

REQUEST FOR PROPOSALS

CUSTODY BANK SERVICES

RFP # 2024-09-03 (INV)

ISSUE DATE: SEPTEMBER 3, 2024

PROPOSAL DUE DATE: OCTOBER 31, 2024

Prospective Contractors who have received this document from a source other than the Issuing Office should immediately contact the Procurement Manager via e-mail (rfp.erb@erb.nm.gov) and provide their name and mailing address in order that amendments to the Solicitation or other communications can be sent to them. Any Prospective Contractor who fails to provide notification with this information assumes complete responsibility in the event that it does not receive communications from the Procurement Manager before or after the closing date.

NEW MEXICO EDUCATIONAL RETIREMENT BOARD

REQUEST FOR PROPOSALS

CUSTODY BANK SERVICES

RFP # 2024-09-03 (INV)

TABLE OF CONTENTS

SECTION 1	SOLICITATION INFORMATION, SEQUENCE OF EVENTS & GENERAL REQUIREMENTS	3
SECTION 2	OFFEROR’S MINIMUM QUALIFICATIONS	12
SECTION 3	SCOPE OF WORK	14
SECTION 4	REQUIREMENTS FOR PROPOSAL SUBMISSION	27
APPENDICES		
APPENDIX A	PROPOSAL QUESTIONNAIRE	33
SECTION 1	ORGANIZATION OVERVIEW	33
SECTION 2	ORGANIZATION OVERVIEW – RELATIONSHIP	36
SECTION 3	SERVICES TO BE PROVIDED	39
SECTION 4	SYSTEMS AND TECHNOLOGY REQUIREMENTS	52
SECTION 5	TRANSITION AND CONVERSION	55
SECTION 6	REFERENCE FORM	57
APPENDIX B	FINANCIAL PROPOSAL	58
APPENDIX C	LETTER OF TRANSMITTAL FORM	59
APPENDIX D	CAMPAIGN CONTRIBUTION DISCLOSURE FORM	61
APPENDIX E	AMENDED AND RESTATED POLICY REGARDING PLACEMENT AGENT DISCLOSURES	65
APPENDIX F	PERFORMANCE STANDARDS	74
APPENDIX G	SAMPLE CONTRACT	75

NEW MEXICO EDUCATIONAL RETIREMENT BOARD

REQUEST FOR PROPOSALS

CUSTODY BANK SERVICES

RFP #2024-09-03 (INV)

**SECTION 1 SOLICITATION INFORMATION, SEQUENCE OF EVENTS &
GENERAL REQUIREMENTS**

1.1. INTRODUCTION

The New Mexico Educational Retirement Board (NMERB) is seeking proposals from qualified firms to provide custody bank services. These services will include, but are not limited to, settlement, safekeeping, delivery, investment accounting and income collection, securities valuation, investment performance reporting, compliance reporting, short-term cash investments, and other services in connection with these investments.

The contract for these services will be for an initial four (4) year term with the option for (2) two-year extensions thereafter. Exercise of the option for extension will be solely at the discretion of the NMERB. It is possible that none of the submitted proposals will be satisfactory to the Agency, in which case no selection will be made.

1.2. ABBREVIATIONS AND DEFINITIONS

Agency refers to the New Mexico Educational Retirement Board.

Board refers to the Board of Trustees for the Agency.

Award refers to the decision by the Board to approve and execute the Contract.

Contract refers collectively to one or more Contracts to be entered into by the Board and the successful Offeror pursuant to this RFP.

Contractor refers to the selected Offeror who is awarded a Contract by the Board.

Evaluation Committee refers to the body appointed by the Agency management to perform the evaluation of Offeror proposals.

Financial Proposal refers to the separate submission of all pricing data that defines the cost of the services specified in the Technical Proposal.

NMSA refers to the New Mexico Statutes Annotated.

NMERB refers to the New Mexico Educational Retirement Board.

Offeror refers to an entity that submits a proposal in response to this RFP.

Procurement Manager refers to the person or designee authorized by the Agency to manage or administer a procurement requiring the evaluation of competitive proposals.

Proposals refer collectively to the Technical Proposal and Financial Proposal.

Request for Proposals or RFP refers to all documents, including those attached or incorporated by reference, used for soliciting proposals.

Staff refers to the staff members of the Agency.

Technical Proposal refers to the Offeror’s Proposal submitted to comply with the specifications for the services outlines in Section 3 of this RFP.

1.3 ISSUING OFFICE

The sole point of contact for purposes of this RFP is the Procurement Manager who’s e-mail address is rfp.erb@erb.nm.gov. Firms that intend to submit a Proposal should not contact any member of the Agency Investment Committee, the Board, or Staff. Firms that currently do business with the Agency may contact Agency staff, but contact must be limited to business unrelated to this RFP. No firm should discuss this RFP with any employee of the Agency’s custody bank, outside managers, or any other advisor providing services to the Agency.

1.4 SEQUENCE OF EVENTS

The Procurement Manager will make every effort to adhere to the following schedule. The due dates are subject to change at the discretion of the Agency.

<u>Action</u>	<u>Responsibility</u>	<u>Date</u>
Issue RFP	NMERB	9/03/2024
Questions due to NMERB	Offerors	9/13/2024
Response to questions due	Procurement Manager	9/23/2024
Proposals due	Offerors	10/31/2024
Select finalists	NMERB	11/14/2024
Interviews, due diligence, site visits	Finalist Offerors	11/20 - 21/2024
Evaluation Committee recommendation	NMERB	12/2/2024
Board presentations/approvals/award	NMERB	12/13/2024
Final contract in place	NMERB/Contractor	2/28/2025
Transition	NMERB/Contractor	6/30 – 7/1/2025

A. ISSUANCE OF RFP

This RFP is being issued by the Agency on September 3, 2024. Offerors can download the RFP in an electronic format by accessing the Agency website at: www.erb.nm.gov.

B. QUESTIONS AND INQUIRIES

Written questions from prospective Offerors will be accepted by the Procurement Manager through September 12, 2024, by 5:00 p.m. Mountain Time. Questions may be submitted by e-mail to the Procurement Manager at rfp.erb@erb.nm.gov. As reasonably possible and appropriate, these questions will be answered and posted on the Agency website, www.erb.nm.gov, by September 23, 2024 by 5:00 p.m. Mountain Time.

Questions not received by the due date will not be answered. Answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be posted to the Agency website.

C. PROPOSALS DUE (CLOSING) DATE

One (1) electronic copy of each Proposal must be uploaded to the Agency’s Secure File Transfer Protocol (SFTP) site no later than 5:00 p.m. Mountain Time on October 31, 2024 in order to be considered. Requests for extension of this date or time will not be granted. Proposals received by the Procurement Manager after the due date will not be considered. Proposals may not be submitted by e-mail or facsimile.

Please submit documents in PDF format, single-spaced with 1” page margins. The font should be 11 point, Times New Roman. Data should be submitted in Excel.

D. REVIEW AND EVALUATION OF PROPOSALS

The Evaluation Committee will review proposals during the review period of October 31 – November 14, 2024. During the review period, the Procurement Manager may, at his or her option, initiate discussions with Offerors who submit proposals for the purpose of clarifying aspects of the proposals, but proposals may be accepted and evaluated without such discussion. Offerors SHALL NOT initiate discussions.

Evaluation of the proposals will use the following matrix:

- | | |
|--|-----|
| 1. The Offeror’s organization, staff qualifications and experience | 25% |
| 2. The Offeror’s services provided | 20% |
| 3. The Offeror’s relationship management of clients | 20% |
| 4. The Offeror’s resources, systems and technology | 20% |
| 5. The Offeror’s fee proposal | 15% |

E. SELECTION OF FINALIST OFFERORS

The Evaluation Committee will select Finalist Offerors, and the Procurement Manager will notify the Finalist Offerors via finalist notification letter on November 13, 2024.

F. BEST AND FINAL OFFERS FROM FINALISTS

Finalist Offerors may be asked to submit revisions to their proposals for the purpose of obtaining best and final offers on November 26, 2024. Best and final offers may be clarified and amended at the finalist Offeror’s oral presentation.

G. ORAL PRESENTATION

Finalist Offerors will be required to make oral presentations to the Agency representatives in order to clarify their Proposals. Finalist Offerors should be prepared to explain verbally their understanding of this procurement and be prepared to answer questions concerning it. Representations made by an Offeror during the oral presentation and deemed relevant to an Offeror's Proposal must be reduced to writing. They will become part of the Offeror's Proposal and are binding if an Award is made to the Offeror. Visual aids and projection equipment are not required but if used are the sole responsibility of the Finalist Offerors. Finalist Offerors will be contacted about presentation venue and timing. One of the presenters should be the main client representative who will be assigned to the account. Oral presentations may be held at the Agency location in Albuquerque or Santa Fe and/or at the Offeror's location with an accompanying site walkthrough.

H. RECOMMENDATION MADE TO THE BOARD

The Evaluation Committee anticipates the Finalist Offeror(s) will make an additional presentation to the Board at its regularly scheduled monthly meeting in December. The Finalist Offeror(s) should be prepared to attend the meeting in Albuquerque currently scheduled for December 13, 2024. Once approved, the Board will authorize Agency staff to finalize an agreement with the most advantageous Offeror, taking into consideration the evaluation factors set forth in this RFP.

I. CONTRACT AWARD, NEGOTIATIONS, TERMS AND CONDITIONS

After Board approval, action will be taken by the Agency, authorizing staff to negotiate an agreement and review the resulting proposed Custody Bank Contract between December 14, 2024 and February 28, 2025. The contract will be finalized with the Board-approved Offeror by February 28, 2025. **These dates are subject to change at the discretion of the Agency.** In the event that mutually agreeable terms cannot be reached within the time specified, the Agency reserves the right to finalize a contract with the next most advantageous Offeror without undertaking a new procurement process or reserves the right to cancel the RFP. The award is subject to appropriate State approvals.

J. PROTEST PROCEDURE AND DEADLINE

1. NMERB's procurement of investment-related services is exempt from the Procurement Code (Sections 13-1-28 through 13-1-199 NMSA 1978). The provisions of the Code and the related portions of the New Mexico Administrative Code relating to protesting a procurement decision are not applicable to procurements made pursuant to this Policy. The resolution of a protest shall not include the award of any money damages, costs or attorney's fee; the NMERB has no authority to award money damages, costs or attorney's fees.

2. The following procedure shall govern protests of investment-related services made under this Policy.

- a. An offeror who is not awarded an investment-related services contract may file a written Notice of Protest with the General Counsel of the NMERB via the following e-mail address: rfp.erb@erb.nm.gov.

b. A Notice of Protest may be delivered in person, by U.S. Postal Service or by courier service. A Notice of Protest must be received by the NMERB General Counsel, or postmarked or accompanied by a written receipt evidencing that it was given to a courier service for delivery, not later than ten (10) days after the award of the contract that gives rise to the protest. A Notice of Protest shall not be delivered by fax, e-mail or verbally; protests delivered by such means will not be accepted or considered. Failure to deliver or to transmit for delivery a Notice of Protest by the date and in the manner provided for shall bar an offeror from later submitting a protest of the contract awarded.

c. A Notice of Protest shall state in writing the full factual basis for the protest and be accompanied by all documentary evidence that the protester wishes to be considered in the evaluation of the protest.

d. The filing and receipt of a Notice of Protest shall not stop or delay the execution of an investment-related services contract between NMERB and the successful offeror.

e. The General Counsel or the General Counsel's designee may conduct an interview with the protestor, either in person or telephonically, and may, in the General Counsel's sole discretion, conduct interviews with others who have or may have information relating to the award and/or the protest and shall review any documentary evidence provided by the protestant. Failure of the protestor to cooperate with the General Counsel's inquiry may result in denial of the protest.

f. The General Counsel shall issue a written recommendation to the Board, within 20 business days of the receipt of the protest. The written recommendation shall state whether the General Counsel recommends that the contract whose award gave rise to the protest process should be terminated or whether the RFP should be cancelled and competitively rebid. The written recommendation shall state the full factual basis for the recommendation.

g. The General Counsel shall mail the written recommendation to the protestor and shall provide written notice of when the Board shall consider the recommendation.

h. The Board shall vote on the recommendation at its first regularly scheduled meeting that occurs not less than two (2) weeks following the General Counsel's issuance of the written recommendation. The protestor, at their discretion, may attend the Board meeting.

i. The Office of General Counsel shall notify the protestor in writing of the Board's action.

1.5 GENERAL REQUIREMENTS AND NOTIFICATIONS

A. REVISIONS TO THE RFP

If it becomes necessary to revise this RFP before the due date for Proposals, amendments will be provided to all prospective Offerors via the Agency's website. Amendments made after the Proposal due date will be sent only to those Offerors who submitted a timely Proposal.

Acknowledgment of the receipt of all amendments to this RFP issued before the Proposal due date must accompany the Offeror's Proposal in the transmittal letter accompanying the Technical Proposal submittal. Acknowledgement of the receipt of amendments to this RFP issued after the Proposal due date shall be in the manner specified in the amendment notice.

Failure to acknowledge receipt does not relieve the Offeror from complying with all terms of any such amendment.

B. CANCELLATION OF RFP, ACCEPTANCE/REJECTION OF RESPONSES & DISCUSSIONS

The Agency reserves the right to cancel this RFP, accept or reject any or all Proposals, in whole or in part, received in response to this RFP, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the Agency. If discussions or interviews are conducted, the Agency may establish a common date for the submission of Best and Final Offers. The Agency also reserves the right, in its sole discretion, to award a Contract based upon the written Proposals received without prior discussions or negotiations.

C. AMENDED PROPOSALS

An Offeror may submit an amended proposal before the deadline for receipt of proposals. Such amended proposals must be a complete replacement for a previously submitted proposal and must be clearly identified as such in the Letter of Transmittal Form, attached as Appendix C. The Agency will not merge, collate or assemble proposal materials.

D. MULTIPLE OR ALTERNATIVE PROPOSALS

Alternative Technical Proposals will not be accepted.

Multiple or alternative Financial Proposals which enhance the value and efficiency of the services to be provided will be accepted. The Offeror may submit a statement, not more than one page in length, with respect to any alternative Financial Proposal.

E. OFFERORS' RIGHTS TO WITHDRAW PROPOSAL

Offerors will be allowed to withdraw their proposals at any time prior to the deadline for receipt of proposals. The Offeror must submit a written withdrawal request signed by the Offeror's duly authorized representative addressed to the Procurement Manager. The approval or denial of withdrawal requests received after the deadline for receipt of the proposals is governed by the applicable law.

F. DURATION OF OFFER; ACCEPTANCE OF PROPOSALS CONTENT

All prices, costs, terms and conditions in the Proposals shall remain fixed and valid for 180 days after the later of the closing date for receipt of Proposals or the date of best and final offers, if any, are received. This period may be extended by written mutual agreement between the Offeror and the Agency.

The contents of this Solicitation and the Proposals (Technical and Financial) of the successful Offeror will be included by reference in any resulting Contract. In the event of a conflict between the provisions of the Contract to be entered into by the Agency and the successful Offeror, as a result of this RFP or Proposals, the following order of precedence shall determine the prevailing provision:

1. The Contract;

2. The RFP; and
3. The successful Offeror's Proposals.

G. ACCEPTANCE OF CONDITIONS GOVERNING THE PROCUREMENT

The Agency requires that all Offerors agree to be bound by the General Requirements contained in this RFP. Offerors must indicate their acceptance of the General Requirements and Notifications by filling out the Letter of Transmittal Form, attached as Appendix C. Any Offeror concerns must be promptly brought to the attention of the Procurement Manager.

Submission of a proposal constitutes acceptance of the evaluation and selection procedure contained in Section 1 of this RFP.

H. INCURRED EXPENSES

Any costs incurred by an Offeror in preparing and submitting a Proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities related to submitting a response to this RFP shall be borne solely by the Offeror.

I. OWNERSHIP OF PROPOSALS

All documents submitted in response to the RFP shall become property of the Agency upon receipt and may not be returned to the Offerors except as otherwise provided in this RFP.

