**OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM**

**REQUEST FOR PROPOSALS**

**August 19, 2024**

**MASTER TRUST/CUSTODIAN, PERFORMANCE MEASUREMENT, SECURITIES LENDING AND PASSIVE INDEX FUND MANAGEMENT SERVICES**

**PROPOSALS DUE SEPTEMBER 20, 2024**

**August 19, 2024**

**SOLICITATION FOR PROPOSALS FOR:**

**MASTER TRUST/CUSTODIAN, PERFORMANCE MEASUREMENT, SECURITIES LENDING, AND PASSIVE INDEX FUND MANAGEMENT SERVICES**

You are invited to submit proposals in accordance with the requirements of this solicitation to provide **Master Trust/Custodian, Performance Measurement, Securities Lending, and Passive Index Fund Management Services** (collectively “Custody”) to Oklahoma Firefighters Pension and Retirement System (the “System”). This solicitation provides information on the System and establishes the specifications and requirements for submitting a proposal.

Respondents to this solicitation (“Vendors”) are required to comply with the bid procedures set forth in this solicitation, including the Competitive Bid Standards attached hereto as Appendix A. Failure to comply with the bid procedures may render your proposal invalid.

This solicitation does not commit the System or the State of Oklahoma to award a contract(s), to pay any costs incurred in the preparation of a proposal, or to procure a contract for goods or services. The System reserves the right to accept or reject any or all proposals received as a result of this solicitation, to award the contract to more than one bidder, to negotiate with one, some, all or none of the qualified respondents, to cancel in part or in its entirety this proposal if it is in the best interest of the System to do so, or to award all, part, or none of this contract(s). The contract(s) will be awarded by Oklahoma Firefighters Pension and Retirement Board (the “State Board”) from a list of qualified respondents.

The System reserves the right to modify the solicitation’s contents and requirements at any time prior to the submission deadline. Any changes will be posted on the System’s website.

Responses to this solicitation are due by **5:00 PM EST on September 20, 2024**. Responses received after this date and time will not be considered. Failure to transmit an electronic version of the response to this solicitation will cause the response to not be considered in the awarding of a contract(s). *See* Section 5.2 of this solicitation. A timeline is provided in Appendix D. The timeline set forth in Appendix D is subject to change at the sole option of the State Board.

**PROPOSAL COVER SHEET** (must be signed, notarized, and returned).

|  |  |  |
| --- | --- | --- |
| **Proposal** | **Agency** | **Proposal Deadline** |
| Master Trust/Custodian, Performance Measurement, Securities Lending, and Passive Index Fund Management Services | Oklahoma Firefighters Pension and Retirement System | Must be received by  September 20, 2024 at 5:00 PM EST |

|  |
| --- |
| Vendor Identification:  Name of Vendor:  Address:      City/State/Zip Code:  Telephone Number:  Facsimile Number:  Primary Contact Person:  Email: |

**VENDOR’S AFFIDAVIT**

STATE OF

COUNTY OF

(Print or Type Name), of lawful age, being first duly sworn, on oath says that:

1. (S)he is the duly authorized agent of , the Vendor submitting this proposal which is attached to this statement for the purpose of certifying the facts pertaining to the existence of collusion among Vendors and between Vendors and state officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the proposal to which this statement is attached, and further represents and warrants that (s)he has the authority to contractually bind the Vendor;

2. (S)he is fully aware of the facts and circumstances surrounding the making and submitting of this proposal and has been personally and directly involved in the proceedings leading to the submission of such proposals;

3. Neither the Vendor nor anyone subject to the Vendor’s direction or control has been a party: a) to any collusion among Vendors in restraint of freedom of competition by agreement to propose a fixed price or to refrain from submitting a proposal; b) to any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other term of such prospective contract; nor, c) in any discussions between Vendors and any state official concerning exchange of money or any other thing of value for special consideration in the award of this prospective contract; d) to paying, giving or donating or agreeing to pay, give or donate to any officer or employee of the State of Oklahoma, any money or other thing of value, either directly or indirectly, in procuring this prospective contract; and

4. The information contained in this proposal is true, correct and accurate as presented.

Name/Title

Subscribed and sworn to before me this day of , 20 .

(SEAL)

Notary Public

My commission number:

and expiration date:

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# **Introduction**

## Background

Oklahoma Firefighters Pension and Retirement Board (the “State Board”) is issuing this Request for Proposals (the “RFP” or this “solicitation”) for the purpose of soliciting proposals from qualified firms (the “Vendors”) to provide comprehensive domestic and international master trust/custodial services. Passive index fund management services are also being sought. The winning Vendor must also be able to provide securities lending services (if elected by the State Board).

It is expected that Oklahoma Firefighters Pension and Retirement System (the “System”) will enter into three separate contracts with the Vendor selected by the State Board, one for master trust/custodial services, one for securities lending services (if securities lending services are elected by the State Board), and one for passive index fund management. It is expected that each contract will have an initial term that runs until the end of the 2024 fiscal year (through June 30, 2024), with up to four successive annual renewal periods (July 1 – June 30) before a new base contract will be required. A contract will not be assignable by the Vendor in whole or in part without the written consent of the State Board.

## Purpose

The State Board seeks a cost-effective custodial solution with a talented and experienced client service team, leading edge technology, and seamless delivery of custody, accounting, reporting, securities lending and passive index fund management services. The State Board expects to be assigned a dedicated client servicing team consisting of knowledgeable and experienced individuals.

## Overview of the System

1. Legal Authorization. The System, located in Oklahoma City, Oklahoma, is an Oklahoma state agency created by the Oklahoma State Legislature effective January 1, 1981. The System was created to hold and manage the Oklahoma Firefighters Pension and Retirement Fund and to provide retirement benefits for eligible firefighters of the State of Oklahoma. The System’s governing statutes are found at 11 Okla. Stat. (O.S.) § 49-100.1 *et seq*.
2. The State Board. The State Board is the governing body of the System. The State Board’s statutory authority is set forth in 11 O.S. § 49.100.9. The State Board is comprised of thirteen (13) members, which includes the following: five (5) members of the Oklahoma State Firefighters’ Association State Board; the President of the Professional Firefighters of Oklahoma or designee; the President of the Oklahoma Retired Firefighters’ Association or designee; the State Insurance Commissioner or designee; the Director of the Office of Management and Enterprise Services or designee; one (1) member appointed by the Speaker of the House of Representatives; one (1) member appointed by the President Pro Tempore of the Senate; and two (2) members appointed by the President of the Oklahoma Municipal League. **The members of the State Board shall not be contacted directly by respondents (*See* paragraph A.9 of the Competitive Bid Standards in Appendix A)**.

