance. For purposes of providing the services described herein, a Proposer may use the services of a subcontractor(s). However, the Proposer's use of a subcontractor(s) must be disclosed to SJCERA in the proposal.

Proposers may bid for Master Custodian/Securities Lending Services and/or Integrated Disbursement Services as specified in this RFP. To that end, fee schedules should include pricing for stand-alone Custody/Securities Lending and Integrated Disbursement/benefit payment services as well as discounted pricing differences, if any, for both. When pricing Custody and Securities Lending, please reflect separate fees for each component. When pricing Integrated Disbursement services, please reflect separate fees for each component (ie: integrated disbursements, benefit payments – ACH, money transfer, check payments, tax reporting, etc.)

From this process, SJCERA may appoint one or more qualified firm(s) to provide the services specified in this RFP. However it is possible that none of the submitted proposals will be satisfactory to SJCERA. In that event, no selection will be made.

It is SJCERA's intention to seek proposals from qualified firms who can provide a comprehensive service of either or both of the following areas:

**A. Global Master Custodian and Securities Lending**

Defined as providing full master custody services for all assets managed by investment managers assigned to manage global portfolios. The custodian provides consolidated accounting and reporting for all assets, including assets processed by any other custodians, and coordinates all activity with regard to the global securities lending program.

**B. Integrated Disbursement Services**

Defined as providing integrated disbursement services for the timely and accurate payment of benefits to SJCERA retirees. An electronic Integrated Disbursement input file will be directly transmitted monthly to effect payments. The data files will be securely transmitted to produce Payee and Vendor checks and ACH transactions. These files are used to produce the paper documents and electronic transactions.

This RFP can be found on the SJCERA website at [www.sjcera.gov](http://www.sjcera.gov). If you are unable to download this document from the website, you can also obtain an electronic copy of this RFP through e-mail. Send your request to [CustodyRFP@sjcera.org](mailto:CustodyRFP@sjcera.org). All responses to this RFP must be submitted in accordance with the instructions contained in the RFP.

Regardless of the manner in which the RFP document is received by the Proposer, the contents of the RFP may not be altered in any way. The Proposer's affidavit and all questions must be identically reproduced in the submitted proposal. Any alterations to the contents of the RFP document will be grounds for dismissal from consideration or termination of a resulting contract. By submitting a proposal, it is agreed by the Proposer that any misleading or false information given may be grounds for dismissal from consideration, or termination of any resulting contract, whenever, and however discovered.

**III. BACKGROUND**

SJCERA utilizes external investment managers, both commingled funds and separate accounts. For the separate accounts, the investment managers are the originators of the transactions by determining what to buy or sell and giving trade orders to security dealers. This information is transmitted daily to the custodian who then settles the trade as contracted. All of SJCERA's eligible U.S. securities are currently held in book entry form at the Northern Trust Company while non-U.S. securities are held in various locations.

**IV. SERVICES TO BE PROVIDED**

For Master Custody services, the Proposer must be able to provide all of the services listed below unless otherwise indicated.

**A. Accounting**

1. Trade date accounting for all securities and full accrual accounting for all assets
2. Accounting services for the following:
  - ✓ Dividends and interest, capital changes, including mergers, acquisitions, tenders, stock splits and dividends, warrants, and spin-offs
  - ✓ Securities Lending
  - ✓ Global fixed income and equity portfolios
  - ✓ Dividend reinvestment programs
  - ✓ Options and futures
  - ✓ U.S. and multi-currency derivatives
  - ✓ Private Placements
  - ✓ Commingled Funds
  - ✓ Hedge Funds
  - ✓ Real Estate
3. Payable date posting for dividends, bond interest and principal, and interest on mortgage pass-through certificates.
4. Accounting must be on a calendar year basis, January 1 to December 31.
5. A secondary pricing source for comparison to the primary source for pricing securities.
6. All investments must be reported at cost. Gains and losses on securities sold must be recognized on the basis of the average cost of the securities.
7. Timely notification of corporate actions regarding subscriptions, conversion privileges, issuance of rights, mergers, reorganizations, and other actions requiring a decision by SJCERA.
8. Monthly reconciliations between custodian and investment manager with corresponding "sign-off" procedures.
9. Timely notification of material variances between custodian and investment manager along with steps taken to reconcile, adjust, or justification for unresolved variances.

**B. Claims/Settlement**

1. On-security clearing at the DTC, Federal Reserve and at other security clearing operations.
2. The ability to settle physically held securities.
3. The ability to execute foreign exchange transactions.
4. Fail float protection, including interest on purchases fail float and contractual settlement date posting of sales.
5. Electronic access to trade data by consultants and investment managers.
6. Settlement on a delivery versus payment basis.

**C. Cash Management**

1. Maintain daily sweep activity for the purpose of transferring uncommitted funds from the individual external manager custody accounts.
2. Income earned by STIF or other cash accounts must be compounded daily.
3. Current cash balances of less than five (5) million dollars must be available to SJCERA investment managers each morning, cash balances over five (5) million must be available upon 24-hour notice of investment managers.
4. Income earned, redemptions and maturities must be credited to the proper account.
5. Cash flow from purchases and sales must be credited on contractual settlement date.
6. At the direction of SJCERA, provide overnight investment management services for the funds received too late to be invested.

**D. Securities Lending Program**

Provide securities lending services for eligible Global securities:

1. Establish a list of eligible borrowers and a maximum that may be borrowed by each borrower, and conduct ongoing reviews of borrowers' qualifications.
2. Require that all loans of securities be collateralized by either cash, securities, or letters of credit of mutually acceptable counterparts:
  - ✓ U.S. securities must be collateralized at 102% of market value, including accrued income.
  - ✓ Non-U.S. securities must be collateralized at 105% of market value, including accrued income.
3. Monitor collateral levels daily and obtain additional collateral if and when mark to market values fall below acceptable levels. (section IV.D.2 above)
4. Collect all interest or other distributions with respect to any loaned securities.
5. Provide a daily report on collateral, identifying daily collateral required and pledged, and a monthly report on securities lending activity and outstanding loans, including amounts by borrower.
6. SJCERA reserves the right to not loan any of its securities to any borrower on the proposed security-lending list of borrowers.
7. Provide indemnification against borrower default.

**E. Directed Brokerage Services**

Provide directed brokerage services for specific SJCERA investment managers.

1. Establish contractual relationships with various Global brokerage firms.
2. Notify SJCERA investment managers of the brokerage firms available for directed brokerage (commission recapture) services.

3. Coordinate and monitor directed brokerage activities on behalf of SJCERA.
4. Collect rebated brokerage fees and make distribution quarterly to SJCERA.
5. Provide monthly report to SJCERA on individual investment manager activities.

**F. Corporate Actions and Proxy Processing**

1. In a timely manner, provide proxies and proxy statements to SJCERA or designated investment managers prior to annual and special meetings for U.S. and foreign corporations.
2. Provide proxy-voting capabilities for U.S. and foreign holdings, including proxy-voting services, notification of proxy information and translation of foreign proxies.
3. Provide reports detailing all proxy voting activities.
4. Provide notification of pending corporate actions and applicable legislative actions.

**G. Integrated Disbursement Services / Benefit Payment Services**

Provide Integrated Disbursement Services through Electronic Data Interchange (EDI) communication and the following functions:

1. Automated Clearing House (ACH) payments.
2. Money Transfer payments and drawdown instructions.
3. Check printing, mailing, and related remittance information.

**H. Technology/Information Systems Requirements**

SJCERA's current technology environment is as follows:

iMac Intel computers running Mac OS X 10.5 or higher  
 Internet browsers: Firefox v 3.5 or higher and Safari v 4 or higher  
 Microsoft Office 2004 (in process of upgrading to 2008)  
 Operational applications running on FileMaker v 10  
 Capable of running Windows XP on same machine

1. Provide software technology using the above technology environment for access to management information and accounting systems with the capability of providing the following information:
  - ✓ Current and historical performance
  - ✓ Current and historical prices and exchange rates
  - ✓ Composite portfolios
  - ✓ Current and historical transactions
  - ✓ Current and historical holdings in any aggregate
  - ✓ Performance aggregate data
  - ✓ Performance and analytic data bases
  - ✓ Customized reports as required
  - ✓ Ad hoc reports
2. Ability to monitor portfolios for compliance with investment limitations imposed by California State Law or by policy of the Board of SJCERA.

3. Ability to maintain an electronic link with the other custodian bank in the event that more than one custodian is utilized.
4. Adequate back-up systems to minimize systems downtime.
5. Ability to continue system operations in the event of total shut down of computer systems, i.e. hot site.
6. Ability to provide disaster recovery and business continuity services in the event of a disaster or other extraordinary event.

**I. Report Requirements**

1. Provide accounting reports, including a balance sheet and income statement, to be received on a monthly basis no later than twelve (12) business days following the end of the month.
2. Provide an accurate report of all holdings, transactions and other pertinent investment data, in a format agreed to by both parties, no later than thirty (30) calendar days after the end of the fiscal year.
3. Provide monthly performance reports detailing market performance, portfolio performance, and any aggregate deemed necessary by SJCERA. These reports are to include current as well as historical data.
4. Provide monthly analytic reports in a format acceptable to SJCERA.
5. Provide tracking of brokerage commissions paid by individual and groups of managers to specific brokers including tracking specific services classes by manager and groups and the commission per dollar of cost and per share by broker.
6. Describe full reporting capabilities, including custom, on-demand, and client-directed reports for various business needs.
7. Describe client access capabilities for various reports.
8. Provide such other reports as may be requested by SJCERA.
9. Perform and provide timely monthly reconciliations to Investment Manager accounting reports and provide copies of reconciliations and/or sign-off documentation to SJCERA.
10. Provide immediate communication to SJCERA in the event of material variances when reconciling to Investment Managers along with documentation to explain reason for variance.

**J. Personnel**

Proposer shall assign appropriate personnel to the SJCERA account and make assigned personnel available to SJCERA. Additionally, assigned personnel should be available to meet with SJCERA staff at dates and times determined by SJCERA at least semi-annually, or more frequently if required by SJCERA, to discuss services related to SJCERA's needs.