J. INSPECTION OF PUBLIC RECORDS ACT NOTICE

The content of all Proposals will be kept confidential until a contract is awarded by the Agency. At that time, all Proposals and documents pertaining to the Proposals will be open to public inspection except for the material that is proprietary or confidential and clearly marked as such. The Procurement Manager will not disclose or make public any pages of a proposal on which the Offeror has stamped or imprinted "proprietary" or "confidential" subject to the following requirements:

An Offeror should give specific attention to the clear identification of those portions of its Proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the Agency. This information is to be placed after the Title Page and before the Table of Contents in the Offeror's Technical Proposal, and if applicable, also in its Financial Proposal, to facilitate eventual public inspection of the non-confidential portion of the proposal. Confidential data is normally restricted to confidential financial information concerning the Offeror's organization and data that qualifies as a trade secret in accordance with the Uniform Trade Secrets Act, Sections 57-3A-1 to 57-3A-7 NMSA 1978. The price of products offered or the cost of services proposed shall not be designated as proprietary or confidential information.

If a request is received for disclosure of data for which an Offeror has made a written request for confidentiality, the NMERB General Counsel shall examine the Offeror's request and make a written determination that specifies which portions of the proposal should be disclosed. Unless the Offeror takes legal action to prevent the disclosure, the proposal will be disclosed. The proposal shall be open to public inspection subject to any continuing prohibition on the disclosure of confidential data.

K. OFFEROR RESPONSIBILITIES

The selected Offeror/Contractor shall be responsible for all products and services required by this RFP as the prime contractor. The Agency will make contract payments only to the prime contractor. Subcontractors must be identified by name, and a complete description of their roles relative to the Technical Proposal must be included in the Proposal. The selected Offeror retains responsibility for all work performed by and any deliverable submitted by a subcontractor. If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's Proposal must contain an explicit statement that the parent organization will guarantee the performance of the subsidiary.

L. OFFEROR QUALIFICATIONS

The Evaluation Committee may make such investigations as necessary to determine the ability of the Offeror to adhere to the requirements specified within this RFP. The Evaluation Committee will reject the proposal of any Offeror who is not a responsible offeror or fails to submit a responsive offer.

M. OFFEROR'S TERMS AND CONDITIONS

Offerors must submit with the proposal a complete set of any additional terms and conditions, which they request to have included in a contract negotiated with the Agency.

N. CONTRACT TERMS AND CONDITIONS

The contract between the Agency and a contractor will follow the format specified by the Agency and contain the terms and conditions set forth in Appendix F. However, the Agency reserves the right to negotiate with a successful Offeror provisions in addition to and, in limited circumstances, in place of, those contained in Appendix F. The contents of this RFP, as revised and/or supplemented, and the successful Offeror's proposal will be incorporated into the contract, subject to final approval of that contract by the Board.

Should an Offeror object to any of the Agency's terms and conditions, as contained in this Section or in Appendix F, that Offeror **must** propose specific alternative language. The Agency may or may not accept the alternative language. General references to the Offeror's terms and conditions or attempts at complete substitutions are not acceptable to the Agency and may result in disqualification of the Offeror's proposal. Revisions to the terms and conditions contained in Appendix F that are not submitted with Offeror's proposal will not be considered. Offerors **must** provide a brief discussion of the purpose and impact, if any, of each proposed change followed by the specific proposed alternate wording.

O. CONTRACT DEVIATIONS

Any additional terms and conditions, which may be the subject of negotiation, will be discussed only between the Agency and the selected Offeror and shall not be deemed an opportunity to amend the Offeror's proposal.

P. GOVERNING LAW

This procurement and any agreement with Offerors that may result shall be governed by the laws of the State of New Mexico.

Q. BASIS FOR PROPOSAL

Only information supplied by the Agency in writing through the Procurement Manager or in this RFP should be used as the basis for the preparation of Offeror Proposals.

R. RIGHT TO WAIVE MINOR IRREGULARITIES

The Evaluation Committee reserves the right to waive or permit cure of minor irregularities. The Evaluation Committee also reserves the right to waive mandatory requirements provided that all of the otherwise responsive Proposals failed to meet the same mandatory requirements and the failure to do so does not otherwise materially affect the procurement. This right is at the sole discretion of the Evaluation Committee.

S. AGENCY RIGHTS

The Agency reserves the right to reject or accept all or a portion of an Offeror's proposal.

T. USE OF ELECTRONIC VERSIONS OF THIS RFP

This RFP is being made available by electronic means. If accepted by such means, the Offeror acknowledges and accepts full responsibility to ensure that no changes are made to the RFP. In the event of conflict between a version of the RFP in the Offeror's possession and the version maintained by the Agency, the version maintained by the Agency shall govern.

U. CHANGE IN CONTRACTOR REPRESENTATIVES

The Agency reserves the right to require a change in contractor representatives if an assigned representative is not, in the opinion of the Agency, meeting its needs adequately.

V. NO OBLIGATION

This procurement in no manner obligates the State of New Mexico or any of its agencies to the eventual rental, lease, purchase, etc., of any equipment, software, or services offered until a valid written contract is approved by the Agency and other appropriate authorities.

W. NMERB POLICIES REGARDING PLACEMENT AGENT DISCLOSURES AND CAMPAIGN CONTRIBUTION DISCLOSURES

Offerors must complete and sign the responses required by the campaign contributions disclosure and the placement agent disclosure policies of NMERB (Appendix D and Appendix E, respectively) and include their responses in the Technical Proposal submitted. During the time period beginning with public notice of this Request for Proposals and ending with the issuance of any determination related to any protest filed following the award of the contract, a prospective Offeror, or family member or representative of the prospective Offeror, is barred from giving a campaign contribution or other thing of value to those public officials, or their employees, listed in the Disclosure Form attached to this Request for Proposals as Appendix D.

X. CONFLICT OF INTEREST; GOVERNMENTAL CONDUCT ACT

The Offeror warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement. The Offeror certifies that the requirements of the Governmental Conduct Act, Sections 10-16-1 through 10-16-18, NMSA 1978, regarding contracting with a public officer or state employee or former state employee have been followed.

Y. EXEMPT FROM PROCUREMENT REGULATIONS

This RFP and any Contract entered into as a result hereof are not subject to the provisions of the New Mexico Procurement Code Sections 13-1-28 through 13-1-199 NMSA 1978. Nonetheless, the requirements of the Procurement Code will be applied to this RFP to the extent practicable and consistent with obtaining the best custody bank for the Agency, all as determined in the Procurement Manager's sole discretion. The appeal procedures contained in the Procurement Code and in the State Procurement Regulations will not apply to this procurement. However, the New Mexico criminal statutes imposing felony penalties for bribes, gratuities and kickbacks will apply.

The Agency will follow the Investment Services Procurement Policy dated October 1, 2020 which can be viewed on the Agency's website: <https://www.erb.nm.gov/investments/investment-policies/>.

SECTION 2: OFFEROR'S MINIMUM QUALIFICATIONS

Offerors must clearly state and demonstrate in the Executive Summary of the Technical Proposal that they satisfy the following qualifications.

Failure to satisfy the minimum qualifications may result in rejection of a Proposal, and failure to maintain compliance with any of these qualifications during the term of the Contract may be considered an event of default. The Offeror must notify the Agency of the Offeror's non-compliance within ten calendar days of the precipitating event.

2.1 The Offeror must have an unimpaired capital and surplus, tier 1 capital as defined by federal regulations in the press release of July 2023, effective October 2023.

2.2 The Offeror must agree that it shall maintain and furnish at its expense throughout the term of the agreement a banker's blanket bond per occurrence coverage in a minimum amount of fifty million dollars (\$50,000,000) and additional coverage for electronic computer crime losses in the minimum amount of twenty-five million dollars (\$25,000,000) per occurrence. Each such coverage must contain terms and conditions acceptable to the Agency.

2.3 The Offeror must carry a professional/technical, errors and omissions, and/or miscellaneous liability insurance policy that will provide coverage for all claims the Offeror may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Offeror's professional services required under the contract. Any deductible will be the sole responsibility of the Offeror.

2.4 The Offeror must agree to wholly indemnify the state for any and all loss, damage, cost, damages, expenses (including, without limitation, legal fees and expenses) and liability (collectively hereinafter “loss”) resulting from errors, omissions, fraud, embezzlement, theft, negligence or neglect by the Contractor, its employees, officers, agents and directors in performing their duties under the Contractor agreement. The Contractor must also acknowledge and agree that any loss shall, unless such loss can be demonstrated by the Contractor to have been due to a cause or causes beyond the reasonable control of the Contractor (such as acts of God, acts of the public enemy, insurrections, riots, fires, explosions, orders or acts of civil or military authority and other cataclysmic events, to the extent all reasonable and diligent precautions by the Contractor could not have prevented the damage or loss resulting from any such event) be conclusively presumed to be the result of errors, omissions, fraud, embezzlement, theft, negligence or neglect on the part of the Contractor. Limited exceptions to this indemnification requirement may be permitted in any agreement entered by the Agency with the Contractor as to information supplied by the Board pursuant to any safekeeping or other collateral agreement or such other limited exception as may be required in order to enable the provision of a particular service by the Contractor. Any such limited exception must be included in the Contractor agreement and be acceptable to and specifically approved by the Agency.

2.5 The Offeror must agree to provide the minimum services as detailed in this section as well as all other requirements as stated in the Request for Proposals (RFP).

2.6 The Offeror must be a U.S. domiciled trust company and a member of the Federal Reserve or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts.

2.7 The Offeror must comply with generally accepted accounting principles as well as governmental accounting practices concerning treatment of accruals.

2.8 The selected Offeror shall act in the best interests of the Agency when performing its services under the Contract and shall indicate in writing as to its fiduciary status on the Letter of Transmittal (Appendix C).

2.9 Neither the key members of the service team nor the selected Offeror may have, or could potentially have, a material conflict of interest, in fact or in appearance, with the Agency. The selected Offeror must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this request for proposals. The list should indicate the name of the entity, the relationship, and a discussion of the conflict.

2.10 As of December 31, 2023, the Offeror must have provided domestic and global custody bank services for a minimum of ten (10) years and for at least ten (10) U.S. based pension clients. At least five (5) of the clients must be institutional tax-exempt investors or public pension clients, each of which has trust assets having a market value greater than \$10 billion.

2.11 As of December 31, 2023, the Offeror must be providing global custody or trust services with international marketable security trust assets having a market value totaling at least \$500 billion in global custody assets. The \$500 billion must include domestic and international equity and fixed income assets.

2.12 The Offeror must provide, at a minimum, subcustodian operations in all current and future countries in the Morgan Stanley Capital International All Country World ex United States index (MSCI ACWI ex U.S. index).

2.13 As of December 31, 2023, the Offeror must have provided custody bank services for domestic and global alternative investments for a minimum of ten (10) years for at least ten (10) U.S. based pension clients. At least five (5) of the clients must be institutional tax-exempt investors or public pension clients.

2.14 The Offeror must have an automated accounting system that provides the Agency access to both U.S. and international securities accounts within a uniform framework of accounting treatment, reporting and performance measurement.

2.15 The Offeror must be able to backload the Agency's historic performance data into the Offeror's performance measurement and analytics system.

2.16 The primary Relationship Manager or Client Executive proposed for this account must have a minimum of five (5) years' experience administering both domestic and international custody accounts with at least three (3) years' experience at the responding firm for clients with a minimum of \$12 billion in assets under management.

2.17 The assigned transition team leader and his/her assistant must have worked together on at least three (3) prior conversions with market values each in excess of seven and one half (\$7.5) billion consisting of multiple asset classes within the last three years.

SECTION 3: SCOPE OF WORK/SERVICES (Beginning with Section 3.2, page 15, the order of this Scope of Work/Services section matches the order of the questions in Appendix A, Proposal Questionnaire, beginning with Section 2, page 36.)

3.1 CUSTODY BANK SCOPE OF WORK

The scope of work is to provide global master custody services relating to the investments and assets separately managed by the Agency. The Contractor will be the Agency's book of record. The Contractor shall furnish all services, materials and personnel necessary to provide custody services for the Agency in compliance with those professional and fiduciary standards established as reasonable and customary by the industry for similar services. In the provision of custody bank services, the Contractor shall conform to all applicable local, state and federal laws, rules and regulations governing such services.

The Contractor must have subcustodian relationships to service all of the Agency's international and emerging markets investments. In addition, the Agency is interested in learning each candidate's ability to handle and value the various derivatives securities held by the Agency. Finally, the Agency is interested in learning each candidate's ability to process the activity and value the various alternative investments held by the Agency (limited partnerships as well as funds of one).

3.2 RELATIONSHIP MANAGEMENT OVERVIEW

The Agency is committed to having a custody bank relationship that is based on trust and is reciprocal, goal-oriented and flexible. Effective and efficient communication is essential, and we believe that relationships grounded in these principles will provide the best results for the Agency and its beneficiaries. The Staff is in daily contact with its custody bank service team and most interactions pertain to issues that require same-day resolution. The Contractor will act as partner to the Staff, providing resources and perspective to assist the Staff with solutions that are in the best interests of the Agency and in compliance with regulatory requirements and reflect the highest level of ethical standards. The Contractor is expected to be proactive in communicating and resolving identified issues. The operational support, flexibility, accessibility, and responsiveness of institutions submitting proposals will be carefully weighed. On a bi-weekly basis, representatives from the Contractor will be required to teleconference with the Staff to discuss accounting and reporting issues as well as significant future transactions.

The Agency requests that a fully integrated global and domestic custody service team be assigned to its account. The Agency would prefer that the same team service both domestic and international assets. Preference will be given to accounting teams that employ a CPA as part of the team that is available for questions and/or discussions during regular business hours. The Staff will require direct access to the portfolio level accountants.

The Contractor will notify the Agency at least 10 business days prior to any change in the relationship management team, including but not limited to the relationship manager, client services manager, along with any primary staff related to the former and those associated with performance and analytics, compliance, client trade support (publicly traded securities), private market operations, and accounting.

3.3 SERVICES TO BE PROVIDED

The Contractor will provide, at a minimum, the services listed below for the Agency. In addition, the Agency might from time to time request the Contractor to provide additional services at a negotiated fee.

A. Accounting and Auditing – The Contractor shall provide:

1. Trade date multi-currency accounting for all securities and full accrual accounting for all assets;
2. Accounting services for all investments in the portfolio including, but not limited to, the following:
 - a. All income and security transactions (cash and non-cash); domestic and international equity, fixed-income securities, commingled trusts, private market funds, and foreign tax reclaim receivables;
 - b. Same-day recording of capital changes, including mergers, acquisitions, tenders, stock splits, warrants, spin-offs and purchase of fractional shares;
 - c. Options, futures, swaps, and any other derivative instruments;
 - d. Leveraged buy-outs, venture capital, real estate, and various other private equity and debt investments; and

- e. Forward exchange contracts;
3. Unless otherwise directed by the Agency, booking all investments at cost and reporting them with updated market values. Gains and losses on securities sold shall be recognized on an average cost basis;
4. A daily comprehensive pricing system ensuring the accuracy of the prices received from various external sources (especially alternative sources like brokers, external investment managers, etc.) by employing procedures to verify the primary price (reserving the Agency the right to mandate the primary source) to a secondary pricing source, by comparing the prior period's prices to the current period's prices and by investigating both changes outside established tolerances, as well as changes from the prior month that appear unreasonable in relation to current market trends;
5. Fixed income discounts and premiums shown at purchase, but not amortized or accreted after purchase;
6. Payable date posting for dividends, bond interest and principal, and interest and principal paydown on mortgage pass-through certificates;
7. Annual accounting on a fiscal year basis, July 1 through June 30;
8. Daily fund accounting and pricing of portfolios for the purpose of computing daily net asset values for various portfolios;
9. Market valuation and accounting for commingled investments on at least a monthly basis;
10. Technical expertise and assistance to the Agency's investment accounting and portfolio administration personnel including, but not limited to:
 - a. Assistance in identifying ways in which the Contractor's resources, products, and information can be used to maximize efficiency of investment accounting and trade settlement procedures;
 - b. Providing ongoing updates, information, and training concerning new investment instruments and accounting issues surrounding various investment types;
 - c. Providing technical assistance and ongoing education in implementing recently released accounting pronouncements issued by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB);
 - d. Providing direct access to qualified, designated individuals to assist with technical and accounting questions; and,
 - e. Providing an account administrator(s) available by telephone between the hours of 7:30 a.m. and 5:00 p.m. Mountain Time on normal operating business days;
11. Daily verification with Staff of net cash flows by fund as requested; and
12. Monthly and yearly closed periods that are frozen to additional transactions except when mutually agreed upon by the Agency and Contractor.

