

State of Delaware



Board of Pension Trustees of the Delaware Public Employees' Retirement System and Office of Pensions

McArdle Building
860 Silver Lake Blvd. Suite 1
Dover, DE 19904
Telephone (302) 739-4208

Request for Proposal

Proposal Description: Global Custody Services

Bid Number: [OMBOOP12100-GlblCustSv]

Bid Closing: February 28, 2012; 3:00 PM EST

**REQUEST FOR PROPOSALS FOR GLOBAL CUSTODY SERVICES
ISSUED BY THE BOARD OF TRUSTEES OF THE DELAWARE PUBLIC
EMPLOYEES' RETIREMENT SYSTEM AND THE OFFICE OF PENSIONS FOR THE
STATE OF DELAWARE**

Executive Summary

The State of Delaware ("State") is issuing this Request for Proposal ("RFP") through the Office of Pensions (referred to as "Office of Pensions") for the Delaware Public Employees' Retirement System ("DPERS") and seeks to obtain proposals to provide comprehensive domestic and international master trust/custodial services (acting in the capacity of a plan fiduciary) including, but not limited to securities safekeeping, settlement, valuation and lending; investment accounting and valuation, short-term investment fund ("STIF") or government short term investment fund ("GSTIF") management for short-term cash sweeps and transfer of funds, performance measurement; foreign exchange; collection of income; and providing a management/accounting and information retrieval system. DPERS will consider separate bids for: 1) custody with securities lending; 2) custody with no securities lending; 3) stand alone securities lending. Global Custody Services for the DPERS RFP is issued pursuant to 29 Del. C. §§ 6981 and 6982.

This agency administers and manages nine retirement pension plans for the State. At the end of Fiscal Year 2011, pensioners numbered 24,648, and monies from the nine plans, three post-retirement trusts and one investment pool were commingled in a total System of \$7.6 billion.

This RFP will define the scope of the work to be performed, the requirements the Vendor ("Vendor") must address the method for response and the administrative requirements that must be followed.

Proposed RFP Schedule:

ID	Date/Time	Activity
1	January 27, 2012	Request for Proposal issued and Notice posted and available on http://bids.delaware.gov and http://www.delawarepensions.com
2	February 10, 2012; Before 3:00 PM EST	All Vendor questions regarding RFP are due
3	February 15, 2012	Office of Pensions issues answers to Vendor questions about RFP via http://bids.delaware.gov and http://www.delawarepensions.com
4	February 28, 2012; 3:00 PM EST	RFP Response due date
5	March 12-16, 2012	Vendors Oral Presentations/Interviews
6	March 19-22, 2012	Onsite Visits
7	March 30, 2012	Evaluation Team will present its final recommendation to the full Board and Investment Committee at Board of Pension Trustees monthly meeting.

The State will advise potential Vendors of changes to any dates as may be necessary. The State also reserves the right to modify and/or cancel this solicitation at any time during the RFP process.

All Bidders should submit: (1) an original and 8 bound copies of their proposals (“Proposal”), (2) a CD containing the proposal and all attachments and (3) one electronic version to the designated contact person. Proposals may be mailed or hand-delivered for receipt no later than 3:00 PM EST on February 28, 2012 (“Closing Date”). All timely Proposals become the property of the State. Requests for extensions of the Closing Date will not be granted. Any Proposal or request for modification received after 3:00 PM EST on the Closing Date is late and will not be considered. The Proposals may be delivered by Express Delivery (e.g., FedEx, UPS, etc.), U.S. Mail, or by hand. Proposals shall be submitted to:

State of Delaware
Office of Pensions
Global Custody Services RFP
860 Silver Lake Blvd. Suite 1
Dover, DE 19904

Each proposal must be accompanied by a transmittal letter, which briefly summarizes the proposing firm’s interest in providing the required professional services. The transmittal letter must also clearly state and justify any exceptions (listed on attachment 2) to the requirements of the RFP, which the applicant may have taken in presenting the proposal. The State reserves the right to deny any and all exceptions taken to the RFP requirements.

RFP Designated Contact:

Please submit all questions and requests for information to:

Wade Sallings
State of Delaware
Office of Pensions
860 Silver Lake Blvd. Suite 1
Dover, DE 19904
PH: (302) 739-4208
FAX: (302) 739-7946
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There shall be no communication, either in person, in writing, or by phone and email between any proposer or any authorized representative of the proposer and any (1) Board of Pension Trustees Member or members of the Investment and Audit Committee, (2) member of the pension office staff, (3) Ashford Consulting Group, (4) elected officials or their staff members, (5) any person or entity in a position to approve this contract or (6) any other person in position to influence the decision of the Committee Members at any time during the RFP process, and until the Committee makes its decision, except at times specified for the pre-bid question process and oral presentations by selected

Vendors, in response for additional requests for information, or during onsite visits. Direct communication in an attempt to influence the awarding of the RFP shall be considered grounds for disqualification. Complete Attachment 1 Non-Collusion Statement.

1.0 GENERAL INFORMATION

1.1 Project Scope and Objectives

The objective of this RFP document is to solicit proposals to provide global custodial services, including: asset safekeeping, global account management, plan accounting, investment accounting and reporting, asset pricing, securities lending, securities litigation monitoring, foreign exchange services, transition services, risk management services and short-term investment fund (STIF) or government short term investment fund (GSTIF) management for short-term cash sweeps and transfer of funds.

DPERS Fund Structure includes total assets held in a commingled investment pool of about \$7 billion as of September 30, 2011. DPERS maintains a commingled master trust with 133 participating employers covering the following benefit plans, which will require separate plan accounting performed by the custodial bank:

- State Employees' Pension Plan (29 Del. C. c.55)
- The closed State Police Retirement Fund (11 Del. C. c.83 Subchapter II)
- The new State Police Retirement Fund (11 Del. C. c.83 Subchapter III)
- The State Judiciary Retirement Fund, both closed and revised plans (29 Del. C. c.56)
- The County and Municipal Employees' Pension Plans (29 Del. C. c.55A)
- The County and Municipal Police and Firefighters' Pension Plans (11 Del. C. c.88)
- The Volunteer Firemen's Pension Plan (16 Del. C. c.66A)
- The Diamond State Port Corporation Pension Plan (29 Del. C. c.87 Subchapter II)

In addition, the following commingled retirement funds have been established under the custody of the Board for investment purposes only and will require separate accounting by the custodial bank:

- County & Municipal Police and Firefighters' COLA Fund (18 Del. C. c.701)
- Post-Retirement Increase Fund (29 Del. C. c.5548)
- Delaware Local Government Retirement Investment Pool (29 Del. C. c.2718)

DPERS also maintains a separate commingled trust for the Other Post-Employment Benefits (OPEB) Fund with two participating employers which will require separate plan accounting performed by the Custodial Bank:

- Other Post-Employment Benefits Fund (29 Del. C. c.5281)

The Office of Pensions will award the contract(s) after a thorough evaluation of the following criteria: (1) the minimum requirements set forth in this RFP, (2) exclusion factors set forth in this RFP, (3) the technical criteria set forth in this RFP, (4) general evaluation criteria set forth in this RFP and (5) price. Proposals will be evaluated utilizing a trade-off methodology in which technical and general evaluation criteria, as defined in this RFP, will be considered significantly more important than cost of services.

1.2 Investment Management and Accounting Information

DPERS maintains a commingled investment structure using a wide variety of investments summarized in the following investment account structure as of September 30, 2011:

<u>Account Manager</u>	<u>Mandate</u>	<u>Structure</u>	<u>Market Value (\$MM)</u>	<u>Est. # of Ann. Buys/Sells</u>
Mellon Capital Management	Tactical Asset Allocation	Commingled	\$ 25	40
Mellon Capital Management	S&P MLP Index	Commingled	\$ 196	40
Mellon Capital Management	Aggregate Bond Index	Commingled	\$ 526	40
Mellon Capital Management	S&P 500 Stock Index	Commingled	\$ 173	40
Mellon Capital Management	Large Cap Equity Value	Commingled	\$ 188	40
Mellon Capital Management	US TIPS Index	Commingled	\$ 219	40
Vanguard	International Equity	Mutual Fund	\$ 2	10
Vanguard	Domestic Equity	Mutual Fund	\$ 5	10
Vanguard	Domestic Fixed Income	Mutual Fund	\$ 5	10
T. Rowe Price	Natural Resource Equity	Separate	\$ 342	1,750
T. Rowe Price	High Yield	Separate	\$ 271	1,500
T. Rowe Price	Global Large Cap	Separate	\$ 403	5,500
T. Rowe Price	Venture Distrib. Fund	Separate	\$ 14	120
T. Rowe Price	Floating Rate Bank Loans	Mutual Fund	\$ 144	10
Daruma	Small Cap	Separate	\$ 97	500
Rutabaga	Small Cap	Separate	\$ 48	900
Wellington	Large Cap Div. Growth	Separate	\$ 141	300
Focused Investors	Large Cap Value	Separate	\$ 153	80
Dodge and Cox	International Value	Mutual Fund	\$ 107	10
Axiom	Global Growth	Separate	\$ 185	1,900
Baillie Gifford	Large Cap Global Growth	Separate	\$ 214	350
Sanderson	International Value	Commingled	\$ 175	10
Oaktree	International Convertibles	Separate	\$ 369	800
Oaktree	Domestic Convertibles	Separate	\$ 246	2,400
Loomis Sayles	Domestic Fixed Income	Separate	\$ 522	600
STIF	Cash (3 accounts)	Commingled	\$ 319	300
Barlow (Hedge Fund of Funds)	20 long/short funds	20 LP accounts	\$ 182	20
Private Equity/Hedge Fund Prgm:	76 private equity accounts	76 LP accounts	\$ 1,723	300

TOTAL Market Value \$ 6,994

OPEB Trust

Vanguard	International Equity	Mutual Fund	\$ 25	10
Vanguard	Domestic Equity	Mutual Fund	\$ 47	10
Vanguard	Domestic Fixed Income	Mutual Fund	\$ 53	10
STIF	Cash	Commingled	\$ 3	50

TOTAL Market Value \$ 128

Visit the Pension Office website at www.delawarepensions.com to view DPERS Investment Policy, Comprehensive Annual Financial Reports, Governance, Actuarial Valuation Reports and Meeting Minutes.

1.3 Objectives of this RFP

The purpose of this RFP is to provide necessary and sufficient information to Vendors of custodial services to allow them to provide a detailed proposal to DPERS outlining the available services and detailing the costs associated with each service. While specific requirements are provided within the respective service sections of this document, the DPERS Board of Trustees' overall objectives for this RFP are to:

1. Select Vendors who offer efficient, effective, and timely services and reporting.
2. Select Vendors who offer product solutions that will support DPERS's current and future custodial and securities lending needs.
3. Choose Vendors who have demonstrated the ability to employ advanced technology in their own processes and who have assisted clients in applying technology to improve processes.
4. Establish optimal pricing for the services defined within this RFP.
5. Utilize services that will improve processing efficiency, effectiveness, and enhance control.
6. Select Vendors with a best-in-class client servicing philosophy.
7. Ensure the safety of all securities held.

