



Request for Proposal

State of Rhode Island and Providence Plantations

Office of the General Treasurer

INTRODUCTION

The Rhode Island General Treasurer (herein referred to as “Treasurer”) and the Rhode Island State Investment Commission (herein referred to as “SIC”) (collectively the Treasurer and the SIC may be referred to as the “State”) are seeking proposals from qualified companies (herein referred to as the “Proposer” or “Firm”) for master custody services and other “back-office” related services as described herein for the State’s assets of approximately \$8 billion. Proposals will be evaluated objectively based on the criteria set forth in this Request for Proposal (herein referred to as the “RFP”). The State may accept one or more proposals and it reserves the right to reject any and all proposals submitted. The State makes no guarantee that any commodities or services will be purchased from any contract resulting from this RFP. Once submitted, all RFP submissions and related materials become property of the State under the custody of the Treasurer and the SIC.

SUBMISSION OF INQUIRIES AND PROPOSALS

Any inquiries regarding this RFP must be made in writing and addressed to Vincent T. Izzo, Cash Manager. Inquiries may be mailed or delivered to 50 Service Avenue, 2nd Floor, Warwick, RI 02886, faxed to (401) 462-7695 or emailed to vizzo@treasury.ri.gov. No other method of inquiry is permitted. Please note that a copy of this RFP and additional supporting documents may be found at <http://www.treasury.ri.gov/rfp/>

Five (5) hard copies of your proposal are due on or by **April 10, 2012**. The proposals are to be delivered to the following location:

Office of the General Treasurer
Attention: Vincent T. Izzo
Cash Manager
50 Service Avenue, 2nd Floor
Warwick, Rhode Island 02886

TIMELINE

RFP Issue Date	March 13, 2012 8:00 A.M. (EST)
Pre-proposal Questions Due	March 23, 2012 4:00 P.M. (EST)
Responses Due	April 10, 2012 4:00 P.M. (EST)
Finalists Notified	May 11, 2012
Winning Bid Selected	May 31, 2012

Proposals will be evaluated based on the criteria set forth in this RFP. The Treasury may select one or more proposals. The Proposer can either provide the full range of services directly to the State or can subcontract, to the satisfaction of the Treasurer and SIC, for the full range of required services. The selected proposer will provide services as set forth in this RFP and in the resulting service contract.

OVERVIEW OF MASTER CUSTODY SERVICES

The two distinct pools of assets for which the State is seeking master custody services are as follows:

- **Pension Assets**
- **Cash**

The Proposer is to provide daily securities custody for the maintenance of the State’s assets. The addition of new accounts or the closure of existing accounts may occur at a future date. The services will include but are not limited to:

- The settlement of all purchases and sales through the Federal Reserve System (FED), the Depository Trust Company, or any other settlement facility;
- The collection of all interest payments;
- The processing of all principal pay downs associated ABS, CMOs, and MBS;
- The settlement of all debenture payoffs;
- The receipt and disbursement of all repurchase agreement collateral;
- Performance reporting and portfolio analytics;
- Proxy voting services; and
- Capital action notifications and processing

Securities lending and portfolio transition services are not covered under this solicitation.

The Proposer must establish a working relationship with all external investment managers in order to facilitate trading activity and the processing and accounting of all securities transactions.

The Proposer must provide the market value, portfolio holdings (including repurchase agreement collateral) of all accounts on a daily basis through a secure website. The website shall also include the historical portfolio holdings and enable performance analysis and risk analytics.

The Proposer shall custody the State's assets in accordance with all applicable federal and State laws and regulations, and shall maintain the books and records of the assets in accordance with the applicable requirements and guidance of the Internal Revenue Code, the Securities and Exchange Commission, the Financial Accounting Standards Board, the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The Proposer must be responsive to State auditors (internal and external), and must provide timely and accurate information in response to their requests. These requests are normally asked for around fiscal year-end (June 30) but may occur at any time.

Fees are paid by the State for the services of external investment managers, consultants, etc. The Proposer will be required to transfer these fees from the designated accounts upon direction from Treasury staff.