The State Board conducts its investment activities in accordance with applicable Oklahoma state laws and in accordance with investment policies and procedures designed to maximize returns at a prudent level of risk, and in the sole interests of the System’s members, participants and beneficiaries. The State Board generally meets monthly to set policy, review investment results and act upon staff and investment consultant recommendations. External money managers or advisors are retained under contract as investment fiduciaries to manage the System’s assets. Investment consultants and other service providers are also retained to advise and/or assist the State Board in the discharge of its responsibilities.

1. Administrative Support. The System has a staff of ten (10) persons supervised by an Executive Director. The Executive Director and the Assistant Executive Director manage the day-to-day financial operations of the System. The Executive Director reports transactions and investment developments to the Investment Committee of the State Board as directed by the State Board. The Executive Director is Chase Rankin.

The current master custodian is State Street Bank and Trust Company, Boston, Massachusetts. The investment consultant is Mariner Institutional, Orlando, Florida.

1. Actuarial Condition. Beginning in fiscal year 2023 (July 1, 2022), the System’s actuary is Definiti Houston, Texas. The July 1, 2023 actuarial valuation reported the actuarial value of assets at $3.221 billion and actuarial accrued liability of $4.427 billion. Actuarial assets as a percent of actuarial accrued liabilities are calculated at 72.8%.
2. Investments. The System is charged with the duty of administering the investment of approximately $3.713 billion, which represents the total pension funds of all eligible firefighters in the State of Oklahoma. The System currently uses external fund managers for actively managed investments and the custodian for the passively managed index funds that make up the System’s liquidity portfolio. The current overall asset allocation targets for the System are 42% domestic equity, 5% other equity, 15% international equity, 10% domestic fixed income, 10% other fixed income, 10% real estate, and 8% other assets. The liquidity portfolio, which is maintained at approximately 15% of the System’s overall portfolio, has asset allocation targets of 36% large cap equity, 15% small/mid cap equity, 15% international equity, and 34% domestic fixed income. **The System’s current portfolio structure and annual transaction estimates are summarized Appendix C**.

# 

# **Statement of Work**

## Scope of Services

The purpose of this solicitation is to solicit proposals from qualified firms to provide (i) comprehensive domestic and international master trust/custodial services (acting in the capacity of a plan fiduciary) including, but not limited to, settlement, safekeeping, delivery, investment accounting, income collection, securities valuation, performance measurement and short-term cash investments, (ii) securities lending (if elected by the State Board), and (iii) passive index fund management, and other services in connection with the investments of the System.

The Vendor is prohibited from subcontracting any of the required services unless such subcontracts are specifically set forth in the Vendor’s proposal, with the exception of its international (Non-US) sub-custodian network.

## Minimum Requirements

Vendors should have substantial experience in the global custody of assets. The following criteria will apply:

1. The Vendor must have been providing custody services for a minimum of ten years.
2. The Vendor must have, at a minimum, the following insurance policies (or their equivalent) in effect at the time the Vendor’s proposal is submitted and throughout the term of any agreement:
3. Comprehensive Commercial General Liability Insurance
4. Forced Errors and Omissions Insurance
5. Workers’ Compensation Insurance
6. Banker’s Professional Liability Insurance
7. Directors and Officers Liability Insurance
8. The account administrator proposed for this engagement must have a minimum of five years’ experience (two years at the proposing firm) in custody.
9. It is desired but not required that the Vendor should be headquartered in the United States.
10. It is desired but not required that the Vendor have at least $1 trillion (US dollars) in total assets under custody as of December 31, 2022.
11. It is desired but not required that the Vendor have at least 250 institutional clients.
12. It is desired but not required that the Vendor have at least 30 institutional clients with $1 billion in tax-exempt assets or greater.

## Core Custody Requirements

The Vendor must be able to provide global custody services for the System’s assets, including the services listed below. The State Board reserves the right to forego or terminate the services described in Sections 3.3 through 3.7 at any time during the term of the contract.

1. Accounting.
2. Trade date accounting for all securities and full accrual accounting for all assets via electronic and hard copy statements.
3. Monthly accounting reports by each investment manager and on a consolidated basis within seven working days of month end and monthly summary reports in electronic form in the format prescribed by the System.
4. Accounting services for dividends and interest, capital changes, dividend reinvestment programs, options and futures, U.S. and multi-currency derivatives, private placements, commingled funds, hedge funds, real estate and private equity limited partnerships.
5. Monthly performance reports for accounts and composites on a gross and net of fee basis within ten working days of month end.
6. Annual consolidated reporting statements.
7. Brokerage summary reports.
8. Performance reporting for individual portfolios and the total Fund.
9. Reporting for line item holdings (limited partnerships, commingled vehicles, etc.).
10. Semi-annual class action item reports provided with data as of June 30th and December 31st.
11. Payable date posting for dividends, bond interest and principal, and interest on mortgage pass-through certificates.
12. All investments must be reported at cost. Gains and losses on securities sold must be recognized on the basis of the average cost of securities.
13. Accounting must be on a fiscal year basis, July 1st to June 30th.
14. Timely notification of corporate actions regarding subscriptions, conversion privileges, issuance of rights, mergers, reorganizations, and other actions requiring a decision of the System.
15. Monthly reconciliations between the custodian and the investment manager and timely notification of material variances between the custodian and the investment manager along with steps taken to reconcile, adjust, or justification for unresolved variances.
16. Claims Settlements.
17. On-security clearing at the DTC, Federal Reserve and at other security clearing operations.
18. The ability to settle physically held securities.
19. The ability to execute foreign exchange transactions.
20. Cash Management and Cash Controls.
21. Maintain daily sweep activity for the purpose of transferring uncommitted funds from the individual external manager custody accounts.
22. Income earned by STIF or other accounts must be compounded daily.
23. Income earned, redemptions and sales must be credited to the proper account.
24. Cash flow from purchases and sales must be credited on contractual settlement date.
25. Directed Brokerage.
26. Establish contractual relationships with various global brokerage firms.
27. Monitor directed brokerage activities on behalf of the System.
28. Collect rebated brokerage fees and make distributions quarterly to the System.
29. Provide a monthly report to the System on individual investment manager activities.
30. Corporate Actions and Proxy Processing.
31. In a timely manner, provide proxies and proxy statements to the System or designated investment managers prior to annual and special meetings for U.S. and foreign entities.
32. Provide proxy-voting capabilities for U.S. and foreign holdings, including proxy-voting services, notification of proxy information, and translation of foreign proxies.
33. Provide reports detailing all proxy voting activities.
34. Provide notification of pending corporate actions and applicable legislative changes.
35. Miscellaneous.
36. Initiate trading for mutual funds.
37. Maintain a system for effectively and efficiently processing capital calls and distributions pertaining to limited partnerships.
38. Provide compliance monitoring in accordance with the System’s investment policy guidelines.
39. Provide online access to management information and accounting systems for the System and its consultants and attorneys, with the capability of providing current and historical performance, current and historical prices and exchange rates, composite portfolios, current and historical transactions, current and historical holdings in any aggregate, performance aggregate data, performance and analytical data bases, customized reports as required, and other ad hoc reports.
40. Maintain all records pertaining to the transactions effected by the System during the term of the agreement between the custodian and the System and for a period of seven (7) years following completion and/or termination of the agreement. If an audit, litigation, or other action involving such records is started before the end of the seven (7) year period, the records are required to be maintained for three (3) years from the date that all issues arising out of the action are resolved or until the end of the seven (7) year retention period, whichever is later. The System and its agents, consultants and attorneys must be given reasonable access to the records during this period.