1. How does Proposer communicate future personnel changes to clients?
2. In the event of personnel changes affecting the SJCERA account, what safeguards are in place to ensure business continuity and strong communications with SJCERA?

## V. **MINIMUM QUALIFICATIONS**

Proposers for Master Custodian and Securities Lending must have substantial experience in the global custody of assets and must satisfy all of the minimum qualifications to be given further consideration.

### A. **Minimum Qualifications**

1. Vendor should be headquartered in the United States.
2. The Vendor must have at least \$1 trillion (US dollars) in total assets under custody as of September 30, 2009.
3. The Vendor must have a total number of at least 250 institutional clients.
4. The Vendor must have a total number of at least 30 institutional clients with \$1 billion in tax-exempt assets or greater.
5. The Vendor must have been providing custody services for a minimum of ten years.
6. The account administrator proposed for this engagement must have a minimum of five years experience (two years at the proposing firm) in custody.

## VI. **GENERAL INFORMATION**

### A. **Deadline for Proposals**

Proposals must be delivered in accordance with Section VII (Instructions to Proposers) to SJCERA by 5:00 P.M. PST, on Friday, February 5, 2010. Proposals submitted to the incorrect address or location, or received after this date and time may, at SJCERA's sole discretion, be rejected and eliminated from consideration.

### B. **Evaluation of Proposals**

All proposals received shall be subject to evaluation by a committee, which will review, rank and recommend the proposals that most closely meet the purposes of the RFP. The finalists will be asked to make oral presentations to the Board; the final evaluation and selection will be made by the Board.

### C. **SJCERA's Rights subject to Proposals**

The Board of Retirement of SJCERA reserves the right to request additional information from any Proposer and to accept or reject any proposal without specifying the reason for its actions. The Board reserves the right to request additional proposals. Further, the Board specifically reserves the right to renegotiate for lower fees at any time with any Proposer. The Board also reserves the right to award all, part, or none of this contract.

D. Notice to Proposers Regarding Responsibility for Costs

All costs of preparation and presentation associated with responding to this RFP will be the responsibility of the Proposer. Proposers may be asked to make a presentation before the Board of Retirement if selected as a finalist. None of the costs associated with submittal of the response to the RFP or associated with the presentation will be reimbursed by SJCERA.

E. Notice to Proposers Regarding the Public Records Act

Responses to this RFP become the exclusive property of SJCERA. At such time as SJCERA recommends a Proposer to its Board, and such recommendation appears on the agenda, all proposals submitted shall be regarded as public records. Exceptions will be those elements in each proposal, which are defined by the Proposer as business or trade secrets and are so reasonably marked as "TRADE SECRETS", "CONFIDENTIAL", or "PROPRIETARY." SJCERA shall not in any way be liable or responsible for the disclosure of any such records including, without limitations, those so marked if disclosure is deemed to be required by law or by an order of the court. The Proposer shall indemnify SJCERA for any and all attorney's fees awarded against SJCERA based on SJCERA's refusal to disclose those elements of the proposal marked by the Proposer with a restrictive legend.

F. Binding offer

The Proposer shall be bound by the information and representations contained in any proposal submitted. Said proposal is deemed to be a binding offer on the part of the Proposer. Proposer understands and agrees that California law will govern.

G. Acceptance of Terms and Conditions

Submission of a proposal in response to this RFP evidences the Proposer's acceptance of the terms and conditions contained within this RFP.

H. Placement Agent Prohibited

SJCERA prohibits the payment of a finder's fee in any form. The Proposer must certify that no finder's fee or finder's commission has been paid or shall be paid to any individual, other than an employee of the Proposer's organization, from the establishment of this investment relationship with SJCERA.

I. Proposer's Acknowledgement and Agreement

All Proposers must:

1. Acknowledge and agree to be a fiduciary to SJCERA with the same prudence pursuant to Section 31595 of the County Employees Retirement Law of 1937 to the extent Vendor exercises any discretionary authority or control over the assets or renders investment advice.
2. Agree that any resulting master custodian/securities lending and integrated disbursement services contract and services will be subject to and interpreted by California law.
3. Agree that this RFP and the Proposer's response, and additional questions, will be incorporated by reference to any resulting master custodian/securities lending and/or integrated disbursement services agreement.

4. Acknowledge and agree to be SJCERA's book of record for accounting purposes and exercise the same care and diligence to ensure proper and timely reporting including exercising "reasonableness tests" for third-party data. Agree to communicate timely to SJCERA any concerns, issues, or material variances.
5. Have substantial experience in providing custodial, securities lending, and/or integrated disbursement services as described in Section IV of the RFP.
6. Answer, to the best of its abilities, all questions in Attachments A and/or B, appropriate for the services proposed.
7. Fully disclose any proposed subcontracting of any of the required services.

J. Security Procedures

Finalists in the proposal evaluation process shall demonstrate to SJCERA that sufficient security procedures and data recovery capabilities exist to protect customer information and resume normal business functions in the event of a disaster or other emergency. Proposer shall provide appropriate personnel and documentation to discuss with SJCERA technical staff the security measures, access software, backup/recovery procedures and business resumption plans currently in use by proposer.

K. Applicable Laws and Courts

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

L. Ethics in Public Contracting

By submitting their bids or proposals, Proposers 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 Proposer, supplies, manufacturer or subcontractor in connection with their bid/proposal, and 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.

M. Qualifications of Proposers

SJCERA may make such reasonable investigations as deemed proper and necessary to determine the ability of the Proposer to perform the services/furnish the goods, and the Proposer shall furnish to SJCERA all such information and data for this purpose as may be requested. SJCERA reserves the right to inspect the Proposer's physical facilities prior to award to satisfy questions regarding the Proposer's capabilities. SJCERA further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Proposer show that the Proposer is not properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.

N. Business Continuity

The Proposer must indicate any recent or anticipated changes in its corporate structure such as mergers, acquisitions, new venture capital, stock issue, etc. The Proposer agrees to present to SJCERA a business continuation plan for this program in the event of a natural or other disaster.

O. Assignment of Contract

A contract shall not be assignable by the Proposer in whole or in part without the written consent of SJCERA.

P. Confidentiality

The Proposer is expected to comply with provisions of the CERL regarding confidentiality of membership data and agrees not to disclose confidential membership information to other parties without SJCERA's prior authorization and approval.

Q. Period of Contract

It is anticipated that the initial contract shall be for a five-year period commencing on or about May 1, 2010, through May 30, 2015. Thereafter, the contract may be renewed by the Board for additional five-year contract periods. The Board of Trustees reserves the right to terminate the contract upon 30 days notice, with or without cause.

The process of evaluating the proposals and conducting any subsequent interviews may extend two to three months following the proposal deadline. All Proposers who have submitted a proposal will be notified of the Board's decision in writing after the final selection has been made. This notice of final selection may be the only communication between the System and the Proposers. Telephone or other inquiries concerning this proposal after the proposal deadline are discouraged.

R. Ownership of Data and Work Product

There is a presumption that all work product generated for SJCERA under this contract, as well as all data compiled by the Proposer while performing this contract, shall become the sole property of SJCERA. SJCERA must be given reasonable access to all such work product or data compiled by the Proposer in the performance of this contract.

**VII. INSTRUCTIONS TO PROPOSERS**

A. Proposal Acceptance

Proposals shall be enclosed in a sealed package or box, plainly marked in the upper left hand corner with the name, address, and telephone number of the firm submitting the proposal and bear the words, "PROPOSAL - MASTER CUSTODIAN" for master custodian/securities lending proposals only; "PROPOSAL - INTEGRATED DISBURSEMENT SERVICES" for integrated disbursement/benefit payment proposals only; "PROPOSAL - MASTER CUSTODIAN/INTEGRATED DISBURSEMENT" for both. The deadline for receipt of the proposal is 5:00 P.M. PST on February 5, 2010. The Proposer shall submit an original proposal, ten (10) copies, and one (1) electronic version of the complete response on a CD in PDF format. The CD must be clearly marked with the Proposers name. Proposals are to be submitted to:

Ms. Annette H. St. Urbain  
Chief Executive Officer  
San Joaquin County Employees' Retirement Association  
6 South El Dorado Street, Suite 400  
Stockton, CA 95202

Proposals may be either mailed or hand-delivered. If the proposal is sent by mail or commercial express delivery service, the responding Proposer shall be responsible for actual delivery of the proposal to the proper address before the deadline. All timely proposals become the property of SJCERA.

The Proposer may withdraw the proposal at any time prior to the deadline for submission upon presentation of a written request to SJCERA. All proposals shall be firm offers and may not be withdrawn for a period of one-year following the last day to accept proposals.

Proposers requiring clarification of the intent and content of the RFP may submit written questions to [CustodyRFP@sjcera.org](mailto:CustodyRFP@sjcera.org). The deadline for submission of questions is 5:00 P.M. PST on January 15, 2010. Responses to the questions will be posted to the SJCERA website by close of business on January 22, 2010. As of the issuance date of this RFP, respondents are specifically directed not to contact SJCERA personnel for meetings, conferences or discussions related to this RFP.

In submitting this proposal, the Proposer must agree to an audit, at SJCERA's discretion, which provides that books, records, documents, accounting procedures, practices, or any other items of the service provider relevant to the proposal are subject to examination by SJCERA, and/or its auditors.

B. Proposal Preparation

1. In order to simplify the evaluation process, proposals must be submitted in the format described in Subsection C (Proposal Content and Sequence) below.
2. Other than clarifications or additional information as may be requested by SJCERA, no corrections or resubmissions from Proposer's will be accepted after the proposal submission deadline.
3. Proposals are to be made based on the contents of this RFP. SJCERA will assume no responsibility for any understandings or representations concerning information provided, or conditions given, by any of its employees prior to the execution of the contract unless it is included in the RFP or related documents.