GENERAL RFP GUIDELINES

Length of Potential Contract: The State intends to enter into a three (3) year initial term for the services solicited in this RFP. The State may extend the contract for an additional two (2) years under the same terms or, if both parties agree in writing, the parties may agree to modified terms.

Termination by State: The State reserves the right to suspend or terminate the Proposer's services for poor performance, failure to perform, fraud or other "for cause" conditions upon sending fourteen (14) days prior written notice to the Proposer. The Proposer's services may be terminated without cause upon sixty (60) days prior written notice.

Termination by Proposer: The Proposer may terminate the contract upon one hundred eighty (180) days prior written notice to the State.

Services Proposed: Proposals shall assume that the Proposer will be responsible for all services referenced herein. The Proposer may provide such services directly or, upon approval of the State, the Proposer may subcontract out any of the referenced services, provided that the Proposer remains responsible to the State for all subcontracted services.

Complete Responses: All terms, conditions, requirements, and procedures included in this RFP must be met for a proposal to be determined responsive. This includes the completion of all certifications and other documents required in addition to the proposal questions. A proposal that fails to meet such requirements will be deemed unresponsive and may be disqualified.

Withdrawing and Resubmitting RFPs: The Proposer has the right to withdraw and resubmit a proposal prior to the proposal deadline. No withdrawals or re-submissions will be permitted after the proposal deadline.

Proposer Communication: All Proposers are prohibited from communicating directly with any employee of the Office of the General Treasurer or member of the SIC, except as specified in this RFP. Unless specifically permitted in this RFP, no employee or member is authorized to provide any information or respond to any question or inquiry concerning this RFP. An exception to this

guideline applies to individuals or Proposers that currently do business with the Office of the General Treasurer or SIC and such exceptions shall be limited to that business and should not relate to this RFP. Failure to observe this guideline may result in disqualification.

Period of Proposal Validity: The Proposer shall agree to maintain the validity of the proposal for a minimum of 120 days from the date of submission. This term may be extended by mutual agreement between the Proposer and the State. The selected Proposer must be ready and willing to produce a finalized contract within 90 days of its selection.

Costs: The State will not compensate the Proposer for any costs that are not explicitly identified in the Proposer's contract. The State will not be responsible for any costs or expenses incurred by the Proposer in responding to this RFP.

On Site Visits: The State reserves the right to conduct an on-site inspection of all Proposer locations at any time prior to the awarding of this contract to verify the Proposer's ability to perform the services required. The State will schedule the time of these visits and will provide notice of at least five (5) business days.

Proposer Personnel: The State retains the right to accept or reject any personnel designated by the Proposer for the purpose of investment management or service delivery both as a condition of the initial contract and the term of the contract. A selected Proposer must notify the State of any changes in the personnel assigned to the master custody relationship.

Fees: The Treasurer and SIC will consider all costs associated with a Proposer's product and services. A proposer must fully disclose all fees based on the information provided in this RFP. The fee structure must be guaranteed for the full term of the contract. The Treasurer and SIC will consider the Proposer's willingness to negotiate appropriate fee reductions for certain expenses.

Best-Value Negotiation: The General Treasurer and SIC reserves the right to request Best and Final Offers (BAFOs) from all respondents or from a select group of finalists. The General Treasurer may negotiate a change in the Proposer's finalized contract that results in lower costs or in a more cost effective or better value than was presented in the original response.

A summary of pension fund assets and the number of accounts per investment mandate are included in **Appendix One**.

MINIMUM QUALIFICATIONS OF PROPOSER

Size of Business: The Proposer must currently custody at least \$1 trillion in investor assets and have been in business for at least five (5) years as of February 29, 2012.

Authorized to Conduct Business in Rhode Island: The Proposer must be authorized to conduct custodial services in Rhode Island. Brokers, dealers and service providers must be registered and must be properly licensed to conduct business in Rhode Island.

Equal Opportunity Employer: The Proposer must be an equal opportunity employer.

EVALUATION PROCESS

The State will have the sole authority to evaluate and make the final selection of Proposer(s) for contract negotiation(s) pursuant to this RFP. The General Treasurer and the SIC will make the selection after the evaluation of all proposals. Selection will be based on:

- The demonstration that the Proposer is qualified to perform the required master custody and related “back-office” services which meet the specifications of this RFP;
- The proposal of reasonable prices and costs for providing the solicited master custodial services;
- Completion of all required attachments in this RFP;
- Determination that the Proposer will provide the best value to the Treasury.