## Class Action Filing

1. Provide notification of relevant class action litigation received.
2. Assist the System’s agent, Battea – Class Action Services, LLC (“Battea”), in monitoring new class action awards and settlements.
3. Provide any information and reports reasonably requested by Battea, the System or the System’s legal counsel to enable them to review and analyze any existing or pending securities litigation and timely file proofs of claim for all class actions in which the System qualifies as a class member.

## Securities Lending Requirements

1. Establish a list of eligible borrowers and a maximum that may be borrowed by each borrower, and conduct ongoing reviews of borrowers’ qualifications.
2. Require that all loans of securities be collateralized by either cash, securities, or letters of credit of mutually acceptable counterparts. U.S. securities must be collateralized at 102% of market value, including accrued income, and Non-U.S. securities must be collateralized at 105% of market value, including accrued income.
3. Monitor collateral levels daily and obtain additional collateral if and when mark to market values fall below the acceptable levels in Section 2.5.B above.
4. Collect all interest or other distributions with respect to any loaned securities.
5. Provide a daily report on collateral, identifying daily collateral required and pledged, and a monthly report on securities lending activities and outstanding loans, including amounts by borrower.
6. Provide indemnification against borrower default.
7. Offer a high-quality commingled fund for collateral investments and provide monthly reports regarding the cash collateral pool and revenue generation relating to the securities lending program. The Vendor must also have the capability of providing a separate account invested under guidelines approved by the System and the Vendor.
8. The System reserves the right to not loan any of its securities to any borrower on the proposed security-lending list of borrowers and to exclude certain securities from the list of securities available to lend.

## Passively Managed Index Funds

The Vendor must be able to provide passively managed index funds (mutual funds or collective trusts) to structure and maintain the System’s liquidity portfolio, including the conditions listed below in the summary of the current liquidity portfolio. The State Board intends to maintain passive exposure to funds that track the benchmarks currently in its liquidity portfolio, however, the State Board may elect to invest in other passive strategies offered by the Vendor that track different benchmarks. The System may be prohibited from investing in index funds from sponsors who appear on the Oklahoma State Treasurer’s list of restricted companies deemed to boycott energy companies. *See* https://www.ok.gov/treasurer/documents/Restricted\_Financial\_Companies\_List\_ORIGINAL\_final.pdf and 74 O.S. § 12001 *et seq*.

Summary of the current liquidity portfolio:

|  |  |  |
| --- | --- | --- |
| **Policy Asset Class** | **Current Fund Name** | **6/30/2024 Mkt Val($M)** |
| Large cap equity | SSgA S&P 500 – NL | $197.31 |
| Small/mid cap equity | SSgA Small Cap Completeness – NL | $78.52 |
| International equity | SSgA MSCI-ACWI exUS – NL | $78.26 |
| Domestic fixed income | SSgA BB US Aggregate – NL | $186.75 |

1. Have offered index fund management services for a minimum of three years.
2. Have total assets under management of at least $2 billion.
3. Offer index fund vehicles with daily liquidity.
4. Offer index fund vehicles that exclude securities lending.
5. Be directly responsible for the management of index funds, and all personnel responsible for the index funds must be employees of the Vendor (or a legal subsidiary or joint-venture partner).

## VENDOR ResourceS and Staffing

1. The Vendor shall provide and maintain personnel that exhibit responsiveness, flexibility, knowledge, proactivity and problem resolution skills. At the State Board’s discretion, a dedicated client service team must be available during regular business hours of operation. Any members of the team that work on the System’s account must be knowledgeable in custody and accounting practices. They must also be well versed in the Vendor’s technological systems and provide expert advice on day-to-day activities. In summary the Vendor must:
2. Provide an experienced client service team commensurate with the complexity of the System’s portfolio including detailed knowledge of the System’s requirements and procedures and industry practices.
3. Provide a relationship management protocol which ensures the appropriate escalation of issues and special projects within the context of the overall relationship.
4. The Vendor shall make appropriate personnel available to meet with the State Board or the System’s staff at dates and times determined by the State Board.

## Additional Custodial Services

The custodian shall provide additional custodial services as may be required.

# **Mandatory Requirements for Submitting A Proposal**

## Format

All proposals must be submitted in the manner described in this solicitation and within the time frame specified in Appendix D. The completed proposal must contain the Proposal Cover Sheet, fully completed and signed by an authorized person with full knowledge and acceptance of all its provisions, and notarized. The proposal shall explicitly affirm the following:

1. The Vendor has the current capability to provide the proposed services.
2. The Vendor has reviewed the minimum qualifications and meets the eligibility criteria set forth in Sections 2.2 through 2.7 of this solicitation. If a Vendor does not meet any minimum qualifications, it must identify those qualifications it does not meet and make a detailed case as to why the State Board should consider the Vendor.
3. The Vendor has thoroughly reviewed this solicitation.
4. The Vendor acknowledges and accepts all terms and conditions included in this solicitation (including the Oklahoma law provisions identified in Sections 4.3 through 4.5 of this solicitation).
5. A person authorized to bind the Vendor to all commitments made in its proposal is the signatory of the proposal.

The Vendor shall submit a complete electronic proposal as specified in Section 5.2 of this solicitation. The electronic proposal should consist of the complete response, all supporting materials, and the Proposal Cover Sheet.

## Open Records Act

All materials submitted in response to this solicitation are considered to be a public record and shall be available for viewing and reproduction by any person. Such material is subject to Open Records requests pursuant to Oklahoma’s Open Records Act, 51 O.S. § 24A.1 *et seq*. (*See* Section 5.4 of this solicitation).

## Costs

All costs of preparation and presentation associated with a proposal in response to this solicitation will be the responsibility of the Vendor. Vendors may be asked to make a presentation before the State Board, at their own expense, if selected as a finalist.

## Competitive Bid

The selection of Vendors providing custodial, securities lending and passive index fund management services to the System is subject to the competitive bidding procedures established by the State Board (*See* 11 O.S. § 49-100.9). The competitive bid standards applicable to this solicitation are attached as Appendix A.

## Binding Offer

Any proposal received by the State Board will be deemed to be a binding offer on the part of the Vendor, and the Vendor will be bound by the information and representations contained therein. All proposals are to remain valid for at least 180 days from the date of submission.