C. Proposal Content and Sequence

1. Cover Letter  
A cover letter, which shall be considered an integral part of the proposal package, shall be signed by the individual(s) who is (are) authorized to bind the Proposer contractually. This cover letter must indicate the signer is so authorized and must indicate the title or position the signatory holds in the proposing firm. An unsigned proposal may be rejected. The letter shall also contain the following:

- a. The Proposer's name, address and telephone number
  - b. A statement to the effect that the proposal is a firm and irrevocable offer good for one year from the proposal due date
  - c. A statement expressing the services proposed and the Proposer's willingness and ability to perform the services as described in this RFP
  - d. Name, title, and telephone number of the account administrator
  - e. The Proposer's Federal Employer Identification Number
  - f. A statement to the effect that the Proposer is not currently under investigation by any regulatory agency, state or federal, for any reason.
2. **Proposal Cover Sheet**  
Proposers must submit a Proposal Cover Sheet (See Attachment A), as an affidavit, which must be signed by the individual who is authorized to bind the Proposer contractually. Failure to provide complete information may result in the rejection of the proposal.
  3. **Table of Contents**  
The proposal must contain a table of contents showing the proper order using a numeric format.
  4. **Statement of Minimum Qualifications**  
Proposers must submit a Statement of Minimum Qualifications (See Attachment B), substantiating how your firm satisfies each of the minimum qualifications. The statement must contain sufficient information as prescribed to assure SJCERA of its accuracy. Failure to provide complete information may result in the rejection of the proposal.
  5. **Executive Summary**  
The primary objective of the executive summary is to provide an overview of the key points in the proposal for SJCERA executive management. It should be brief and concise, not to exceed six pages.
  6. **Questionnaire**  
Proposer shall complete the questionnaire(s), Attachments C and D, pertinent to the services proposed. All responses to the questionnaire shall be subject to verification for accuracy. Proposals containing false or misleading information deemed to be material shall be rejected.
  7. **Fee Schedules**  
Fees must be submitted in U.S. dollars in the format(s) prescribed in Attachment E. Any deviation from the prescribed format(s) which, in the opinion of SJCERA, is material, may result in the rejection of the proposal.

The proposed fee shall include all costs for providing services to SJCERA as described in this RFP and shall be guaranteed for five years. Once the service provider(s) is/are selected, the fees may be further refined depending on factors which may affect the proposed fee(s). In no case will the final fee(s) be higher than the fee(s) contained in the proposal.

8. List of Exceptions

This section should contain any exceptions to or deviations from the requirements of the RFP. Proposer must clearly state and explain any exceptions. If there are no exceptions, a statement to that effect must be made.

9. Other Information

This section is optional. In the event the Proposer would like to submit additional information such as promotional material including brochures, include it in this section. Do not include in this section any information that is in direct response to the requested service requirements.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

**ATTACHMENT A**

**PROPOSAL COVER SHEET**  
(must be signed and returned)

<b>Proposal Number#</b> 2010-01- _____ (for SJCERA use) <i>(check all that apply)</i>	<b>Proposal Deadline</b> <i>must be received by</i> <b>5:00 p.m.</b> <b>February 5, 2010</b>
<input type="checkbox"/> Master Custodian and Securities Lending Services	
<input type="checkbox"/> Integrated Disbursement Services	

Vendor Identification:

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

**PROPOSER'S AFFIDAVIT**

The undersigned hereby warrants and represents that he/she is a representative of the firm who is authorized to bind the Proposer contractually. The undersigned acknowledges that he/she is fully aware of the facts and circumstances surrounding the making and submitting of this proposal and further certifies the information contained in this proposal is true, correct and accurate as presented.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name/Title

Attested this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

**ATTACHMENT B**

**STATEMENT OF MINIMUM QUALIFICATIONS  
Master Custodian and Securities Lending Services**

Please describe, and provide data where applicable, stating how each of the below minimum qualifications are met:

1. Vendor should be headquartered in the United States.
  
2. The Vendor must have at least \$1 trillion (US dollars) in total assets under custody as of September 30, 2009.
  
3. The Vendor must have a total number of at least 250 institutional clients.
  
4. The Vendor must have a total number of at least 30 institutional clients with \$1 billion in tax-exempt assets or greater.
  
5. The Vendor must have been providing custody services for a minimum of ten years.
  
6. The account administrator proposed for this engagement must have a minimum of five years experience (two years at the proposing firm) in custody.

I verify that my firm meets or exceeds all the minimum requirements, as I have described above, for the services under this request for proposal.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name/Title

\_\_\_\_\_  
Firm

Attested this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

**ATTACHMENT C**

**MASTER CUSTODIAN / SECURITIES LENDING  
QUESTIONNAIRE**

**I. ORGANIZATIONAL BACKGROUND**

A. Organization - Corporate

1. Provide a brief history of the firm including the following:
  - Year of organization
  - Year of initiation of proposed business(es)
  - Development of major business lines
  - Nature of firm's ownership
  - Nature of relationships with affiliated companies or joint ventures
2. Provide details of the financial condition of the firm. A copy of the most recent audited annual report will fulfill this requirement. Describe any material changes in the last five years. Please list the S&P, Moody's, and/or Fitch ratings of your commercial paper (if applicable), and ratings on long term debt.
3. List your firm's lines of business and approximate contributions of each business to your organization's total revenue. If your firm is an affiliate or subsidiary of an organization, list the lines of business of the parent firm and identify the percentage of the parent firm's total revenue that your subsidiary or affiliate generates.
4. Discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future.
5. Has your organization ever entered into discussions on merger/acquisition? Please provide details.

B. Trust Organization

1. Briefly describe your master custody service capabilities including those items that distinguish you from your competition.
2. Briefly describe the organizational structure of the bank and the Master Custody Department. Provide organization charts which clearly show the operating interrelationships and authority within the master custody service unit and within the organization.
3. What is your commitment to master custody relationships? Summarize your business plans for master custodian services for the next three to five years. What support does senior management provide in the search for improvement in master custody?
4. Provide a brief explanation and indicate the current status of any business litigation or other proceedings related to the custody business involving your company or any officer or principal over the past five years.

C. Personnel

1. Describe your approach to account administration, i.e. account team, client account executives supported by administrative units, etc.
2. Provide biographical sketches of key individuals in charge of master custody services and the account administrator and others who would be assigned to the SJCERA account.
3. Provide an organization chart of the people SJCERA would deal with on a daily basis. If U.S. and foreign accounts are handled by different people, provide one for each group. Please provide brief biographies and descriptions of their responsibilities.
4. How many master custody clients does your typical account representative have? How many accounts are assigned to the account administrator who would be assigned to SJCERA's account and what are the total assets under administration for this individual? Please describe your experience with more complicated accounts.
5. Provide the following information on personnel turnover in the master custody unit for the last three years, differentiating between individuals leaving the firm and those transferring to other departments within the firm:

Departures:

Number of employees  
Position titles  
Length of service

Recruitments:

Number of employees  
Position titles

6. Describe how you maintain personnel in key staff positions, including:
  - Recruitment/replacement
  - Training
  - Retention, including incentive programs

D. Clients

1. Provide the number of your master trust/master custody clients. Report the aggregate values of their total assets in your custody in US\$ millions as of September 30, 2009. For the aggregate amounts reported, classify the amounts in US\$ denominated assets and non-US\$.
2. Please provide the following information on the ten largest client relationships included in D1 above:
  - Total asset value in U.S. dollars
  - The type of account (corporate, public, endowment)
  - Global custody
  - Year hired as custodian

3. Provide the number of master trust/master custody accounts gained in the past three years. Report the corresponding aggregate values for the total assets in US\$ millions.
4. On a separate page, please provide the name, contact person, and phone number of four existing clients whom we may contact for references. The funds should be similar to SJCERA in size and portfolio composition.
5. Provide client turnover information for custody clients (plan sponsors or investment manager) for each of the last three years. For each client lost provide the following information:
  - Name of client
  - Type of client
  - Date hired (and terminated)
  - Assets lost
  - A brief explanation for the lost accounts
  - Whether SJCERA may contact the client

E. Internal Controls and Risk Management

1. Describe the system of controls that assure accuracy of the processing and reporting of the master trust/master custody department.
2. Briefly describe your practice of updating documented policies and procedures.
3. Identify the internal and external entities that audit, regulate, and/or review your custody services. Briefly discuss the frequency and scope of audits performed during the last three years.
4. What level of management review is applied to reports resulting from audits and reviews? What level is required to implement changes to correct deficiencies noted? Provide a recent example of this process.
5. Provide copies of your latest internal control opinion issued by an independent auditor.
6. Do you provide assurances through a third party letter that internal control reviews are being conducted in compliance with the Statements on Auditing Standards?
7. Do you have an internal audit staff that consistently evaluates all controls, systems and risks associated with master trust/master custody services?
8. What access would you afford SJCERA or their auditors to the working papers and reports of the regulatory reviews/audits?
9. Describe your ability to monitor portfolios for compliance with investment limitations imposed by State law or by policy of the Board.
10. Discuss your policy for minimizing credit and market risk associated with deposits and investments, including repurchase agreements, as defined in Statement No. 3 of the Governmental Accounting Standards Board, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

11. Describe the various types of insurance coverage and indemnifications provided to protect clients of service(s) proposed, including:
  - Risk coverage
  - Carriers
  - Levels
  - Limits
  - Deductibles

## II. SERVICES

### A. Administration and Client Relations

1. Describe in detail your client relations process:
  - Formal and informal oral and written communications
  - Inquiry and problem resolution processes
  - Information on available services
  - Training in the use of the services and systems access
2. How do administrators assure that master custody services are provided to a client in accordance with proper standards of care, regulatory requirements, and the executed agreement for service?
3. What controls are currently in place to ensure that account activity is within the policy limits set by the client?
4. Describe your systems and procedures for securing and providing clients/managers with proxy information and voting their proxies for both U.S. and foreign corporations. Include record date tracking; translation of material written in foreign languages; voting; monitoring the proxy process; and reporting to managers and client.
5. What are the costs, if any, to SJCERA for voting proxies?
6. Describe your systems and procedures for securing and providing clients with pending corporate actions for U.S. and foreign corporations.
7. What forums do you use for client evaluations and how are comments provided by clients acted upon by senior management?
8. Describe any ongoing educational seminars, publications or other services you provide for keeping clients abreast of new developments in your organization and the master trust/master custody industry?
9. Describe your emergency management plan.