Additionally, DPERS will consider some of the following factors in determining ability:

1. Corporate organization, general experience, and stability
2. Professional staff / client relations
3. Custody services expertise and experience (U.S. and Non-U.S. capabilities)
4. Risk management – internal control structure
5. Cash management capabilities and experience
6. Accounting and reconciliation capabilities
7. On-line account access
8. Performance measurement and analytics capabilities and experience
9. Technology
10. Timeliness and accuracy of reporting
11. Tracking securities litigation and filing securities litigation claims
12. Securities lending experience
13. Year end reporting capabilities
14. Assistance with GASB issues and reporting
15. Experience in managing transition and conversion
16. Cost of services

1.4 Scope of the RFP

The following represents the general custody services required by DPERS. The custodian will be responsible for that property which it receives from the System, and the System's investment managers.

The general responsibilities under the contract will include, but not be limited to, the collection of income, disbursements of funds, and monthly reporting of all transactions within compliance of Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB) pronouncements, and the laws under which DPERS operates within the State of Delaware.

The Vendor must be able to provide all of the services listed below unless otherwise indicated:

1.4.1 Accounting

1. Trade date multi-currency (local and U.S. dollars) accounting for all securities and full accrual accounting for all assets.
2. Accounting for all investments and all asset classes in DPERS portfolios including, but not limited to the following:
 - a. All income and security transactions (cash and non-cash) for all asset classes and for the various ownership structures (such as commingled trusts);
 - b. Domestic and global accounts
 - c. Foreign tax reclaim receivables;
 - d. Capital changes including mergers, acquisitions, tenders, stock splits, warrants, and spin-offs;
 - e. Derivative instruments;
 - f. Forward foreign exchange contracts.
 - g. Misc. items
3. Payable date posting for dividends, bond interest and principal, and interest and pay-downs on mortgage pass-through certificates.
4. Accounting must be on a fiscal year basis (July 1 – June 30).
5. A comprehensive security pricing system must be in place to ensure the accuracy of the prices received from various external sources daily and at month-end.
6. Investments must be reported at cost and market value. Method of recognition of gains and losses will be discussed with Vendor.
7. Must provide daily positions with ability to post both pending trades and settled trades and cash equivalents.
8. The Vendor confirms that all information concerning holdings and transactions will be available for inquiry, download, or print capabilities.
9. Fixed income discounts and premiums should be shown at purchase, but not amortized or accreted after purchase.
10. Must provide daily pricing.
11. Must provide technical expertise and assistance to DPERS investment accounting and portfolio administration personnel including, but not limited to:
 - a. Assistance in identifying ways in which the Vendor's resources, products, and information can be used to maximize efficiency;

- b. Providing ongoing updates, information, and training concerning new investment instruments and accounting issues surrounding various investment types;
 - c. Providing technical assistance in implementing recently released accounting pronouncements issued by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB);
 - d. Provide direct access to designated individuals to assist with technical questions;
 - e. Provide an account administrator(s) available by telephone between the hours of 7:00 a.m. and 5:00 p.m. (EST time);
 - f. Provide timely and satisfactory responses to inquiries and resolution to problems.
12. Accounting reports:
- a. Complete and forward transaction reports by the third business day. Complete monthly audited accounting statements for domestic equities and cash portfolios, fixed income portfolios and international equity portfolios by the seventh business day. DPERS and the Vendor may mutually agree in writing to a later completion and or delivery schedule for transaction reports and audited accounting statements subject to availability of third-party information or substantive changes in portfolio composition or structure;
 - b. Provide an accurate audited report of all holdings, yearly transactions, and other pertinent investment data, in a format acceptable to DPERS, no later than 20 days after the end of each fiscal year;
 - c. Monthly and yearly closed periods must be frozen to additional transactions except when mutually agreed upon by DPERS and the Vendor.
 - d. Provide current and future accounting reports requested by DPERS at no additional charge.
 - e. All key reports must be available online.
 - f. Provide all audited month-end accounting reports in a format acceptable to DPERS (Excel, pdf, cvs).
13. Provide reports for current GASB securities lending note disclosures.
14. Provide data file and reports for current GASB investment risk disclosures.
15. Provide annual reporting for external financial auditors in a format and manner as they designate.

1.4.2 Securities Settlement and Safekeeping

- 1. Vendor must be a participating member and have access to securities settlement through Depository Trust Company (DTC), Federal Reserve

- wire system, Participants Trust Company (PTC), and at other depositories (both domestic and international).
2. Vendor must provide settlement service on a delivery versus payment basis for all asset classes and the ability to settle and safe keep physically held securities.
 3. Vendor must execute foreign exchange transactions; monitor foreign tax liability and tax reclaim collection.
 4. Vendor must provide electronic access for trade data by DPERS, consultants and investment managers, and any other third party approved in advance by DPERS.
 5. The Vendor shall provide a comprehensive system for selecting subcustodians and evaluating and monitoring their internal control structures, performance, and financial condition. Include a chart of subcustodian network.
 - a. Contract terms contained in DPERS agreement with Vendor shall also be incorporated in any necessary subcustodian agreements.
 - b. Vendor shall assist in coordinating the opening and maintenance of any necessary subcustodian arrangements.
 6. Vendor shall provide a custodial credit risk report and analysis to DPERS pursuant to current GASB regulations.

1.4.3 Cash Management

1. Provide a short-term investment fund (STIF) and government short term investment fund (GSTIF) options for daily cash sweeps.
2. Provide for same-day settlement of cash trades, such as physical, DTC, and Fed wireable repo and term purchases.
3. Transfer cash between accounts, make and accept wire transfers of funds in both U.S. and non-U.S. currency (including provision of Fed reference numbers upon request).
4. Provide online reporting for daily cash activity, cash balance information, and notification of wire transfers.
5. Provide an interactive and secure transaction processing system for cash movements and wire transfers.
6. Assist with foreign currency conversion and movement transactions.
7. Provide time stamped foreign currency confirmations.
8. Provide a system that projects cash by account. Projections should incorporate STIF balances, dividend and interest income, and income from trade settlements, corporate actions, or other known cash flows.
9. Upon standing instructions from DPERS, sweep cash receipts from Investment Accounts to a designated Cash Account.

1.4.4 Corporate Actions, Class Actions, and Proxy Processing

1. Within a time frame sufficient for relevant receipt, analysis, and vote determination, provide proxies and proxy statements to DPERS or its

designee prior to annual and special meetings for U.S. corporations. For foreign corporations, such proxies and proxy statements will be provided subject to local market practice for international assets, but at minimum for the relevant market, in such a manner consistent with the practice of the Vendor's industry peers.

2. At the option of DPERS, provide proxy voting capabilities for U.S. and foreign holdings, including proxy voting services, notification of proxy information, translation of foreign proxies, and a monthly report detailing all proxy voting activity.
3. Within a time frame sufficient for relevant receipt, analysis, and processing, provide notification of corporate actions regarding conversion privileges, issuance of rights, mergers, tender offers, reorganizations, and other actions requiring decisions by DPERS.
4. Provide the processing of securities class actions on behalf of DPERS to include identification, analysis, communication, and processing of relevant litigation claims that affect DPERS.

1.4.5 Technology

1. Provide an electronic daily and monthly file of all transactions in all DPERS accounts to DPERS's investment systems for the purpose of custodial reconciliation and verification as well as DPERS database downloads for all accounts maintained by the Vendor.
2. Provide online, real-time access to data held in the Vendor's records.
3. Provide all reports requested by DPERS. In addition, ad hoc query and reporting functions shall be available, and the Vendors shall, by mutual agreement, and in a timely manner, provide additional custom reports as requested by DPERS, at no additional charge.
4. Provide onsite training to DPERS' staff during the initial conversion process and at any time when substantial changes have been made to the master custody software or other information-delivery software, or as needed.
5. Secure DPERS' records under the Vendor's control from unauthorized access.
6. Secure and safeguard records against potential loss or destruction by fire, theft, vandalism, storm, earthquake, or any other hazard, by retaining backup data in a secure location so that records can be recreated that are current to the end of the last business day preceding the occurrence of such event.
7. Have an established and proven plan for business continuation in emergency situations, have the capability to recreate records and resume operations within 24 hours of any occurrence of any major disaster or other cause that destroys records and/or interrupts normal operation of the Vendor's systems, and must guarantee such continuation of service within 24 hours.

8. Retain computer records of all audited investment transactions and month-end positions on electronically readable storage media for seven years. The Vendor 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.

1.4.6 Compliance Monitoring and Reporting

1. Provide specialized reporting including equity and fixed income calculations supporting DPERS's compliance with statutory requirements.

1.4.7 Transition

1. Should this search result in the selection of a new Vendor, the new Vendor will perform all procedures necessary to convert from the current Vendor's (The Northern Trust) system to the new Vendor's system of record:
 - a. The Vendors shall present to DPERS' management a detailed plan for, as well as schedule of, the transition from the current Vendor, The Northern Trust, to the new Vendor. The plan and schedule must include the timing of each phase of the transition as well as the proposed involvement of the Vendor's employees in the process, the level of involvement anticipated from DPERS' employees, and the proposed involvement of the current Vendor in the transition process.
 - b. The Vendor will reconcile custody positions to the prior Vendor's records, research all reconciling items, and correct all position discrepancies.
 - c. All interfaces, including, but not limited to, those to DPERS', outside investment managers, pricing services, and others, must be ready and adequately tested prior to conversion or an acceptable alternative provided as mutually agreed.
2. Upon termination of the present contract, the current Vendor shall cooperate fully with the successor Vendor to facilitate the transition from the current Vendor's system to the successor's system.
 - a. During transition, the current Vendor shall provide to DPERS and the successor any information about the current Vendor's system as may reasonably be needed by the successor to prepare for and effect the transition. Such information might include data formats, data element definition, update frequencies, etc. The current Vendor shall not be expected to provide proprietary information about its internal systems.
 - b. The current Vendor shall provide to the successor a copy of all DPERS data in a mutually agreed form and format for test purposes.

- c. On the effective date of the conversion from the current Vendor to the successor Vendor, the current Vendor shall provide a complete final copy of all current DPERS' files to the successor Vendor. To complete close-out of transactions in process, suitable and mutually agreed arrangements shall be made between the current Vendor, DPERS, and the successor for processing of such transactions received subsequent to the effective date of conversion.
- d. The current Vendor shall make a continued effort to collect tax reclaims due DPERS and coordinate with the successor Vendor on outstanding claims.

1.4.8 Audit Requirements

1. Afford necessary DPERS' staff, its internal auditor, and its external auditors continued access to the Vendor's corporate audit staff and make available information from the corporate internal audits such as audit reports and the working papers of the Vendor's internal audit division that pertain directly to the services utilized by DPERS, as long as such access does not violate client confidentiality, contractual obligations of the Vendor, or applicable federal or state laws or regulations.
2. Name the Vendor's clients as intended users of the annual Vendor's Public Fund Services Statement on Auditing Standards No. 70 (SAS 70) and/or Statements on Standards for Attestation Engagements No. 16 (SSAE 16) report. Assure a statement to this effect is included in the auditor's opinion letter as such. Provide a copy of the SAS 70 Type II or SSAE 16 report to DPERS when completed.

1.4.9 Client Servicing

DPERS is a "hands-on" organization that requires access not only to account administrators but to technical staff in investment transaction processing, accounting report preparation, performance and risk analytics, technology and any other functional area that affects its account. The operational support, flexibility, accessibility, and responsiveness of institutions submitting proposals will be carefully weighed.