A committee made up of Treasurer’s investment staff will evaluate responsive proposals. The committee may recommend to the Treasurer and the SIC to select one or more of the proposers for master custodial services. The evaluation will be managed as a multi-stage process:

- Proposals will be screened to determine whether minimum requirements are met. Proposals that do not meet these minimum requirements (non-responsive proposals) will be rejected.
- Responsive proposals will be reviewed.
- Fee proposals will be evaluated and The Treasurer’s Office may conduct discussions and/or negotiations with these proposers and request submission of best and final offers (BAFOs).
- Proposals may be re-evaluated after discussions and/or submission of BAFOs.
- Proposers may be requested to provide clarifications or additional information regarding their proposals(s) at any time during the evaluation process. Selection(s) may be made without any discussions.
- Proposers may be requested to make presentations to the SIC. Selection by the SIC may be made without presentations.

SUBMISSIONS BY PROPOSER

Please submit the following documentation and answer all questions included herein:

I. TRANSMITTAL LETTER

Proposer must submit a transmittal letter, including the main contact and his or her information for the purposes of this RFP, location and contact information of the Firm and all subcontractors;

II. BUSINESS REFERENCES

Please see section IX 3. for reference requirements.

III. REQUIRED FINANCIAL INFORMATION

Proposers must submit one copy of their annual report and financial statements for the last three years. If the Proposer is a bank, a copy of the last four (4) call reports must also be submitted with the proposal. When filed, one copy of the most recent SEC 10K report must also be submitted. Please describe any recent material changes subsequent to the annual report.

IV. CONFLICT OF INTEREST

The Proposer must certify in writing to the procuring agency that no relationship exists between the vendor and the procuring or contracting agency that interferes with fair competition or is a conflict of interest. No official or employee of the State who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of this project shall, prior to the completion, voluntarily acquire any personal interest in this proposed contract.

V. CLIENT SATISFACTION STUDY:

Proposers shall submit a copy of the results from most recent Client Satisfaction Study for master custody clients.

VI. LEGAL REQUIREMENTS

1. The Proposer must submit certification that the Firm has not been in bankruptcy and/or receivership within the last five (5) calendar years, nor that said event(s) are reasonably foreseeable at this time.
2. If incorporated, identification of the Proposer's state of incorporation and a statement that the Proposer is in good standing in that state, and, if the incorporation is not in Rhode Island, a statement that the Proposer has complied with all filing requirements of the Rhode Island Secretary of State.
3. The Proposer must submit a statement certifying that the proposer meets all applicable state and federal requirements, and has all the licenses and registrations necessary to perform the contract.

VII. INDEMNIFICATION

The Proposer must submit written certification that they accept the provisions of the State's indemnification clause: The State follows a policy of reciprocal indemnification by the parties for negligence or willful misconduct and our contract language with the winning Proposer will reflect this policy. Additional information on indemnification state laws may be found at <http://www.rilin.state.ri.us/Statutes/TITLE9/9-31/INDEX.HTM>.

VIII. ORGANIZATIONAL STRUCTURE

1. The Proposer shall give a brief history of its organization including the following:

- a. Year of organization
- b. Year of initiation of the master custody business
- c. Nature of Firm’s ownership
- d. Nature of relationships with affiliated companies or joint ventures

2. Describe the organizational structure of the bank and the master custody department. Provide an organization chart showing the operating relationships and authority within the master custody service unit and within the organization.

3. Describe your strategy, commitment and competitive advantages in providing master custody services. Discuss briefly your overall business objectives with respect to future growth and product research and development related to master custody.

4. What were the bank’s long term and short term credit ratings at the previous three (3) calendar years’ end? Please provide the rating from all bank services that review the bank’s financial standing at each of the requested dates (Duff & Phelps, Moody’s, S&P and others). What is the Proposer’s exposure to derivative instruments both in notional and net exposure and as a percent of total capital?