### B. Investment Manager Liaison

1. Describe your process for interfacing with the investment managers serving your master custody clients, including the following:
  - Dedicated staff positions and responsibilities
  - Mode and means of trade instruction communication and validation
  - Cash management support

- Mode, timing, and content of reports provided them
  - Inquiry and problem resolution processes
  - Reconciliation and audit procedures
  - Special support for managers located outside the U.S.
2. If your system requires the use of your own proprietary trade transmission software, what is the cost impact to SJCERA and SJCERA's external investment managers?
  3. How do you monitor investment manager satisfaction?

C. Securities Processing and Custody

1. Describe your procedures for processing trade instructions for Global securities.
2. Will all trades be settled on a delivery versus payment basis?
3. Do you provide trade affirmation services?
4. Explain how the custody and safekeeping units are structured. Are the U.S. and Non-U.S. custody operations integrated or separate units?
5. Are there any restrictions as to the type of securities, which may be held in safekeeping? If so, what are they?
6. How do you handle the safekeeping of physical securities? Describe any involvement of second party banks in the clearing of such transactions.
7. List all depositories, agents, and sub-custodian banks used in each country on behalf of your clients, identifying those, which are affiliated with your company. For each country, please indicate whether you use a central depository or physical delivery.
8. How frequently and what means do you use to communicate trade instructions to sub-custodians?
9. Describe how you select sub-custodian banks and how you monitor sub-custodian performance.
10. Discuss the distinctions in the level of control over the work accomplished on your behalf by sub-custodians who are affiliated with your organization and those unaffiliated. How do you make up for the difference?
11. Are assets held by you and your sub-custodians segregated in such a manner that they are not subject to the claims of creditors against your organization and the sub-custodians' organizations?
12. List all sub-custodians terminated within the last five (5) years and state the reason and date of termination.
13. Discuss your operational procedures for settling purchases and sales, identifying any distinctions for a) different asset classes, b) physical and book entry, c) Global, include both:
  - Actual settlement date processing
  - Contractual settlement date processing

14. List all provisions and standing exclusions for your settlement date processing, and all short-term exclusions of the past 12 months.
15. Describe your procedures and capabilities for settling and accounting for same day cash trades.
16. Discuss your procedures for a daily proof of settlements of Global trades and foreign exchange reported by your depositories, agents, and sub-custodians.
17. Describe your process of computing and posting purchase fail float and your procedures for minimizing sale fail float. Define any distinctions by security classification, country, or other characteristic.
18. Discuss your procedures for tracking failed trades, reporting failed trades to client and investment manager, and resolving failed trades, including aging statistics. Is there a standard report of failed transactions outstanding?
19. Describe your program for providing fail float interest on sales proceeds from settlement date and on purchase cost during fail period.
20. What is your fail rate for securities sold or purchased, by country, for each of the last three years?
21. Describe your system for registration and custody of assets, including depository used, level of interface and procedures for depository-ineligible securities.
22. Discuss your policy and procedures for assuring that each client's assets are properly held in safekeeping and positions are accurately maintained in your accounting records. Include information on segregation of assets and distinctions between physical and book entry positions.
23. Describe special procedures you employ for processing, valuing and reporting derivative products.
24. List the policy and procedures manuals in use by the master custody unit. At our request, would you provide SJCERA one copy of each?
25. List any other services which would routinely be associated with global master trust/master custody that you could provide to SJCERA or its external investment managers.
26. What is your pricing policy for pricing each category of securities?
27. Provide information on your global primary and supplementary pricing sources and the mode of receipt and input of security prices. Describe your process for validating prices and using information from the supplemental sources.
28. Do you have the ability to price each portfolio including accrual items 1) on demand, 2) daily, 3) monthly (capacity to price publicly traded securities daily, others monthly)?
29. What procedures do you have in effect to flag and investigate unusual or significant pricing changes from the previous day?

30. How are valuation differences resolved between the external investment managers and the master custody department?
31. What alternate pricing sources can SJCERA specify? Will you provide a secondary pricing source for comparison to the primary source for pricing securities?
32. Please describe pricing methodology on stock warrants.
33. How do you price securities such as derivatives, futures and options?

D. Income and Capital Changes Processing

1. Describe the processing of tax claims on foreign income, including:
  - Sources of information
  - Procedures for maintaining information on current treaty provisions
  - Processing steps for
    - Filing to establish status for exemptions and reclamation
    - Filing reclamations for tax refunds
  - Collecting refunds
  - Identification of party responsible for each processing step
  - Procedures for accruing, reporting, aging, and posting of reclaimable tax
  - Detail reported to clients
2. Describe your procedures for establishing global entitlements and accruals for capital changes (stock splits, stock dividends, spin-offs, mergers/acquisitions, tenders, calls, warrants, maturities, etc.). Indicate whether the process is automated or manual and the primary source of the data.
3. Describe in detail your process for providing notice to clients of capital changes requiring their decisions and notification from them prior to processing, including:
  - All sources of information on terms and elections
  - Methods of notifying clients
  - Methods of receipt of instruction from clients
  - Procedures for implementing client elections
  - Method and mode of relaying instructions to sub-custodians
  - Procedures for controlling sub-custodians' timely and appropriate action
4. Provide information on your procedures for posting income receipts and capital changes to client accounts. Indicate whether the processes are automated or manual and whether information is received by electronic delivery or hard copy.
5. How do you prove accuracy and timeliness of receipts of income and capital changes reported by your depositories, agents and sub-custodians?

E. Cash Management

1. Provide a description of short-term investment vehicles that are available for overnight investment by SJCERA. Which can be accessed automatically by a "sweep"? Who is the investment manager for these funds? What is the management fee charged for each of these funds by your firm? Provide investment guidelines for investment vehicles identified. Provide quarterly and yearly performance numbers net of fees going back five years from September 30, 2009.

2. Can you accommodate the use of outside Short Term Investment Funds (STIF) if directed?
3. Describe your process of maintaining full investment (a daily "sweep") of U.S. cash and foreign currency balances for plans invested internationally, including:
  - How sweep ties into trust accounting and cash forecast
  - Process and timing of notification of investment managers of available cash
  - Timing requirements for notification of cash needs
  - Treatment of unexpected receipts after investment cut-off
  - Identification of automated procedures and manual procedures
  - Client and investment manager electronic access to cash sweep (investment) transactions, details of the day's cash remittances and disbursements, and detail supporting calculation of day's deposit to or withdrawal from STIF.
4. If a client overdraws an account for an overnight investment, what is the rate at which the client will be charged for using overnight bank funds?
5. If the bank erroneously debits an account overnight, at what rate will the bank reimburse the client for the overnight use of client funds?
6. How often is STIF interest accrued and when is it credited?
7. What types of Non-U.S. interest bearing accounts (and corresponding minimum balances requirements) are available for free cash balances? Do funds remain on account until day of settlement? How often is associated income paid?
8. Describe your cash forecast reports, with discussion on the communication media and timing required, for the process of receiving information from investment managers on day's cash needs, delivery of cash forecast information to investment managers, process of receiving input from accounting systems, number of days forecast, detail available.
9. Describe your foreign exchange operations and capabilities. Please include in your discussion whether you are able to process third party exchange and any charges associated with executing FX transactions, location of the primary foreign exchange desk and foreign exchange operations and their relationship to master custody, hours of operation for the order takers and execution facilities, the number of people involved, timing requirements and response time, and currencies exchanged.
10. What is your pricing policy and sources for currency exchange rates?
11. Discuss your daily volumes per currency for past 12 months, percentage of foreign exchange execution represented by current clients of master custody, and the competitiveness of your rates.
12. Does your reporting system provide daily cash positions in local and translated US dollars (using current exchange rates)?
13. Describe special procedures for the processing, valuing, and reporting of currency overlays, options, and forward contracts for global investments.

F. Directed Brokerage

1. Does your firm offer a Commission Recapture Program to your clients to reduce fund expenses? If so, please describe the program and include a list of brokers currently approved. How are the program and brokers monitored and reported to clients?
2. Do you have the capacity to capture and report directed commissions by investment manager and broker? Please provide examples of such reports.

G. Accounting and Reporting

1. Do you provide accounting services for the following global securities and transactions:  
  
Dividends and interest, capital changes, including mergers, acquisitions, tenders, stock splits and dividends, warrants, and spin-offs, etc.
  - Fixed income and equity portfolios
  - Cash and equivalent portfolios
  - Dividend reinvestment programs
  - Real estate portfolios
  - Private placements
  - Securities and interest rate swaps
  - Foreign currency investments
2. In addition to trade date, does your system report or accommodate contractual settlement date, cash basis accounting or a combination? Please explain.
3. Explain the methodology and policies in place for accrual accounting for each accounting system (if separate). What transactions are not accrued? Discuss your ability to comply with the generally accepted accounting practices.
4. Do your U.S. and Non-U.S. account databases share the same operating environment and reporting structure?
5. Are your U.S. and Non-U.S. back office operations integrated, or are two different service teams and reporting areas utilized?
6. Describe your procedures and basis (i.e. average cost) for computing and reporting realized and unrealized gains and losses for securities, including total, from currency, from market.
7. What is your source and how do you account for paydown information? Do you maintain a record of the original face amount purchased?
8. How soon are the principal payments from mortgage backed securities credited to the account? Describe the guarantees you offer.
9. What are your U.S. income collection and income crediting policies regarding crediting of interest/dividends and principal on payable date? Are income payments credited in same day funds? Please specify any exceptions.
10. What are your Non-U.S. income collection and income crediting policies, by country? Can you provide standing instructions to convert income to U.S. dollars or another currency?