1. The Vendor shall make appropriate personnel available to meet with DPERS' staff onsite, at dates and times determined by DPERS and Vendor, to discuss services related to DPERS's needs.
2. The Vendor must have in place a relationship management protocol that assures the appropriate escalation of and timely resolution to issues and special projects within the context of the DPERS relationship.
3. DPERS' staff shall have direct access to specialists in each functional area to discuss processing issues as they arise.
4. The Vendor will be available when necessary to discuss issues with DPERS Investment Consultant when requested by DPERS.

5. The Vendor will make available professionals from its staff including its Economists to make in-person presentations at Board meetings as requested by DPERS.
6. The Vendor shall make available appropriate personnel to meet with DPERS' Investment Committee and Board of Trustees at dates and times determined by DPERS and Vendor.

1.4.10 Value Added Services

1. Securities Lending
 - a. Provide securities lending services for eligible domestic and international securities on either a principal or an agency basis.
 - b. Establish a list of eligible borrowers and a maximum amount that may be borrowed by each borrower. Conduct ongoing reviews of borrowers' qualifications and the balance on loan relative to borrowers' lending limits.
 - c. Require that all loans of securities be collateralized by either cash or US Government Securities.
 - i. Domestic securities must be collateralized by US Treasury Securities at no less than one hundred and two percent (102%) of market value, plus accrued interest, at all times.
 - ii. International securities must be collateralized at no less than one hundred and five percent (105%) of market value, plus accrued interest, at all times. All international loans and proceeds will be negotiated and settled in U.S. dollars.
 - d. Provide for next day liquidity at the option of DPERS for any securities on loan.
 - e. Collateralize and mark-to-market all loaned securities on a daily basis.
 - f. Make available a daily report of collateral, identifying daily collateral required and pledged, and a monthly report on securities lending activity and outstanding loans, including amounts by borrowers.
 - g. Collect all interest, dividend, or other distributions with respect to any loaned securities.
 - h. Must have the ability, upon request, to preserve DPERS's voting rights for proxies by requiring all identified loaned securities be returned to DPERS prior to the record date of the security.
 - i. Must provide at a minimum 100 percent indemnification for borrowers (including failure to return securities, failure to require and maintain adequate collateral, and bankruptcy of borrower).
 - j. Provide other monthly, quarterly, and annual reporting as required by DPERS.
 - k. Agree to act as an expert and a fiduciary on behalf of DPERS.
 - l. Please see Securities Lending Program Conditions attached to this RFP as Appendix B.

1.4.11 Performance Measurement Analytics

1. Calculate daily (unaudited) and monthly (audited) gross and net-of-fee time-weighted total returns for all domestic equity, international equity, and fixed income portfolios and composites.
2. Produce daily and monthly reporting of actual performance versus benchmark performance for all domestic equity, international equity, and fixed income portfolios and composites.
3. Calculate net-of-fee time weighted total returns for the alternative investment asset class and composites.
4. Produce monthly, quarterly, and annual reporting of actual performance versus benchmark performance for alternative investments, real estate, and other private investments.
5. Calculate gross and net-of-fee time weighted total returns for the total fund.
6. Produce daily and monthly reporting of actual total fund performance versus policy benchmark performance.
7. Produce total fund reporting (electronic report and electronic file) that addresses all asset classes, portfolios, composites for the month, quarter, year-to-date, 1-year, 3-year, 5-year, inception to date, or other time periods as requested and includes time weighted total returns and benchmark returns for all periods.
8. Produce historical performance and risk analytics (such as tracking error, information ratio, etc.).
9. Produce attribution at the security level and benchmark sector level that includes comparison to benchmark performance for domestic equity, international equity, fixed portfolios, and composites.
10. Calculate benchmark Internal Rate of Returns (IRR) for alternative investment funds and other private investment funds and compare to customized index.
11. Accept historical data electronically into a system for all managers and corresponding benchmarks, such as Private I, for the purpose of creating IRRs and weighted return performance.
12. Record market value and cash flows for assets not kept in a custodial account.
13. Record fee information for purposes of creating a net-of-fee calculation.
14. Provide performance reporting by the 20th calendar day of the month.

1.4.12 Risk Analytics

1. Produce holdings-based ex-ante risk analysis for the total fund, each asset class, and each portfolio that includes the following:
 - a. Total risk (for the portfolio, asset class or fund, and the related benchmark)

- b. Active risk
 - c. Value at risk
 - d. Contribution to total risk and active risk
2. Produce holdings-based risk analysis for the total fund, the fund's liabilities, and the fund's surplus/deficit.

2.0 REQUIRED INFORMATION

The following information shall be provided in each proposal in the order listed below. A Vendor is expected to provide a response for each requirement listed in sections 2.0, 3.0, 4.0 and Appendices A and B. Further a Vendor is expected to review the procedures and requirements listed in section 5.0 and 6.0. Failure to respond to any request for information within this proposal may result in rejection of the proposal at the sole discretion of the State.

2.01 Minimum Requirements

2.01.1 Delaware business license: Provide evidence of a Delaware business license or evidence of an application to obtain the business license.

2.01.2 Professional liability insurance:
Provide evidence of professional liability insurance in the amount of \$5,000,000.00.

2.01.3 Must have at least \$200 billion in tax-exempt master trust/master custody assets as of June 30, 2011. This amount must include at least \$25 billion in international equity and fixed income.

2.01.4 As of June 30, 2011, must have provided custody services for a minimum of ten (10) years.

2.01.5 Must have at least one State Government Defined Benefit Pension Plan client.

2.01.6 The Vendor shall discharge each of its duties and exercise each of its powers with due care, skill, prudence, and diligence under the circumstances that a prudent expert acting in a like capacity and familiar with such matters would use in the conduct of any enterprise of like character and with like aims. The Vendor shall discharge its duties under the contract solely in the interest of DPERS acting in its capacity as a fiduciary of DPERS.

2.02 General Evaluation Requirements

2.02.1 Experience and Reputation

1. The successful Vendor shall have provided similar services to at least six (6) other governmental retirement agencies that are similar in size.
2. The successful Vendor shall have successfully provided complex domestic and international custody services for at least six (6) similar governmental defined benefit plans.
3. A Vendor must have been in business for a minimum of ten (10) years.

2.02.2 Capacity to meet requirements (size, financial condition, etc.)

1. Vendor must be in good financial standing and substantiate financial stability by providing the most recent five (5) years of audited financial reports.
2. Vendor will identify the number of personnel and resources allocated to support, develop, and maintain the custodial services.

2.02.3 Demonstrated ability

Vendor must include all relevant information regarding past experience acting as a global custodian for governmental defined benefit pension plans. DPERS will consider some of the following factors in determining ability.

1. Corporate organization, general experience, and stability
2. Professional staff / client relations
3. Custody services expertise and experience (U.S. and Non-U.S. capabilities)
4. Risk management – internal control structure
5. Cash management capabilities and experience
6. Accounting and reconciliation capabilities
7. On-line account access
8. Performance measurement and analytics capabilities and experience
9. Technology
10. Timeliness and accuracy of reporting
11. Tracking securities litigation and filing securities litigation claims
12. Securities lending experience
13. Year end reporting capabilities
14. Assistance with GASB issues and reporting
15. Experience in managing transition and conversion
16. Cost of services

2.02.4 Previous and outstanding Litigations

The Vendor must include any information regarding any current legal actions, lawsuits, arbitration, or formal protests, or investigation(s) by a regulatory authority or contingent liabilities your companies, its officers or its principals have been involved in at the time the proposal is submitted which are ongoing. Additionally, please include information about any during the past eight (8) years which have been resolved, closed, settled or dismissed.

2.02.5 References

Vendor must provide at least five (customers) from governmental agencies, or public sector companies in the USA meeting the following characteristics:

1. All five customers should be using all of Vendor's services for domestic and international global custodian services.
2. At least two (2) of these five customers should be recent conversion which occurred on or after 7/1/2009.

3. Vendor must also include three client references for each sub-contractor listed in the proposal response.
4. DPERS reserves the right to request additional references.

3.0 QUESTIONNAIRE

3.01 Organization

Provide the name, title, address, telephone, fax number and email address for the person submitting this proposal

Company	
Name	
Title	
Address	
Telephone	
Fax	
Email	

1. Briefly describe your organization. Include all parent company and subsidiary relationships.
 - a. Your organization and its core business units
 - b. Parent company
 - c. Subsidiaries
 - d. Are there any planned future divestitures or acquisitions?
 - e. Is your main operating entity the custodial contracting party?

2. Please comment on your organization’s financial strength. Please provide your most recent S&P, Moody’s and Fitch bank watch ratings and reports.

3. What are the bank’s total assets and capital base?

4. In what year did you firm initiate its trust business?
 - a. List the States and countries in which you currently have clients.
 - b. Comment on your custody presence outside of the United States

5. Provide a summary of your organization's clients in the categories outlined in the following matrices (total tax exempt trust and custody clients only):

a. Number of accounts as of December 31 for the following years:

Type	2007	2008	2009	2010	2011
Public					
Corporate					
Endowment/Foundations					
Taft Hartley					
Other					

b. Market value of accounts as of December 31 (\$ billions) for the following years:

Type	2007	2008	2009	2010	2011
Public					
Corporate					
Endowment/Foundations					
Taft Hartley					
Other					

c. Size and number of tax exempt custody accounts as of December 31, 2011

Type	Number of Clients	Number of Plans	Aggregate Market Value (\$ mil)
Public:			
Less than \$1 Billion			
\$1 Billion to \$5 Billion			
Over \$5 Billion			
Corporate:			
Less than \$1 Billion			
\$1 Billion to \$5 Billion			
Over \$5 Billion			
Endowment/Foundations:			
Less than \$1 Billion			
\$1 Billion to \$5 Billion			
Over \$5 Billion			
Taft Hartley:			
Less than \$1 Billion			
\$1 Billion to \$5 Billion			
Over \$5 Billion			
Other:			
Less than \$1 Billion			
\$1 Billion to \$5 Billion			
Over \$5 Billion			

d. Account sizes as of December 31, 2011 (Market Value \$ millions):

Type	Average	Smallest	Largest	Median
Public				
Corporate				
Endowment/Foundations				
Taft Hartley				
Other				

e. Total tax exempt trust & custody clients gained & lost for the past six (6) years:

	Clients Gained (# Accounts)	Clients Gained (\$ Millions)	Clients Lost (# Accounts)	Clients Lost (\$ Millions)
2011				
2010				
2009				
2008				
2007				
2006				

f. Total public fund trust and custody clients gained and lost for the past six (6) years:

	Clients Gained (# Accounts)	Clients Gained (\$ Millions)	Clients Lost (# Accounts)	Clients Lost (\$ Millions)
2011				
2010				
2009				
2008				
2007				
2006				

6. Please provide the names and market value of assets for all public fund trust and custody clients gained and lost over the last six (6) years.
7. What is the percentage revenue contribution of your institutional trust and custody business to overall company revenue?
8. Discuss the profitability of the trust and custody business. If you are unable to provide net operating income, please provide some financial measurement.
9. List any substantive issues raised by your independent auditors in your SAS 70, SSAE 16, 10-Q, 10-K or any other documents filed with the SEC or any other regulatory body. Please provide a copy of your most recent SAS 70, SSAE16, 10-Q and 10-K reports.
10. Describe your insurance, bonding, indemnification and risk management program provided to protect clients of trust and custody services. Each description should include: risk coverage, carriers, levels, limits, deductibles, policy expiration if applicable. Successful Vendor will be required to provide evidence of coverage and insurance certificates.
11. Are cash balances held on your balance sheet?
12. Have you or any of your clients taken any losses in any cash fund?