Submission of a proposal in response to this solicitation evidences the Vendor’s acceptance of the terms and conditions contained within the solicitation, including, but not limited to, the prohibition against limitation of liability and indemnification provisions in favor of the Vendor discussed in Section 4.4, the requirement that all contracts be governed by Oklahoma law as discussed in Section 4.3, and the required verifications and certifications discussed in Section 4.4.

By submitting a response to this solicitation:

1. The Vendor and any subcontractor certifies to the best of their knowledge and belief, that they and their principals and participants:
2. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by and Federal, state or local department or agency.
3. Have not within a five-year period preceding this proposal been convicted of or pled guilty or had a civil judgment rendered against them for: (a) commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, state or local) contract; (b) a violation of Federal or state antitrust statutes or Federal or state securities laws, statutes, rules, codes or regulations; or (c) commission of fraud, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
4. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, state or local) with commission of any of the offenses enumerated in subparagraph b above.
5. Have not within a three-year period preceding this Solicitation for Proposals had one or more public (Federal, state or local) contracts terminated for cause or default.
6. When the Vendor is unable to certify to any of the statements in this Section 3.5, such Vendor shall attach an explanation to its proposal.

## On-Site Visits

Vendors that submit a proposal in response to this solicitation may be required to accommodate an on-site (or virtual) visit by representatives of the State Board or the State Board’s investment consultant, Mariner Institutional. Although on-site visits are not envisioned, should on-site visits be required, the State Board will determine the occurrence, date, and time of such visit.

## Finders

The State Board requires that any Vendors who pay or expect to pay a finder’s fee in any form in relation to this solicitation disclose the payment of such finder’s fee to the System. If no disclosures are made, the Vendor will be expected to certify that no finder’s fee or finder’s commission have been paid nor will be paid to any individual or organization from the establishment of this investment relationship with the System.

## Miscellaneous

All Vendors must:

1. Agree that any resulting contract and services will be subject to and interpreted by Oklahoma law.
2. Agree that this solicitation and the Vendor’s response will be incorporated by reference into any resulting contract(s).
3. Answer, to the best of its abilities, all questions in this solicitation in the order presented. Do not add appendices to the end of the solicitation unless specifically asked to do so.
4. Fully disclose any proposed subcontracting of any of the required services.
5. Acknowledge and agree to be a fiduciary to the System under 11 O.S. § 49-100.10 to the extent it exercises any discretionary authority or control over the assets of the System or renders investment advice.
6. Agree to an audit provision which provides that books, records, documents, accounting procedures, practices or any other items of the Vendor relevant to the proposal and performance of the contract must be kept for the period required by Oklahoma law and are subject to examination by the State Board, the Oklahoma State Auditor and Inspector, and the State Purchasing Director.

# **General Information**

## Compensation and Payment

The fee schedule for the awarded contract(s) will be set from the fees set forth in the Vendor’s proposal. Once the custodian bank is selected, the fees may be negotiated further depending on the variance from the other Vendor’s fee quotations. In no event shall the fees exceed those set forth in the Vendor’s proposal. The Vendor’s fees should be bid and guaranteed for the entire possible duration of the initial period of the contact (i.e. up to 5 years). That means the Vendor’s proposal should discuss fees for all five years, including any proposed yearly increases.

## Expected Time Period for Contract

The initial term of the contract(s) to be awarded is anticipated to be for a period beginning on or after December 1, 2024 and ending on June 30, 2025, the end of the System’s then current fiscal year. The contract(s) will further provide for four annual renewals if approved by the State Board (July 1 – June 30). Any extensions will be memorialized in writing. As a general rule, the System and the Vendor will have the right to terminate the contract(s) upon 30 days’ notice, with or without cause. The State Board reserves the right to terminate the contract(s) immediately, without a 30-day notice to the Vendor, when violations are found to be an impediment to the function of the System and detrimental to its cause.

## Governing Law AND VENUE

This solicitation and any resulting contract(s) shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the State District Court of Oklahoma County, Oklahoma or the federal courts sitting in the Western District of Oklahoma. The Vendor shall comply with all applicable federal, state and local rules, laws and regulations.

## Oklahoma Law Provisions

1. By submitting a proposal, the Vendor certifies that its proposal is made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other Vendor, supplier, manufacturer or subcontractor in connection with its bid/proposal. Each Vendor must certify that it has not conferred on any public employee having official responsibility for this solicitation any payment, loan, subscription, advance, deposit of money, services or anything of value, in exchange for procuring a contract. See Certification for Competitive Bid and/or Contract (Non-Collusion Certification) and Supplier Contract Certification attached as Appendix E.
2. The contract between the successful Vendor and the System will not contain any terms limiting the liability of the Vendor or providing indemnification by the System in favor of the Vendor or third parties. By submitting a proposal, the Vendor will be deemed to acknowledge and agree that the State of Oklahoma and its agencies are prohibited from holding an individual or a private entity harmless from liability or providing indemnity to a private entity or individual. Any attempt by the Vendor to add indemnification or limitation of liability provisions in favor of the Vendor (or third parties) to the definitive contract may render the Vendor’s proposal non-responsive and subject to rejection.
3. The System, as a governmental entity, is required to include in its contracts a written verification from the Vendor that the Vendor does not boycott Israel. The verification language is required if the contract with the System has a value of $100,000 or more and the Vendor has 10 or more full-time employees. The Vendor will be required to certify that it does not boycott Israel on a yearly basis. See 74 O.S. § 582 and Appendix F.
4. The System, as a governmental entity, is required to include in its contracts a written verification from the Vendor that the Vendor does not boycott energy companies. The verification language is required if the contract with the System has a value of $100,000 or more and the Vendor has 10 or more full-time employees. The Vendor will be required to certify that it does not boycott energy companies on a yearly basis. See 74 O.S. § 12005 and Appendix G.
5. As a general rule, all materials provided to the State Board or the System during the term of the contract(s) will be public records available for inspection unless they qualify for an exemption. See Section 5.4 of this solicitation.

## Out-Of-State Vendors

As a general rule, out-of-state Vendors should have a service agent in the State of Oklahoma so that service of summons or legal notice may be had on such designated agent.

## Solicitation Modification

The State Board reserves the right to change the schedule in Appendix D or modify any part of the solicitation process, prior to the date fixed for submission of the proposals, by issuance of an addendum to all participating Vendors. In the event it becomes necessary to revise any part of this solicitation, addenda will be posted on the System’s website. Vendors are advised to check the site regularly prior to the due dates. The State Board also reserves the right to cancel or reissue the RFP in whole or in part, and for any reason, at the sole discretion of the State Board at any time prior to the execution of a contract. The System reserves the right to amend any segment of this solicitation prior to the announcement of a successful Vendor. In such an event, all Vendors will be afforded the opportunity to revise their proposal to accommodate the solicitation amendment.