B. Settlement, Securities Processing and Custody – The Contractor shall provide:

1. On-line security clearing at the DTC, Federal Reserve and other clearing agents;
2. On-line trade affirmation capabilities with DTC for Staff;
3. Settling and safekeeping of domestic and international securities within a single accounting system;
4. Settling and safekeeping physically-held securities;
5. Execution of foreign exchange transactions, monitoring foreign tax liability, and collecting tax reclaims;
6. Electronic access to trade data by the Agency, the Agency's consultants and investment managers, and any other third party approved in advance by the Agency;
7. Settlement on a delivery versus payment basis. Free delivery settlement must receive prior written approval by the Agency unless it complies with established policies and procedures for the security and market in question;
8. Assistance with the automation of trade affirmation process for international investments, including pair-off of foreign currency (FX) to net cash flows;
9. Interface with SEDOL, EuroNext, Clearstream, Euroclear, and other applicable foreign depositories and/or subcustodians to support foreign trading activity;
10. Settlement of international equity, fixed income, alternative investments, and derivative instruments. The Contractor shall provide a comprehensive system for selecting subcustodians and evaluating and monitoring their internal control structures, performance, and financial condition. The Contractor shall be liable for any and all financial losses as it relates to the actions or inactions of the subcustodians and their agents;
11. Monitoring and resolution of failed trades in a timely manner; and
12. Tracking of overdrafts.

C. Income Settlement and Income Crediting – The Contractor shall:

1. On a contractual processing basis, credit or debit the appropriate money account of the Agency in connection with the purchase, sale, maturity, redemption, income, dividends or other disposition of securities and other assets held on behalf of the Agency; and
2. Agree to pay sale fail compensation in an amount equal to the daily earnings for the cash sweep vehicle of the account for all securities that are settled under actual settlement procedures, provided:
 - a) The security was in the Contractor's possession, and
 - b) The Agency, its investment managers or agents, or any party selected by them, was not responsible for the failure to settle the trade.

D. Investment Manager Liaison – The Contractor shall:

1. Communicate directly with the investment managers of the Agency on all trading matters;
2. Keep the Staff informed of significant issues including but not limited to trade failures, overdrafts and reconciling items outside the variances detailed in the Agency’s Investment Policy dated December 8, 2023;
3. Provide a monthly reconciliation between investment managers and Contractor. The Contractor is responsible for reviewing each holding on the reconciliation and investigating differences that lie outside of thresholds (determined by the Agency) and documenting their work. The Contractor shall send reconciliation spreadsheets to the managers who shall explain any significant differences, and Contractor shall submit the final reconciliation spreadsheet to the Agency’s back office; and
4. Interface with the Agency’s current and future external investment managers and with those managers that may be added by the Agency from time to time. The Contractor shall discontinue exchanging data related to the Agency with any such manager if directed to do so by the Agency.

E. Cash Management – The Contractor shall:

1. Provide an automated daily sweep of net cash flows from all domestic and international accounts to Contractor short-term investment fund (STIF) or external money market funds, as directed by the Agency;
2. Compound and accrue income earned by the STIF daily;
3. Meet the restrictions imposed by New Mexico statutes for the securities in the STIF utilized by the Agency and be within guidelines mutually agreed on;
4. Provide overnight investment management services for the funds received after the occurrence of the daily sweep;
5. Provide an interactive and secure transaction processing system for cash movements and wire transfers;
6. Provide for transfer of cash between accounts, make and accept wire transfers of funds in both USD and non-U.S. currency (including provision of Fed reference numbers upon request);
7. Provide for same-day settlement of cash trades, such as physical, DTC, and Fed wireable repo and term purchases. Cash flow from purchases and sales must be debited/credited on contractual settlement date;
8. Credit income earned, redemptions, and maturities to the proper accounts on payable date in Fed funds. The Contractor must identify any security types not eligible;
9. Provide a system that daily projects cash by account for a minimum of five days forward. Projections should incorporate STIF balances, dividend and interest income, and income from trade settlements, corporate actions, or other known cash flows;

10. Provide currently available cash balances to the Agency's investment managers each morning by 10 AM Eastern Time;
11. Provide notification of overdrafts to the Agency and its investment managers daily; and
12. Complete and report foreign currency conversion and movement transactions.

F. Foreign Trade and Foreign Exchange Processing (FX) – The Contractor shall:

1. Obtain best execution on FX conversions relating to income and tax reclaim transactions and other types of transactions, and provide transparency in reporting FX transactions compared to FX benchmarks;
2. Provide a monthly report demonstrating best execution with respect to FX transactions; and
3. Ascertain that FX transactions associated with repatriation of international dividends to USD are competitive.

G. Subcustodian Network Management – The Contractor shall:

1. Have subcustodian relationships to service all of the Agency's international and emerging markets investments not serviced by the Contractor;
2. Provide a comprehensive system for selecting subcustodians and evaluating and monitoring their internal control structures, performance, and financial condition;
3. Have a thorough knowledge of tax treaties, withholding laws and tax reclamation procedures internationally;
4. Have a thorough knowledge of relevant securities and tax laws in each country, as well as the ability to recover assets in the event of broker bankruptcy; and
5. Facilitate the setup of accounts in new markets and assistance with ongoing maintenance of existing accounts.

H. Alternative Investments Processing and Reporting – The Contractor shall:

1. Provide support in the processing, accounting, and administrative requirements of alternative investments (i.e., hedge fund of funds, real estate, private equity, infrastructure, opportunistic credit, etc.);
2. Provide multi-tiered electronic approval and processing of capital calls and distributions;
3. Provide recording of non-cash deemed distributions and non-cash contributions and distributions of assets to the Agency from partnerships; and
4. Provide monthly valuation with cash flow roll forwards.

I. Reporting Requirements – The Contractor shall:

1. Provide all reports requested by the Agency. In addition, ad hoc query and reporting functions shall be available, and the Contractor shall, by mutual agreement and in an established timeframe, provide additional custom reports (complying with industry-standard report formats developed in the future) as requested by the Agency at no additional charge;
2. Complete monthly reconciled accounting statements by the twelfth (12th) business day of the month (for the prior month's reporting cycle). The Agency and Contractor may mutually agree in writing to a later completion and/or delivery schedule for transaction reports subject to availability of third party information or substantive changes in the Agency's portfolio composition or structure;
3. Produce at a minimum, the following month-end reports in electronic form (in both PDF and Excel format). All reports must be available by individual account and composite of all accounts. All reports must present transactions in both local and base currency.
 - a. Statement of Assets and Liabilities: a balance sheet report summarizing the assets and liabilities of the Agency at both Cost and Market Value;
 - b. Reconciliation of Assets: a summarized reconciliation report tracking activity affecting assets between the beginning and ending balances;
 - c. Reconciliation of Cash: a cash reconciliation report tracking all transactions affecting cash between the beginning and ending cash balances;
 - d. Accrued Income: a summarized and detailed report of receivables and payables to include all income earned but not yet paid as well as items that should have been paid but have not been received;
 - e. Pending Trades: a summarized and detailed report of all trades initiated by managers but not yet settled as of month-end;
 - f. Statement of Income: a summarized and detailed report tracking transactions affecting income to arrive at an earned income total;
 - g. Statement of Expenses Incurred: a summarized and detailed report tracking transactions affecting expenses to arrive at total expenses;
 - h. Statement of Net Unrealized Gains and Losses: a summarized report tracking current unrealized gains and losses and change in net unrealized gains and losses by asset type;
 - i. Statement of Net Realized Gains and Losses: a summarized report tracking current proceeds vs. cost and net realized gains and losses by asset type;
 - j. Detail Statement of Assets and Liabilities: a report tracking cost and market value by asset type sorted in alphabetical order;
 - k. Detail Statement of Purchase and Sale Transactions: listing must be available in chronological order within each transaction type and must include derivatives; and
 - l. Fail Report: a detailed audit trail must be produced tracking all trades that have failed. This report should include sufficient detail to allow a thorough review of the trade;

4. Provide a monthly working trial balance in Excel and PDF format to facilitate posting monthly activity to the Agency's general ledger.
5. Provide a daily reconciliation report for all cash accounts associated with internally managed accounts as well as alternative investments;
6. Provide access to management information and accounting systems utilizing personal computers at the Agency with the capability of providing the following information on a daily basis:
 - a. Exposure reporting for custodied holdings, including, but not limited to, country, currency, corporation, economic sectors, industry class, and types of securities.
 - b. Underlying exposure to asset holdings in commingled funds;
 - c. Current and historical performance;
 - d. Current and historical prices and exchange rates;
 - e. Composite portfolios;
 - f. Current and historical transactions;
 - g. Current and historical holdings in any aggregation;
 - h. Performance aggregate data and (custom) benchmarks;
 - i. Performance and analytic databases;
 - j. Customized reports as required; and
 - k. *Ad hoc* holdings and performance reports;
7. Provide an accurate report of all holdings, yearly transactions, and other pertinent investment data, in a format acceptable to the Agency, no later than 30 days after the end of each fiscal year;
8. Provide on-line access to recent and pending transactions, current asset listings, and cash flow projections. These reports must be available for individual and combined portfolios and must include, at a minimum, the following capability:
 - a. Ability to access real time portfolio information including market indices from the Agency's office;
 - b. Automated report writer interface with Windows based spreadsheets and databases;
 - c. Complete selection of month-end multi-currency accounting reports;
 - d. Multi-currency performance and analytic reports;
 - e. Ability to download data elements with user selected formats and sorting; and
 - f. Customization of reports to client specifications at no additional charge;

9. Provide information to investment managers for bankruptcy filings;
10. Provide data access to Agency-approved third parties; and
11. Provide a monthly file (in acceptable media) of all transactions in all the Agency accounts to the Agency's general investment consultant (currently NEPC) for the purpose of receiving audited positions and transaction data by the third (3rd) business day after the books are closed for all accounts custodied at the Contractor. The Agency and Contractor may mutually agree, in writing, to a later delivery schedule for transaction reports subject to availability of third-party information or substantive changes in the Agency's portfolio composition or structure.

J. Corporate Actions, Class Actions and Proxy Voting –The Contractor shall:

1. Provide advance notification and same-day posting of corporate actions including, but not limited to stock splits, spin-offs mergers, exchanges and other scheduled and non-scheduled redemptions to the Agency and/or its external investment managers in a timely manner. A secure interactive internet-based system to process corporate actions is preferred;
2. Provide an automated feed between the Contractor's system and the Agency's class action monitoring service provider (currently Institutional Shareholder Services, Inc.) on at least a monthly basis;
3. File claims in all class action or similar suits associated with any investment securities owned by the Agency on behalf of the Agency when applicable with respect to claim periods for which Contractor or any prior Custody Bank or other entity with possession of data is the holder of record relating to those securities. Further, upon expiration or termination of any contract, the Contractor shall agree to continue to file claims for any future or potential class action claim of settlement regarding such investment securities;
4. In the event Contractor receives any deficiency or rejection notices from litigation agents in connection with a claim filing (other than a minor deficiency which it determines that it can readily cure), it will use reasonable efforts to forward such notice to the Agency. Contractor shall take no further action with respect to a claim filing that has been deemed deficient or rejected by a litigation agent until instructed by the Agency;
5. Provide reports of all class actions, claims filed and settlements received at least monthly. This reporting shall include notification of claims yet to be filed and information regarding past and present holdings and holding periods for class action litigations. A secure internet-based reporting system to view these is preferred;
6. Provide proxies and proxy statements for U.S. corporations to the Agency or designee (currently Institutional Shareholder Services) prior to annual and special meetings within a timeframe sufficient for relevant receipt, analysis and vote determination;
7. Provide proxies and proxy statements to the Agency, its external managers or designee (currently Institutional Shareholder Services) prior to annual and special meetings for foreign corporations. Such proxies and proxy statements will be provided subject to local market practice but in a manner consistent with the practice of the Contractor's peers for the relevant market, at minimum; and

8. Provide an automated feed of holdings between the Contractor's system and the Agency's proxy voting service provider (currently Institutional Shareholder Services, Inc.).

K. Performance Measurement and Analytics – The Contractor shall:

1. Provide audited monthly performance reports detailing the market values, cash flows and returns of the portfolio, including both custodied and non-custodied assets, asset classes and on a consolidated basis at gross, net of management fees, and net of all fees using GIPS compliant calculation methodology by the twentieth (20th) business day of the month for the prior month's performance;
2. Provide unaudited daily performance reports detailing the market values, cash flows and returns of each portfolio for all custodied assets as well as any consolidations deemed necessary by the Agency;
3. Provide monthly audited sector, industry and CUSIP level reports by the fifteenth (15th) business day of the month;
4. At least monthly transmit raw performance data, transactions data, rates of return or any other information concerning the Agency's accounts to the Agency or to vendor(s) selected by the Agency;
5. Provide performance analytics and attribution analysis for the Agency's accounts versus relevant agreed-upon benchmarks in formats acceptable to the Agency;
6. Provide monthly performance reports detailing market performance, portfolio performance and any level of detail or any aggregate demand necessary by the Agency. These reports are to include current as well as historical data;
7. Provide a quarterly investment performance analysis across all Agency funds in a format to be agreed upon between the Contractor and the Agency. This report will be due thirty (30) days after the close of the calendar quarter reported upon and will be delivered to the Agency electronically; and
8. Based upon its knowledge of client and industry trends, advise the Agency of the Contractor's latest performance measurement tools and products as they become available.

L. Compliance Monitoring and Reporting – The Contractor shall:

1. Provide the Agency with an online investment compliance reporting service, which will identify and notify staff of investment trades that are outside established policies, tolerances and parameters based on available holdings information;
2. Assure that the compliance monitoring and reporting service has the capability to track any internally managed portfolios as well as all externally managed portfolios. The service shall encompass the following:
 - a. Provision for formal investment management guideline review and gap analysis for each specified guideline;

- b. Creation of the initial set of tests and reports to meet the Agency's requirements;
 - c. On-going assistance in creating new and/or modifying existing tests and reports;
 - d. Formal confirmation by the Agency of proper interpretation of the tests and results;
 - e. Performance of compliance monitoring daily, with weekly and monthly reports;
 - f. Ability to capture the reason why exceptions occurred and to retain history of compliance monitoring results; and
 - g. Ability to review exception reports online and to download the exception reports in pdf and excel formats;
3. Reports shall display the status of each test; a pass, an alert or a warning, and ability to summarize why the alert occurred. Reports shall be based on post-trade date and pre-settlement date holdings previously reported to the Contractor; and
4. The application shall incorporate compliance fail management capabilities, including the ability to assign severities, breaches and approvals for each alert. Agency or assigned Contractor employee shall be able to view the test breaches, assign breaches to individuals for follow-up, and record commentary or research results on-line.

3.4. SYSTEMS AND TECHNOLOGY REQUIREMENTS – The Contractor shall:

- A. Provide on-line, real-time access to data held in the Contractor's records by authorized Staff, the Agency's external investment managers and the Agency's investment consultant. Complete histories of investment activity of all Agency holdings shall be maintained throughout the term of the custody bank relationship;
- B. Provide a web-enabled or internet-based system with access to management information and accounting systems with the capability of providing the following information:
 - 1. Current and historical prices, market values, and exchange rates in effect at times of pricing international securities;
 - 2. Composite portfolios;
 - 3. Current and historical transactions, including pending and settled trades, by security, by account, by asset class;
 - 4. On-line access to current and historical holdings in any aggregate;
 - 5. Customized reports as required; and
 - 6. Ad hoc query and reporting;
- C. Provide state-of-the-art back-up systems to minimize loss of data and provide instant availability;
- D. Provide staff with the ability to review all externally managed portfolios;

- E. Provide access to the contractor's reporting/portal system via secure internet login for purposes of downloading reports and extracting data for analysis using software products such as Microsoft Excel, as well as "inquiry only" access by various internal and external users;
- F. Provide training to Staff as new employees are added and any time substantial changes have been made to the information-delivery program;
- G. Provide adequate protection against unauthorized access to Agency records under the Contractor's control;
- H. Provide an established and proven plan for business continuation in emergency situations. The Contractor shall recreate records and resume operations necessary for the daily investment activities of the Agency, including but not limited to, trade settlement, money movement and cash sweep, and portfolio holding data essential to portfolio management within twenty-four hours of any occurrence of any major disaster or other cause which destroys records and/or interrupts normal operation of the Contractor's systems. The Contractor shall periodically test its business continuation plan and operating procedures. Every twelve months, the Contractor shall provide assurances that testing confirmed their abilities to operate as indicated in the Contractor's business continuation plan;
- I. Retain computer records of all reconciled investment transactions and month-end positions on electronically readable storage media indefinitely. The Contractor shall assure that records maintained on electronically readable storage media are checked for viability on an annual basis and migrated, if necessary, to more current technology in order to maintain accessibility during the entire retention period. Upon contract termination, the Contractor shall translate the information to a flat file, or other format mutually determined, for retention by the Agency; and
- J. Provide access to the Agency data on the Contractor's systems from the Agency's local area network. The access will occur via the internet to the on-line reporting system. The on-line reporting system will be available from any location with an internet connection in the event that the Agency's primary office internet connection is not functional, or the Agency has experienced a circumstance that requires relocation to the backup site.