3.03 Client Services

1. Please describe your organization’s commitment to quality and customer service. How do you monitor customer satisfaction?
2. Please provide an organizational chart showing where the Custody/Trust area fits into the bank’s overall structure.
3. Do you have a dedicated group for public funds? If so, please describe your structure.
4. Briefly discuss how the following functional areas interact with one another in servicing the custody/trust clients?
 - a. Investment Managers
 - b. Accounting
 - c. Audit
 - d. Report Generation
5. Please provide the following resource allocation information for your institutional trust services operations:

Institutional Trust Services	
Average length of service (with firm/total experience)	
Number of account professionals	
Number of support/clerical staff	
Number of officers as a percent of total staff	
Average number of plans per account manager	
Lowest number of plans per account manager	
Average number of people assigned to each account	
Average number of people assigned day-to-day administration	
Number of marketing representatives	

6. What approach to account administration is used in your organization (i.e. account teams, account manager with support)? How does the structure function?
7. What is the level and experience of a typical administrator directly responsible for a client account?
8. How is the client administrator performance reviewed internally?
9. Would the same individual be responsible for domestic and foreign assets?
10. Please provide details of trust staff turnover for the past five (5) years (i.e. position held, length of service, reason for leaving and any details you may have on the new position taken by the separated employee).
11. Is there a minimum level of education and/or experience required for professional employees in the Trust department? If yes, please explain.
12. Provide a biographical sketch of the following:
 - Key officers in charge of custody and trust services.
 - All individuals who will be assigned to this account (including the conversion team).Please include their specific duties and the number of accounts for which they currently have responsibility.
13. Please describe the proposed team for the DPERS account relationship. Include names, years of experience and description of experience, education, role on team and number of client relationships for which each person is responsible – both current and maximum.
14. Please elaborate on the number of client relationships handled by this person and the team. Describe the range in size and complexity of these accounts. How do you determine the number of accounts assigned to each administrator?
15. Describe the procedures you use to assure continuity of services during vacations or other absences occurring within a team.
16. Describe your approach to staff hiring and education.
17. Describe the opportunities your organization offers to clients for training and continuing education.

18. Do you have clients that have a service level agreement with your organization to monitor your performance? If so, please provide a copy of a recent service level agreement executed with an existing client (name of clients may be deleted).

3.04 Systems Capabilities

1. What is the technology research and development budget specific to trust and custody operations over the next three (3) years (explain in both absolute dollars and percentage of revenues from trust and custody operations)?
2. What are the capital commitments to hardware and software over the next few years? What has been spent in the past three years and what improvements have been gained?
3. What hardware is used to process plan data?
4. Where is your computer hardware located?
5. Do you own the computer equipment?
6. Is your hardware system shared or dedicated? If shared, describe the established priorities. Do you guarantee 99.999% availability for trust and custody clients?
7. Describe your documented disaster recovery plan.
8. How often do you test your recovery systems?
9. Do you have a secondary processing site? Where is it?
10. Describe any recent experience in recovering from a primary system failure.
11. Describe your maintenance and backup procedures:
 - a. Number of daily backups.
 - b. Do you store tapes off-site? Where?
12. Who developed your software and when was it installed?
13. Who maintains your software? Do you utilize batch processing or real-time processing?
14. Does your firm use an outside software vendor? If so, does the licensing agreement permit you to modify the system?

15. How many programmers and systems analysts do you employ to maintain the system? Of the total number of programmers and analysts, how many are dedicated versus shared? How many programmers/analysts are contractors versus employees? How many are directly dedicated to support public pension funds?
16. Describe any significant computer processing system enhancements and/or additions to the master trust/custody systems that have been implemented over the past two years. What system enhancements, changes and/or additions are being considered over the next two years?
17. Please describe your system's security. Can different levels of security be defined with some users having more access to accounts than others?
18. How soon after month-end will you provide on-line file access and archiving disk (CD) of assets and transactions?
Indicate audited or un-audited.
19. Describe your on-line system for clients, investment managers and consultants. How long has it been offered? What percent of your master trust/custody clients receive on-line service?
20. Can a client have on-line, real-time access to your system for:
 - a. Pending trades?
 - b. Cash management information?
 - c. Accounting information?
 - d. Assets list, including market value, transaction history, summary of account market values for portfolio, and securities on loan?
 - e. Portfolio aggregation capabilities
 - i) Can composites be created?
 - ii) Can the client define permanent composites?
 - f. Can report specifications be saved and scheduled for repetitive execution?
 - g. Do you provide a screening facility which identifies issues with particular characteristics?
 - h. Can reports be generated to meet GASB requirements (i.e. GASB 40)?
 - i. Please list anything else.
21. How current is on-line information? Does your on-line system provide the client and/or the investment manager with investable cash balances each morning? If not, how can you convey this information?
22. How many months of on-line holdings and transaction data are available?
23. Discuss your on-line security procedures.
24. How many hours per day is on-line information available? What hours?

25. Does your system provide on-line help facilities? What other help facilities are available and what are their hours?
26. What capabilities does your system have for clients to print/prepare reports?
27. How many clients are currently using your on-line service? Are there any special hardware or software requirements for clients for on-line access? Is the system Windows-based?
28. What provisions are made for establishing on-line access training of client personnel?

3.05 Accounting and Reporting Capabilities

1. Describe your accounting system.
2. Describe your pension plan accounting system. Is it part of your basic accounting system or is it a separate sub-system? On an allocation method or unitized basis? Which is your standard/preferred approach? Provide a reference list, including contact information, of your five (5) largest defined benefit accounts.
3. Please list all available formats for reports (CD/DVD, hard copy, online, data download, etc.)?
4. Please list each standard report and indicate how many days after period end the report is mailed/available on line. Provide samples.
5. Identify optional reports that are available with/without an extra fee. Provide samples.
6. Can reports be provided on a trade date basis? Settlement date basis? Accrual basis?
7. Do asset valuation and transaction statements reflect pending transactions?
8. How far back in time can statements of assets and transactions "as of" a certain date be run?
9. Are accrued interest and other transactions included in asset valuations?
10. Is Interest and dividend income reported on a cash or accrual basis?

11. What is the lag time between trade execution, availability of on-line transaction data to the client, and the posting of the transactions to your accounting system?

12. Are you able to provide any of the following reports, if required?

Report	Able to Provide		Frequency	On-line Access	
	Yes	No		Yes	No
Un-invested Cash balances					
Execution of trades					
Interest and dividend collection					
Brokerage Commissions					
Online security detail information					
Consolidated Statements					

13. Do you have the capacity to capture and report brokerage commissions generated by an account? If yes, please discuss in detail.

14. Are reports reviewed and audited prior to distribution?

15. Explain quality control procedures such as frequency of auditing of input and reconciliation of output.

16. What compensation policies does the bank have for losses resulting from accounting or recordkeeping errors? What has your claims history been in the past five (5) years? Also, in section 2.0, question 2.01.2, be sure to disclose your insurance coverage for these types of errors and omissions.

17. Is there a general audit system in place for Master Custody/Master Trust? Is it certified by a major public accounting firm? What level of management reviews internal audit reports and who or what level is required to implement changes to correct audit deficiencies noted? Provide a copy of your most recent audit report from an independent accounting firm.

18. How long do you retain historical information/statements (asset values and transactions)? Are historical asset values monthly, quarterly or annual? How long would it take to provide this information to clients?

19. How do you handle derivative/options/futures accounting and reporting? Describe briefly the extent of capabilities and limitation.

20. How do you handle private equity accounting and reporting?
21. Describe briefly the extent of capabilities and limitations.
22. How is reporting on commingled/mutual funds handled?
 - Do commingled/mutual funds cause a delay in report delivery?
 - Please include a commingled and mutual fund in your sample report.
23. What sources do you use for pricing securities? What procedures and control points do you have in place to ensure that securities are priced accurately? May clients choose alternate pricing sources?
24. Foreign Exchange Capabilities
 - a. Describe your foreign currency (FX) management capabilities. Be sure to discuss the following:
 - i. How does your organization demonstrate the competitiveness of your foreign exchange and how does your firm ensure that custodial clients achieve best execution? What documentation or analysis would your organization provide to DPERS that demonstrates such?
 - ii. Is your organization willing to disclose both explicit and implicit costs of FX trades?
 - iii. Is your organization willing and able to provide a “time-stamped” FX trade and disclose at what price your firm valued the FX trade?
 - iv. Does your organization flag off-market transactions (considered to be 10% or greater variance) automatically?
 - v. Are off-market transactions reviewed independently and the reasons for the price indicated in the review process?
 - vi. Are you willing to act as a fiduciary in FX trades?
 - b. Please describe how your organization handles standing instructions, normal course FX settlement for buys/sells, FX netting, and pre-negotiated FX rates.
 - c. Fully describe your ability to support an agent or principal third-party foreign exchange program where all eligible foreign exchange transactions would be directed away from the custodian.
 - d. Has your firm been investigated for any issues related to FX trading? If so, please explain.
 - e. DPERS reserves the right to allow managers to execute any and all FX trades with third party brokers. What different FX execution options can you provide to both DPERS and its investment managers beyond custody FX execution venues (i.e., street FX, pre-negotiated FX, electronic FX execution platforms, etc.)?
25. Does your organization charge a penalty or administrative cost for currencies executed by a third-party other than the custodian bank?

26. Will your firm use a competitive bidding structure to execute FX transactions? Will your organization be able to provide performance reporting or best execution reports for FX transactions?
27. Is interest paid on uninvested balances in foreign country accounts? What types of short term vehicles or accounts are available?
28. For global markets, the interest penalty for cash overdrafts is substantial. Discuss the policies and procedures for assessing overdraft fees, including but not limited to, documents provided, frequency of charges, overdraft rates determination, and overdraft claims and collection process from brokers/managers. Describe your ability to set up procedures to allow for client review and approval of charges for foreign cash overdrafts. (Reminder: confine your response to methodology only, not specific numbers)
29. What is your pricing source for currency exchange rates?
30. Describe any FX litigation or investigations by any regulatory authorities since 2000.
31. Provide a detailed overview of FX transaction reporting tools available and list the available formats.

3.06 Custody of Assets

1. Describe your systems for registration and custody of domestic and foreign assets, including depositories used and level of interface with depository.
2. Describe your depository memberships (e.g., DTC, FBE) and the services you use at these depositories. Describe your system for registration and custody of assets.
3. Describe your systems for custody of depository-ineligible securities. List investments that require non-standard processing.
4. Do you offer omnibus foreign custody accounts? If so, please list the countries and provide any additional information.
5. Indicate all securities types and indicate source of pricing and frequency of price updates.
6. Do you have procedures in effect to investigate unusual or significant pricing changes from the previous pricing period? Please describe.