# **SUBMISSION Instructions**

## General

1. Any Vendor selected to make a formal presentation to the State Board should have the person who will be the primary Vendor contact to the System lead the presentation. Responsible persons to be assigned to the System’s account are encouraged to attend the presentation.
2. The State Board reserves the right to request additional information from any Vendor and to accept or reject any or all bids without specifying the reasons for its actions. The State Board reserves the right to request additional bids. The selection of Vendors for state retirement systems is specifically exempt from the Oklahoma Competitive Bidding Act (though subject to the competitive bid standards attached hereto as Appendix A). Further, the State Board specifically reserves the right to negotiate for lower fees or performance-based fees at any time with any Vendor.
3. The State Board also reserves the right to award all, part, or none of this contract(s).
4. This solicitation and the response to this solicitation by the successful Vendor will become a part of the Vendor contract(s) with the System.

## Submission OF PROPOSAL

A complete electronic copy of the proposal (including all supporting materials) should be submitted to Finley & Cook, PLLC at **okfire-custody-rfp@finley-cook.com**. Finley & Cook is the independent CPA firm that has been contracted by the System to accumulate the proposals submitted and provide the proposals to the System for evaluation. In addition to the electronic distribution to Finley & Cook, please submit a complete electronic copy of the proposal to the System’s investment consultant, Mariner Institutional, at **mi-okfire@mariner.com** using the subject line **OK Fire – Custody Proposal**.

The responding Vendor shall be responsible for the electronic delivery of the proposal to the proper email addresses before the deadline. A revised proposal may be sent before the deadline if the Vendor specifies in the revised submission email that the new proposal supersedes the previously submitted proposal. All proposals become the property of the System.

An electronic version of the questionnaire (Appendix B) can be obtained at the System’s website under the RFP tab: [**RFP | OFPRS (ok.gov)**](https://ofprs.ok.gov/rfp/). All questions should be answered, and the contents of the solicitation may not be altered in any way. The Vendor’s Affidavit and all questions must be identically reproduced in the submitted proposal. Any alterations to the contents of the solicitation will be grounds for rejection from consideration or termination of any resulting contract. By submitting a proposal, it is agreed by the Vendor that any false or misleading information given may be grounds for rejection from consideration and/or termination of any resulting contract whenever and however discovered.

The completed electronic version of your proposal must be delivered by **5:00 p.m. EST on September 20, 2024**. Earlier responses are welcome, and any proposal delivered after the deadline will not be considered.

## Submission of Questions

The System will not hold a pre-bid conference. The System will only respond to questions submitted via email. Questions are due on or before the date specified in Appendix D and should be emailed to **rfp@firepension.ok.gov** and **mi-okfire@mariner.com** using the subject line **OK Fire–Q&A Custody RFP**. These questions will be consolidated into a single Q & A document, which will be posted to the System’s website on the date specified in Appendix D.

## Proprietary Information

Each Vendor should be aware that all proposals submitted in response to this solicitation, including any materials provided by a finalist to the State Board at an in person meeting, shall become the property of the System and shall be subject to public disclosure pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 *et seq*.). The System shall keep the proposals received pursuant to this solicitation confidential until a contract is awarded or the solicitation is cancelled. This practice protects the integrity of the competitive bid process and prevents excessive disruption to the procurement process under 51 O.S. § 24A.5(6). Thereafter, the proposals shall be accessible to the public for inspection. There are specific exemptions to disclosure under the Open Records Act. If a responding Vendor wishes to seek an exemption from disclosure under the Open Records Act, it is the responsibility of the responding Vendor to assert any right of confidentiality that may exist. The System will not make that assertion on behalf of the responding Vendor. Absent a judicial determination that the proposal is exempt from disclosure, it will be subject to inspection.

## Preparation and Travel Costs

Expenses for the development and submission of required information or any presentations to the State Board are the sole responsibility of the Vendor(s). The State Board will not be liable for any costs associated with preparation and submission of information submitted in response to this solicitation or any presentations to the State Board.

## Miscellaneous

1. The System may make such reasonable investigations it deems proper and necessary to determine the ability of the Vendor to perform the services, and may request additional information from any Vendor and the Vendor shall furnish to the System all such information and data for this purpose as may be requested. The System reserves the right to make a site visit at the offices of the Vendor prior to award.
2. In order to encourage maximum participation, the System’s investment consultant may communicate with Vendors it believes to be in the business of providing the services sought herein to inform them of this solicitation. Vendors receiving such communication will receive no preference should they submit proposals, nor will any Vendor not receiving such communication be in any way disadvantaged.
3. Any Vendor awarded a contract agrees that it shall attend the monthly meeting of the State Board up to twice during each annual term of its agreement on the dates selected by the State Board and at its own expense, and at any other time as deemed necessary by the State Board, to report investment results and discuss with the State Board the overall performance of its managed portfolio.
4. The Vendor must indicate any recent or anticipated changes in its corporate structure such as mergers, acquisitions, stock issues, etc.
5. A contract with the State Board or the System shall not be assignable by the Vendor in whole or in part without the written consent of the State Board or the System.
6. Any contract resulting from this solicitation does not create an employment relationship. Individuals and entities performing services required by any contract awarded pursuant to this solicitation are not employees of the State of Oklahoma or the System, and accordingly neither they nor their employees or contractors shall not be eligible for rights or benefits accruing to state employees.
7. Any contract awarded under this solicitation will be issued under the authority of the State Board and executed by the Executive Director. The contract may be modified only through a written contract modification or amendment, signed by the Executive Director or, in his absence, another authorized signatory of the System.
8. Any change to the contract, including but not limited to the addition, removal or substitution of services or the revision of payment terms made unilaterally by the Vendor or without the written consent of an authorized signatory of the System is a breach of contract. Unless otherwise specified by applicable law or rules, such changes, including unauthorized written contract modifications or amendments, shall be void and without effect, and the supplier shall not be entitled to any claim under the contract based on those changes. No oral statements of any person shall modify or otherwise affect the terms, conditions or specifications stated in the resultant contract.

# **Review of Proposal**

## Information Clarification/Rejections

Determination of clarity and completeness in the information requested under this solicitation will be made solely by the State Board. The State Board reserves the right to require clarification, additional information, and materials in any form relative to any or all of the provisions or conditions of this solicitation.

## Contract Awards

1. The State Board intends to award a contract to the Vendor with the best combination of attributes. The State Board reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms which the Vendor can propose.
2. The Vendor should be prepared to accept this solicitation for incorporation into any agreement resulting from this solicitation. Contract negotiations may incorporate some or the Vendor’s entire proposal. It is understood that the proposal will become a part of the official solicitation file on this matter without obligation to the State Board. The State Board reserves the right to correct inaccurate awards resulting from any clerical errors.
3. Should the State Board fail to negotiate a contract with the selected Vendor, the State Board reserves the right to negotiate and contract with the next most qualified Vendor. The State Board reserves the right to contract with more than one Vendor.