11. Do you provide payable date posting for dividends, bond interest and principal and interest on mortgage pass-through certificates?
12. Does your system maintain income receivable records for dividends, tax reclamation, and interest income?
13. Describe your procedures for processing, valuing, and reporting U.S. and Non-U.S. derivative products including multi-currency derivatives.
14. Describe how your system accounts for currency contracts.
15. Describe your process for the accounting and reporting for options, options overwriting, and futures.
16. What provisions are in your system for implementing and accounting for unusual securities such as domestic TBA's?
17. What standard reports are provided by your system - monthly, quarterly, annually and by exception?
18. Do your standard reports include a report of trades pending settlement and pending tax reclaims?
19. Do you have the capability to report securities based on industry codes?
20. Do you have the capability to report and differentiate between the various types of CMO's, such as Fannie Mae, Ginnie Mae, etc?
21. Do you have the capability to report client information in a manner to comply with the federal census report and the federal report "Purchases and Sales of Long Term Securities by Foreigners" (Form S) format?
22. Do you provide multi-currency reporting? If yes, please describe. Does the report identify: the country, the industry, and security levels? Are reports available for the entire account as well as individual manager portfolios? Do you have the capacity to report in both the local currency and translate to the reporting currency?
23. What is your ability to record individual portfolios and/or consolidation of individual portfolios?
24. Please describe any year-end reporting for audit and financial statement purposes. For example, GASB 40; Derivatives Holdings; Credit Risk; Foreign Currency Exposure; Top Ten Equities and Bonds; Broker Commission; Securities Lending, and any other.
25. Are you able/willing to provide customized reports to our specifications?
26. Discuss various combinations that your system can accommodate for consolidated reporting for each reporting period and annual reporting period.
27. What steps are taken to ensure the accuracy of your reports? What reconciliations are performed?

28. How frequently do you reconcile your records with depositories and your sub-custodians - cash, securities, and corporate actions? Is this reconciliation manual or automated?
29. Describe steps taken in the event a reconciliation results in a material variance.
30. Will you provide monthly audited accounting reports as required by SJCERA, on-line and in a CD, after the close of business each month? (Final Audited reports must be available within 12 business days on-line and receipt of CD within 15 business days after the close of the period.)
31. Describe your on-line systems for clients and their external investment managers with regard to the type of data available (i.e. pending trades, accounting information, asset lists by account (cost and market value in local currency and U.S. dollars), transaction history, summary of account market values for the portfolio, and securities on loan).
32. Describe your on-line systems for clients and their external investment managers with regard to the timing of on-line data available by electronic delivery, for view, manipulation, download of standard or customized reports, download of raw data, and report writer access.
33. If you could change one aspect of your reporting system, what would it be?
34. What is the purge cycle on data which clients have access to?
35. What is the purge cycle on your system core data?
36. Does your system have the capacity for the transmission of investment data to external sources, such as the client and consultants?
37. Currently, do any of your clients utilize a down load or communication intercept for the booking, monitoring, or reconciliation of accounting transactions?
38. Do your Trust operations allow for the distribution of funds directly from trust accounts using both wires and checks?
39. Please describe your method for pooled accounting.

H. Performance Measurement and Analytics

1. Describe your performance measurement system. Specifically, describe how information is loaded into the system (i.e. electronically, manually, etc.) and what audit checks are employed to conform the trustee's records to the performance data. Indicate whether the system is internal or if you use an outside vendor's service. If you use outside vendors, please list them.
2. Can you backload performance data into the system?
3. Does your performance measurement methodology conform to Association for Investment Management & Research (AIMR) guidelines?
4. Describe the methodology used to compute rates of return. Are daily return calculations available?

5. Are returns available at: 1) total portfolio level, 2) economic sector level, 3) industry level, and 4) security level?
  6. What type of custom reporting capabilities can you provide? Please describe your capabilities to provide security level return information and other fundamental data at the security level. Are these systems internally developed or are outside vendors employed? If vendors are employed, which vendors are used? Please provide sample reports.
  7. Provide a sample Performance Measurement Report. How frequently are reports available (monthly or quarterly) and when are they delivered (number of business days after end of the period)?
  8. Enclose a list of available fundamental and risk characteristics for equity and fixed income portfolios. Provide sample reports.
  9. List all indexes and universes available for comparison, their source, and the manner and timing in which you receive them.
  10. Are fundamental and risk characteristics available for all indexes?
  11. How does your performance system handle TBA securities (To-Be-Announced fixed income securities)?
  12. Explain how your performance system handles financial futures, options, and forward contracts.
  13. For Non-U.S. portfolios, please explain what type of security and country level return information you provide. Please provide a sample report.
  14. Are systems integrated or are different systems utilized for generating U.S. and Non-U.S. performance?
  15. Describe your ability to monitor and measure investment manager trading activity.
  16. Do you offer analytical services (ie: Vestek)?
  17. How many people work in the performance measurement group and who would be responsible for our account? Provide brief biographies of these individuals.
- Universe Comparison***
18. Do you provide universe comparison services based on an internal universe, an outside vendor (such as Wilshire/TUCS), or both?
  19. Are universe comparisons available for: U.S. equity, U.S. fixed income, balanced accounts, Non-U.S. equity, Non-U.S. fixed income and total fund? At the total fund level, are comparisons available based on sponsor type, i.e. public plan sponsor?
  20. If you provide an internal universe comparison or use another vendor besides TUCS, please describe how equity and fixed income styles are defined and classified.

21. If you do not use TUCS, what is the source of performance data for your universe comparison?
22. Are universe comparison exhibits integrated into the performance measurement report or prepared in a different format?
23. Describe the graphic output included in your universe comparison exhibits. For example, do you provide: 1) risk/reward scatter diagrams, 2) "floating bar" universe relative performance graphs, 3) portfolio investment characteristics relative to other portfolios?
24. Provide a sample Universe Comparison Report. Indicate how frequently reports are available (monthly, quarterly, etc.) and when reports are delivered following a period-end.

***Performance Attribution***

25. Describe the performance attribution service(s) you offer. Please briefly describe the theoretical framework of the model(s) used. Do you provide attribution based on an internal system, or do you subscribe to an outside vendor's service (i.e. Barra)?
26. Is performance attribution available for both equity and fixed income portfolios? Enclose a sample report.
27. Describe your Non-U.S. performance attribution capabilities and include the methodology for the calculations in the attribution report. Enclose a sample report.
28. Do clients have direct access to software, i.e. Barra, or do they only receive reports? If you use a system such as Barra's, do you provide raw data?

***On-Line Access/Customized Reporting***

29. Is your on-line access system internally developed or do you use an outside vendor's software package?
30. What types of customized reporting capabilities do you provide? Can these reports be downloaded and imported into a spreadsheet software such as Excel?
31. Is information available "live", i.e. via the internet, or do you send information at the end of each reporting. Please indicate how soon after a reporting period we can access final information (i.e. rates of returns, market values, holdings information, etc.)
32. What types of information can be accessed via the on-line system?
33. What are the hardware requirements for your on-line system?
34. Are your applications compatible with Macintosh operating systems? Please describe.
35. Do you have other clients using Macintosh operating systems? If so, please provide references.

36. Enclose any documentation and/or a documentation CD for your on-line system.
37. What other services do you believe would be of value to SJCERA, but have not been requested?
38. How many clients receive performance reports?
39. Describe any unique features of your performance system.

I. Securities Lending

1. Indicate the composition of your securities lending program client base as of September 30, 2009, including a breakdown of plan sponsors by public sector, corporate, etc.
2. Provide client turnover information for securities lending relationships (plan sponsors and investment managers) for each of the last three years.
3. Describe your process for approving the borrowers who participate in your securities lending program both domestic and foreign.
4. What types of collateral are you willing to accept? What are the percentage breakdowns of the collateral types you hold on average? What are the minimum levels of collateral you require by security type?
5. What investment vehicles are available for cash collateral investment? Provide monthly performance for the last three years of each vehicle as well as the investment philosophy, investment guidelines and performance objectives for each vehicle.
6. Why should a custody client use your lending capabilities as opposed to using a third party?
7. What are the terms of indemnification available to your clients?
8. On average, over each of the last three years, what percent of eligible securities were on loan and what was the average spread earning for each of the following asset types:
  - a. Domestic Equities
  - b. Government Bonds
  - c. Corporate Bonds
  - d. International Equities
9. This past calendar year saw unprecedented turmoil in the securities lending industry. How did your firm deal with the problems including, but not limited to, (a) the Lehman Brothers bankruptcy, (b) actual collateral deficiencies, and (c) depressed market values in fixed income securities? Please include how your firm handled communications with customers, how your firm dealt with accounting issues, how your firm changed its investment strategy with cash collateral, and how you handled customers leaving your securities lending program.

10. Is your firm able to create separate securities lending accounts for clients without participation in cash collateral investment pools? If yes, can the client specify its own investment guidelines for a separate account?

J. Other Services

1. List any other services, which you feel have been omitted from this RFP, but which would routinely be associated with global master custody, securities lending, or both.
2. Provide information on the services listed below which may be available to your clients:
  - a. Any research and analytical services for evaluating the credit quality of fixed income securities.
  - b. Monitoring portfolios for compliance with investment limitations imposed by State law or by SJCERA's policies.

**III. AUTOMATION AND COMMUNICATION**

A. Organization

1. What working units provide data processing services for the Master Custody Department? How are they organized? Provide organization charts defining the organization of systems support, clearly identifying the responsibilities for systems development and systems operations.
2. How many professional, non-professional, and total personnel work in the systems development unit? How many total personnel work in the systems operations unit?
3. If systems support is provided by a third party, provide the name and address of the firm, and length of relationship with the Master Custody Department.

B. Hardware and Software

1. Provide a brief list of major systems supporting the master custody service. For each, identify the source of the original system, the development date, the extent of internal development, and any scheduled plans for updates.
2. If a system was purchased as a package or developed with/by a consulting firm, provide the name and address of the package vendor or consulting firm.
3. What effect on your system's capacity would the addition of SJCERA as a client have during the first 12 months?
4. Provide a list of systems vendors who provide time-share services and who maintain systems for the proposed custody services. Include the names and functions of those systems.
5. What was the percentage of downtime and number of occurrences during the last two years? What were the primary causes, and how were the problems corrected?