5. During the past three years, has the Firm been subject to any governmental regulatory or law enforcement agency’s investigation, examination, or other proceeding directly involving the Firm, its owners, or employees other than such examination or other proceedings as are routinely conducted in the ordinary course of the Firm’s business? If so, please explain.

IX. CUSTODY RELATIONSHIPS

1. What is the total market value of all assets held in custody? Describe the number and types of master custody clients.

2. Please provide, in descending order by asset size, the name of the Bank’s ten largest custody relationships as of December 31, 2010. Include the name, total assets and the tenure for each relationship. Please report in the following format:

Client Name	Custodied Assets	Client Since
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3. Provide the client name, contact and phone number of master custody accounts gained or lost in the last three years. Provide a brief explanation for each of the account(s) lost.

4. Provide a contact name and telephone number for three references that have an organizational structure similar to the Employees’ Retirement System of Rhode Island (“ERSRI”), and whose organizations are currently using your custodian services. Include the same information as requested in question 2 above for each reference. Please also indicate whether these references use your bank’s benefit payment, administrative and tax reporting services and/or additional services for which they contract with you.

5. Provide two *former* client references, with plans similar to ERSRI, who no longer use your custodian services and who left due to unfavorable circumstances. Include names, addresses, and telephone numbers.
6. If necessary, Proposers may be asked to submit additional client, former client and/or prospective client references.
7. What methods do you use to assess your client's evaluation of your services and how are comments provided by clients acted upon by senior management?
8. Describe any ongoing educational seminars, publications or other services you provide for keeping clients abreast of new developments in your organization and the master trust/custody industry.

X. PROFESSIONAL STAFF AND CLIENT RELATIONS

1. Identify the key individuals and specific responsibilities of those who would be assigned to the ERSRI account. Describe their responsibilities and provide biographies on each person.
2. Identify the client names and account sizes that each of these staff members currently service. If you were to be chosen as custodian, would any of these relationships change? Explain.
3. Record-below the level of full time personnel turnover experienced by your organization in the past three years as follows:
4. Provide the names and titles of vice presidents or higher officers who have joined or left your master custody division during the past three years.
5. Describe your strategies to retain personnel in key staff positions. Please discuss the following:
 - a. Recruitment/Replacement
 - b. Training
 - c. Compensation
 - d. Incentive programs

XI. AUDIT CONTROL

1. Provide copies of audit opinions issued by your independent auditors specifically related to your custody services for the last three years.
2. Do you utilize an internal audit staff to review master custody operations? Describe the internal audit organization. Include size of staff and the nature of internal audit staff reports.
3. How do you assure that master custody services are provided in accordance with proper standards of care, regulatory requirements and the executed agreement for service?
4. Describe the process your organization uses to evaluate the effectiveness of internal controls and the on-going monitoring of the internal controls.

5. What internal control procedures exist to ensure that the following reported data is valid: Asset detail and transactions, commission rate and payees, interest and dividend received, accrued income, and amortization?
6. Describe your audit process associated with the client's monthly portfolio statements. Also describe your reconciliation with clients and the client's outside managers.
7. Describe the various types of insurance coverage and indemnification provided to protect clients of services proposed. Attach a copy of a valid certificate of insurance indicating liability insurance.
8. Do you prepare a Statement of Auditing Standards 70 report (SAS70)? Briefly list and describe the nature of all errors and/or weaknesses that were discovered as a result of an outside review of the SAS70. What steps have been taken to correct the errors or otherwise improve the controls? Please provide a copy of the SAS70.

XII. CUSTODY OF ASSETS

1. Explain how the custody and safekeeping units are structured. Are the domestic and global custody operations integrated or separate units? If integrated, describe in detail.
2. Describe your global custody capabilities in detail.
3. Briefly discuss your policy and procedures for assuring that each client's assets are properly held in safekeeping and positions are accurately maintained in your accounting records. Include information on segregation of assets and distinctions between physical and book entry positions.
4. How do you provide for the timely delivery of domestic and international proxies and proxy statements? Describe the process and reporting capabilities as it relates to securities on loan.
5. How do you record and report (within your system and to clients) corporate actions?
6. List all depositories, agents, and sub-custodian banks used in each country on behalf of the clients. Identify those that are affiliated with your company. For each country, please indicate whether you use a central depository or physical delivery.
7. Describe your process for monitoring the financial stability and performance of custodial agent banks in foreign markets.
8. Describe special procedures you employ for processing, valuing, and reporting derivative products, including futures, forwards, options, short sells, etc. and to what degree are you prepared for any pending regulatory changes?
9. Describe special procedures you employ for processing, valuing and reporting alternative investment limited partnerships.
10. Describe your procedures for processing and settling FX contracts, options, futures, etc.