7. How are valuation differences detected and resolved between the investment managers and the custodian? Your response should include a specific discussion on less frequently traded securities.
8. How do you provide for prompt delivery of domestic and foreign proxies and proxy statements to clients or investment managers for voting instructions?
9. Explain your procedures or policy for:
 - a. Income collection
 - b. Timely settlement of purchases and sales
 - c. When dividend and interest become available for reinvestment
 - d. When dividend and interest are credited to an account
 - e. When contributions are credited to an account
 - f. How are mistakes corrected?
 - g. Is interest paid when misdirected amounts are subsequently claimed or does the bank keep the interest?
 - h. If the bank keeps the interest, are those earnings used to offset client fees? If so, indicate the percentage offset?
10. What timing issues are involved in “same-day” transactions? What are your deadlines for wiring transactions? Please describe timing issues/deadlines regarding cash flows/transactions.
11. Fail Float:
 - a. How are failed trades monitored?
 - b. How are accounts compensated?
 - c. How do failed transactions affect cash balances?
 - d. How frequently are managers advised of fails?
 - e. How are fails accounted for over the close of reporting periods?
 - f. What reports are available to analyze fails?
 - g. Provide fail experience as a percent of trades.
12. Describe the structure of your dedicated unit for corporate actions, class actions and proxy voting? What are your procedures and sources for both domestic and foreign corporate actions? Do you monitor corporate action activity for clients? If so, is it in-house or outsourced and what is your reporting format and frequency?
13. What percentage of tax reclaims were you able to get back over each of the last five (5) years.
14. Describe your process for handling class action suits? How will you track these items and advise DPERS of critical dates and deadlines? Is there an additional charge for this service?

15. How and when do you report (to clients, to investment managers, etc.) the following:
 - a. Stock splits
 - b. Name changes
 - c. Dividend
 - d. Tender offer
 - e. Called Bonds
16. What quality controls are used?
17. Describe and provide a list of your sub-custodian relationships, including length of time they have served in this capacity and a list of all markets covered for you by each sub-custodian.
18. If you use a sub-custodian:
 - a. Do all of your sub-custodians satisfy capital requirements under SEC Rule 17f-5? Explain why or why not.
 - b. Describe the process for choosing sub-custodians?
 - c. How frequently do you formally review your sub-custodial relationships? Explain the process involved.
 - d. Describe any past or planned changes in sub-custodial relationships.
 - e. To what extent are your sub-custodians responsible for collecting income and notifying you of corporate actions?
 - f. Describe the procedures, control points, and timing requirements regarding communications between your bank and your sub-custodians.
 - g. How frequently do you reconcile your books with your sub-custodian's books?
 - h. Would DPERS' assets be ring-fenced in all markets from your and your sub-custodians' assets?
 - i. What level of responsibility do you take for sub-custodians and agents?
19. Please provide information on the physical clearing facility as follows:
 - a. Monthly volume
 - b. Trade settlement procedures
 - c. Re-registration procedures
 - d. Reconciliation process
 - e. Quality controls
20. What steps do you take to ensure proper settlement of purchases and sales?
21. How do you handle corrections/reversals?

22. Describe in detail your global custody abilities as they relate to the above questions.

3.07 Cash Management

1. Describe each of the short-term investment vehicles available for DPERS cash reserves. For each vehicle include:

Fund name	
Fund inception	
Total assets in each fund	
Investment philosophy & objectives	
Types of allowable investments by policy	
Historical performance data	
Management/administrative fee (basis points)	

2. Do you sweep cash automatically? If yes:
 - a. How often?
 - b. To what balance?
 - c. Are there transaction costs? If yes, what are they?
 - d. When may withdrawals be made?
 - e. How large a withdrawal is possible with a single day’s notice?
 - f. How often is STIF interest accrued and when is it credited?
 - g. Describe your policies concerning the collection and crediting of interest and dividend income.
3. Describe in detail your system for monitoring cash balances when a client hires a separate active short-term cash manager to manage all cash reserves of the plan.
4. How many of your clients currently utilize a separate short-term cash manager to manage their cash balances?
5. Describe your cash forecasting ability to assist a separate short-term cash manager in monitoring cash balances.
6. Can a zero balance of un-invested funds be maintained?
7. How quickly are investment managers advised of STIF fails? How frequently have fails occurred and why?

3.08 Performance Measurement Analytics

1. Describe your domestic and international performance measurement system and capabilities to meet the needs as described in 1.4.11.

2. Are daily return calculations available?
3. Can you calculate gross and net of fee returns? Is this dependent upon the fee being paid the corresponding manager account?
4. Is your performance system integrated on the same platform as your accounting system?
5. How do you ensure performance data is accurate?
6. Do you have the capability for calculating performance for a separate plan in a master trust arrangement that does not contain tax qualified retirement funds (e.g.Firemen’s Fund, OPEB Fund)?

3.09 Conversion

1. Provide a detailed task schedule, including a timeline, on how you intend to approach the implementation and conversion process. Assume a July 1, 2012 conversion is required.
2. Describe in detail your conversion testing procedures.
3. How many plans were converted in the following years?

	Number of Transitions	Market Value (in billions)	# of Problems
2011			
2010			
2009			
2008			
2007			

4. What dedicated resources (personnel, equipment, training of personnel, consultants, etc.), procedures, and controls will you provide in the transition/conversion period to ensure that the conversion is completed successfully in both a timely and accurate manner?
5. What type and level of resources are required of the client during the transition process?
6. How do you handle transactions which are in process during the transition/conversion process?
7. Do you have a conversion manual?

8. What is the maximum number of concurrent conversions managed by a team?
9. What is the total number of conversion teams?
10. Who would be our conversion team (names, positions, experience, and current workload)? How would they interact with DPERS?
11. At what point does the ongoing client team become involved?
12. How many conversions are currently scheduled for July 1, 2012?
13. Please describe in detail any expenses, which may be incurred by a client in the process of transition.

3.10 Securities Lending

1. Do you provide securities lending services? If so, please describe your various programs.
2. With how many borrowers do you have business relationships? How are these brokers selected? How often is creditworthiness reviewed?
3. What types of collateral do you require?
4. Will you accept a US Treasury only collateral program on your platform?
5. Describe how your securities lending program avoids infringing upon an investment manager's execution when a security is recalled.
6. How does your lending program manage the coordination of trade settlements, corporate actions and dividend collection with the custodial bank? Do you provide any guarantees?
7. How does your organization monitor the qualitative and quantitative risks of the security lending program? Describe all risk management tools used in the collateral management process.
8. How do you coordinate your securities lending activities with the client's investment manager(s)?
9. What percentage of collateral do you require? Do you mark-to-market daily?
10. To what degree are your securities lending clients insured against losses from participation in your program?

11. Explain your security loan allocation system and the basis on which you make such applications to all clients. How do you provide equal opportunity to all participating clients to lend their securities?
12. How is the income generated from securities lending split between the client and you? What split will you offer DPERS?
13. Have any of your clients experienced any negative loans? What is the bank's policy for minimizing the risk of negative loans?
14. What degree of indemnity would you provide DPERS with respect to:
 - a. Operational risk;
 - b. Borrower default or
 - c. When borrower's collateral is insufficient to replace an unreturned security?
15. Have there been any litigation or investigation(s) by a regulatory authority or contingent liabilities your companies, its officers or its principals have been involved in within the last five (5) years relative to your securities lending business. If so, please give details.
16. Please provide a list of approved borrowers.
17. Provide a list of your top 10 borrowers and their percentage of your lending volume by security.
18. What would cause you to revoke a borrower's approved status?
19. Have you revoked any borrower's approved status in the last 5 years? If so, please explain in detail along with the time frame for the termination.
20. Describe your loan termination procedures (e.g., number of days allowed for return of a security on a loan).
21. Provide a detailed overview of Securities lending reporting tools available and a list of available formats.

4.0 COST PROPOSAL

1. Please provide a detailed annual fee quote on a bundled and unbundled basis for custody and related services alone, for securities lending alone, and for both custody and securities lending in the format outlined in # 8 of this section. For securities lending, provide a proposed securities lending income split to DPERS.
2. Please provide a five year fee quote.
3. Please provide your best fee per account for performance measurement and analytic services separate from the detailed quote requested above.
4. We would consider an alternative “flat fee” for providing global custody services, with and without securities lending, if you wish to make such a proposal.
5. DPERS also manages an OPEB trust that contains retirement funds with a total current value of approximately \$157 million. The OPEB trust currently consists of a cash account and three non-custodied mutual funds. Plan allocation accounting is required for the two current participating employers. The trust generally has low transaction volume including an average of six cash receipts/disbursements per year and portfolio rebalancing considered on a quarterly basis. Please include your best price for global custody services for the OPEB trust.
6. DPERS also manages a trust for a Volunteer Firemen’s Plan with a total current value of approximately \$14 million. The Firemen’s Plan currently consists of a cash account and three non-custodied mutual funds. There is one participating entity in the Plan, which has an average of 50 cash receipts/disbursements per year and portfolio rebalancing considered on a quarterly basis. Please include your best price for global custody services for the Volunteer Firemen’s Plan.
7. Provide your investment management and custody fee for managing the STIF and GSTIF fund options proposed in Section 1.4.3.

8. Please provide your best fee schedule for the DPERS relationship and list all charges. Please quote with and without securities lending in the following format:

a) Without Securities Lending

Account Fees	# of Accounts	Fees	Pro-Forma Cost
Domestic Separate Accounts	4		
International Separate Accounts	8		
Commingled/Single Line Item Accounts	88		
Cash Accounts	3		
Plan accounting Fee	14		
Transactions	Annual Volume	Fees	Pro-Forma Cost
Domestic Equity	3,650		
International Equity	7,750		
Domestic Fixed Income	2,100		
International Fixed Income	--		
Domestic Convertibles	2,400		
International Convertibles	800		
Pass thru	600		
Short Settlement	50		
Options/Futures	--		
Insurance contracts	--		
Outgoing wire transfers	350		
Asset Based	Market Values (\$millions)	Fees	Pro-Forma Cost
Domestic Equity	794		
International Equity	399		
Domestic Fixed Income	793		
International Fixed Income	--		
Private Equity	1,905		
Domestic Convertibles	246		
International Convertibles	369		
Commingled Accounts	2,167		
Cash	322		

b) With Securities Lending

Account Fees	# of Accounts	Fees	Pro-Forma Cost
Domestic Separate Accounts	4		
International Separate Accounts	8		
Commingled/Single Line Item Accounts	88		
Cash Accounts	3		
Plan accounting Fee	14		
Transactions	Annual Volume	Fees	Pro-Forma Cost
Domestic Equity	3,650		
International Equity	7,750		
Domestic Fixed Income	2,100		
International Fixed Income	--		
Domestic Convertibles	2,400		
International Convertibles	800		
Pass thru	600		
Short Settlement	50		
Options/Futures	--		
Insurance contracts	--		
Outgoing wire transfers	350		
Asset Based	Market Values (\$millions)	Fees	Pro-Forma Cost
Domestic Equity	794		
International Equity	399		
Domestic Fixed Income	793		
International Fixed Income	--		
Private Equity	1,905		
Domestic Convertibles	246		
International Convertibles	369		
Commingled Accounts	2,167		
Cash	322		

5.0 RFP ADMINISTRATIVE INFORMATION

5.1 RFP Issuance

5.1.1 Obtaining Copies of the RFP

This RFP is available in electronic form through the State's website at <http://bids.delaware.gov>.