## Waivers

1. The State Board reserves the right to waive specific terms and conditions contained in this solicitation.
2. It shall be understood by the Vendor that the information provided is predicated upon acceptance of all terms and conditions contained in this solicitation unless the Vendor has obtained such as waiver, in writing, from the State Board prior to submission of any requested information.

### APPENDIX A - COMPETITIVE BID STANDARDS

Contractual services with pension fund custodians, investment managers, investment consultants, and other professions exempt from competitive bidding procedures of the Oklahoma Central Purchasing Act shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to the following standards:

* 1. **Normal Competitive Bid Standards**

1. The Oklahoma Firefighters Pension and Retirement Board (the State Board) shall approve all solicitations of proposals issued by the Oklahoma Firefighters Pension and Retirement System (the System).
2. Vendors to a proposal shall comply with the bid procedures set forth in the solicitation of proposals and these standards.
3. The Executive Director is responsible for developing a list of qualified bidders for each approved proposal including those bidders who have registered with the Central Purchasing Division of the Oklahoma Department of Central Services/Office of Management and Enterprise Services.
4. Proposals will be mailed by and returned to the System’s independent certified public accountant that will verify to the State Board whether the solicitation is in compliance with these standards.
5. A solicitation does not commit the State Board to award a contract, to pay any costs incurred in the preparation of a proposal, or to procure a contract for the articles of goods or services.
6. The State Board reserves the right to accept or reject any or all proposals received as a result of a solicitation, to negotiate with any and all qualified bidders, to select any qualified bidder to provide additional or ancillary services to the State Board, or to cancel in part or in its entirety a solicitation if it is in the best interest of the System to do so.
7. The State Board shall award contracts to the lowest and best bidder at a specified time and place, which shall be open to the public pursuant to the provisions of the Oklahoma Open Meeting Act.
8. Proposals shall be evaluated by the Executive Director and any other person or organization, including but not limited to the Investment Committee or Rules Committee of the State Board, as determined by the Chairmen of the State Board. The Executive Director and other persons or organizations shall present the evaluations and recommendations to the State Board.
9. Communication guidelines.

a. No member of the State Board or its staff shall knowingly communicate concerning any matter relating to the contract or selection process with any party financially interested in the contract, or an officer or employee of that party, or a placement agent retained or employed by that party, unless the communication is:

* + - 1. Part of the process expressly described in the request for proposal or other solicitation invitation.
      2. Part of a noticed board meeting.
      3. As provided in Section A.9.c.
      4. Any bidder who knowingly participates in a communication that is prohibited by this subsection shall be disqualified from the contract award.

1. During the evaluation of any solicitation of proposal, no party who is financially interested in a proposal, an officer or employee of that party, placement agent or a person retained or employed by that party, may knowingly communicate with any State Board Member concerning any matter relating to the transaction or its evaluation, unless the financially interested party discloses the content of the communication in a writing addressed and submitted to the Executive Director and the State Board prior to the State Board’s action on the prospective proposal. This subsection shall not apply to communications that are part of a noticed board meeting, or as provided in Section A.9.c.
   1. The writing shall disclose the date and location of the communication, and the substance of the matters discussed. The State Board shall prescribe other procedures concerning this disclosure.
   2. Any State Board Member who participates in a communication subject to this subsection shall also have the obligation to disclose the communication to the Executive Director and the State Board, prior to the State Board’s action on the proposal. The State Board shall prescribe procedures for this disclosure, including procedures to apply to State Board Members who fail to disclose communications as required by this subsection.
   3. Consistent with its fiduciary duties, the State Board shall determine the appropriate remedy for any knowing failure of a financially interested party to comply with this subsection including, but not limited to, outright rejection of the prospective proposal, reduction in fee received, or any other sanction.
   4. The communications disclosed under this subsection shall be made public, either at the open meeting of the State Board in which the proposal is considered, or if in closed executive session, upon public disclosure of any closed executive session votes concerning the proposal.
2. The procedures and prohibitions prescribed by this section shall not apply to:
   * 1. Communications that are incidental, exclusively social, and do not involve the System or its business, or the State Board or staff member’s role as a System official; and
     2. Communications that do not involve the System or its business and are within the scope of the State Board or staff member’s private business or public office wholly unrelated to the System.
3. Proposals will be evaluated using the following criteria listed in order of importance.
   * 1. Bidder’s demonstrated understanding of the problems and the needs of the solicitation as outlined in the proposal as well as the perceptiveness to address areas not specifically identified.
     2. Soundness of the bidder’s approach to the problems and needs presented by the proposal including methodology for achieving specific tasks and objectives.
     3. Experience and capacity of bidder including recent, related experience, qualification of personnel and bidder’s ability to commit capable staff to support the project requested by the proposal.
     4. Cost effectiveness and reasonableness of the bidder’s fees.

### APPENDIX B - VENDOR QUESTIONNAIRE

**Master Trust/Custodian, Performance Measurement and Securities Lending Services Questionnaire**

Before completing Appendix B, please ensure your firm is able to comply with Sections 4.3 through 4.5 of the Proposal.

The System’s current portfolio structure and annual transaction estimates are summarized Appendix C.

Please answer each question in Word document format and provide supporting Excel spreadsheets where requested or applicable to your reference answer(s). In addition, for all statistical and demographic based responses, provide the effective date of the information in the response.

1. **Overall Organization**
   * 1. In what year was the organization founded and how long has the organization been in business under its present name and current ownership structure?
     2. Please comment on the firm’s current financial status and how the 2008 financial crisis and recent banking sector instability impacted your organization. Please include your firm’s current Tier 1 common capital ratio and Tangible Common Equity ratio. In addition, please provide your current and historical bank financial strength ratings for all rating agencies (for the past three years).
     3. Please address all relevant capital ratios including the minimum and maximum thresholds.
     4. Please comment on your firm’s off-balance sheet liability exposure including asset-backed commercial paper conduits. Please detail what percentage these liabilities represent of the organization’s total assets.
     5. Is your firm currently involved in any pending litigation? If so please describe and state whether they are class actions, identify the plaintiffs making the complaints, and provide, if possible, a summary of the claim or a copy of the complaint including information on the counsel involved.
2. **Master Trust/Custody Background Information**
3. Please provide a brief history of your firm's experience with master trusts, custody, safekeeping, clearing and lending services, and a specific discussion of special expertise or unique capabilities.
4. Briefly describe the organizational structure of the Master Trust/Custody Department.
5. What percentage of revenue and net profit does the Master Trust/Custody business represent in the overall organization? Please do not group the revenue and net profit for the Master Trust/Custody with any other business unit or divisions.
6. Summarize your business plans for custodian services for the next three years.
7. Briefly summarize the firm’s competitive advantages within the Master Trust/Custody industry.
8. How do you define your fiduciary responsibility?
9. Describe any ongoing educational programs, user conferences, publications, or other means of keeping clients fully educated and providing a forum for new ideas and client needs. Please detail any additional costs that may be associated with these programs.
10. What is the total number of Master Trust/Custody accounts? How many are Public Pension Funds? How many are Public Pension Plans with more than $2 billion in assets?
11. What is the total market value of all Master Trust/Custody accounts? What is the total market value for your Public Fund clients?
12. How many clients have you added in each of the past three calendar years? What amount of assets did they represent?
13. How many clients have you lost in each of the past three calendar years? Why? What amount of assets did they represent?
14. Please complete the following table:

|  |  |  |
| --- | --- | --- |
| **Client Type** | **Number of Clients** | **Total Assets** |
| Public Plans |  |  |
| Corporate Plans |  |  |
| Taft-Hartley Plans |  |  |
| Insurance Reserves |  |  |
| Endowment/Foundation |  |  |
| Private Client/Wealth Mgt. |  |  |
| Family Office |  |  |
| Other (please describe) |  |  |