XIII. CASH MANAGEMENT

1. What investment vehicles are available for overnight investment? What alternatives are available in countries where short-term investment funds are not available? Which can be assessed automatically by a “sweep”?

Provide a description of each Short Term Investment Funds (STIF) product, including:

- a. Investment Philosophy
 - b. Objectives and Guidelines
 - c. Investment Performance and Average Maturities – Current and Historic
 - d. Investment Management Fees
 - e. Sweep Fees (if separate from investment management fees)
 - f. Minimum Quality Ratings
2. Describe your process of maintaining full investment (“daily sweep”) of US cash and foreign currency balances for plans invested globally, including:
- a. Investment vehicles available to the sweep (discussed in the section as STIFs)
 - b. How sweep ties into trust accounting and cash forecast
 - c. Process and timing of notification of investment managers of available cash
 - d. Timing requirements for notification of cash needs
 - e. Treatment of unexpected receipts after investment cut-off
 - f. Identification of automated procedures and manual procedures
 - g. Client and investment manager electronic access to information:
 - h. Cash sweep (investment) transactions
 - i. Details of the day’s cash remittances and disbursements
 - j. Detail supporting calculation of day’s deposit to or withdrawal from STIF
3. Describe your program for providing fail float interest on sales proceeds from settlement date and on purchase cost during fail period.
4. Describe your capabilities in providing foreign exchange support to clients of master custody with global investment.

XIV. TRANSACTION SERVICES

1. Discuss procedures for posting trades and foreign exchange transactions to client accounts upon receipt of initial advice, including for each security class:
- a. Posting date
 - b. Effective date
 - c. Effect on positions

2. Discuss your operational procedures for settling purchases and sales – both physical and book entry, non-US and US. Include both:
 - a. Actual settlement date (ASD) processing
 - b. Contractual settlement date (CSD) processing
3. Describe your procedures for establishing entitlements and accruals for dividends and interest and for posting dividends and interest to client accounts. Indicate whether the process is automated or manual and indicate the primary source of the data. Also, describe your procedures for calculating and posting amortization and accretion.
4. For each country in which you have a custodial relationship, what is your policy toward crediting of interest and dividends on payable dates? Are income payments credited in same day funds? Are there any exceptions? Please list all payable dates for all income types.
5. Are funds available for reinvesting on contractual or actual settlement date? Please discuss.
6. Describe the processing of tax reclaims on foreign income (by country).
7. How do you prove accuracy and timeliness of receipts of US and non-US income and capital changes reported by your depositories, agents, and sub-custodians?
8. Describe the process for communicating with the investment managers serving your master custody clients.
9. Describe the reconciliation and audit procedures as they relate to the investment manager reconciliation process.
10. Discuss your procedures for tracking failed trades and reporting failed trades to the client. How quickly are failed trades reported? Do you guarantee proceeds? If so, in which markets?
11. How do you handle corrections/reversals? Do you reissue statements?

XV. PORTFOLIO ACCOUNTING

1. Provide a complete description of your accounting system including, but not limited to:
 - a) Processing cycles (cut-off, etc.)
 - b) Reconciliation reports, processes and time frames
 - c) Interfaces with securities movement and performance measurement systems.
 - d) The system input/output sources, all data fields captured with accompanying record layout a record description, and security provisions.
 - e) Authorization and verification of transaction entries.
 - f) Integration of systems for non-US and US securities.
 - g) Accrual accounting capabilities including transactions not accrued.
 - h) Capability to record and report in both local and US currency.