3.5 TRANSITION AND CONVERSION – Should this RFP result in the selection of a new custody bank, the Contractor shall:

- A. Perform all procedures necessary to convert from the system of the current custody bank (State Street Bank & Trust) to the new Contractor's system of record, including:
 - 1. Present to the Agency management a detailed plan for, and schedule of, the transition from the current custody bank to the Contractor. The plan and schedule must include the timing of each phase of the transition as well as the proposed involvement of the Contractor's employees in the process, the level of involvement anticipated from the Agency's employees and the proposed involvement of the current Contractor in the transition process;
 - 2. Reconcile custody positions to the prior custody bank's records, research all reconciling items, and correct all position discrepancies;
 - 3. Have in place and adequately test prior to conversion all interfaces, including, but not limited to, those of the Agency, outside investment managers, pricing services, and others (or provide mutually agreed upon acceptable alternatives);

4. Complete the asset conversion process, including the reconciliation of custody positions, values, outstanding foreign tax claims, receivables, or liabilities and the proper identification of reconciling items by April 30, 2024; and run all parallel processing from May 1, 2024 through June 30, 2024 (the last day of the current contract) with full operation on July 1, 2024; and

5. Provide training to Staff during the initial conversion process; and

B. Upon termination of the Contract, cooperate fully with the successor custody bank to facilitate the transition from the Contractor's system to the successor's system. During transition, the Contractor shall:

1. Provide to the Agency and the successor custody bank all information about the Contractor's system that may reasonably be needed by or useful to the successor to prepare for and effect the transition. Such information might include data formats, data element definition, update frequencies, etc. The Contractor shall not be expected to provide proprietary information about its internal systems;

2. Provide to the successor custody bank a copy of all Agency data in a mutually agreed form and format for test purposes, with the expectation of parallel processing for the two months prior to the end of the Contract;

3. On the effective date of the conversion from the Contractor to the successor custody bank, provide a complete final copy of all current Agency files to the successor. To complete close-out of transactions in process, suitable and mutually agreed arrangements shall be made between the Contractor, the Agency, and the successor for processing of such transactions received subsequent to the effective date of conversion;

4. Provide the necessary personnel to ensure a smooth transition;

5. Continue to collect tax reclaims due the Agency and coordinate with the successor custody bank on outstanding claims; and

6. Continue to file class action litigation claims and process those claims and disbursements for litigations referring to the time period the Contractor has served as custody bank.

3.6 CONTRACTOR'S CORPORATE AUDIT – The Contractor shall:

1. Provide annual financial statements audited by an independent certified public accounting firm in accordance with generally accepted accounting principles. An unqualified opinion must have been issued by the auditor in connection with the most recent audit;

2. Afford necessary Staff and its internal auditor (also including, when the Agency so requires, external auditors) continued access to the Contractor's corporate audit staff and make available information from the corporate internal audits such as audit reports and the working papers of the Contractor's internal audit division that pertain directly to the services utilized by the Agency, as long as such access does not violate client confidentiality, contractual obligations of Contractor, or applicable federal or state laws or regulations; and

3. Provide electronically the semi-annual Statement on Standards for Attestation Engagements (SSAE 16) and/or International Standard on Assurance Engagements 3402, Assurance Reports on Controls at a Service Organization (ISAE 3402).

3.7 PERSONNEL, MEETINGS, CLIENT CONFERENCE – The Contractor shall:

1. Make appropriate personnel available to meet with Staff on site, at dates and times determined by the Agency, at least quarterly, or more frequently if required by the Agency, to discuss services related to the Agency's needs;
2. Provide direct access to appropriate computer system technical staff for assistance with computer system problems;
3. Have a relationship management protocol which assures the appropriate escalation of issues and special projects with defined deadlines for resolution within the context of the Agency relationship; a bi-weekly conference call with appropriate Staff and Contractor staff shall be conducted to discuss progress of all issues;
4. Working with Agency, implement Performance Standards and Key Performance Indicators (KPIs) as proposed in Appendix F;
5. Provide the Staff direct access to specialists in each functional area to discuss processing issues as they arise;
6. Notify the Agency at least ten (10) business days prior to any change in the relationship management team, including but not limited to the relationship manager, client services manager, along with any primary staff related to the former and those associated with performance and analytics, compliance, client trade support (publicly traded securities), private market operations, and accounting; and
7. Invite the appropriate Board and Staff members to participate in the Contractor's group client conferences and all other educational activities provided by the Contractor and normally offered to the Contractor's clients.

SECTION 4: REQUIREMENTS FOR PROPOSAL PREPARATION

The following requirements are to be met along with a list of the information that must be provided by the Offeror. A Proposal that does not provide all of the information requested below to the Agency's satisfaction may be rejected. Please provide the information in the same order in which it is requested.

4.1 TWO PART SUBMISSION

Proposals must be submitted in TWO SEPARATE PARTS:

TECHNICAL PROPOSAL, and

FINANCIAL PROPOSAL

The Technical Proposal should be submitted simultaneously with the Financial Proposal(s) to the Procurement Manager and NMERB (via SFTP site listed on page 5) with the Financial Proposal(s) after the Technical Proposal. The two proposals shall be submitted together but clearly labeled to differentiate one proposal from the other. Each package and volume submitted must bear the title of this RFP and name and address of the Offeror.

All pages of each Proposal must be consecutively numbered from beginning to end and shall follow the format requested.

4.2 GENERAL PREPARATION INSTRUCTIONS

The Offeror's Technical Proposal should address all points and questions outlined in this RFP except the price information. It should follow the format described below and be clear and precise in response to the information requested. All pages must be consecutively numbered and should contain the following sections.

A. TECHNICAL PROPOSAL

1. EXECUTIVE SUMMARY

An Executive Summary, prepared on the Offeror's letterhead and addressed to the Procurement Manager should be at the front of the Technical Proposal. It should precede the Transmittal Letter. The purpose of this letter is to summarize the Offeror's qualifications and the contents of the Technical Proposal.

2. TRANSMITTAL LETTER

A transmittal letter (see Appendix C) prepared on the Offeror's letterhead should accompany the original Technical Proposal. The purpose of this letter is to transmit the Proposals.

The letter must contain the name of the RFP. It must be signed by an individual who is authorized to bind the firm to all statements, including services and prices, contained in the Proposals. The letter must also acknowledge any addenda to the RFP that were received. The letter shall also contain the following:

- a. The Offeror's name, physical address, telephone number, and website address;
- b. The Offeror's Federal Employer Identification Number;
- c. The name, title or position, e-mail address, and telephone number of the individual signing the cover letter;
- d. A statement indicating the signer is authorized to bind the Offeror contractually;

- e. The name, title or position, e-mail address, and telephone number of the primary contact and/or account administrator with authority to negotiate a Contract, if different from the individual signing the cover letter;
- f. A statement certifying that the Offeror is able and willing to provide the services described in Section 3 of this RFP;
- g. A statement expressing the Offeror's availability of staff and other required resources for performing all services required; and
- h. Any exceptions to the terms and conditions must be clearly identified in the transmittal letter. NOTE: The taking of any exceptions may cause the Proposal to be rejected.

3. STATEMENT OF MINIMUM OFFEROR QUALIFICATIONS

Each Offeror must prepare a Statement of Minimum Offeror Qualifications substantiating how their firm satisfies each of the minimum Offeror qualifications as described in Section 2 of this RFP. The statement must contain sufficient information to assure the Agency of its accuracy.

4. PROPOSAL QUESTIONNAIRE

Each Offeror must complete the Proposal Questionnaire contained in Appendix A. The information requested must be provided in the prescribed format. Responses that in the opinion of the Evaluation Committee materially deviate from the prescribed format may be rejected. All responses to the questionnaire will be subject to verification for accuracy. Proposals containing false or misleading information may be rejected at the discretion of the Evaluation Committee.

5. REFERENCES

Each Offeror must provide a minimum of six (6) references, using the form provided in Appendix A, Section 6, Form for References. References must be from customers of the Offeror who can be contacted to evaluate the performance of the Offeror. Each reference must include the client's name, address and phone number, and the primary contact's name, position, phone number and e-mail address. A separate form must be used for each client organization named.

At least three (3) references must be for U.S.-based clients (include at least two public funds) each with domestic and international assets having a market value in excess of \$12 billion.

At least three (3) references must be for your three most recent conversions that are comparable in size and scope to the Agency.

6. FORMS TO BE COMPLETED

- a. Campaign Contribution Disclosure (Appendix D to this RFP). Offerors must sign and submit this disclosure along with their Technical Proposal; and
- b. Placement Agent Disclosure (Appendix E to this RFP). Offerors must sign and submit this disclosure along with their Technical Proposal.

B. FINANCIAL PROPOSALS

The Financial Proposal must contain all cost information for all services and products proposed to be supplied to the Agency by the Offeror in the format specified in Appendix B, available in Excel on the website with the RFP as “NMERB RFP 2024-09-01-INV Financial Proposal.” All Financial Proposals shall be typewritten. Any deviation from the prescribed format may result in the rejection of the Proposal. Multiple or alternative Financial Proposals which enhance the value and efficiency of the services to be provided will be accepted. The Offeror may submit a statement, not more than one page in length, with respect to each alternative Financial Proposal.

All Financial Proposals shall be signed in ink or digitally as follows:

1. As an Individual – Sign with full name and address
2. As a Partnership – Partners shall sign with full names and business address
3. As a Corporation or similar entity – An authorized officer of the corporation shall sign with full name and title and shall include the name and address of the corporation.

REMAINDER OF PAGE BLANK

STATE OF NEW MEXICO EDUCATIONAL RETIREMENT BOARD

REQUEST FOR PROPOSALS

CUSTODY BANK SERVICES

APPENDICES

APPENDIX A Proposal Questionnaire 33

SECTION 1 Organization Overview 33

 A. Organization 33

 B. Risk Management 35

SECTION 2 Relationship Management Overview 36

 A. Client Coverage and References 36

 B. Depth and Experience of Personnel 37

 C. Administration and Client Service 38

SECTION 3 Services to be Provided 39

 A. Accounting and Auditing 39

 B. Settlement, Securities Processing and Custody 41

 C. Income Settlement and Income Crediting 43

 D. Investment Manager Liaison 43

 E. Cash Management 44

 F. Foreign Trade and Foreign Exchange Processing 45

 G. Subcustodian Network Management 46

 H. Alternative Investments Processing and Reporting 47

 I. Reporting Requirements 47

 J. Corporate Actions, Class Actions and Proxy Voting 48

 K. Performance Measurement and Analytics 49

 L. Compliance Monitoring and Reporting 51

SECTION 4 Systems and Technology Requirements 52

 A. Organization 52

 B. Systems Development 52

 C. Security and Business Continuity 53

 D. Products 53

 E. On-line System 54

 F. Client Customization and Development 54

SECTION 5 Transition and Conversion 55

 A. Planning 55

 B. Implementation 55

SECTION 6 Reference Form 57

APPENDIX B	Financial Proposal.....	58
APPENDIX C	Letter of Transmittal Form	59
APPENDIX D	Campaign Contribution Disclosure	61
APPENDIX E	Amended and Restated Policy Regarding Placement Agent Disclosures.....	65
APPENDIX F	Performance Standards and Related Key Performance Indicators.....	74
APPENDIX G	Sample Contract.....	76

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
REQUEST FOR PROPOSALS
CUSTODY BANK SERVICES**

APPENDIX A: PROPOSAL QUESTIONNAIRE

(Beginning at Section 2 of this Proposal Questionnaire, the order of each section matches the order of the Scope of Work/Services in the RFP beginning at Section 3.2, page 15.)

SECTION 1 ORGANIZATION OVERVIEW

A. Organization

1. Provide a brief history of the Offeror, including its year of organization and the history of the Offeror's involvement in the global custody bank business.
2. Where is the Offeror headquartered? How many branch offices are there, and where are they located? Which office(s) will provide the services requested by the Agency?
3. Include an organization chart of the firm's overall management structure, including the position of the Institutional Master Trust/Custody business unit and the technology support organization. Describe the firm's overall management structure, and how the Institutional Master Trust/Custody business unit fits within it.
4. Describe any significant developments in the Offeror's organization that have occurred since January 1, 2018 (changes in ownership, personnel reorganization, etc.). Do you anticipate any significant changes in the organization in the next five years?
5. Is the Offeror, its parent or an affiliate a registered investment advisor with the SEC under the Investment Advisers Act of 1940? If not, what is its fiduciary classification (as the term is defined by the Employee Retirement Income Security Act of 1974 [ERISA])? Define your organization's fiduciary responsibility. Specifically, what are the scope, depth and limitation of such fiduciary conduct relative to all services required by this RFP?
6. Describe the financial condition of the Offeror. What are the Offeror's total assets and capital base? Please include a copy of the Offeror's audited financial statements for the two most recent annual reporting periods.
7. Provide the following data and explain the implications.

Capital Base, December 31, 2023

Capital Requirements	Actual	Current Requirements
Tier 1 Capital Ratio		
Total Capital Ratio		
Leverage Ratio		
Tangible Common Equity		

8. Provide your organization's current short term and long-term credit rating.
9. Please provide guidance on how you intend to meet Basel III in terms of capital adequacy and liquidity.
10. What is the nature and size of any "off balance sheet items" in your annual report and what are the three critical areas that pose the most at risk exposure to the bank?
11. Since January 1, 2018, has any officer or principal been involved in any litigation or other legal proceedings or any regulatory investigation relating to the provision of custody services? If so, provide a description, explanation, and indicate the current status. List and describe all pending or threatened litigation against your organization with regards to custody services. List and describe all regulatory agency supervision associated with the pending or threatened litigation. What has been your experience regarding litigation or regulatory agency supervision over the past five years?
12. Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance, including the insurance carriers supplying the coverage. Please indicate which coverage is on a per client basis or applied to the firm as a whole.
13. Describe the various types of insurance coverage and indemnifications provided to protect custody clients, including:
 - a. Risks covered,
 - b. Carriers,
 - c. Levels,
 - d. Limits,
 - e. Deductibles, and
 - f. Expiration.
14. Provide a copy of the Offeror's Code of Ethics. Do the Offeror and its employees comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute?
15. Explain any potential conflict the Offeror may have in servicing the Agency's account. "Conflict" may include brokerage relationships, money management activities, fee relationships with investment managers, soft dollars, etc. Describe the procedures in place that would mitigate or eliminate such potential conflicts of interest.
16. Describe how conflicts of interest are managed, disclosed or prevented if the firm or its affiliates provides any of the services described in the previous question.
17. How many years has the Offeror provided custody bank services to public pension funds? What other services does the Offeror provide? Please provide a breakdown of revenue in table format by line of business (Asset management, investment management servicing, wealth management, custody, etc.) for the Offeror and any subsidiaries for each of the last five (5) years.
18. Describe what differentiates your organization from other custody banks. What is the value your organization provides to clients?

B. Risk Management

1. Describe how your risk management department is structured, its main objectives and any enterprise risk management programs, tools or policies you have in place.
2. Identify and describe the major risk factors that you manage in a custody relationship. Describe how you manage these risks.
3. Describe how you manage the subcustodians, technology, counter-party and regulatory risk.
4. Provide a copy of your Statement on Standards or Attestation Engagements report (SSAE 16) or SOC 2 report and your most recent Annual Report. List and describe the nature of all errors and/or weaknesses that were discovered as a result of an outside review of the SSAE 16 or SOC 2. What steps have been taken to correct the errors or otherwise strengthen the internal controls of your system? Include items not yet resolved and the compensating controls in place until they are resolved. Provide an estimate of the time to resolve the issues.
5. Provide a brief overview of the internal control environment of your organization.
6. Describe the system of proofs and controls that assure accuracy of the processing and reporting of the custody business unit.
7. Briefly, describe your practice of updating documented policies and procedures.
8. Identify the internal and external entities that audit, regulate, and/or review your custody services. For each entity identified, provide the following:
 - a. A brief description of their audit plan;
 - b. Frequency of audits and reviews;
 - c. Reports produced and provided to management; and
 - d. Required responses of the business unit.
9. 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.
10. What controls are in place or are you capable of installing to ensure that account activity is authorized?
11. Describe your personnel policies regarding background checks on employees and agents. What criteria would disqualify an applicant from employment based on the results of a background check?