Paper copies of this RFP will be available upon request by contacting:

Wade Sallings
State of Delaware
Office of Pensions
Mc Ardle Building
860 Silver Lake Blvd. Suite 1
Dover, DE 19904
FAX: (302) 739-7946
Email: wade.sallings@state.de.us

5.1.2 Public Notice

Public notice has been provided in accordance with 29 *Del. C. c. 69*.

5.1.3 Assistance to Vendors with a Disability

Vendors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Designated Contact no later than ten days prior to the deadline for receipt of proposals.

5.1.4 RFP Designated Contact

All requests, questions, or other communications about this RFP shall be made in writing to the Office of Pensions. Address all communications to the person listed below; communications made to other State of Delaware personnel or attempting to ask questions by phone or in person will not be allowed or recognized as valid and may disqualify the Vendor. Vendors should rely only on written statements issued by the RFP designated contact.

Wade Sallings
State of Delaware
Office of Pensions
Mc Ardle Building
860 Silver Lake Blvd. Suite 1
Dover, DE 19904
FAX: (302) 739-7946
Email: wade.sallings@state.de.us

To ensure that written requests are received and answered in a timely manner, electronic mail (e-mail) correspondence is acceptable, but other forms of delivery, such as postal and courier services can also be used.

5.1.5 Consultants and Legal Counsel

The Office of Pensions may retain consultants or legal counsel to assist in the review and evaluation of this RFP and the Vendors' responses. Bidders shall not contact consultant or legal counsel on any matter related to the RFP.

5.1.6 Contact with State Employees

Direct contact with State employees other than the Designated Contact regarding this RFP is expressly prohibited without prior consent. Vendors directly contacting State employees risk elimination of their proposal from further consideration. Exceptions exist only for organizations currently doing business in the State who require contact in the normal course of doing that business.

5.1.7 Organizations Ineligible to Bid

Any individual, business, organization, corporation, consortium, partnership, joint venture, or any other entity including subcontractors currently debarred or suspended is ineligible to bid. Any entity ineligible to conduct business in the State for any reason is ineligible to respond to the RFP.

5.1.8 Exclusions

The Proposal Evaluation Team reserves the right to refuse to consider any proposal from a Vendor who:

1. Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;
2. Has been convicted under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offense indicating a lack of business integrity or business honesty that currently and seriously affects responsibility as a State contractor;
3. Has been convicted or has had a civil judgment entered for a violation under State or Federal antitrust statutes;
4. Has violated contract provisions such as:

- a. Knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
- b. Has violated ethical standards set out in law or regulation; and
- c. Any other cause listed in regulations of the State determined to be serious and compelling as to affect responsibility as a State contractor, including suspension or debarment by another governmental entity for a cause listed in the regulations.

5.2 Questions

5.2.1 Questions Regarding the RFP

Questions regarding the RFP requirements must be submitted in writing and received no later than February 10, 2012 before 3:00 PM EST. All questions must be submitted via U.S. Postal Service, courier, fax, or email to:

Wade Sallings
State of Delaware
Office of Pensions
Mc Ardle Building
860 Silver Lake Blvd. Suite 1
Dover, DE 19904
FAX: (302) 739-7946
Email: wade.sallings@state.de.us

5.2.2 RFP Amendments

The Office of Pensions reserves the right to request any bidder to clarify its proposal or to provide additional material deemed necessary to assist in evaluating the proposal. In addition, the Office of Pensions reserves the right to change the RFP schedule or issue amendments at any time. Furthermore, the Office of Pensions reserves the right to cancel or reissue the RFP.

5.3 RFP Submissions

5.3.1 Acknowledgement of Understanding of Terms

By submitting a bid, each Vendor shall be deemed to acknowledge that it has carefully read all sections of this RFP, including all forms, schedules and exhibits hereto, and has fully informed itself as to all existing conditions and limitations.

5.3.2 Conditions

If DPERS is unable to agree to contract terms with the Vendor receiving the highest evaluation in this RFP process or if the Vendor has not fulfilled all conditions of the RFP at the time of contract execution,

DPERS reserves the right to terminate contract negotiations with that Vendor without undertaking another RFP process, therefore enabling the Board to negotiate with the Vendor receiving the next highest evaluation.

5.3.3 Negotiations

DPERS reserves the right to negotiate a change in Vendor representatives if the assigned representatives are not meeting DPERS' needs adequately. DPERS may negotiate with one or more Vendors during the same period and may, at its discretion, terminate negotiations with any or all Vendors.

5.3.4 Termination

This RFP in no manner obligates DPERS to the eventual procurement of services until confirmed by a written contract. Progress toward this end is solely at the discretion of DPERS and may terminate at any time prior to the signing of a contract.

5.3.5 Withdrawal of RFP

DPERS reserves the right to cancel this RFP at any time, and to reject any and all proposals submitted in response to this RFP if DPERS determines such action or actions are in its best interest.

5.3.6 Proposal Applicability

To allow sufficient time for contract negotiation, all prices and conditions stated in the proposal must be firm for a period of 180 days from the deadline for submission of proposals. DPERS reserves the right to ask for an extension of time if needed.

5.3.7 Legal Review

DPERS expects that all Vendors will agree to be bound by the terms and conditions articulated in this RFP. For this reason, it is strongly recommended that Vendors have the terms and conditions contained herein reviewed with corporate counsel and that Vendor concerns be brought to DPERS' attention.

5.3.8 Governing Law

This procurement and any agreement with Vendor that may result shall be governed by the laws of the State of Delaware. The agreement and the rights and obligations of the parties shall be determined in accordance with the laws of the State of Delaware and no other, except to the extent that federal law is applicable. Any litigation which may be instituted regarding this agreement shall be filed and litigated in the State of Delaware. Submission of a proposal constitutes acceptance of this condition.

5.3.9 Basis for Proposal

Preparation of proposals should be responsive-specific only to questions asked in the RFP and consistent with the instructions provided in the RFP.

5.3.10 Proposal Preparation Cost

Any cost incurred by the Vendor in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the proposer.

5.3.11 Vendor Qualification

DPERS may make such investigations as necessary to determine the ability of the Vendor to adhere to the items as identified within the questionnaire portion of this RFP. DPERS reserves the right to reject the proposal of any Vendor who, in DPERS' opinion, is not a responsible proposer as defined below:

“Responsible Vendor” means a Vendor who submits a responsive proposal and who has furnished, when required, information and data to prove that his financial resources, production and service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services or products described in the proposal.

5.3.12 Submitting a Proposal

Proposals received after the specified time and date will not be considered. To guard against premature opening, sealed proposals shall be submitted, plainly marked with the proposal title, Vendor name, and time and date of the proposal opening. Evaluation of the proposals is expected to begin shortly after the proposal due date. To document compliance with the deadline, the proposal will be date and time stamped upon receipt.

5.3.13 Proposal Modifications

Any changes, amendments or modifications to a proposal must be made in writing, submitted in the same manner as the original response and conspicuously labeled as a change, amendment or modification to a previously submitted proposal. Changes, amendments or modifications to proposals shall not be accepted or considered after the hour and date specified as the deadline for submission of proposals.

5.3.14 Late Proposals

Proposals received after the specified date and time will not be accepted or considered. To guard against premature opening, sealed proposals shall be submitted, plainly marked with the proposal title, Vendor name, and time and date of the proposal opening. Evaluation of the proposals is expected to begin shortly after the proposal due date. To document compliance with the deadline, the proposal will be date and time stamped upon receipt.

5.3.15 Proposal Opening

DPERS will receive proposals until the date and time shown in this RFP. Proposals will be opened only in the presence of DPERS personnel. Any unopened proposals will be returned to Vendor.

There will be no public opening of proposals but a public log will be kept of the names of all Vendor organizations that submitted proposals. The contents of any proposal shall not be disclosed to competing Vendors prior to contract award.

5.3.16 Non-Conforming Proposals

Non-conforming proposals will not be considered. Non-conforming proposals are defined as those that do not meet the substantive requirements of this RFP. The determination of whether an RFP requirement is substantive or a mere formality shall reside solely within the DPERS' discretion.

5.3.17 Realistic Proposals

It is the expectation of DPERS that Vendor can fully satisfy the obligations of the proposal in the manner and timeframe defined within the proposal. Proposals must be realistic and must represent the best estimate of time, materials and other costs including the impact of inflation and any economic or other factors that are reasonably predictable.

DPERS shall bear no responsibility or increase obligation for a Vendor's failure to accurately estimate the costs or resources required to meet the obligations defined in the proposal.

5.3.18 Confidentiality of Documents

All documents submitted as part of the Vendor's proposal will be deemed confidential during the evaluation process. Vendor proposals will not be available for review by anyone other than the DPERS' proposal Evaluation Team ("Evaluation Team") or its designated agents. There shall be no disclosure of any Vendor's information to a competing Vendor prior to award of the contract.

DPERS is a public agency as defined by State law, and as such, it is subject to the Delaware Freedom of Information Act, 29 *Del. C.* Ch. 100. Under the law, all the State of Delaware's records are public records (unless otherwise declared by law to be confidential) and are subject to inspection and copying by any person. Vendor(s) are advised that once a proposal is received by the State and a decision on contract award is made, its contents will become public record and nothing contained in the proposal will be deemed to be confidential except proprietary information.

Vendor(s) shall not include any information in their proposal that is proprietary in nature or that they would not want to be released to the public. Proposals must contain sufficient information to be evaluated and a contract written without reference to any proprietary information. If a Vendor feels that they cannot submit their proposal without including proprietary information, they must adhere to the following procedure or their proposal may be deemed unresponsive and will not be recommended for selection. Vendor(s) must submit such information in a separate, sealed envelope labeled "Proprietary Information" with the RFP number using Attachment 3. The envelope must contain a letter from the Vendor's legal counsel describing the documents in the envelope, representing in good faith that the information in each document is not "public record" as defined by 29 *Del. C.* § 10002(d), and briefly stating the reasons that each document meets the said definitions.

Upon receipt of a proposal accompanied by such a separate, sealed envelope, DPERS will open the envelope to determine whether the procedure described above has been followed.

5.3.19 Sub-Contracting

The Vendor selected shall be solely responsible for contractual performance and management of all subcontract relationships. This contract allows subcontracting assignments; however, Vendor assumes all responsibility for work quality, delivery, installation, maintenance, and any supporting services required by a subcontractor.

Use of subcontractors must be clearly explained in the proposal, and subcontractors must be identified by name. Any subcontractors must be approved by DPERS.

5.3.20 Discrepancies and Omissions

Vendor is fully responsible for the completeness and accuracy of its proposal, and for examining this RFP and all addenda. Failure to do so will be at the sole risk of Vendor. Should Vendor find discrepancies, omissions, unclear or ambiguous intent or meaning, or should any questions arise concerning this RFP, Vendor shall notify DPERS' Designated Contact, in writing, of such findings at least ten (10) days before the proposal opening. This will allow issuance of any necessary addenda. It will also help prevent the opening of a defective proposal and exposure of Vendor's proposal upon which award could not be made. All unresolved issues should be addressed in the proposal.