2. Describe the history of the accounting system(s) and any major system enhancements that have occurred in the last three years. What changes are planned for the future?
3. What is the lag time between trade execution, availability of on-line transaction data to the ERSRI, and the posting of the transaction to your accounting system?
4. Describe your procedures for computing and reporting realized gains and losses on securities sold:
 - a) For US-denominated securities
 - b) For non US-denominated securities
 - Total
 - From currency changes
 - From market price changes
5. For all assets, provide information on your primary and supplementary pricing sources, frequency, and the mode of receipt and input of security prices. Describe your process for validating prices and using information from the supplemental sources.
6. What is the process of incorporating new investment vehicles into your system? Who is responsible for maintaining your securities database and what are their specific responsibilities?
7. Discuss your capabilities to report brokerage commissions by account and transactions.
8. How do you account for client assets held at a location other than the custodian?
9. How are errors corrected and reported to the client?

XVI. REPORTING

1. Provide a complete description of your proposed reporting package, including any unique features of your standard and custom reporting packages. Describe your reporting treatment for non-standard securities (CMBS, derivatives, alternative investments, etc.) Provide sample copies of the reports available to clients.
2. Describe your capabilities for consolidated reporting. Include consolidating individual portfolios, accounts, foreign and domestic, etc.
3. Discuss the timeliness of delivery of statements and reports by hard copy and by electronic delivery. Indicate the availability of electronic feeds for transactions, cash balances, and any other relevant information.
4. Discuss the types and timing of data available by electronic delivery, for:
 - a) On-line accounting
 - b) On-line analytics
 - c) On-line download of formatted reports
 - d) On-line download of raw data
 - e) Report writer access

5. How long is historical data available on-line and in hard copy?
6. What steps are taken to assure the accuracy of your reports?
7. Do asset valuations and transaction statements reflect pending transactions? Are they reported separately?

XVII. BENEFIT PAYMENTS

1. For providing periodic and non-periodic pension payments, what system is utilized? Please describe if in-house or outside vendors are utilized. When were the system and the various enhancements introduced? What is the current capacity of the system and how many payments are processed monthly?
2. Do you offer an on-line benefit disbursement system? What is the name of the system? Can you update retiree information, reconcile, make stop payments and print documents or reports through the same system? Please describe if done in-house or through a vendor.
3. How do you propose to prove your on-line benefit system to ERSRI?
4. What participant/plan information is retained on your system?
5. What type of benefit plan reports are available to the client and the various plan? Are customized reports available upon request? Describe briefly the contents of each report. Please provide samples of you standard periodic and non-periodic participant payment reports.
6. How do you differentiate your benefit plan services from other institutions? What are the key elements that the client will gain from your benefit plan services?
7. Do you give the plan sponsor credit for the float on funds in the plan's disbursement account? When are payments charged to the client account?
8. Would we be assigned one primary contact in your benefit payments area?
9. How is this function staffed? What is the interaction of responsibilities and accountability between the benefits area and other aspects of master custody services?
10. How are you organized to give direct personal service to a client in terms of handling benefit payment exceptions, reconciling problems or errors and printing year-end tax information?
11. In the case of benefit checks that reflect funding from both qualified and non-qualified (SERP) plan assets, describe the periodic reporting to the plan sponsor and the recipient.
12. Do you provide ACH/Direct Deposit services?
13. How many annuitant checks do you send each month?

14. How many electronic fund transfers are sent each month?
15. How many lump sum payments are made each month?
16. How many pensioners are in your largest and three smallest benefit payments clients?
17. Do you offer coordination of cash movement between accounts for disbursements? Be specific.
18. Can you accommodate retiree-requested deductions for health, supplemental life insurance and Quadro payments? How many deduction fields can your system accommodate per retiree?
19. Describe your tax services responsibilities in regard to government, state and participating reporting.
20. What are your procedures for canceling and reissuing checks?