C. Systems Development

1. What has been your investment in systems development for global master custody for each of the past three years?
2. What is your planned investment in systems development for global master custody for each of the next three years?
3. What other business units use the same equipment or are served by the same systems staff?
4. Describe the steps in systems development for customization of client requests.
5. What is your record for on-time delivery of systems development over the past three years?

D. On-line Capabilities

1. Identify the communications systems (including electronic systems, internet, telex, fax, etc.) used for receiving trade instructions, providing instructions to sub-custodians, providing information to clients, and providing information to investment managers; provide a description of each.
2. Provide a brief description of the information delivery systems and its development.
3. How many personnel are devoted to its development and enhancement?
4. How many clients are currently using (web-based) on-line services?
5. Is the web-based on-line information updated real time, and how many hours per day is it available?
6. If your system provides web-based on-line information in a customized reporting format, discuss the custom reporting flexibility and limitations and the compatibility with Excel and other personal computer based software.
7. What provisions are made for training of client personnel on the on-line system?
8. What equipment and software are necessary for clients to obtain on-line services?
9. How current is the information that is accessed? How many hours a day is the system available?
10. How many months of holdings and transactions data are available (past three months, year, etc.)?
11. Does your on-line system provide the client and/or investment manager with investible cash balances each morning? If not, how can this information be conveyed?
12. What information and reports are available on-line? Does the client have the ability to create or customize on-line reports?
13. What distinguishes your on-line system from the competition?

E. Security

1. What are your security procedures to protect customer information, especially with respect to unauthorized access to data? Please describe in detail your security measures.
2. Describe your disaster recovery plan and results of tests performed in the past year.
3. Describe your process for file back-up and off-site storage, including frequency and location, for data and software.

**IV. TRANSITION AND CONVERSION**

1. What group conducts the planning and implementation of new master custody accounts?
2. Describe your transition planning process. Provide a sample of documentation and a calendar for a normal transition. What would you estimate to be a reasonable transition period for SJCERA's portfolio?
3. Describe SJCERA's responsibilities and the resources required from SJCERA during the transition process.
4. What additional planning and training would you need to coordinate with SJCERA's outside investment managers, current master custodian, and with your depositories, agents and sub-custodians?
5. Give a detailed description of your last comparable conversion and include the details of specific problems that occurred and the solutions implemented.
6. Have your transition team leader and assistant worked together before on a conversion over \$1.5 billion during the past two years?
7. Provide the names and biographies for the proposed transition team leader and assistant and other appropriate transition staff to be assigned to SJCERA.
8. Provide references for your three most recent conversions.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

**ATTACHMENT D**

**INTEGRATED DISBURSEMENT SERVICES  
QUESTIONNAIRE**

SJCERA is currently using a Retiree Payroll system by IG, Inc. RMS-37. The system uses a backend FileMaker database. All transactions for each member and vendor are recorded throughout the month. Payroll processes are run during the month creating data files and reports. The data files are securely transmitted to produce Payee and Vendor checks and ACH transactions. These files are used to produce the paper documents and electronic transactions. For the November 1, 2009 payroll, we transmitted 4,285 Records; 3,736 ACH, 547 Checks, and 2 Zero Remittance Advices. For the February 1, 2009 payroll we transmitted 4,152 Records; 3,599 ACH and 553 Checks.

Integrated Disbursements

**I. BANK/ORGANIZATION BACKGROUND**

A. Safety and Soundness

1. Has the Bank undergone a SAS70 Type II Audit for Disbursement Outsourcing? If so, specify the frequency of this audit and attach a copy of the latest report.

B. Personnel

1. List the names, titles, phone and fax numbers, and e-mail address and provide brief biographies of the organization's personnel that will have ongoing responsibility for servicing this account. Include professional designations and association involvement. Describe the role of each person listed in the relationship with the company.
2. Will one primary contact be assigned to the company's account? If so, from which area of the organization will the primary contact come?
3. What will be the primary responsibilities and authority of the primary contact?
4. For how many customers is this person the primary contact?
5. How is the company's account handled when our primary contact is not available?

C. Experience

1. How long has the organization offered the disbursement outsourcing service?
2. Is the organization the same as the drawee bank? If not, what bank is used as the drawee bank?
3. Specify the number of larger corporate customers using your disbursement outsourcing.

4. What are the average monthly volumes of transactions processed through your payment outsourcing services for the following payment types:
  - a. ACH
  - b. Wires
  - c. On-us checks
  - d. Other Bank checks
  - e. Other (Specify)
  
5. Where will the point or points for our proposed disbursement account be located? What is its relationship to your organization (e.g., main office, branch, affiliate, correspondent, service bureau, other)? How are the points classified (city, Regional Check Processing Center (RCPC), country)?

D. Competitive Position and Future Commitment

1. What differentiates your service from that of other organizations?
2. How do you plan to keep this product current and competitive?
3. What approach is the organization taking in the development of new services?
4. What new services or features does the organization plan to offer and within what time frame?

E. References

1. Provide names and phone numbers of three references, preferably within our industry or with comparable volumes, who are currently using your disbursement outsourcing service. Select a mix of long-standing and recent customers.
2. Provide any additional information which you believe to be relevant to this RFP and your capabilities to provide the services requested (e.g., product brochures, articles in trade journals).

**II. Processing**

A. General

1. Are any parts of the process outsourced to a third-party vendor? If so, what parts and to whom? How long has this vendor been used?
2. If a third-party vendor is used, how is the vendor's performance monitored and evaluated? How often does this occur?
3. Discuss how daylight overdraft limits might impact your bank's processing of EDI payments.

4. Does the bank use transaction or file dollar limits for payments? Is the company informed of its limit?
5. What procedures are followed when the company exceeds its limit?
6. When setting limits for ACH originations, does the bank distinguish between credits and debits?
7. Does the payment outsourcing service include the following payment types (yes or no)?

On-us checks  
 Checks issued by other banks  
 ACH  
 ACH Advices  
 Wire  
 International Draft  
 International Wire  
 Other (specify)

Do you offer the following services (yes or no)?

Multicurrency processing  
 Reconciliation services  
 Positive pay  
 Check imaging via:  
 CD ROM (End of cycle)  
 Online (Intracycle)

B. Check Processing

1. Does the Proposer operate 24 hours a day, seven days a week?
2. Does the Proposer offer Sunday (weekend) processing of items for Monday effective date? If yes, what is the deadline for receipt of customer instructions for initiating transactions?
3. Please describe differences in processing and due dates/issue dates should the normal benefit issue date fall on a non-standard banking day (ie: weekend or holiday).
4. How many check printing facilities does the Bank have? If more than one, who determines which site(s) the client would use? Can more than one site be utilized?
5. Where are your check printing sites located?
6. Describe your check printing equipment.
7. Describe the following characteristics of your standard check stock. Provide samples of blank check stock.
  - Paper quality
  - Color
  - Pattern

- Watermarks
  - Back of check
  - Perforations
8. Describe in detail your check security features and fraud prevention techniques. What differentiates you from other vendors?
  9. Who designates check numbers? If designated by the organization or drawee bank, how are they determined?
  10. Can the client use customized check stock? If so, are there any limitations?
  11. Describe your procedure for printing company logos, authorized signatures and dual signatures. Are scanned images used? Explain.
  12. Can the organization print multicurrency checks? If yes, explain and list currencies.
  13. Can the organization print multiple signatures on checks?
  14. Describe the format of the check, corresponding remittance document and additional remittance information pages.
  15. What is the maximum number of lines available on the attached remittance document?
  16. Can multiple formats be used?
  17. Can you print additional remittance information pages with each check?
  18. What is the maximum number of lines available on additional remittance information pages?
  19. Provide samples of completed checks and remittance documents.
  20. Can free-form messages be printed on checks? If so, what limitations are there on the number of characters and/or lines?
  21. Can the organization print inserts (one or two-sided)? What is the maximum number of inserts allowed?
  22. Can the client supply inserts to the check printing site? If yes, as hard copy and/or file transmission?
  23. Describe your standard envelope. What options are offered (e.g., window envelope, self-sealing envelope)? What cost, if any, is associated with non-standard envelopes? Provide a sample of the standard envelope and other options offered.
  24. Describe your mailing process (e.g., sorting, reassociation, printing, folding and stuffing). What equipment is used?
  25. Is the check concealed or displayed in the envelope for mailing purposes?
  26. Can non-negotiable advices and checks be sent to different addresses?

27. Describe your check distribution options (e.g., direct to payee via U.S. mail, courier, overnight mail).
28. How would the client communicate the selected option?
29. What is the organizations standard distribution method?
30. How do you handle foreign addresses?
31. Prior to printing the checks, do you presort the file by zip code? If yes, do you receive a pre-sorted discount rate from the U.S. Postal Service? Is the discount passed onto your customers?
32. Do you use software to verify street addresses, cities and zip codes and does it have the ability to repair incorrect information? If not, who performs this function?
33. After receipt of the company's disbursement file, how soon will the Bank begin processing the file? How long before each payment type (check, ACH, EDI, wire, draft) will be issued?
34. What procedure should be followed by the client to prevent a check from being printed? If the checks have not already been mailed, will the Bank pull the check from the mail stream? Is this guaranteed?
35. What procedures are in place to ensure that no duplicate checks are printed and mailed?
36. What are your turn-around times from receipt of the file to release of the various payment types? Is this guaranteed? If not, how does the Bank compensate for losses?
37. What printing and/or mailing alternatives are available if the client misses the transmission deadline?
38. Upon receipt of the transmission, are checks printed and mailed same day or next day? Is there a difference in postal rates?
39. Can you warehouse transactions? If so, describe your warehousing procedure. Does this affect pricing?
40. What procedures should be followed to delete a check print file?
41. Describe the audit procedures you conduct on your operations, including the frequency, length and extent of the audits.

### **III. TECHNICAL CAPABILITIES**

1. List the payment file delivery methods available for this service (e.g., direct transmission, PC-based system, Internet).
2. Describe your Internet transmission capabilities. How many customers use this method of delivery?