SECTION 2 RELATIONSHIP MANAGEMENT OVERVIEW**A. Client Coverage and References**

1. Using a table format similar to that below, what is the distribution of client assets and custody employees assigned to each category? Please provide the number and percentages of clients and employees. Explain if the firm's client base is heavily weighted to any particular type of investor.

Client Type	Number	Percentage of Assets	Number of Employees
Public Pension Funds			
Corporate Pension Funds			
Taft-Hartley Funds			
Endowments & Foundations			
Insurance Companies			
Mutual Funds			
Other (Specify)			
TOTAL			

2. What percentage of client portfolios are:
 - a. Hedge funds,
 - b. Private equity investments,
 - c. Real estate,
 - d. Global asset allocation, and
 - e. Other non-traditional investments.

3. Provide a current list of the ten (10) largest clients including name, contact, telephone number, asset values, number of years the client has retained your firm and the product or service(s) the client uses. These clients may be used as references as described in Section 4.2 (A) 5 on page 29 of the RFP. The Agency reserves the right to contact any of these clients as references.

4. Provide the number, name(s) and asset values of any custody client relationships that were either terminated or not renewed in the last three years with reasons for the termination or non-renewal. The Agency reserves the right to contact any of these clients as references.

5. Provide the number, name(s) and asset values of any new client relationships gained in the last three years. The Agency reserves the right to contact any of these clients as references.

B. Depth and Experience of Personnel

1. Describe the structure of your global custody account administration, (e.g., account team, client account executives, support by administrative units, etc.). Describe how the Agency would be served within this structure.
2. Complete the following matrix for your organization's Institutional Master Trust/Custody business unit.

	# of People (note # of CPAs & CFA charterholders parenthetically)
Client Service	
Operations/Accounting	
IT/Systems Support	
Administrative Support	
Performance Reporting	
Other	
Total	

3. Provide an organizational chart showing functions, positions, and titles of all personnel involved in your organization's Institutional Master Trust/Custody business unit.
4. How many global custody clients does your typical account representative serve? How many do the investment and settlement accountants have? How many accounts are assigned to the account administrator and chief investment accountant who would be assigned to the Agency's account and what are the total assets under administration for these individuals?
5. Provide biographical sketches of key individuals who would be assigned to the Agency account in the following global custody service areas: global custody executive management, investment accounting, trade settlement, performance measurement and analytics, compliance, alternative investments, client services and/or account administration.
6. Describe your programs for continuing education required of your master custody bank staff regarding state-of-the-art changes in the master custody business .
7. What retention programs and policies do you have in place to keep experienced staff in accounting, settlement and performance measurement and analytics? How successful have those programs been?
8. What turnover have you experienced in total client service/accounting/operations staff during each of the past three years? Of this turnover, what percentage were client relationship officers? Provide number and percent turnover. Describe your procedures for handling turnover of staff that would be assigned to the Agency's account.

C. Administration and Client Service

1. Describe your client relations process:
 - a. Formal and informal oral and written communications;
 - b. Inquiry and problem resolution processes;
 - c. Information on available services and service delivery issues; and
 - d. Training in the use of the services and systems.
2. Describe your efforts to attract and maintain qualified administrators and client service officers.
3. Indicate how customer satisfaction is monitored and whether clients are provided with the ability to participate in the annual evaluations of their support group as well as overall service performances. If available, the Offeror must provide the results of its most recent customer evaluation (name of customer may be deleted).
4. Describe fully your support structure and services offered to client-managed investment portfolios and operations.
5. What is your procedure for handling complaints about the accuracy of your reports and analysis?
6. Once a problem or issue is identified, how many business days until the Agency is notified? What steps or procedures are taken to ensure that errors or problems are not repeated?
7. Describe any educational events or client conferences you sponsor for your custody clients with a schedule of any events planned.
8. Why does your organization believe its client service team has a competitive edge?
9. Describe the research capabilities and services that your firm or affiliated firms can provide to custody clients. Include services such as economic and market overviews and forecasts, research reports, *ad hoc* analyses, access to data sources, analytic tools, and conferences. Please indicate if custody clients receive these services as a part of base custody fees or for a discount (and the extent of the discount). Indicate if there are any limitations or conditions on the access to or use of these services by custody clients.
10. List and briefly describe any new custody services/product improvements that have been released in the past two years or that will be released within the next year.
11. How do you monitor legislative and/or regulatory changes affecting Master Trust/Custody administration? How are these changes communicated to clients?
12. What responsibility does your organization accept for providing solutions to unusual situations? Provide a specific example where your organization has provided a unique solution to a public fund client. If a solution would require additional portfolio accounts and changes to reporting, would you request an increase in fees?

13. If duties integral to the Master/Trust Custody product are provided by outside vendors, provide the names and principal business location of each vendor, the length of the relationship and the services they perform. The Agency reserves the right to request additional disclosure information on outside vendors, as it deems necessary.

14. Describe the project management process and how it is coordinated with the client.

SECTION 3 SERVICES TO BE PROVIDED

A. Accounting and Auditing

1. What are the functional titles of the business unit's accounting staff? List in decreasing order of responsibility, the number of personnel and the training and experience requirements of each level. Identify the business unit on the organization chart submitted in Section 2 (B).
2. Provide a diagram of the systems showing the relationships and interfaces of the names of the accounting systems that support the business unit, including the systems for global custody and multi-currency accounting.
3. Include documentation that:
 - a. Defines the relationships and interfaces;
 - b. Describes reconciliations and control procedures;
 - c. Indicates the level of automated external information; and
 - d. Indicates the manner and mode of interface with systems available to client access and/or clients' systems.
4. Provide a complete description of the functions of each system and procedures for their use. For the trust accounting and multi-currency accounting systems and procedures, include:
 - a. Compliance with generally accepted accounting practices;
 - b. Master files structure, maintenance and control;
 - c. Double entry features linking securities and cash;
 - d. Reversal procedures and controls;
 - e. "Up front edits" for accuracy of input;
 - f. Proofs of correct receipts of income and capital changes;
 - g. Exceptions monitoring and internal control reports;
 - h. Special accounting procedures to accommodate local practices for non-U.S. investments; and
 - i. Policies and procedures of your multi-currency accounting for converting data into U.S. dollars.

5. For each system, define its processing mode (batch or specific variety of on-line, real time processing) and provide its daily and monthly processing schedule, with start and completion times.
6. Concerning information on Question 5, what is your policy for posting trade and income related cash and foreign currencies to client accounts for each accounting basis listed below? Include information on fail float and overdraft facilities.
 - a. Trade date accrual accounting;
 - b. Cash basis actual settlement date accounting; and
 - c. Cash basis contractual settlement date accounting.
7. List the primary and supplementary sources of monthly prices for all asset classes as well as the methodology for each. Which asset classes can also be priced daily?
8. Describe your process for validating prices.
9. What procedures are in place to ensure accurate pricing? What procedures do you have in effect, if any, to flag and investigate unusual or significant pricing changes from the previous day or month? Describe your procedures for reconciling prices with investment managers.
10. Describe your policy for handling price challenges and how they are resolved.
11. To what degree are deadlines met by stale pricing the investments, and what percentage of investment managers do not provide current market values to meet these deadlines?
12. When reporting stale values, do you identify the date of the reported value on your reports so clients can determine how stale the value is?
13. How do you price securities that are not available from your pricing services, such as private placements? Describe your process of pricing derivative securities and non-traditional fixed income securities (144As, etc.).
14. Do you maintain a record of the original face amount purchased with regard to pass-through investments, such as GNMAs, FHLMCs and FNMAAs?
15. List the various inventory values (market vs. book/cost) that you compute and carry, describe the computation of each, and identify where each is reported.
 - a. Describe your procedures and available options for calculating base currency cost for non-USD denominated securities.
 - b. Describe your procedures for computing and reporting realized and unrealized gains and losses in total, from currency, and from the market for USD denominated and/or non-USD denominated securities.
 - c. For any "effective date posting" in use, describe its benefits, its effects on current and prior period reports, and the controls in place to maintain integrity of data for prior periods for which the books are closed.
 - d. What levels of authorization are required for:

- 1) Processing reversals?
 - 2) Effective date posting?
 - 3) "File maintenance" changes directly to elements of the database?
19. Describe how you validate accounting accuracy of various reports provided to custody clients on a daily and monthly basis.
20. What is your process for restating previously closed periods once an issue has been identified? Under what circumstances will a closed period be reopened and who will authorize this process?
21. Describe the process and frequency of reconciliations performed with depositories, agents, and subcustodian banks.
22. Identify and describe any other reconciliation performed.
23. Describe your tax lot accounting and reporting procedures including all purchase cost options (LIFO, FIFO, etc.) for U.S. and non-U.S. securities. Attach a sample page of tax lot positions from an actual report consolidating U.S. and non-U.S. positions.
24. Describe your capability to provide commingled fund accounting.
25. Can your accounting system track hurdle rates and assist in validating investment manager fees by having breakpoints and the associated basis point fees?
26. What current accounting data is available on-line and for how long? What historical accounting data is available on-line or through other electronic media?
27. What holdings information is available on-line, and for how long? How much historical data is available on-line or other electronic media?
28. Do you have documented policies and procedures in place over the processing and reporting of the master trust/global custody department? If yes, please provide the table of contents for such policies.

B. Settlement, Securities Processing and Custody

1. Discuss your procedures for processing trade instructions.
2. What is the name of the working unit that processes trades and settlements? Describe their reporting relationship and level of responsibility to the business unit. Identify them on the organization chart submitted in Section 2 (B).
3. List the depositories, agents, and subcustodian banks used for all asset classes.
4. Describe your process for settling derivative products, (e.g., futures and options).
5. Discuss your trade processing performance, (e.g., settlement rate, failed trades, average age of failed trades, etc.) by country for the last three (3) years. Group them by asset class and major and emerging markets.
6. What have you done to improve your settlement rate in the last two years?

7. Discuss your procedures for daily proof of trade settlements reported by your depositories, agents, and subcustodians.
8. Discuss your procedures for settling purchases and sales. Start with the trade entry by an investment manager and include in your discussion actual settlement date processing and contractual settlement date processing.
9. If you use a central depository for domestic securities transactions, is your firm a direct participant in that depository? Please provide your average daily transaction volume by depository.
10. How soon after settlement date are you made aware of settlement problems and at what time? At what point do you notify the investment manager?
11. Describe your process for monitoring failed trades.
12. What is your process for settling cash or same day trades?
13. Describe your efforts to resolve claim and counterclaims resulting from failed trades. How successful have you been? What is the longest it has taken to resolve a claim?
14. How do you determine responsibility for client compensation for losses due to errors in processing?
15. Discuss your procedures for depositing newly eligible securities to DTC or other depositories/clearinghouses.
16. Describe the process for registering securities, such as those received as a distribution from private equity funds.
17. Describe your system for registration and custody of assets, including depository used, level of interface and procedures for depository-ineligible securities.
18. Discuss how you assure each client's assets are properly held and segregated in safekeeping and positions accurately maintained in your accounting records. Note in your discussion distinctions between physical and book entry positions.
19. Describe special procedures you employ for processing, valuing and reporting both domestic and international derivative products.
20. Provide an overview of your global custody capabilities. Include when you began offering custody bank services and how you differentiate yourself from the competition.
21. Are you currently on the SWIFT system?
22. Do you use international central depositories for clearing and/or holding?
23. Does your insurance cover all your global custody activities? Does your insurance cover the activities of your subcustodians?
24. What trade data is available on-line and for what period of time? How much historical data is available on-line or via other electronic media?

25. Describe your prime brokerage services available. Is the prime brokerage reporting consolidated with the primary custody reporting?

C. Income Settlement and Income Crediting

1. What are your international income collection and income crediting policies by country? Do you allow standing instructions to convert income to U.S. dollars or another currency?
2. Describe your procedures for establishing entitlements/accruals for dividends and interest for all asset types.
3. Describe how you validate the information for accruals/entitlements from your primary sources. List the alternate sources and procedures used. Distinguish between automated, semi-automated, and manual steps.
4. Describe your procedures for payable date credit. Identify any exclusions in your response.
5. Describe the processing of tax on foreign income, including:
 - a. Sources of information;
 - b. Procedures for maintaining information on current treaty provisions;
 - c. Responsibilities and processing steps for:
 - Filing to establish status for exemptions and reclamation;
 - Filing reclamation for tax refunds; and
 - Collecting refunds;
 - d. Procedures for accruing, reporting, aging, and posting of reclaimable tax; and
 - e. Reporting detail to clients.
6. Describe the process of accounting/collecting for tax claims from a prior custody bank relationship.
7. How do you prove accuracy and timeliness of receipts of income reported by your depositories, agents, and subcustodians?

D. Investment Manager Liaison

1. Provide a listing of the investment managers with whom you presently work on behalf of master trust/global custody clients. Include the full name of units or affiliates of your own organization. Indicate the assets that you jointly process with each of them (e.g., U.S. securities, international government securities, and international corporate securities).
2. Describe your investment manager service organization and management.
3. Describe your process for interfacing with the investment managers serving your global custody clients, including the following:
 - a. Dedicated staff positions and responsibilities;

- b. Mode and means of trade instruction communication and validation;
 - c. Cash management support including foreign exchange transactions;
 - d. Mode, timing, and content of reports provided;
 - e. Inquiry and problem resolution processes;
 - f. Accounting record reconciliation and audit procedures; and
 - g. Special support for managers located outside the U.S.
4. If your system requires the use of your own proprietary trade transmission software, what is the cost impact to the Agency and the Agency's external investment managers?
 5. Describe the process for reconciling transactions and holdings with investment managers at month-end. How do you resolve differences?
 6. How are valuation differences resolved between the external investment managers and the global custody department?
 7. Do you reconcile balance sheet as well as income statement items?
 8. Please provide a sample reconciliation report.
 9. Describe your process and deadlines for transitions from one investment manager to another.

E. Cash Management

1. What U.S. and non-U.S. investment options are available for managing short-term cash, including overnight? Discuss management objectives, guidelines, historical performance, and fees.
2. Identify the cash interest rates paid by country for major and emerging markets. How are these rates determined?
3. Discuss your policy, including interest that may be charged, for overdrawing a local currency account or other DDA. How is the rate determined?
4. What reports are available for reporting overdrafts?
5. Discuss how the client is compensated for late payment of interest, dividends, maturities, tenders, etc. How is the rate determined?
6. Describe your program for providing fail float interest on sale proceeds.
7. Discuss your cash forecasting process. Is it available through your on-line information system? Are alternative investments capital calls and distributions included in cash forecasts? How far in advance can cash be projected?
8. Describe your cash management policies and procedures regarding the purchase and sale of securities and receipt of income.
9. What are your policies and procedures for investing daily surplus cash balances that are not used by investment managers?

10. Please include a description of all available cash management vehicles for qualified retirement plans. Include all fees, frequency of fund opening/valuation and investment results for the past three calendar years ending December 31, 2023. Describe the investment guidelines and policies (risk analysis, asset allocation, average duration, quality, term structure, diversification, etc.) of your short-term investment funds.

11. Who manages each of the available short-term investment funds?

12. Have any of your short-term investment funds defaulted during the past five (5) years? If so, please explain the circumstances of the default, recovery of investment, allocation of loss, etc. Did any participants incur a loss? Were any adjustments made to your investment guidelines/policies to avoid a similar problem?

13. What are the sweep timing options?

14. What is the daily notification deadline for outgoing wire transfers for domestic & international/U.S. and non-U.S. currencies?

15. What is the daily deadline for receiving incoming wire transfers in order to ensure same-day investment and posting to our account?

16. Describe how you work with clients who manage some or all cash themselves.

17. List any countries where your standard cash management policies are currently not enforced and explain.

F. Foreign Trade and Foreign Exchange Processing

1. Discuss your procedures for processing foreign exchange transactions, source(s) of pricing and time(s) of repatriation.

2. List your sources of exchange rates, including forward rates. Describe your procedures for accessing and applying exchange rates for all types of activity and position valuations. Identify choices available to clients.

3. Provide the average daily trade volume processed by country for the last three years. Group them by asset class and major and emerging markets.

4. Describe your capability for providing custom links for communicating trade instructions electronically.

5. Identify the methods of communicating and processing trades from managers. Provide statistics on the volume of trades processed daily, weekly, and monthly.