Protests based on any omission or error, or on the content of the solicitation, will be disallowed if these faults have not been brought to the attention of the Designated Contact, in writing, no later than ten (10) calendar days prior to the time set for opening of the proposals.

5.3.21 DPERS's Right to Reject Proposals

DPERS reserves the right to accept or reject any or all proposals or any part of any proposal, to waive defects, technicalities or any specifications (whether they be in the DPERS's specifications or Vendor's response), to sit and act as sole judge of the merit and qualifications of each product offered, or to solicit new proposals on the same project or on a modified project which may include portions of the originally proposed project as the State may deem necessary in the best interest of the State.

5.3.22 DPERS Right to Cancel Solicitation

DPERS reserves the right to cancel this solicitation at any time during the procurement process, for any reason or for no reason. DPERS makes no commitments expressed or implied, that this process will result in a business transaction with any Vendor.

This RFP does not constitute an offer by DPERS. Vendor's participation in this process may result in the State selecting your organization to engage in further discussions and negotiations toward execution of a contract. The commencement of such negotiations does not, however, signify a commitment by the State to execute a contract nor to continue negotiations. DPERS may terminate negotiations at any time and for any reason, or for no reason.

5.3.23 DPERS' Right to Award Multiple Source Contracting

Pursuant to *29 Del. C. § 6986*, DPERS may award a contract for a particular professional service to two or more Vendors if DPERS makes a determination that such an award is in the best interest of DPERS.

5.3.24 Notification of Withdrawal of Proposal

Vendor may modify or withdraw its proposal by written request, provided that both proposal and request is received by the State prior to the proposal due date. Proposals may be re-submitted in accordance with the proposal due date in order to be considered further.

Proposals become the property of the State at the proposal submission deadline. All proposals received are considered firm offers at that time.

5.3.25 Revisions to the RFP

If it becomes necessary to revise any part of the RFP, an addendum will be posted on the State's website at <http://bids.delaware.gov>. The State is not bound by any statement related to this RFP made by any State employee, contractor or its agents.

5.3.26 Exceptions to the RFP

Any exceptions to the RFP, or DPERS' terms and conditions, must be highlighted and included in writing in the proposal. Acceptance of exceptions is within the sole discretion of the evaluation committee. In addition, Attachment 2 must be completed and included with the proposal.

5.3.27 Award of Contract

The final award of a contract is subject to approval by DPERS. DPERS has the sole right to select the successful Vendor(s) for award, to reject any proposal as unsatisfactory or non-responsive, to award a contract to other than the lowest priced proposal, to award multiple contracts, or not to award a contract, as a result of this RFP.

Notice in writing to a Vendor of the acceptance of its proposal by DPERS and the subsequent full execution of a written contract will constitute a contract, and no Vendor will acquire any legal or equitable rights or privileges until the occurrence of both such events.

5.3.28 RFP Award Notifications

After reviews of the evaluation committee report and its recommendation, and once the contract terms and conditions have been finalized, DPERS will award the contract.

The contract shall be awarded to the Vendor whose proposal is most advantageous, taking into consideration the evaluation factors set forth in the RFP.

It should be explicitly noted that DPERS is not obligated to award the contract to the Vendor who submits the lowest bid or the Vendor who receives the highest total point score, rather the contract will be awarded to the Vendor whose proposal is the most advantageous to DPERS. The award is subject to the appropriate State approvals.

After a final selection is made, the winning Vendor will be invited to execute a contract with DPERS; remaining Vendors will be notified in writing of their selection status.

5.4 RFP Evaluation Process

An Evaluation Team composed of representatives of DPERS will evaluate proposals on a variety of quantitative and qualitative criteria. Neither the lowest price nor highest scoring proposal will necessarily be selected.

DPERS reserves full discretion to determine the competence and responsibility, professionalism and/or financial soundness, of Vendors. Vendors are to provide in a timely manner any and all information that DPERS may deem necessary to make a decision.

5.4.1 Proposal Evaluation Team

The Evaluation Team shall determine which Vendors meet the minimum requirements pursuant to selection criteria of the RFP and procedures established in *29 Del. C. §§ 6981 and 6982*. The Evaluation Team may negotiate with one or more Vendors during the same period and may, at its discretion, terminate negotiations with any or all Vendors. The Evaluation Team shall make a recommendation regarding the award to the Board of Pension Trustees, who shall have final authority, subject to the provisions of this RFP and *29 Del. C. § 6982*, to award a contract to the successful Vendor in the best interests of DPERS.

5.4.2 Proposal Selection Criteria

The Evaluation Team shall assign up to the maximum number of points for each evaluation item to each of the proposing Vendor's proposals. All assignments of points shall be at the sole discretion of the Evaluation Team.

The proposals all contain the essential information on which the award decision shall be made. The information required to be submitted in response to this RFP has been determined by DPERS to be essential for use by the Evaluation Team in the bid evaluation and award process. Therefore, all instructions contained in this RFP shall be met in order to qualify as a responsive and responsible contractor and participate in the Evaluation Team's consideration for award. Proposals which do not meet or comply with the instructions of this RFP may be considered non-conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Evaluation Team. The Evaluation Team will present its final recommendation to the full Board and Investment Committee at Board of Pension Trustees monthly meeting.

The Evaluation Team reserves the right to:

- Select for contract or for negotiations a proposal other than that with lowest costs.
- Reject any and all proposals or portions of proposals received in response to this RFP or to make no award or issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.
- Request modification to proposals from any or all Vendors during the contract review and negotiation.
- Negotiate any aspect of the proposal with any Vendor and negotiate with more than one Vendor at the same time.

5.4.3 Criteria Weight

All proposals shall be evaluated using the same criteria and scoring process. The following criteria shall be used by the Evaluation Team to evaluate proposals:

Criteria	Weight
Past performance generally and depth of staff experience	100
Experience and Expertise in Performing Global Custodial Services for Public Fund Clients	125
Experience and Expertise in Performing Global Custodial Services Generally and Flexibility in Customizing Services	100
Vendor Responses to Functional and Technical Requirements	80
Vendors Proposed Reporting and Analytical Abilities	110
Vendor Responses to Management Requirements	100
Presentations & Demonstrations	100
Corporate qualifications including financial stability and ability to provide the required resources to support the services required by the RFP	125
Cost Proposal	60
References	100
Total	1000

5.4.4 Proposal Clarification

The Evaluation Team may contact any Vendor in order to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Proposals may not be modified as a result of any such clarification request.

5.4.5 References

The Evaluation Team may contact any customer of the Vendor, whether or not included in the Vendor's reference list, and use such information in the evaluation process. Additionally, DPERS may choose to conduct on-site visits.

5.4.6 Oral Presentations

Selected Vendors may be invited to make oral presentations to the Evaluation Team. The Vendor representative(s) attending the oral presentation shall be technically qualified to respond to questions related to the proposed system and its components.

All of the Vendor's costs associated with participation in oral discussions and system demonstrations conducted for DPERS are the Vendor's responsibility.

5.5 Contract Terms and Conditions

5.5.1 General Information

1. The term of the contract between the successful bidder and the State shall be for 5 years with 2 extensions for a period of 1 year for each extension.
2. The selected Vendor will be required to enter into a written agreement with DPERS, including terms and conditions explicitly described in this RFP. DPERS reserves the right to incorporate standard State contractual provisions into any contract negotiated as a result of a proposal submitted in response to this RFP. Any proposed modifications to the terms and conditions of the standard contract are subject to review and approval by the State of Delaware. Vendors will be required to sign the contract for all services, and may be required to sign additional agreements. The selected Vendor or Vendors will be expected to enter negotiations with the State, which will result in a formal contract between parties. Procurement will be in accordance with subsequent contracted agreement. This RFP and the selected Vendor's response to this RFP will be incorporated as part of any formal contract.
3. The Vendor shall discharge each of its duties and exercise each of its powers with due care, skill, prudence, and diligence under the circumstances that a prudent expert acting in a like capacity and familiar with such matters would use in the conduct of any enterprise of like character and with like aims. The Vendor shall discharge its duties under the contract solely in the interest of DPERS acting in its capacity as a fiduciary of DPERS.
4. The successful Vendor shall promptly execute a contract incorporating the terms of this RFP within twenty (20) days after award of the contract.

5. If the Vendor to whom the award is made fails to enter into the agreement as herein provided, the award will be annulled, and an award may be made to another Vendor. Such Vendor shall fulfill every stipulation embraced herein as if they were the party to whom the first award was made.

5.5.2 Collusion or Fraud

Any evidence of agreement or collusion among Vendor(s) and prospective Vendor(s) acting to illegally restrain freedom from competition by agreement to offer a fixed price, or otherwise, will render the offers of such Vendor(s) void.

By responding, the Vendor shall be deemed to have represented and warranted that its proposal is not made in connection with any competing Vendor submitting a separate response to this RFP, and is in all respects fair and without collusion or fraud; that the Vendor did not participate in the RFP development process and had no knowledge of the specific contents of the RFP prior to its issuance; and that no employee or official of the State of Delaware participated directly or indirectly in the Vendor's proposal preparation. Complete Attachment 1, Non-Collusion Statement.

Advance knowledge of information which gives any particular Vendor advantages over any other interested Vendor(s), in advance of the opening of proposals, whether in response to advertising or an employee or representative thereof, will potentially void that particular proposal.

5.5.3 Lobbying and Gratuities

Lobbying or providing gratuities shall be strictly prohibited. Vendors found to be lobbying, providing gratuities to, or in any way attempting to influence a State employee or agent of the State concerning this RFP or the award of a contract resulting from this RFP shall have their proposal immediately rejected and shall be barred from further participation in this RFP.

The selected Vendor will warrant that no person or selling agency has been employed or retained to solicit or secure a contract resulting from this RFP upon agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, the State shall have the right to annul any contract resulting from this RFP without liability or at its discretion deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

All contact with State employees, contractors or agents of the State concerning this RFP shall be conducted in strict accordance with the manner, forum and conditions set forth in this RFP.

5.5.4 Solicitation of State Employees

Until contract award, Vendors shall not, directly or indirectly, solicit any employee of the State to leave the State’s employ in order to accept employment with the Vendor, its affiliates, actual or prospective contractors, or any person acting in concert with Vendor, without prior written approval of the State’s contracting officer. Solicitation of State employees by a Vendor may result in rejection of the Vendor’s proposal.

This paragraph does not prevent the employment by a Vendor of a State employee who has initiated contact with the Vendor. However, State employees may be legally prohibited from accepting employment with the contractor or subcontractor under certain circumstances. Vendors may not knowingly employ a person who cannot legally accept employment under state or federal law. If a Vendor discovers that they have done so, they must terminate that employment immediately.

5.5.5 General Contract Terms

1. Independent contractors

The parties to the contract shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

It may be at the DPERS’ discretion as to the location of work for the contractual support personnel during the project period. DPERS shall provide working space and sufficient supplies and material to augment the Vendor’s services.

2. Non-Appropriation

In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the

last fiscal year for which no appropriation is available or upon the exhaustion of funds.

3. State of Delaware Licenses and Permits

In performance of the contract, the Vendor will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the contract shall be borne by the successful Vendor. The Vendor shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2502.

Prior to receiving an award, the successful Vendor shall either furnish DPERS with proof of State of Delaware Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to one of the following numbers: (302) 577-8200—Public Service, (302) 577-8205—Licensing Department.