3. Describe in detail your payment outsourcing file formats and protocol requirements for each payment type. Describe any exceptions to these payment file formats and protocol requirements.
4. If a client changed their IP address, how would they relay this information to your company? What is the process and how long would it take to get the change to take effect?
5. What methods of transmission security do you currently support? Does any method require the originator to install hardware/software? If yes, describe. Include third-party vendor information if applicable.
6. How and under what circumstances do you require that payment files be encrypted and/or authenticated?
7. Describe the bank's procedures for tracing payments and remittance detail after release for each of the payment mechanisms that the bank uses.
8. Describe the hardware, software and physical/data security supporting your bank's EDI processing. Are any activities outsourced to third parties?
9. Does the bank maintain a test EDI system separate from its production system? If so, how is it used?
10. Has the bank's EDI system and operation been audited within the last year? If yes, did internal or external auditors perform the audit?
11. What historical/archival policies and procedures does the bank maintain for payments and remittances?
12. What measures has the Bank adopted to detect or prevent fraud? Has the Bank experienced fraud in this area? If so, explain.
13. Does the Bank perform edits? If so, what type and when?
14. Describe the controls in place to protect data integrity, verify data syntax and ensure that payment files are not lost or duplicated.
15. If an error is detected in a transaction, do you reject the entire file or just the affected transaction?
16. Describe the process if a duplicate payment or file is received.
17. Do you offer an electronic acknowledgment of the file receipt? How soon will we receive advice of receipt?
18. Are you able to confirm that all payment types have been received? If so, how?
19. Do you offer an electronic message advice with a reason code for any transaction that is rejected from processing? How soon will we receive advice of rejects?
20. If wire transfers are included in the payment file, do you offer an electronic transmission of a Fed reference number for each completed wire transfer?

21. What are your file receipt deadlines for each of the following payment types?

	For same-day processing?	For next day processing?
ACH		
Wire transfers		
On-us checks		
Other bank checks		
Combined files		

22. What is the lead time required for processing each payment type?

23. Is the bank capable of receiving payment file transmissions after the processing cut-off times and processing those files on the next business day? If so, discuss whether there are any timing restrictions or whether payment files can be transmitted to the bank at any time.

24. Describe the organization's ability to originate Federal and state electronic tax payments.

25. Describe the organization's ability to originate multi-currency and international payments with remittance information.

26. Describe the organization's ability to accept and process a mixed payment file (e.g., single input with wires, ACH, and/or check output).

27. What procedures should be followed to reverse or return an ACH item or a wire transfer? How long after the Bank receives the file can reversals or returns be initiated?

28. Are the check, ACH, and wire transfer systems integrated? If so, describe. If not, discuss any plans to do so and the estimated date that the integrated system will be offered to customers.

29. Provide details on any merger or acquisition that the bank is currently committed to and the expected impact on the disbursement outsourcing services requested in this RFP.

***EFT Remittance Delivery***

30. For electronic payments, describe your ability to deliver associated remittance information.

31. Can you deliver remittance information separately from the payment? If so, describe the formats, options and delivery methods available for each payment vehicle you support.

32. Indicate whether remittance delivery options can be designated in each payment file or whether options must be pre-established.

**IV. DISASTER RECOVERY**

1. Describe the procedures established for disaster recovery in the event of a systems failure or other disaster at the bank's primary processing site.

2. Is there a "hot" backup processing site? Describe its location and capabilities. Is there an alternative backup processing site? If yes, describe its location and capabilities.

3. How far is the backup site(s) from the primary processing site? Do the backup and primary sites share any communication linkages?
4. How long does it take to activate a backup processing site? How long can you stay at the site?
5. What occurs when you exceed the capacity of the backup site?
6. What is the contingency plan if a "hot" backup site is not available and a disaster occurs that prevents all work from being processed on a same-day basis?
7. What arrangements are made regarding service level agreements in the event of a disaster?
8. What agreements do you have with your equipment manufacturers for additional equipment should a disaster occur?
9. Identify your back up check printing facility and its location. Have back up plans been arranged with the local post office?
10. Does this site maintain detailed processing procedures, dual systems, dual equipment, copies of programs, signatures, logos, etc.? Explain.
11. Specify plans for:
  - a. Power failures
  - b. Short-term disaster recovery
  - c. Long-term disaster recovery
12. How often are these plans reviewed and tested? When was the last time the plans were tested?
13. Have disaster recovery procedures ever been employed for a real disaster? If so, explain.
14. How and when will customers be notified if the disbursement outsourcing service is impacted by a disaster?
15. Have you had any down time in the last two (2) years that would impact your clients? If so, please explain.

**V. RECONCILIATION SERVICES**

1. Does the organization provide controlled disbursement services? Reconciliation services?
2. Are both full and partial reconciliation services offered? Briefly describe your service and provide sample reports.
3. Describe how the check issue file is created and posted to the reconciliation system.
4. Can the client add an issue item online?

5. If the client issues manual checks, how is the issue information delivered to the organization?
6. How are stop payments placed? Can they be placed online? From multiple locations? When is the stop payment effective?
7. How are voids placed? Can they be placed online? From multiple locations? When is the void effective? What is the organization's position on voids versus stop payments?

**Positive Pay/Reverse Positive Pay/Teller Positive Pay**

8. Does the organization provide positive pay service? Is the service same-day or next-day positive pay? Is this service applied at the teller line? Describe the service.
9. Does the organization provide reverse positive pay service? Is positive pay service available for foreign checks? Is the service same-day or next-day reverse positive pay? Describe the service, the file layout and the transmission process.
10. Indicate any limit on the volume of positive pay exceptions that your system can handle.
11. In the event that the organization does not receive the client's decision to pay or not pay exception items by the stated deadline, what is the default disposition?

Pay \_\_\_\_\_ Return \_\_\_\_\_ Optional \_\_\_\_\_

12. May a dollar threshold be applied to the default disposition (e.g., return all checks over \$500)?
13. Do you offer positive pay with payee names? If no, do you plan to make this service available and when?

**VI. CHECK IMAGING**

1. Describe the services for which you provide images (e.g., account reconciliation, positive pay, inquiry, archiving).
2. Provide image delivery method(s) for each of the imaging services you offer:

	PC bank Software	Internet	Transmission	CD ROM	Fax
Account Reconciliation					
Positive Pay					
Inquiry					
Archiving					
Other					

3. Does the organization offer images of exceptions via Internet? If yes, what time are the exception images available? Can you offer this service via the Internet?
4. If multiple images are requested via PC bank software or the Internet, are they sent one at a time or in batch? Are there a maximum number of images that can be requested and/or processed per day? What is the turn around time?
5. Explain the capabilities and technical requirements of the image-viewing software.

6. What differentiates your organization from other providers?
7. What color scale is used on the image system (e.g., black, white, gray)?
8. What data does the organization's image index file capture?
9. What are the options for search criteria (e.g., issue date, payee name, paid date)?
10. What is the average time for a customer to retrieve an image from the organization's online system?
11. How many days are images retained for retrieval?
12. What types of file formats are offered for delivery of images?
13. If a CD-ROM is corrupt, what are the process and time needed to recreate it?
14. What other long-term archival options do you offer?

## **VII. INFORMATION REPORTING**

1. Describe the organization's balance and transaction reporting system. Do you provide all of the services associated with this product, or does a third party provide any of the services? If a third party is used, identify the party and the services provided.
2. What are the days and/or hours of access of the information reporting system? Do you have scheduled downtime for this access?
3. Provide information on the organization's online inquiry capability related to the following items. Specify for what time period the information is provided and when the information is updated.
  - Checks paid
  - Returned items
  - Stop payments
  - Adjustments (debits/credits)
  - Check images of daily "paid not issued"/"suspect" items
4. In what format is information available for retrieval (e.g., BAI, ANSI ASC X12 Transaction Set 821, formatted reports)? Attach samples of the organization's online inquiry reports.
5. What hardware/software does the organization use to deliver balance and transaction detail information to customers?
6. Do you provide reporting via the Internet?
7. How does the organization signify that the reporting system is down? If controlled disbursement is used, what back up procedures are in place to provide the user with daily totals?
8. What security procedures does the organization use to protect access to customer data (hardware/software, physical)? Does the organization use and support authentication and encryption methodologies for communicating with customers? If yes, explain.
9. Describe your international reporting capabilities.

## **VIII. IMPLEMENTATION**

1. Provide a copy of all agreements that will be required to initiate the disbursement outsourcing service.
2. Provide a sample of your disbursement outsourcing service implementation and testing plan, including a detailed description of your EDI implementation and check production implementation processes. Identify and describe any training that may be needed by our company and how the training is provided.
3. What is the average lead time to open a controlled disbursement account? With partial account reconciliation? With full account reconciliation? With positive pay? With reverse positive pay? What are the critical factors that may impact that lead time?
4. Describe support provided during implementation including technical assistance, user manuals and on-site visits. Does the organization assign an implementation team?
5. Would a new account have to be established in order to switch from a regular disbursing account to a controlled disbursement account?
6. Please describe an actual implementation scenario using timelines and activities for a typical EDI implementation.

## **IX. CUSTOMER SERVICE AND QUALITY**

1. Describe the organization's customer service organizational structure. Is it centralized or decentralized?
2. Will a specific customer service representative be assigned to handle this business? Describe the responsibilities of customer service personnel, including the chain of command for problem resolution.
3. What are the hours of operation of the electronic and check disbursement customer service unit(s)? Specify time zone. Are both types of disbursements serviced by the same unit?
4. How are inquiries requiring research handled by the organization?
5. Are there established turn-around times for responses? If yes, specify.
6. What is the organization's record on meeting established response times?
7. Does the organization provide technical customer support for computer hardware, software and communications problems?
8. Does the organization provide direct client access to your EDI department?

### ***Quality***

9. Does the organization have a formal quality improvement program for the disbursement outsourcing service? If yes, describe.
10. Do you monitor performance indicators? If yes, what key performance measures do you track? What is the reporting frequency and period covered for each measure? What are your last three performance levels for each measure?
11. Provide any additional information that you believe to be relevant to this RFP and your capabilities to provide the services requested (e.g., product brochures, articles in trade journals).