XVIII. SYSTEM CAPABILITIES

1. What percentage of the Firm's current annual master custody budget is allocated for MIS/CIS, systems development, and/or other computer related expenses? What is the projected budget of the next three years? Breakout by category, if applicable, and provide dollar amounts.
2. Describe briefly your computer system's capability, describing in detail the primary and secondary hardware and data processing software configurations that serve your operations.
3. What was the percentage of downtime during the last two years? What was the number of occurrences? What were the primary causes and how were the problems corrected?
4. What has been the investment in systems development for the master custody systems for each of the past three years? Differentiate between the applications for US assets and those for processing of non-US assets.
5. What is budgeted for systems development for the next three years? Differentiate between the domestic custody applications and those for processing non-US assets. What enhancements are currently being developed and what enhancements are planned for the future?
6. When was the software developed and was it developed internally or externally?
7. Specify which master custody data processing applications are batch oriented and which are online / real time.
8. What additional equipment and software is necessary for ERSRI to obtain on-line services? Is this provided as part of your proposal?
9. What are the hours of operation / availability for your on-line systems?

10. Describe report-writer systems that you have provided to clients for installation on PC's. How would you provide such a system to ERSRI with a download of transactions and position history for development of accounting and performance measurement reports and graphs?
11. Describe your process of secured physical access.
12. Describe your system for prevention of damage by fire, water, and environmental hazards.
13. Describe your disaster recovery plan and results of tests performed in the past year. Provide an estimate of the maximum elapsed time before the restoration processing of ERSRI's transactions in the event of disaster to the custodian's primary processing facility. Describe any ERSRI involvement in implementing disaster recovery.
14. Describe any difficulties your organization experienced in connection with the Year 2000, or any more recent cyber-related intrusions.
15. Describe your process for file back-up and off-site storage, including frequency and location:
 - a) Data
 - b) Software
16. Describe your process of incorporating new systems into your operations.

XIX. TRANSITION / CONVERSION PROCESS

1. Provide a detailed task listing and schedule on how you will approach the conversion process, including actions required on the part of ERSRI and the time frame to complete each task. Clearly describe the conversion process (i.e. who is responsible for coordinating activities, who must participate, what activities must occur, etc.) Detail the type and amount of resources required from ERSRI.
2. What dedicated resources (personnel, equipment, training, consultants, etc.), procedures, and controls will you provide or recommend in the transition/conversion period to ensure that the conversion process is completed successfully in a timely and accurate manner?
3. Give a detailed description of your last comparable conversion, including the details of specific problems that occurred and the solutions instituted.
4. Provide a summary of the problems that you might reasonably expect to occur during this conversion and your approaches to those anticipated problems.
5. How do you process transactions that are pending during the transition/conversion period?
6. Describe training you would provide to ERSRI's staff during conversion.
7. Describe the process for transfer of physical securities and appropriate client files.

XX. FEES

1. Please provide a detailed fee schedule for custodial services. Please submit an all-inclusive flat fee, (non-asset based) for ALL CUSTODY services. This inclusive fee shall cover all services required under this RFP. The services include, but are not limited to the following: portfolio administration, plan accounting, portfolio trading, portfolio transactions, out-of-pocket expenses (wire charges, courier services, telex, etc.), and report generation. The annual fee submitted shall be in effect for three (3) periods. Please identify all services included in your fee quote. In addition, if your organization offers “premium” products / services (i.e. performance analytics, etc.) that are not included in your fee quote, please identify these services and the related annual cost of each.

Proposers should consider, among other things, the base portfolio composition information as provided in **Appendix One**.

Appendix One

A summary of investment assets within ERSRI's total portfolio as of January 31, 2012 is provided below: (approximate, in millions)

	<u>Assets</u> <u>Under Mgmt</u>	<u># of</u> <u>Portfolios</u> (1, except where noted)
ACTIVE DOMESTIC EQUITIES	\$ 139	
PASSIVE DOMESTIC EQUITIES	2,104	2
PASSIVE INTERNATIONAL EQUITIES	1,180	
CORPORATE BONDS	399	
MORTGAGE BACKED SECURITIES	405	
HIGH-YIELD FIXED INCOME	187	
CORE FIXED INCOME	393	
TIPS FIXED INCOME	370	
HEDGE FUNDS	902	
PRIVATE EQUITY	596	
REAL ESTATE	266	
REBALANCING	77	
CASH	<u>211</u>	
TOTAL	\$ 7,229	