1. Please provide the name (where appropriate) and total asset value of each of the top five clients in each of the noted categories:

|  |  |
| --- | --- |
| **Public Retirement Plans** | **Total Assets** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
| **Corporate Plans** | **Total Assets** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
| **Taft-Hartley Plans** | **Total Assets** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
| **Insurance Reserves** | **Total Assets** |
|  |  |
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|  |  |
| **Endowment/Foundation** | **Total Assets** |
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| **Private Client/Wealth Mgt.** | **Total Assets** |
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|  |  |
| **Family Office** | **Total Assets** |
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1. Please list any relationship manager(s) and key individuals involved with the Master Trust/Custody Department who have left the organization in the past three years. (Please include their name, title, start date with the firm and date of departure). Briefly discuss recruiting when a vacancy occurs in the custodial services area and actions taken to ensure employee continuity and institutional memory of each client’s account.
2. List the types of insurance carried, name of carrier(s), and deductibles for calendar year 2024 and policies. Address whether or not insurance policies cover situations where the Bank’s internal controls fail. What risks are not covered by these policies?
3. Would you agree to indemnify the System against any losses sustained by the System resulting from your negligence, errors or omissions (understanding that under Oklahoma law, the System cannot offer reciprocal indemnification)?
4. What effect has the current market environment had on your organization’s institutional trust and custody business unit (layoffs, departures, etc.)?
5. Please provide a copy of your standard form of master custodian agreement for a public pension plan. Does your standard form of master custodian agreement give you the right of setoff or grant you a security interest in the assets of the System? If so, please describe. Are any provisions in your standard agreement not negotiable?
6. Explain briefly anything you feel sets you apart from other Master Trustees/Custodian Banks.
7. **CLIENT SERVICE**
8. Please provide an organizational chart and describe your approach to client service.
9. Please provide biographies of the individuals/team that would be responsible for this relationship. Please identify the individual who would serve as strategic contact and overall client relationship manager, and the individual that would serve as the operational day-to-day contact.
10. How many relationships does this individual/team service?
11. What is the total market value of all Master Trust/Custody accounts that this individual/team services?
12. What is the total market value for their Public Fund clients?
13. Is the client relationship person(s) that would be responsible for this account also assigned non-custodial duties? If so, what percentage of time is allocated to these duties?
14. Please provide the size (total portfolio assets) of the five largest Public Pension Fund clients that the client relationship person/team that would be responsible to this account service.
15. Please provide the size (total portfolio assets) of the five largest Master Trust/Custody accounts that the client relationship manager services.
16. How many clients did the person/team that would be responsible for this relationship add in each of the past three calendar years? What amount of assets did they represent?
17. How many clients did the person/team that would be responsible for this relationship lose in each of the past three calendar years? Why? What amount of assets did they represent?
18. From which location(s) would the service team be located? Please specify which services will be performed in each location.
19. Summarize your ability to provide timely customer service to the System including your availability for questions via telephone or email, teleconference, and meeting at the System’s offices.
20. What are the turnover rates for service delivery staff and relationship management professionals? What processes and procedures are in place to ensure the continuous high quality service of accounts? How do you manage the introduction of new staff members to clients?
21. What process is in place to ensure continuous coverage of our relationship in the absence of primary members of the service team?
22. Describe your systems and procedures for receiving and tracking requests and/or issues from the client to the Master Trustee/Custodian? Is reporting available from the application? Is the application web based?
23. In what ways do you distinguish yourself from other Master Trustee/Custodians in the area of client relations?
24. **ACCOUNTING AND REPORTING**
    1. Provide an overview of your accounting system. What basis do you use (trade date or settlement date, accrual or cash)? Are you electronically linked with the depositories for same-day settlement?
25. Describe your asset pricing process. Do asset valuations include accrued income and pending transactions?
26. How do you report interest and dividend income?
27. Do you have the ability to account and price various derivative instruments (such as put/call options, swaps, swap options, etc.) in a timely manner? If, so please describe your process.
28. Provide the following information concerning pricing:
    1. What is the source of your pricing data for stocks, bonds, convertibles, etc.?
    2. What is the source of pricing for alternative investments such as private equity and real estate limited partnerships, etc.?
    3. What is the source of pricing for various derivative instruments such as put/call options, swaps, and swap options?
    4. Can the client specify alternate pricing sources?
    5. What procedures do you have in effect, if any, to flag and investigate unusual or significant pricing changes from the previous day?
29. Do you have the capacity to capture and report brokerage commissions generated by an account? If so, does your firm also have the ability to perform transaction cost analysis services on this data?
30. What steps are taken to ensure the accuracy of your reports? Online data? What reconciliations are performed? Are reports audited before they are mailed or made available online to clients? If so, by whom?
31. What standard reports are provided and at what frequency? Please provide a sample report. Is there adaptability in your computing process to allow for the creation of a limited number of custom reports? Would such reports require a fee?
32. How soon after the close of a month are complete sets of fully audited portfolio accounting reports delivered to the client in hard copy format? When are these reports available on-line?
33. How does your organization support the advancement of systems technology? Briefly describe your organizational goals and budget allocation toward product development and technology enhancement.
34. Describe your procedures and control points for reconciling custodian statements with statements prepared by investment managers. Which party is ultimately responsible for completing this task?
35. **SYSTEMS, DATA PROCESSING AND ON-LINE SERVICES**
    1. Discuss the hardware and software systems in place that support your Master Trust/Custody Department.
    2. How long has the current software been in place?
    3. What security systems do you have in place?
    4. Please provide a description of your disaster recovery plan, including back-up systems and their locations. How often are your plans tested?
    5. Do you offer an on-line reporting service for clients and investment managers? Do you provide training for your on-line reporting system? Are there any additional fees associated with this training?
    6. Does your on-line system allow clients the option to export transactional data?
    7. Please describe and discuss the various levels of security used to protect client data.
    8. Can non-standard reports be created? If so, how is this accomplished?
    9. Do you plan any major systems changes/conversions within the next three years?
    10. Describe the geographic location of your primary administrative operations/custody and data processing units.
36. **GLOBAL CUSTODY**
37. Do you currently provide global custody services?
38. How many markets are currently covered in your sub-custodian network?
39. Provide the name of each of your current sub-custodian agents and indicate the dollar amount of assets held with that sub-custodian, the agent’s credit rating, shareholder’s equity and the year they joined your network.