Information regarding the award of the contract will be given to the Division of Revenue. Failure to comply with the State’s licensing requirements may subject Vendor to applicable fines and/or interest penalties.

4. Notice

Any notice to the State of Delaware required under the contract shall be sent by registered mail to:

David Craik
Pension Administrator
State of Delaware
Office of Pensions
860 Silver Lake Blvd. Suite 1
Dover, DE 19904

5. Indemnification

a. General Indemnification

By submitting a proposal, the proposing Vendor agrees that in the event it is awarded a contract, it will indemnify and otherwise hold harmless DPERS, the State, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney’s fees, arising out of the Vendor’s its agents and employees’

performance work or services in connection with the contract, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or part, to DPERS, the State, its employees or agents.

- b. **Proprietary Rights Indemnification**
Vendor shall warrant that all elements of its solution, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against DPERS, the DPERS shall promptly notify the Vendor in writing and Vendor shall defend such claim, suit or action at Vendor's expense, and Vendor shall indemnify DPERS against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful.

If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Vendor (collectively "Products") is or in Vendor's reasonable judgment is likely to be, held to constitute an infringing product, Vendor shall at its expense and option either:

- (i) Procure the right for DPERS to continue using the Product(s);
- (ii) Replace the product with a non-infringing equivalent that satisfies all the requirements of the contract; or
- (iii) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that DPERS agrees to and accepts in writing.

6. Insurance

The Vendor shall provide a certificate of insurance to DPERS certifying that it has the requisite insurance coverage required by this section.

- a. Vendor recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney’s fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Vendor’s negligent performance under this contract, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act of omission on the part of the vendor in their negligent performance under this contract.
- b. The Vendor shall maintain such insurance as will protect against claims under Worker’s Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this contract. The Vendor is an independent contractor and is not an employee of the State.
- c. During the term of this contract, the Vendor shall, at its own expense, carry insurance minimum limits as follows:

(i)	Comprehensive General Liability	\$1,000,000 per person/\$3,000,000 per occurrence
(ii)	Professional Liability/Misc. Error & Omissions/Product Liability	\$5,000,000 per person/\$3,000,000 per occurrence
(iii)	Miscellaneous Errors & Omissions and Product Liability	\$1,000,000 per person/\$3,000,000 per occurrence
(iv)	Worker’s Compensation and Employer’s Liability Insurance	In accordance with applicable law

- d. If the contractual service requires the transportation of departmental clients or staff, the vendor shall, in addition to the above coverage, secure at its own expense the following coverage:

(i)	Automotive Liability (Bodily Injury)	\$100,000 per person/\$300,000
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		each accident
(ii).	Automotive Property Damage (to others)	\$ 25,000

7. **Performance Requirements**
The selected Vendor will warrant that its possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all Federal and State laws, and County and local ordinances, regulations and codes.

8. **Costs and Payment Schedules**
All contract costs must be as detailed specifically in the Vendor’s cost proposal. No charges other than as specified in the proposal shall be allowed without written consent of DPERS. The proposal costs shall include full compensation for all taxes that the selected Vendor is required to pay.

9. **Non-discrimination**
In performing the services subject to this RFP the Vendor will agree that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The successful Vendor shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of contract.

10. **Covenant against Contingent Fees**
The successful Vendor will warrant that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Vendor for the purpose of securing business. For breach or violation of this warranty DPERS shall have the right to annul the contract without liability or at its discretion to deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

11. **Work Product**
All materials and products developed under the executed contract by the Vendor are the sole and exclusive property of DPERS. The

vendor will seek written permission to use any product created under the contract.

12. Contract Documents

The RFP, the executed contract and any supplemental documents between DPERS and the successful Vendor shall constitute the contract between DPERS and the Vendor. In the event there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, State's RFP, and Vendor's response to the RFP. No other documents shall be considered. These documents will constitute the entire agreement between DPERS and the Vendor.

13. Applicable Law

The laws of the State of Delaware shall apply, except where Federal Law has precedence. The successful Vendor consents to jurisdiction and venue in the State of Delaware.

In submitting a proposal, Vendors certify that they comply with all federal, state and local laws applicable to its activities and obligations including:

- a. the laws of the State of Delaware;
- b. the applicable portion of the Federal Civil Rights Act of 1964;
- c. the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- d. a condition that the proposal submitted was independently arrived at, without collusion, under penalty of perjury; and
- e. that programs, services, and activities provided to the general public under resulting contract conform with the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government.

If any Vendor fails to comply with (a) through (e) of this paragraph, DPERS reserves the right to disregard the proposal, terminate the contract, or consider the Vendor in default.

The selected Vendor shall keep itself fully informed of and shall observe and comply with all applicable existing Federal and State laws, and County and local ordinances, regulations and codes, and

those laws, ordinances, regulations, and codes adopted during its performance of the work.

14. Scope of Agreement

If the scope of any provision of the contract is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

5.5.6 DTI Standards and Policies

The successful Vendor shall be responsible for ensuring that all services, products and deliverables furnished pursuant to any Agreement resulting from this RFP comply with best practices and regulatory compliance for the data at all times, and the standards and policies promulgated by the State of Delaware and as modified from time to time during the term of the Agreement. State of Delaware standards and policies will be provided to bidders on a CD or emailed after a 'Non-disclosure agreement' is signed. If any service, product or deliverable furnished pursuant to the Agreement resulting from this RFP does not conform to the State of Delaware standards and policies, the Vendor(s) shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform to State of Delaware standards and policies. The Vendor(s) shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Supplier's failure to ensure compliance with State of Delaware standards and policies.

The architecture and designs of any proposed technology solutions should be sufficiently detailed in your response.

6.0 RFP MISCELLANEOUS INFORMATION

6.1 No Press Releases or Public Disclosure

Vendors may not release any information about this RFP. DPERS reserves the right to pre-approve any news or advertising releases concerning this RFP, the resulting contract, the work performed, or any reference to DPERS with regard to any project or contract performance. Any such news or advertising releases pertaining to this RFP or resulting contract shall require the prior express written permission of DPERS.

6.2 Definitions of Requirements

To prevent any confusion about identifying requirements in this RFP, the following definition is offered: The words *shall*, *will* and/or *must* are used to designate a mandatory requirement. Vendors must respond to all mandatory requirements presented in the RFP. Failure to respond to a mandatory requirement may cause the disqualification of your proposal.

Appendix A - Special Reporting or Client Service Needs

Flash Report -- to client by 7th business day of each month. Gives a snapshot of investment performance for the previous month. Lists overall fund, asset class, and individual manager market value of assets as of previous month end. Includes calculated investment return for previous three months, and comparisons of this year/last year for the previous 3 months, 12 months, fiscal and calendar years to date, 3 years, 5 years, and inception to date. Also includes standard and custom benchmark returns for the same time periods.

Master Trust reporting – DPERS requires a suite of periodic reports available in multiple formats (Excel, csv, pdf) including

- individual investment manager holdings and transaction detail, asset class rollup, and total fund assets; income & expense; funding & disbursement.
- plan accounting for each pension plan, allocating current month's investment earnings and fees on a time-weighted basis; plan specific cash transactions; change in book and market value for each plan.
- Cash forecasting and current activity detail.

Monthly reconciliations of accounts – reconciliation of investment manager accounts to custodian bank reporting required by the 20th calendar day after month end. Any discrepancies on assets or pricing above a threshold are discussed with the Custodian.

Annual auditor requirements – Sent directly to the audit company address. Includes a complete copy of the Investment and Pension Plan fiscal year-to-date reports, additional reporting to complete GASB required financial reporting, and copy of Custodian's most recent SAS70 report.

On-line account access – available to client, client's investment advisor and client's investment managers, including common holdings report capability.

Filing of securities litigation claims and follow-up reporting of receipts.

Cashiering of pension contributions made bi-weekly or monthly for approximately 133 employers participating in local government pension plans managed by DPERS.

Data downloads – in Excel or csv format of previous period's holdings and earnings, and cash account transactions.

Securities lending reporting for the period, detailing securities on loan, gross securities lending income, borrower rebates, bank fees, net securities lending income, invested securities lending collateral, and securities lending collateral payable. Include the allocation to each pension plan for each item except securities on loan detail.

Appendix B – Securities Lending Program Requirements

DPERS would like you to bid on a securities lending program that only lends high value securities (spreads over the fed funds rate of greater than or equal to 10 basis points) and only accepts US Treasuries as collateral for loaned securities. DPERS will retain the economic benefit of dividends and interest on loaned securities and the borrower will retain the economic benefit of interest paid on U.S. Treasuries held as collateral. DPERS will earn an economic benefit from the fee charged to the borrower on the value of the loan. It is expected that the manager or agent administering the securities lending program will take a percentage of the economic benefit earned by DPERS and will indemnify DPERS for any and all losses associated with a borrower default and/or operational losses in the program .

Attachment 1

NON-COLLUSION STATEMENT

This is to certify that the undersigned Vendor has neither directly nor indirectly, entered into any agreement, participated in any collusion or otherwise taken any action in restraint of free competitive bidding in connection with this proposal, **and further certifies that it is not a sub-contractor to another Vendor who also submitted a proposal as a primary Vendor in response to this solicitation** submitted this date to the State of Delaware, Office of Pensions.

It is agreed by the undersigned Vendor that the signed delivery of this bid represents the Vendor's acceptance of the terms and conditions of this Request for Proposal including all specifications and special provisions.

NOTE: Signature of the authorized representative **MUST** be of an individual who legally may enter his/her organization into a formal contract with the State of Delaware, Office of Pensions.

COMPANY NAME _____ Check one)

<input type="checkbox"/>	Corporation
<input type="checkbox"/>	Partnership
<input type="checkbox"/>	Individual

NAME OF AUTHORIZED REPRESENTATIVE
(Please type or print) _____

SIGNATURE _____ TITLE _____

COMPANY ADDRESS _____

PHONE NUMBER _____ FAX NUMBER _____

EMAIL ADDRESS _____

FEDERAL E.I. NUMBER _____ STATE OF DELAWARE LICENSE NUMBER _____

(circle one)	(circle one)	(circle one)
COMPANY CLASSIFICATIONS: CERT. NO. _____	<u>Women Business Enterprise (WBE)</u> Yes No	<u>Minority Business Enterprise (MBE)</u> Yes No
	<u>Disadvantaged Business Enterprise (WBE)</u> Yes No	

[The above table is for informational and statistical use only.]

PURCHASE ORDERS SHOULD BE SENT TO:
(COMPANY NAME) _____

ADDRESS _____

CONTACT _____

PHONE NUMBER _____ FAX NUMBER _____

EMAIL ADDRESS _____

AFFIRMATION: Within the past five years, has your firm, any affiliate, any predecessor company or entity, owner, Director, officer, partner or proprietor been the subject of a Federal, State, Local government suspension or debarment?

YES _____ NO _____ if yes, please explain _____

Attachment 1
(Page 2 of 2)

THESE PAGES SHALL BE SIGNED, NOTARIZED AND RETURNED WITH YOUR PROPOSAL TO BE CONSIDERED

SWORN TO AND SUBSCRIBED BEFORE ME this _____ day of _____, 20 _____

Notary Public _____ My commission expires _____

City of _____ County of _____ State of _____