6. Describe your process for verifying trade instructions and exception processing. Include the percentage of trades that require corrections or amendments.

7. Describe your foreign exchange execution capabilities, including:

a. Primary foreign exchange desk:

- Location within the organization and
- Relationship to the business unit;

- b. Foreign exchange operations:
 - Location within the organization and
 - Relationship to the business unit;
 - c. Currencies exchanged;
 - d. Daily volume per currency for past 12 months;
 - e. Provide a current fee schedule for FX transactions;
 - f. Percentage of foreign exchange execution represented by current clients of the business unit;
 - g. Capability to trade FX forward and futures contracts and volume as percent of cash market trades; and
 - h. Percentage of net revenue attributable to FX operations.
8. Describe your trade execution monitoring system.
9. Describe your systems, controls, and procedures for providing best execution on foreign exchange transactions. What reports or audit trails are available for monitoring each trade's execution time, method, and other information necessary for the purpose of monitoring exchange rates used for best execution? What are the fees associated with foreign exchange transactions?
10. What current transaction information is available on-line? What historical trade information is available on-line or other electronic media?

G. Subcustodian Network Management

1. Provide a list of all subcustodians and the markets for which each is responsible.
2. Describe your network coverage and capabilities. What is their market share? How long has each one been affiliated with you?
3. Discuss your process for managing the subcustodian network in terms of selection, oversight, problem resolution and termination.
4. Describe the process and frequency of reconciliations performed with your subcustodian banks.
5. How many new subcustodians and markets were added in the last two years? Please identify them.
6. How often do you review the performance of subcustodians and visit their offices?
7. Describe your process for interfacing with the Agency to facilitate the setup of accounts in new markets and to assist with the ongoing maintenance of existing accounts and markets.
8. Describe the experience the relationship management team has in international markets, including documentation and returns required and opening markets.

H. Alternative Investments Processing and Reporting

1. Describe your experience with alternative investments (e.g., private equity, real estate, real return assets, opportunistic credit, hedge funds, etc.). Describe any special procedures for the processing, valuing, reporting and performance measurement of alternative investments.
2. Describe your process for initiation and internal approval of recording cash transactions (e.g., capital calls and distributions).
3. Describe the ability of your accounting system to track total commitment levels to alternative investments, to track capital calls, distributions and recallable amounts (capital, income and/or realized gain) against commitments, and to track market values. Please include the ability of the accounting system to include the following components of capital calls and distributions: management fees, incentive fees, fund expenses, return of capital, recallable amounts (capital, income and/or realized gain), return of fees, realized gains, etc.
4. Explain the processes to accommodate holding alternative investments in foreign currencies.
5. How does your system accommodate separate monthly adjustments to individual investments to true up fees and expenses or reclassify items?
6. Describe your system's ability to accrue income and expenses. Will you accrue fees at our fiscal year-end for alternative investments?
7. Provide details about processes to record and track non-cash asset distributions from limited partnership holdings.
8. Provide details about your process to discover, record and inform the Agency of deemed distributions and contributions typically recorded as net zero cash transactions.
9. Do you have any proprietary software for alternative investment accounting? If so, please provide a brief description. Describe the process to integrate alternative investment accounting with custody accounting.
10. Please provide a copy of your electronic form that is used to record calls and distributions.
11. Please provide a copy of a sample monthly valuation report. What is the timing of the locking and reporting of the valuations each month?
12. The Agency has been reporting fees and expenses paid quarterly based on ILPA templates provided by the Investment Managers to the custody bank. Describe your process for collecting and providing this information to the Agency.

I. Reporting Requirements

1. Provide a set of standard daily, monthly, quarterly, and annual accounting statements and reports (audited and unaudited) provided by your system. Note the frequency and time available for daily, monthly, quarterly, annually and by exception. When are they delivered (e.g., time of day or number of business days after the end of the relevant period)? NOTE: Include enough pages of each report to demonstrate its use and distinguishing features; total reports are not required. Identify which of these reports are available on-line or via other electronic media.
 - a. In what format are your reports available?

- b. Do statements reflect pending transactions?
 - c. Do statements reflect amortized balances for fixed income?
 - d. Do statements reflect accrued interest, accrued dividends, in asset valuations?
2. Describe your system of quality control to ensure reporting accuracy. Are reports audited before they are delivered to clients? Who audits and corrects reports?
 3. Illustrate how your reports will allow us to easily create a monthly journal entry to our general ledger. Provide a sample report.
 4. For multi-currency reporting, does the report identify: the country, the industry, and security levels? Do you have the capacity to report in both the local currency and translate to the reporting currency?
 5. Describe the process of validating the local currency information, processing it for U.S. dollars reporting, and producing daily and monthly reports for viewing on-line reports, for each international portfolio and consolidated level of portfolios, including the total Agency fund.
 6. Describe your process for providing customized reports to our specifications, both at the onset of the relationship and ongoing. Provide turnaround times for customized reporting requests. Is customization available to the end-user through ad hoc query tools?
 7. What types of commission/transaction cost reports are available? Please provide a sample report. Can your system identify both executing and clearing brokers? Can your system identify the exchange on which the transaction is executed?
 8. Describe your reporting capabilities as it relates to the integration of accounting, valuation and custody.
 9. Describe the capabilities of your on-line reporting system. Discuss the type of reports, delivery method and timing of data available on-line. Include the following: ease of use; accuracy and completeness; ease of integration with standard desktop applications; and customization available.
 10. How long are reports available on-line, via other electronic media or special request?

J. Corporate Actions, Class Actions and Proxy Voting

1. Describe your procedures and timing for establishing domestic and international entitlements and accruals for capital changes (stock splits, stock dividends, spin-offs, mergers/acquisitions, tenders, calls, warrants, maturities, etc.).
2. Describe in detail your process for providing notice to clients of capital changes/corporate actions requiring their decisions and notification from them prior to processing, including:
 - a. All sources of information on terms and elections, domestic and international;
 - b. Methods of notifying clients;
 - c. Deadline requirements for client response;
 - d. Methods of receipt of instruction from clients (including on-line access);

- e. Procedures for implementing client elections;
 - f. Method and mode of relaying instructions to subcustodians;
 - g. Procedures for controlling subcustodians' timely and appropriate action; and
 - h. Provide information on your procedures and timing for posting income receipts and capital changes to client accounts.
3. Describe in detail your process for USD and non-USD capital changes, including:
 - a. Sources of information on terms and elections;
 - b. Policy and procedures for posting capital change transactions; and
 - c. Method and mode of relaying client instructions to subcustodians.
 4. Describe in detail the services provided with respect to class action processing. Specifically include any cut-off date requirements specified with respect to class action processing.
 5. Describe your process for coordinating with outside monitoring services for class actions and provide information on additional fees charged for this service.
 6. Describe in detail the services provided with respect to proxy processing. Specifically include any cut-off date requirements specified with respect to proxy processing.
 7. Describe your systems and procedures for securing and providing clients with proxy information for both U.S and foreign corporations.

K. Performance Measurement and Analytics

1. Describe the performance measurement and analytics organization. Identify it on the organization chart submitted in Section 2 (B).
2. Describe in detail the basic performance measurement and analytics services currently available to institutional custody clients. How many institutional clients and what percentage of institutional clients use these services?
3. What performance measurement and analytics data are available on-line? Can raw data be downloaded? (Raw data would include portfolio aggregate statistics as well as security specific characteristics, such as rate of return, risk, P/E ratios, dividends, yields, and other analytic items.) How much historical data is available on-line and for what periods?
4. Explain how your performance system handles derivative securities such as futures and options, forward contracts, warrants and rights, convertibles with currency features, venture capital, limited partnerships, and real estate for U.S. and non-U.S. investments where applicable.
5. Describe the indices you provide for comparison, their sources, and the manner and timing in which you receive them and make them available?
6. Discuss the policy of your organization regarding maintaining consistency between accounting system information and performance information for a given period.

7. Describe how the performance reports are reconciled with accounting statements for the same period. Are they audited? Indicate whether the system is internal or if you use an outside vendor's service. If you use outside vendors, please list them along with a brief description of the specific services provided.
8. Can performance data remain unchanged when "effective date" postings are made to the accounting records? Can performance data be changed if accounting data remains unchanged?
9. What procedures exist to verify the accuracy of rates of return? Describe the process for reconciling performance with investment managers. What percentage of the returns that you calculate is verified with investment managers?
10. Does your system have the capability to report returns both gross and net of investment management fees?
11. Does your firm provide holdings-based and/or returns-based attribution and for what time frames?
12. Does your firm provide attribution analyses on fixed income portfolios?
13. Please discuss your performance measurement capabilities in the private equity and real estate areas. What systems do you use to calculate internal rates of return for private equity and other alternative investment portfolios?
14. What additional performance measurement and analytical databases would be made available to the Agency?
15. Can clients access performance measurement and analytics through your online system? If not, is there a planned release date for this capability?
 - a. Describe the ability of your system to calculate net and gross returns, including how returns for alternative investments is calculated.
 - b. Are returns available on a daily and monthly frequency at: 1) total portfolio level, 2) economic sector level, and 3) industry level?
16. Describe your data requirements to backload data for historical performance comparison.
17. Describe your domestic and international performance measurement system and its capabilities. Specifically, describe how information is loaded into the system (e.g., electronically, manually, etc.) by asset class, including alternatives; and the timing for loading (e.g., daily, weekly, monthly).
18. For international portfolios, please explain what type of security and country level return information you provide. Please provide a sample report.
19. Are look-throughs available for all the Agency's existing managers of commingled funds (BlackRock, Global Alpha, RBC, and UBS)?
20. Do you provide universe comparison services based on an internal universe, an outside vendor (such as Wilshire), or both? Please describe.

21. Describe the performance attribution service(s) you offer including their respective methodology. Please indicate if these performance attribution reports are included in your core services or if there are additional fees?
22. Identify and describe the services or products you offer to clients to help measure risks, such as VAR (Value at Risk) measurement.
23. Which of the following statistics can your firm calculate monthly: standard deviation, tracking error, information ratio, Sharpe ratio, alpha, beta, t^2 , Treynor ratio and Jensen alpha?
24. On-Line Access/Customized Performance Reporting:
 - a. What information can be accessed via a web-based portal?
 - b. What types of customized reporting capabilities do you provide with your on-line tool? What support do you provide Staff in setting up their own custom reports using your on-line tools?
 - c. Please indicate how soon after a reporting period the Agency can access final information (e.g., rates of returns, market values, holdings information, etc.).
 - d. Describe any unique features of your performance system.
 - e. What plans do you have for enhancing your performance systems? Please provide a release schedule for enhancements.

L. Compliance Monitoring and Reporting

1. Do you offer an automated system to monitor a client's investment manager compliance with investment guidelines? If so, please describe it, and indicate if it offers the following:
 - a. Portfolio holding tests: tests performed on the portfolio data (e.g., test the maximum total domestic equity as a percent of total assets);
 - b. External data tests: tests that require data available from external database sources (e.g., credit ratings of fixed income instruments);
 - c. Derivatives tests: tests that measure the exposure to derivative instruments;
 - d. Risk management tests: tests that measure the risks associated with individual portfolios as well as the total fund (e.g., value-at-risk analysis); and
 - e. Commingled fund investments: discuss whether the compliance monitoring system can incorporate information relating to commingled fund investment, to the extent that a “look-through” capability is available.
2. Is this compliance monitoring system a feature of your online system? If so, what was the release date and how many clients are currently using it? If not, is there a proposed release date?
3. Comment on your ability to monitor an investment manager's trades for extreme positions that could indicate unauthorized or rogue trading. Can these trades be identified before settlement? What types of alerts are available?

4. How do you work with new clients to adapt your system to their unique requirements? How long does it usually take to implement a new client of similar size and scope to the Agency?
5. Please provide an example of what a monthly summary compliance exception report would look like.
6. Can your compliance service conduct off-line manual tests if your on-line system is unable to conduct the test?
7. Please indicate which tests your system can do on-line versus manual.

SECTION 4 SYSTEMS AND TECHNOLOGY REQUIREMENTS

A. Organization

1. Describe your technology support organization, including how many professional, non-professional, and total personnel work in the systems and technology development unit. Include in your description responsibilities, reporting lines and staffing.
2. Describe your process for prioritizing projects and allocating resources.
3. Please discuss scheduled downtime. What are the processes relating to scheduled downtime (e.g., client notification, parallel servers, period of time system unavailable per occurrence, etc.)? How much scheduled downtime has the system experienced in each of the past two years? How much unscheduled downtime has the system experienced in each of the past two years? What were the primary causes and how were the problems corrected?
4. How much has your organization dedicated to custody-related hardware and software enhancements/upgrades during each of the past two years in dollar terms and as a percentage of total custody operating expenses?
5. Does the organization routinely perform penetration tests utilizing a qualified third-party vendor and if so, how often are tests conducted and when was the last test?
6. What technical prevention measures are in place to secure and monitor your network?
7. Is multi-factor authentication utilized for network remote access? If so, what type of authentication?
8. How is data protected in transit between your organization and the Agency? Additionally, how is data protected on your servers and back-up media?
9. Is there a formal security incident response program in place and if so, how often is the program tested?
10. Describe your organization's employee training programs including software, security and technology. The training programs should be tailored to the services required by the Agency.
11. Describe your organization's risk management process including how issues are identified and responses executed.

B. Systems Development

1. Provide a brief summary of the systems supporting the global custody service, including:

- a. Custody systems (securities movement and control, trust accounting, global custody, multicurrency accounting, derivative accounting);
 - b. Corporate actions systems;
 - c. Performance measurement systems (domestic and international);
 - d. Compliance systems; and
 - e. Any recent or planned system developments.
2. Please describe how all of the systems supporting the global custody service are integrated. Specifically, explain how the platforms for your accounting, alternative investments, custody, performance and compliance systems are integrated.
 3. What are your IT plans for the next three years? Provide a development timeline and release schedule for each of your major systems supporting global custody operations, with specific focus on the on-line accounting, performance and compliance systems with which Staff would interact.
 4. How do you work with clients in systems development? How are clients' requests prioritized for implementation?
 5. Please describe what hardware/software requirements you would prefer the Agency use to connect to your systems?
 6. Identify your system architecture's strengths and how it gives you a competitive advantage.
 7. How much money was spent on product development for Institutional Master Trust/Custody during each of the past three years? What is the targeted amount for this year?
 8. How many people are assigned to product research and development? What percentage of your Support/IT staff referenced in Section 1 do they represent? To whom do they report?
 9. What is the Institutional Master Trust/Custody unit's plan for product development?

C. Security and Business Continuity

1. What are your security procedures to protect customer information, especially with respect to unauthorized access to data, methods for authenticating users, and providing different access rights and permissions? Please describe in detail all security measures. Please describe your notification process should a breach occur.
2. Have you experienced any breaches in the past three years? If so, how many? Describe how the issues(s) were resolved and provide the downtime experienced as a result of the breaches.
3. Describe your process for real-time file back-up and off-site storage for data and software, including back-up locations.
4. Describe your emergency management/business continuation plan. In your description, please identify alternative operating sites and the maximum time required to resume business operations. Please provide the date of the last testing and a summary of results or lessons learned.
5. Please answer the following questions about your disaster recovery plan:
 - a. Are there back-up capabilities for your systems in case of malfunction or disaster?

- b. How many hours before data can be retrieved?
- c. How often do you test the plan?
- d. When was the last test?
- e. Has the disaster recovery plan been used during the past three years? If so, please describe each situation and the results.
- f. What was the longest duration of any such outage and what was the cause?
- g. What has been put in place to prevent this occurrence again?

D. Products

1. Identify and describe the range of products or services available to clients.
2. Describe what role the Internet plays in your overall development of the custody business.
3. Please provide information on how you notify your clients of updates to the software and the ramifications of those changes that impact them.
4. Describe any new and innovative services that currently exist as part of your on-line system or that will be available in the near future.
5. What sets your products apart from your competitors?

E. Online Systems

1. Briefly describe your online system (design, inquiry features, reporting capabilities, flexibility).
2. What is the lag time between trade execution, availability of online transaction data to the client and the posting of the transactions to your accounting system?
3. Please provide the following information related to your online system.
 - a. Name,
 - b. Version and release date,
 - c. Access (Toll dial/toll free dial/Internet),
 - d. Supports modem pool (yes/no),
 - e. Consultant access (yes/no),
 - f. On-site training for clients (yes/no),
 - g. Online delivery of accounting reports (yes/no),
 - h. Installation and annual fee,

- i. Frequency of data,
 - j. Downloadable to Excel (yes/no),
 - k. Help desk staff (number of employees) and hours,
 - l. Commingled fund "look through" to underlying holdings (yes/no), and
 - m. Ad hoc report generator (yes/no).
4. Is a demo site available that the Agency can access?