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

**ATTACHMENT E**

**FEE SCHEDULES**

In preparing the fee schedule(s), Proposers must consider the requirements described in this RFP in Section IV "Services to be Provided".

1. Custody fees must be proposed for:

- A. Global custody with STIF services
- B. With and without global Security Lending
- C. With and without global Directed Brokerage (Commission Recapture) Services

*Please provide separate fee schedules for each of the aforementioned categories which your organization wishes consideration.*

2. Integrated Disbursement fees must be proposed for:

- A. Integrated Disbursement Services for the issuance of benefit payments via EFT and paper checks, reporting, and all related support.

3. Proposers should take into account the following considerations:

- A. The fees are to be proposed in U.S. dollars.
- B. The fees assume payment will be made in straight "hard dollars."
- C. All custody fees will be paid quarterly in arrears.
- D. All Integrated Disbursement services fees will be paid either monthly or quarterly, in arrears.
- E. All Proposed fees should be broken out to individual components for transparency. For example, break out custodial components such as cash management, etc. For Integrated Disbursement fees for Automated Clearing House (ACH) payments, Money Transfer payments and draw downs, check printing, mailing, and related costs, etc. to the extent fees can be identifiably broken out.
- F. The proposed agreement is for initial five (5) year period, commencing on or about May 1, 2009.
- G. Item 1B above should identify your proposed split by asset class on securities lending income. Please clarify with/without indemnification. Please separate your U.S. and Non-U.S. bids.

The attached Portfolio Information as of September 30, 2009 (Exhibit 2) may be useful in developing the fee proposals.

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

**Exhibit 1**

**SJCERA PORTFOLIO INFORMATION AS SEPTEMBER 30, 2009**

ACCOUNT TYPE	MANAGERS	BENCHMARK	STYLE	MGMT APPROACH	MARKET VALUE W/ACCRUED
	<b>FIXED INCOME</b>				
SM	DODGE & COX-FX	Barclays Aggregate Bond Index	BONDS	ACTIVE	222,790,117.80
SM	STONE HARBOR	ML 3 month LIBOR	ABSOLUTE RETURN	ACTIVE	103,237,863.28
LP	MESA WEST INCOME FUND	9% ANNUAL	MORTGAGES	ACTIVE	17,097,602.28
LP	PRIMA	Barclays Aggregate Bond Index	MORTGAGES	ACTIVE	117,953,408.22
	<b>US EQUITY</b>				
SM	DODGE & COX-EQ	S&P 500 AND RUSSELL 1000 VALUE	LARGE CAP VALUE	ACTIVE	131,748,748.45
SM	CLIFTON-INTECH	LARGE CAP TRANSITION	LARGE CAP	ACTIVE	93,679,620.27
CF	BGI-R1000 INDEX	RUSSELL 1000	LARGE CAP	INDEX	TO BE FUNDED
CF	BGI-R1000 GROWTH	RUSSELL 1000 GROWTH	LARGE CAP	INDEX	TO BE FUNDED
SM	SSGA INDEX PLUS	terminated	LARGE CAP	ACTIVE	16,658.48
SM	CAPITAL PROSPECTS (Mgr of Mgrs)	Russell 2000 Value	SMCAP VALUE	ACTIVE	
SM	BERNZOTT	Russell 2000 Value	SMCAP VALUE	ACTIVE	7,001,807.85
SM	CHANNING	Russell 2000 Value	SMCAP VALUE	ACTIVE	11,284,388.90
SM	INVIEW	Russell 2000 Value	SMCAP VALUE	ACTIVE	12,152,517.73
SM	KEELEY	Russell 2000 Value	SMCAP VALUE	ACTIVE	6,372,749.17
SM	TEN ASSET	Russell 2000 Value	SMCAP VALUE	ACTIVE	5,446,633.52
SM	LEGATO (Mgr of Mgrs)	Russell 2000 Growth	SMCAP GROWTH	ACTIVE	
SM	CHINOOK CAPITAL	Russell 2000 Growth	SMCAP GROWTH	ACTIVE	7,215,253.63
SM	RIVERBRIDGE	Russell 2000 Growth	SMCAP GROWTH	ACTIVE	10,525,609.18
SM	NUVEEN HYDEPARK	Russell 2000 Growth	SMCAP GROWTH	ACTIVE	8,554,174.80
SM	NICHOLAS	Russell 2000 Growth	SMCAP GROWTH	ACTIVE	5,013,064.28
SM	STEPHENS	Russell 2000 Growth	SMCAP GROWTH	ACTIVE	8,979,060.70
CF	RESEARCH AFFILIATES L/S	1 month US GOVT bills & R1000 Index	GLOBAL LONG/SHORT	ACTIVE	52,472,109.37
	<b>NON US EQUITY</b>				
SM	CAPITAL GUARDIAN	terminated			36,669.30
CF	PYRAMIS GLOBAL ADVISORS	terminated	ENHANCED INT'L		33,266,067.88
CF	RESEARCH AFFILIATES Intl	MSCI EAFE	ENHANCED INT'L	ACTIVE	145,229,833.83
CF	CLIFTON-NON US DEV PASSIVE	MSCI WORLD EX-US INDEX	EMERGING MARKET	ACTIVE	130,184,041.46
CF	RESEARCH AFFILIATES EMERGING	MSCI EMERGING MARKETS	EMERGING MARKET	ACTIVE	57,182,250.08
CF	BGI-MSCI WORLD exUS	MSCI WORLD EX-US INDEX	EMERGING MARKET	INDEX	TO BE FUNDED
CF	MONDRIAN	terminated			319.09
	<b>PORTFOLIO OVERLAYS</b>				
SM	CLIFTON GROUP	VALUE ADDED OVER CASH RETURN	CASH OVERLAY	ACTIVE	44,387,234.99
CF	MOUNT LUCAS	6% + 10% of 91- day T Bills	FUTURE OVERLAY	ACTIVE	14,935,366.00
CF	BRIDGEWATER ASSOCIATION	4% Annualized Return	PURE ALPHA	ACTIVE	43,328,780.76
SM	FX CONCEPTS	2% Annualized Return	GLOBAL CURRENCY OVERLAY	ACTIVE	3,561,644.76
CF	AEGIS	VALUE ADDED OVER CASH RETURN	TACTICAL REBALANCING	ACTIVE	7,373,666.62
	<b>CASH</b>				
SM	STIF-NORTHERN TRUST	ML 91-day T Bills	STIF	ACTIVE	93,058,933.04
	<b>INFLATION PROTECTION</b>				
LP	SCHRODER COMMODITY	DJ UBS COMMODITY INDEX	COMMODITY	ACTIVE	TO BE FUNDED
CF	BRIDGEWATER REAL ASSET	CUSTOM BENCHMARK (CO+IL)	INFLATION PROTECTION	ACTIVE	103,858,897.46
	<b>GLOBAL OPPORTUNISTIC</b>				
CF	ARROW HAWK DURABLE	1-YEAR LIBOR	GLOBAL OPPORTUNISTIC	ACTIVE	100,000,000.00
	<b>REAL ESTATE MANAGERS</b>				
SM	INVESCO REIT	NAREIT EQUITY REIT	EQUITY REIT	ACTIVE	16,513,277.71
SM	ALPINE	GPR General Property Global	NON-US REIT	ACTIVE	15,682,439.63
LP	AMB	NCREIF NPI	CORE	ACTIVE	21,934,050.00
LP	RREEF AMERICA III	NCREIF NPI	VALUE ADDED	ACTIVE	1,001.85
LP	LEGACY FUND II	NCREIF NPI	VALUE ADDED	ACTIVE	1,000.00
LP	LEGACY FUND III	NCREIF NPI	VALUE ADDED	ACTIVE	668,626.81
LP	GREENFIELD	NCREIF NPI	OPPORTUNISTIC	ACTIVE	6,294,297.92
LP	MILLER GLOBAL FUND V	NCREIF NPI	OPPORTUNISTIC	ACTIVE	1,625,253.35
LP	MILLER GLOBAL FUND VI	NCREIF NPI	OPPORTUNISTIC	ACTIVE	5,097,522.11
LP	WALTON STREET FUND V	NCREIF NPI	OPPORTUNISTIC	ACTIVE	7,984,092.00
LP	WALTON STREET FUND VI	NCREIF NPI	OPPORTUNISTIC	ACTIVE	1,809,662.00
LP	COLONY CAPITAL, LLC	NCREIF NPI	VALUE ADDED	ACTIVE	2,696,962.00
LP	SAROFIM REALTY ADVISORS	NCREIF NPI	VALUE ADDED	ACTIVE	11,863,287.00
<b>TOTAL PORTFOLIO MARKET VALUE</b>					<b>1,690,116,565.56</b>

SM Separately Managed  
CF Commingled Fund  
LP Limited Partnership

**SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REQUEST FOR PROPOSAL FOR MASTER CUSTODIAN, SECURITIES LENDING, AND  
INTEGRATED DISBURSEMENT SERVICES**

*Exhibit 2*

**ALLOCATION OF ASSETS**

	<b><u>TARGET</u></b>
<b>FIXED INCOME</b>	<b>34.00%</b>
<b>US EQUITY LARGE CAP</b>	<b>15.00%</b>
<b>US EQUITIES SMALL CAP</b>	<b>3.00%</b>
<b>NON-U.S. EQUITIES (Developed)</b>	<b>15.00%</b>
<b>NON-U.S. EQUITIES (Emerging Markets)</b>	<b>3.00%</b>
<b>GLOBAL OPPORTUNISTIC (Multi-Strat HF)</b>	<b>7.00%</b>
<b>REAL ESTATE</b>	<b>10.00%</b>
<b>ALPHA MANAGERS</b>	
<b>INFLATION PROTECTION</b>	
<b>COMMODITIES</b>	<b>6.00%</b>
<b>GLOBAL INFLATION-LINKED BOND</b>	<b>7.00%</b>
<b>CASH &amp; CASH EQUIVALENT</b>	<b>0.00%</b>
<b>TOTAL</b>	<b>100.00%</b>