F. Client Customization and Development

1. Describe your systems development capability for client specific requirements.
2. How do you set priorities and assign resources for client customization? What role does the business unit Administration play in setting the priorities?
3. Describe the services and resources available to assist clients in resolving technology issues.

SECTION 5 TRANSITION AND CONVERSION

A. Planning

1. What group will serve as the transition team in planning and implementing the Agency custody account? Identify the individuals and the roles each will serve in the transition. Also, describe their experience and how they are related to the business unit. Identify it on the organizational chart submitted in Section 2 (B).
2. Describe your transition planning process. Provide a sample of documentation and a calendar for a normal transition, including lead-time required for a normal transition. How might the transition of the Agency account differ from the normal transition?
3. What planning and training would be necessary for the Staff; the Agency's outside investment managers; the Agency's current master custody bank, and your depositories, agents, and subcustodians?
4. Provide a detailed description of your last comparable conversion. Include the details of specific problems that occurred and the solutions implemented.
5. What resources are required of the client during the transition period?
6. What is the disposition of transactions, claims, and accruals pending during the transition/conversion period?

B. Implementation

1. What is the role of the transition team during implementation?
2. What is the relationship between the transition team and the permanent account administration staff?

3. Provide a summary of the problems that you reasonably expect to occur during a custody service conversion and your approach to resolving these anticipated problems.
4. How would you prepare your accounting and performance measurement databases and systems for processing the Agency's investments? Discuss the following:
 - a. What information would you load into your system in advance?
 - b. How could you receive that data?
 - c. For what period would you conduct parallel processing in order to develop history, test procedures, and establish entitlements/accruals?
 - d. How far in advance would you begin processing of trades to prepare for live processing of settlements by the conversion date?
 - e. What is your policy for treatment of accruals, which would have been earned before the conversion date?
5. How do you conduct the transfer of securities and cash from a prior custody bank to control the risk of loss of assets and assure that all are received and accounted for properly?
6. What reconciliations do you perform to verify that all asset positions, including accruals, are accurately transferred into the accounting and performance measurement systems?

REMAINDER OF PAGE BLANK

SECTION 6 REFERENCES

Each Offeror must provide a minimum of five (5) references, using the format below. References must be from customers of the Offeror who can be contacted to evaluate the performance of the Offeror. Each reference must include the client name, address and phone number, the primary contact’s name, position or title, phone number and e-mail address. A separate form must be used for each client organization named.

At least three (3) references must be for U.S.-based clients (include at least two public funds) each with domestic and international assets having a market value in excess of \$10 billion.

At least three (3) references must be for your three most recent conversions that are comparable in size and scope to the Agency.

Please use this format for all references. Please use a separate form for each reference. The Agency may contact any of the clients named as references.

A. Name of Offeror
B. Client Name & Address
C. Contact Name & Position or Title
D. Contact Phone Number & E-mail Address
E. Contract Term (Start & End Dates as applicable)
F. Nature of Services Provided

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
REQUEST FOR PROPOSALS
CUSTODY BANK SERVICES**

APPENDIX B: FINANCIAL PROPOSAL

Please see the separate Excel spreadsheet labeled “NMERB RFP 2024-09-01-INV Financial Proposal.”

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
REQUEST FOR PROPOSALS
CUSTODY BANK SERVICES**

APPENDIX C: LETTER OF TRANSMITTAL FORM

A. Name and Mailing Address of the submitting organization:

Name: _____

Address: _____

Website: _____

Federal Employer ID Number _____

B: Identify the person authorized by the organization to contractually obligate the organization:

Name	
Title	
E-Mail Address	
Telephone Number	

C. Identify the person authorized to negotiate the contract on behalf of the organization:

Name	
Title	
E-Mail Address	
Telephone Number	

D. Identify the person to be contacted for clarifications:

Name	
Title	
E-Mail Address	
Telephone Number	

E. Identify the proposed contract representative:

Name	
Title	
E-Mail Address	
Telephone Number	

F. On behalf of the submitting organization named in item A above, I:

1. Accept the conditions governing the procurement as required in Section 1 of the RFP.
2. Acknowledge that the Offeror will act as a fiduciary (as that term is defined in section 3(21) of the Employees Retirement Income Security Act of 1974, as amended to date (“ERISA”)) with respect to the Agency and in regard to the services specified in this RFP.
3. Acknowledge that the Offeror is able and willing and has the availability of staff and other required resources for performing all services required in Section 3 of the RFP.
4. Acknowledge receipt of any and all amendments to this RFP.
5. Am authorized to contractually bind the organization listed in A above.

G. Any exceptions to the terms and conditions must be clearly identified in this section of the transmittal letter. NOTE: The taking of any exceptions may cause the Proposal to be rejected.

Signature: _____ Date: _____
 Authorized Signature (must be signed by the person identified in item B above)

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
REQUEST FOR PROPOSALS
CUSTODY BANK SERVICES**

APPENDIX D: CAMPAIGN CONTRIBUTIONS DISCLOSURE FORM

Pursuant to the Procurement Code, Sections 13-1-28, et seq., NMSA 1978 and NMSA 1978, § 13-1-191.1 (2006), as amended by Laws of 2007, Chapter 234, any prospective contractor seeking to enter into a contract with any state agency or local public body **for professional services, a design and build project delivery system, or the design and installation of measures the primary purpose of which is to conserve natural resources** must file this form with that state agency or local public body. This form must be filed even if the contract qualifies as a small purchase or a sole source contract. The prospective contractor must disclose whether they, a family member or a representative of the prospective contractor has made a campaign contribution to an applicable public official of the state or a local public body during the two years prior to the date on which the contractor submits a proposal or, in the case of a sole source or small purchase contract, the two years prior to the date the contractor signs the contract, if the aggregate total of contributions given by the prospective contractor, a family member or a representative of the prospective contractor to the public official exceeds two hundred and fifty dollars (\$250) over the two year period.

Furthermore, the state agency or local public body may cancel a solicitation or proposed award for a proposed contract pursuant to Section 13-1-181 NMSA 1978 or a contract that is executed may be ratified or terminated pursuant to Section 13-1-182 NMSA 1978 of the Procurement Code if: 1) a prospective contractor, a family member of the prospective contractor, or a representative of the prospective contractor gives a campaign contribution or other thing of value to an applicable public official or the applicable public official's employees during the pendency of the procurement process or 2) a prospective contractor fails to submit a fully completed disclosure statement pursuant to the law.

The state agency or local public body that procures the services or items of tangible personal property shall indicate on the form the name or names of every applicable public official, if any, for which disclosure is required by a prospective contractor.

THIS FORM MUST BE INCLUDED IN THE REQUEST FOR PROPOSALS AND MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT THEY, THEIR FAMILY MEMBER, OR THEIR REPRESENTATIVE HAS MADE ANY CONTRIBUTIONS SUBJECT TO DISCLOSURE.

The following definitions apply:

“Applicable public official” means a person elected to an office or a person appointed to complete a term of an elected office, who has the authority to award or influence the award of the contract for which the prospective contractor is submitting a competitive sealed proposal or who has the authority to negotiate a sole source or small purchase contract that may be awarded without submission of a sealed competitive proposal.

“Campaign Contribution” means a gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for the purpose of electing the official to statewide or local office. “Campaign Contribution” includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political committee,

nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

“Family member” means spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law of (a) a prospective contractor, if the prospective contractor is a natural person; or (b) an owner of a prospective contractor.

“Pendency of the procurement process” means the time period commencing with the public notice of the request for proposals and ending with the award of the contract or the cancellation of the request for proposals.

“Prospective contractor” means a person or business that is subject to the competitive sealed proposal process set forth in the Procurement Code or is not required to submit a competitive sealed proposal because that person or business qualifies for a sole source or a small purchase contract.

“Representative of a prospective contractor” means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective contractor.

NMERB Name(s) and Titles of Applicable Public Officials: Governor Michelle Lujan Grisham, Attorney General Raul Torrez, State Treasurer Laura Montoya, Secretary of Public Education Arsenio Romero, Secretary of the Higher Education Department Stephanie Rodriguez or New Mexico Educational Retirement Board members: H. Russell Goff, Mary Lou Cameron, Larry Magid, Max Baca, Dr. Reilly White, Matias Fontenla, or to a political committee that is intended to aid or promote the nomination or election of any candidate to a state office if the committee is: 1) established by any of the foregoing persons or their agents; 2) established in consultation with or at the request of any of the foregoing persons or their agents; or 3) controlled by one of the foregoing persons or their agents.

Continued on next page.

SAMPLE DISCLOSURE/REPORTING FORMS ATTACHED
SAMPLE DISCLOSURE/REPORTING FORM
ATTACHMENT "A"

[Letterhead of General Partner or Manager]

DISCLOSURE OF CONTRIBUTIONS BY PROSPECTIVE CONTRACTOR

Contribution Made To:¹ _____

Contribution Made By: _____

Relation to Prospective Contractor: _____

Date Contribution(s) Made: _____

Amount(s) of Contribution(s): _____

Nature of Contribution(s): _____

Purpose of Contribution(s): _____

(Attach extra pages if necessary)

Signature

Date

Title (position)

¹ Include all campaign contributions made to Governor Michelle Lujan Grisham, Attorney General Raul Torrez, State Treasurer Laura Montoya, Secretary of Public Education Arsenio Romero, Secretary of the Higher Education Department Stephanie Rodriguez, or New Mexico Educational Retirement Board members: H. Russell Goff, Mary Lou Cameron, Larry Magid, Max Baca, Dr. Reilly White, Matias Fontenla, or to a political committee that is intended to aid or promote the nomination or election of any candidate to a state office if the committee is: 1) established by any of the foregoing persons or their agents; 2) established in consultation with or at the request of any of the foregoing persons or their agents; or 3) controlled by one of the foregoing persons or their agents.

SAMPLE DISCLOSURE/REPORTING FORM
ATTACHMENT "B"

[Letterhead of General Partner or Manager]

NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250) WERE MADE to Governor Michelle Lujan Grisham, Attorney General Raul Torrez, State Treasurer Laura Montoya, Secretary of Public Education Arsenio Romero, Secretary of the Higher Education Department Stephanie Rodriguez, or New Mexico Educational Retirement Board members: H. Russell Goff, Mary Lou Cameron, Larry Magid, Max Baca, Dr. Reilly White, Matias Fontenla, or to a political committee that is intended to aid or promote the nomination or election of any candidate to a state office if the committee is: 1) established by any of the foregoing persons or their agents; 2) established in consultation with or at the request of any of the foregoing persons or their agents; or 3) controlled by one of the foregoing persons or their agents by me, a family member or representative.

Signature

Date

Title (Position)

End of Appendix D

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
REQUEST FOR PROPOSALS
CUSTODY BANK SERVICES**

**APPENDIX E: AMENDED AND RESTATED POLICY REGARDING
PLACEMENT AGENT DISCLOSURES**

I. POLICY

It is the policy (this “*Policy*”) of the Educational Retirement Board (the “*Agency*”) to require (a) complete and timely disclosure of all agreements or other arrangements (collectively, “*Agreements*”) with respect to any actual or proposed Compensation to be received by Placement Agents from Investment Managers and Investment Consultants in connection with the investment activity of the Educational Retirement Fund (the “*Fund*”), and (b) that Investment Managers bear all direct and indirect fees, costs and expenses associated with such Placement Agents. Certain capitalized terms used in this Policy are defined in Section III. This Policy is intended to:

- A. Assist the Agency staff in making Investment decisions that are consistent with its Investment Policy, dated December 8, 2023, as the same may be amended from time to time;
- B. Provide direction to Investment Managers and Investment Consultants in regard to the disclosures that are required to be made with respect to the actual and potential use of a Placement Agent in connection with any Investment;
- C. Provide additional information to the Agency’s staff and its advisors for use in evaluating proposed Investments and providing advice and recommendations to the Agency; and
- D. Facilitate transparency regarding the Agency’s investment activity.

Disclosure of the identity of third-party marketers, and any fee, commission or retainer paid to a third party marketer, is required by Section 22-11-54 NMSA 1978, the text of which is set forth below in its entirety.

§ 22-11-54. Disclosure of third-party marketers; penalty

A. The board shall not make any investment, other than investments in publicly traded equities or publicly traded fixed-income securities, unless the recipient of the investment discloses the identity of any third-party marketer who rendered services on behalf of the recipient in obtaining the investment and also discloses the amount of any fee, commission or retainer paid to the third-party marketer for the services rendered.

B. Information disclosed pursuant to Subsection A of this section shall be included in the quarterly performance reports of the board.

C. Any person who knowingly withholds information required by Subsection A of this section is guilty of a fourth degree felony and shall be punished by a fine of not more than twenty thousand dollars (\$20,000) or by imprisonment for a definite term not to exceed eighteen months or both.

D. As used in this section, "third-party marketer" means a person who, on behalf of an investment fund manager or other person seeking an investment from the fund and under a written or implied agreement,

receives a fee, commission or retainer for such services from the person seeking an investment from the fund.

The term “third-party marketers” as used in Section 22-11-54 is incorporated in the term “Placement Agent” as used in this Policy.

The ERB has determined that the adoption of this Policy will facilitate implementation and enforcement of Section 22-11-54 and that the investment and reinvestment of the Fund pursuant to Section 22-11-13 will benefit from its adoption.

This Policy sets forth the ERB’s Placement Agent disclosure requirements. This Policy does not prohibit an Investment involving a Placement Agent, provided that this Policy is otherwise complied with. This Policy’s disclosure requirements are not intended to apply to a “placement agent” that does not receive any Compensation from an Investment Manager or Investment Consultant with respect to an Investment. For purposes of example only, if an Investment Manager retained a placement agent that neither directly nor indirectly provided services or a benefit to, or acted on behalf of, the Investment Manager in securing an Investment from the Fund, and such placement agent did not receive any Compensation related to such Investment, this Policy’s disclosure requirements would not apply to the services that such placement agent provided the Investment Manager with respect to any other investor.

II. EFFECTIVE DATE OF POLICY; APPLICATION.

This Policy, as amended and restated, is effective upon its adoption and applies to all Investments made by the Fund after the date of this Policy’s adoption. Investments of the Fund prior to effective date of this amended and restated Policy (the “Amended Policy Effective Date”) are subject to the Policy as it existed prior to the Amended Policy Effective Date.

In connection with Investments made by the Fund prior to the Amended Policy Effective Date, this Policy will apply to: (a) any new investment or commitment, co-investment and other similar investment and acquisition activity made after the Amended Policy Effective Date, and (b) any amendment of an agreement, contract or other document entered into after the Amended Policy Effective Date that extends the term of such agreement, renegotiates investment management fees, increases the amount of the Investment, or changes the Investment in any substantial manner, as determined by the ERB in its sole discretion. In neither event, however, will this Policy apply to the original Investment.

Notwithstanding the foregoing, the ERB encourages Investment Managers to voluntarily comply with this Policy and make the disclosures set forth herein with respect to Investments prior to the date of this Policy’s adoption. Although registration of a Placement Agent with an appropriate regulatory agency was not required before December 12, 2009, the voluntary disclosure should include a statement whether a Placement Agent was so registered. Investment Managers will not be required to update any voluntary disclosures made pursuant to this paragraph. In the event of such a voluntary disclosure, the remedies listed in Section VII, subparts C-F below shall not apply.

In cases where an Investment Manager entered into a contract or other agreement to retain a Placement Agent prior to the December 11, 2009 adoption of the ERB’s original Policy Regarding Placement Agent Disclosures, where that contract or agreement provided that the Placement Agent would be entitled to compensation for any new Investment by the ERB after the initial Investment, registration with an appropriate regulatory agency as set forth below shall not be required in order for such compensation to be paid. The Investment Manager and Investment Consultants shall provide the disclosures required under Section IV and Section V, respectively, relating to the ERB’s new Investment. In addition, the Investment Manager and Investment Consultant also shall provide a statement whether the Placement

Agent was registered with an appropriate regulatory agency as set forth below at the time of the original Investment prior to December 11, 2009, and if not, whether the Placement Agent has since become registered with such an agency.

This Policy shall apply only to the ERB's and the Fund's participation in Investments and not to any underlying or secondary discretionary investments made by an Investment Manager. For purposes of example only, if a "placement agent" directly or indirectly provided services or a benefit to, or acted on behalf of, a third party seeking to secure an investment by a fund being managed by an Investment Manager, the activities of the "placement agent" representing such a third party would not be covered by this Policy.

III. DEFINITIONS.

A. Affiliate(s) – With respect to a specified Person, a second Person that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control, with respect to such specified Person.

B. Compensation – any actual or proposed fee, commission, retainer, economic benefit or other consideration or benefit, to be paid, provided, or given to a Placement Agent that is or will be paid, provided, or given with respect to any Investment.

C. Corporate Affiliate(s) – With respect to a specified Person, a second Person that directly, or indirectly through one or more intermediaries, ultimately (a) has one hundred percent (100%) economic interest and equity and voting control, (b) is under one hundred percent (100%) economic interest and equity and voting control, or (c) shares with one or more other Corporate Affiliates one hundred percent (100%) of the common economic interest and equity and voting control, with respect to such specified Person. Persons who are employees or contractors of the Investment Manager to whom the Investment is related shall be deemed to be a "Corporate Affiliate" of such Investment Manager for purposes of this Policy.

D. Immediate Family Member – a spouse, father, mother, child (including adopted and step-children), father-in-law, mother-in-law, daughter-in-law or son-in-law.

E. Investment – shall mean without limitation any direct or indirect investment in private investment funds, real estate, real property assets, or securities by the Fund for the ERB and shall include investments by an Investment Manager on behalf of the Fund for the ERB held in or through a managed account or separate account with respect to which the Investment Manager has decision making discretion. The term "Investment" as used in this Policy shall not include investments in publicly traded equities or publicly traded fixed-income securities or investment.

F. Investment Consultant – a Person under contract with, or retained by, the ERB for the purpose of providing recommendations, advice or services relating to the investment, management and related activities of the Fund or a portion thereof but who does not exercise decision making discretion with respect to any Investment. The term Investment Consultant includes without limitation all principals, general partners, managers, officers, directors, members, Affiliates, and employees of the Investment Consultant. The term Investment Consultant does not include attorneys, actuaries, accountants, financial analysts, or economists under contract with the ERB to provide those professional services to the agency in connection with the investment, management and related activities of the Fund. Members of the foregoing professions who are under contract with or retained by the ERB primarily for the purpose of acting as Investment Consultants are not excluded from the definition of Investment Consultant. Employees of the ERB or the State of New Mexico whose responsibilities include managing or otherwise

providing services with respect to any Investment are not Investment Consultants for purposes of this Policy.

G. *Investment Manager* – a Person that is seeking to be or that is retained by the ERB to make and/or manage Investments. The term Investment Manager includes without limitation all principals, general partners, managers, officers, directors, members, Affiliates, and employees of the Investment Manager. Employees of the ERB or the State of New Mexico whose responsibilities include managing or otherwise providing services with respect to any Investment are not Investment Managers for the purposes of this Policy.

H. *Placement Agent* – a Person that directly, or indirectly through one or more intermediaries, is hired, engaged, retained, or otherwise made use of, contracted with, represents, provides services or a benefit to, or acts on behalf of, or receives Compensation from, an Investment Manager, Investment Consultant or any other Person with respect to any actual or proposed Investment where such Compensation is related in whole or in part upon the ERB making or agreeing to such Investment. Placement Agents must be registered with an appropriate regulatory body (e.g., SEC, FINRA, or state regulator).

The term “Placement Agent” includes, but is not limited to, any Person who receives or seeks to receive Compensation for providing an introduction or access to the ERB or the Fund and any Person who receives Compensation who subcontracts with, assists, facilitates, or otherwise aids, a Placement Agent. The term “Placement Agent” does not include (a) Persons or firms acting in a broker or dealer capacity for publicly traded or over the counter transactions in publicly traded equity and debt securities, and (b) brokers or dealers of privately negotiated transactions in secondary limited partnership interests and individual private companies, real estate properties or similar transactions.

I. *Person* - an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, or any other legal or commercial entity.

IV. INVESTMENT MANAGER RESPONSIBILITIES.

Investment Managers shall comply with Section 22-11-54, this Policy and any other applicable state and federal statutes and rules and fully cooperate with the ERB, its staff and its Investment Consultants to insure satisfactory compliance with such statutes, rules and this Policy. Investment Managers are required to:

A. Provide a statement disclosing whether a Placement Agent has been involved in the applicable Investment and if so, whether such Placement Agent is a Corporate Affiliate (the “*Placement Agent Information Disclosure*”), in a timely and complete manner to ERB Investment Division staff and its Investment Consultants, as applicable, as part of the ERB’s Investment due diligence process.

B. If a Placement Agent has been involved in the applicable Investment and if such Placement Agent is not a Corporate Affiliate, then the following must also be included as part of the Placement Agent Information Disclosure:

1. A statement disclosing and otherwise identifying all of the natural persons employed, hired, engaged, retained or otherwise affiliated (including, but not limited to, third party contractors, advisors and consultants) with the Placement Agent that provided services with respect to the Investment being considered by the ERB.
2. A full resume for each partner, manager, principal, director, officer and supervisor (each a “*Senior Person*,” and, collectively, “*Senior Personnel*”) employed by or affiliated with the

Placement Agent detailing that individual's education, professional designations, regulatory licenses, and investment experience. Each Senior Person's resume should state whether such Senior Person or an Immediate Family Member of the individual is, or was within the preceding three (3) years, a member of the ERB, its staff, or an Investment Consultant. All Senior Personnel must have a minimum of three (3) years experience in the securities or investment management industry.

2. Copies of all contracts, agreements, understandings and arrangements by and between the Investment Manager and the Placement Agent(s) with respect to the Investment being considered by the ERB.
3. Copies of all correspondence, letters, facsimiles, memoranda, and e-mails, by and between the Investment Manager and the Placement Agent(s) specifically related to or that otherwise specifically discuss ERB and the Investment being considered by the ERB.
4. A description of the Compensation provided or to be provided to a Placement Agent, including the value, timing, and nature of the Compensation with respect to the ERB and the Investment being considered by the ERB.
5. A description of the services to be performed, or which are currently being performed, by the Placement Agent and a statement whether the Placement Agent is utilized with all prospective investors or a subset of prospective investors (e.g., public pension funds, pension funds within a certain geographic region, etc.).
6. The names of any board member of the ERB, its staff or Investment Consultants who may have communicated in any form with the Investment Manager regarding the hiring, engagement or retention of a Placement Agent with respect to the ERB and the Investment being considered by the ERB. Such communications shall not include communications (a) for the purpose of obtaining the disclosures required by this Policy, or (b) that were otherwise part of the ERB's and/or its Investment Consultants' Investment due diligence process and did not otherwise relate to the hiring, engagement or retention of a Placement Agent.
7. The Investment Manager must provide a statement that the Placement Agent (or any of its Affiliates, if applicable) is registered with one or more regulatory bodies (e.g., SEC, FINRA, or state regulator) and provide details of such registration, including any disciplinary actions, fines, or suspensions of registration.
8. A statement whether the Placement Agent, or any of its Affiliates, is registered as a lobbyist with the State of New Mexico.

C. If a Placement Agent has been involved in the applicable Investment and if such Placement Agent is a Corporate Affiliate, then the following must also be included as part of the Placement Agent Information Disclosure:

1. A statement disclosing and otherwise identifying all of the natural persons employed, hired, engaged, retained or otherwise affiliated (including but not limited to third party contractors, advisors and consultants) with the Placement Agent (collectively, the "Placement Agent Personnel") that provided services specifically with respect to ERB and the applicable Investment.

2. A general description of the Compensation provided or to be provided to the Placement Agent Personnel, including the value, timing, and nature of the Compensation specifically with respect to the Investment being considered by the ERB.
3. A description of the services to be performed, or which are currently being performed by, the Placement Agent Personnel and a statement whether the Placement Agent and Placement Agent Personnel are utilized with all prospective investors or a subset of prospective investors (e.g., public pension funds, pension funds within a certain geographic region, etc.).
4. The names of any board member of the ERB, its staff or consultants who may have communicated in any form with the Investment Manager or the Placement Agent Personnel regarding the hiring, engagement or retention of a Placement Agent with respect to the Investment being considered by the ERB. Such communications shall not include communications (a) for the purpose of obtaining the disclosures required by this Policy, or (b) that were otherwise part of the ERB's and/or its Investment Consultants' Investment due diligence process and did not otherwise relate to the hiring, engagement or retention of a Placement Agent.
5. The Investment Manager must provide a statement that the Placement Agent (or any of its affiliates, if applicable) is registered with one or more regulatory bodies (e.g., SEC, FINRA, or state regulator) and provide details of such registration, including any disciplinary actions, fines, or suspensions of registration.
6. A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with the State of New Mexico.

D. Provide updates of any changes to the information included in the Placement Agent Information Disclosure within fourteen (14) calendar days of the date that the Investment Manager knew or should have known of a change in the information originally provided. The foregoing update requirement will apply to the Placement Agent Disclosure in the form and substance it was provided as of the day it was provided based on the facts and circumstances at such time, i.e., there is no continuing obligation to update the Placement Agent Disclosure with respect to events that occur subsequent to such date.

E. Represent and warrant the accuracy of the information provided in the Placement Agent Information Disclosure in any final written agreement with respect to the Investment to which the Investment Manager and the ERB are a party. In addition, such written agreement shall, among other things, incorporate the continuing obligation to update such information as set forth in Section IV (D), and the ERB remedies set forth in Section VII.

V. INVESTMENT CONSULTANT RESPONSIBILITIES.

Investment Consultants shall comply with Section 22-11-54, this Policy, and any other applicable state and federal statutes and rules and fully cooperate with the ERB and its staff to insure satisfactory compliance with such statutes, rules and this Policy.

A. The use of Placement Agents to secure a contract or other agreement to provide Investment Consultant services to the ERB is prohibited; Placement Agents may not provide services or a benefit to, or act on behalf of, an Investment Consultant seeking to provide such services to the ERB.

B. Investment Consultants evaluating and recommending an Investment to the ERB are required to:

1. Provide potential Investment Managers with a copy of this Policy, the current standard form template of the ERB Investment Manager disclosure letter, and the current standard form template of the ERB Placement Agent disclosure letter in the event there is a Placement Agent (collectively, the “*ERB Form Disclosures*”) at the time that discussions are initiated with respect to a proposed Investment being considered by the ERB, regardless of which party initiates the discussion.
2. Provide a written statement to the ERB Investment Division staff disclosing whether, to the best of its knowledge, a Placement Agent has been hired, engaged or retained by the Investment Manager or any of its principals, partners, employees, directors, supervisors, officers, managers, general partners or owners with respect to an Investment being considered by the ERB or that was otherwise underwritten or recommended by the Investment Consultant.
3. Confirm to the ERB in writing that the ERB Form Disclosures have been satisfactorily completed and provided to the ERB Investment Division staff prior to the completion of the ERB Investment due diligence process and, in any event, before any recommendation is made to the ERB or any of its committees or subcommittees regarding such prospective Investment (the information being provided pursuant to Section V(B)(2) and (3) collectively being the “*Investment Consultant Placement Agent Disclosure*”).
4. Provide updates of any changes to the information in the Investment Consultant Placement Agent Disclosure within fourteen (14) calendar days of the date that the Investment Consultant knew or should have known of a change in the information originally provided. The foregoing update requirement will apply to the Investment Consultant Placement Agent Disclosure in the form and substance it was provided as of the day it was provided based on the facts and circumstances at such time, i.e., there is no continuing obligation to update the Investment Consultant Placement Agent Disclosure with respect to events that occur subsequent to such date.
5. Represent and warrant in a recommendation provided by the Investment Consultant with respect to a proposed Investment being considered by the ERB, the accuracy of the information provided in the Investment Consultant Placement Agent Information Disclosure, to the best of its knowledge at the time the recommendation was made. In addition, such written recommendation must, among other things, incorporate the continuing obligation to update such information as set forth in Section V (D).
6. As requested by the ERB or its general Investment Consultant, compile a quarterly report, with respect to each Investment recommended or otherwise underwritten by the Investment Consultant, containing the names and amount of Compensation agreed to be provided to each Placement Agent, if any, in connection with each Investment required to be reported pursuant to this Policy.

VI. PLACEMENT AGENT RESPONSIBILITIES.

Placement Agents, including Placement Agents that are Corporate Affiliates of the applicable Investment Manager, shall comply with Section 22-11-54, this Policy and any other applicable state and federal statutes and rules and fully cooperate with the ERB and its staff to insure satisfactory compliance with such statutes, rules and this Policy. Placement Agents are required to:

- A. Be registered with an appropriate regulatory or oversight body (e.g., SEC, FINRA, or state regulator), comply with all requirements of the regulatory or oversight body pertaining to such registration and the

Placement Agent's activities, and maintain such registration in good standing for a period of six (6) months beyond the date of the closing of the applicable Investment.

B. Provide the ERB Investment Division staff, the applicable Investment Consultant, and the applicable Investment Manager written notice of any alleged infractions of the regulatory or oversight body's rules, regulations, or guidelines that apply to the Placement Agent, or change in status of the Placement Agent's registration, immediately upon receipt of notice of such infraction for a period of six (6) months beyond the date of the closing of the applicable Investment.

C. In all communications with members of the ERB and its staff, regardless of the location or setting in which the communication occurs, identify themselves as Placement Agents, if they have not previously done so, in communications with the individual member of the ERB or staff member.

VII. ERB RESPONSIBILITIES.

Under the direction of the ERB, staff is responsible for:

A. Confirming that the Investment Manager and Investment Consultant have received a copy of this Policy and the ERB Form Disclosures, as the same may be amended from time to time, at the time that discussions are initiated with respect to the proposed Investment, regardless of which party initiates the discussion.

B. Confirming that the Placement Agent Information Disclosure has been satisfactorily completed and received prior to the completion of any due diligence and before any recommendation is made to the ERB or any of its committees or subcommittees regarding the proposed Investment.

C. Declining to retain or initiate an Investment with any Investment Manager if the Placement Agent Information Disclosure reveals that a Placement Agent or one of the Senior Personnel of the Placement Agent is not registered with an appropriate regulatory body or if such registration has been suspended or revoked.

D. Declining to retain or initiate an agreement or other contract with an Investment Consultant if the Placement Agent Information Disclosure has not been properly provided in accordance with this Policy.

E. Securing, in the final written agreement between ERB and the Investment Manager, the following remedies in the event it is discovered that the Investment Manager knew or should have known about any material omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this Policy:

1. The reimbursement of the greater of any management, advisory or consulting fees for a period of two years or an amount equal to the amounts paid or promised to be paid to the Placement Agent; and
2. The authority, at the ERB's sole discretion, to terminate immediately any agreement with the Investment Manager without penalty, to withdraw without penalty from a limited partnership, limited liability company or other investment vehicle, or to cease making further capital contributions and paying any fees on these uncalled commitments to a limited partnership, limited liability company or other investment vehicle without penalty.

F. Confirming that Investment Managers enter into a written contract providing that the Investment Manager shall bear all direct and indirect fees, costs and expenses associated with any Placement Agent and that the ERB shall not directly or indirectly bear any such fees, costs or expenses.

G. Prohibiting any Investment Manager from soliciting new investments from ERB for a two (2) year period after the ERB or its staff or consultants become aware of a material violation of this Policy.

H. Confirming that a copy of the completed Investment Consultant Placement Agent Disclosure and the Placement Agent Information Disclosure are available to the ERB and any of its committees whenever a decision to make a proposed Investment is presented for consideration or approval.

I. Compiling a quarterly report containing the names and amount of Compensation agreed to be provided to each Placement Agent by each Investment Manager as reported in the Placement Agent Information Disclosures, and providing the report to the Board.

J. Reporting to the ERB at least quarterly any material violations of this Policy.

End of Appendix E

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
REQUEST FOR PROPOSALS
CUSTODY BANK SERVICES**

APPENDIX F: PERFORMANCE STANDARDS

Please see the separate PDF document labeled “NMERB RFP 2024-09-01-INV Performance Standards.”

**NEW MEXICO EDUCATIONAL RETIREMENT BOARD
REQUEST FOR PROPOSALS
CUSTODY BANK SERVICES**

APPENDIX G: SAMPLE CONTRACT

Please see the separate Word document labeled “NMERB RFP 2024-09-01-INV Sample Contract.”

END OF RFP

THIS PAGE INTENTIONALLY BLANK