40. What do you do in the area of supporting investments in emerging market countries that you feel differentiates your institution? What new markets do you expect to add in 2024?
41. To what extent are your sub-custodians responsible for collecting income and notifying you of corporate actions? Describe your procedures for completing and filing forms and documents (i.e. Powers of Attorney, tax reclaims) required by your sub-custodians. How do you track these filings?
42. What pricing services do you use for each security type? Do managers have the option of selecting more than one service for a single portfolio?
43. Please indicate whether you hold assets in omnibus and/or segregated accounts, and whether the assets are held in nominee name. In which markets would a dedicated account be available? Why have you chosen this policy?
44. Describe the procedures, control points and timing requirements regarding communications between your bank and your sub-custodians.
45. What means of communication do you use to send trade instructions to agents?
46. How frequently do you reconcile your books with your sub-custodian’s books?
47. In how many markets do you offer contractual settlement of securities? Which markets? Please specify your definition of contractual settlement. In a purchase transaction, what happens if the security is never delivered?
48. Are you a direct or indirect participant of depositories? If yes, which one? Describe the circumstances in which you would elect to immobilize securities at these depositories versus using local agents?
49. What level of indemnification would you provide relating to losses at sub-custodians? Please be specific.
50. Describe in detail your capabilities for providing tax reclaim services. What systems do you use, and what reports do you typically provide each month?
51. How frequently do you file for reclaims in each country? In which countries are withholdings withheld at source? What are typical recovery times for each country in your network?
52. When and how is cash availability reported to the client and managers? Is this process fully automated?
53. What short-term pooled investment vehicles are available to the funds for “idle” cash in foreign countries?
54. Can you sweep free cash balances into separate accounts for each manager each night?
55. **PERFORMANCE MEASUREMENT**
56. Describe your performance measurement system. Include size, composition, breakdown of client type (public fund, corporate, endowment, foundation, etc.) and list the number/size of clients for each category. Describe how information is loaded into the system (i.e., electronically, manually, etc.) and what audit checks are employed to confirm the trustee’s records to the performance data. Indicate whether the system is internal or if you use an outside vendor’s service. If you use outside vendors, please list them.
57. How many people work in the performance measurement group and who would be responsible for this account? Please provide biographies of these individuals.
58. Can you backload historical performance data into the system?
59. Describe the content and format of all performance reports. Describe the sources of data utilized for evaluating clients’ performance. How are contributions and withdrawals incorporated into the analysis?
60. Describe the methodology used to compute rates of return? Do you reconcile your calculated performance with investment managers? Describe this process. Are daily return calculations available?
61. Describe the ability to calculate “gross and net of fees” as well as “gross and net of fees & expenses” performance?
62. Describe the ability to calculate IRRs and PMEs for capital call based private investments?
63. Given the delay in receiving capital statements for most private investments, will the TWR and IRR calculations reflect custody statement recording dates (the actual date the capital statement is received) or will historical performance be back-dated to reflect the month-end date stated on the private investment capital statement?
64. Are returns available at the total portfolio level, economic sector level, industry level and security level?
65. What is the anticipated availability date for each report in terms of the number of calendar days after quarter and month end? Please provide samples of your monthly and quarterly performance reports.
66. How much flexibility is there in your reporting format? Can reports be customized? Are there charges for such changes? Within what time can requested changes in reporting be made; i.e., at the beginning of the relationship only or anytime changes are needed?
67. Provide a spreadsheet that lists all indexes and universes available for comparison, their source and the manner and timing in which you receive them. Please refer to Appendix C for the benchmarks currently utilized by the System.
68. Describe how benchmarks are chosen or developed. Describe your custom benchmark capabilities.
69. Describe your peer review universe. Specifically, does your database contain a group of funds which could be used to place the System, as well as our underlying investment managers, within a valid context for peer evaluation?
70. Do you provide universe comparison services based on an internal universe, an outside vendor or both?
71. Describe how peer evaluation would be addressed at both the total fund and asset class level.
72. How frequently are universe reports available (monthly, quarterly, etc.) and when are the reports delivered following period-end. Please provide a sample Universe Comparison Report.
73. Discuss in detail your performance attribution analysis as it relates to individual managers, asset classes, and the total portfolio. Do you provide attribution based on an internal system or do you subscribe to an outside vendor’s service?
74. Is performance attribution available for both equity and fixed income portfolio? Please include a sample report.
75. If an error is identified in a custodial statement or the performance system, will the error be addressed immediately, or will it only be addressed on a specific day during the month of discovery?
76. Do you currently provide a compliance monitoring service in which you take responsibility for notifying the client when violations occur? If yes, how many clients do you provide this service to and describe any additional fees that might be associated with this service.
77. What types of information can be accessed via the on-line system?
78. What percentage of your clients receive performance reports as part of their custodian services?
79. Describe any unique features of performance system.
80. **SECURITIES LENDING**
81. Describe your securities lending services.
82. How large (assets) is your securities lending program? Please segregate sizes by domestic equity, international equity, corporate bonds and government/agency bonds.
83. How many borrowers do you have relationships with? How are these borrowers selected?
84. How are credit limits (for borrowers and issuers) awarded and how often is borrower creditworthiness reviewed? Please discuss the criteria and process.
85. Has there been an instance where a borrower’s credit was terminated within the last three years? What led to the termination?
86. What is the average length of time a security is on loan? Do you place any time limits on loans?
87. Please summarize the material terms of a typical borrowers agreement.
88. Do you offer indemnification for securities lending participants? Are clients insured against losses occurring in the lending program?
89. What is your compensation for administering the securities lending program? Do you have different securities lending revenue splits on an indemnified and non-indemnified basis?
90. When is securities lending income credited to clients?
91. How is cash collateral invested? If there are multiple options for pooled investments, please provide all choices and the investment guidelines for each option. Have the guidelines changed in the past three years? If so, please explain.
92. Is there a fee for managing the cash collateral? Are any other fees or charges deducted from the earnings remitted to the client before or after the earnings split? If so, specify the amount(s).
93. How is loan income apportioned to clients owning the same security? How are securities prorated from the various client accounts?
94. How do you coordinate securities lending activity with the client’s investment managers?
95. Describe your policy when a sale fail occurs because a security was out on loan.
96. What reports on securities lending activity do clients receive and at what frequency? Please provide a sample securities lending report.
97. Please provide a sample securities lending authorization agreement (SLAA). Please indicate which provisions of the SLAA, if any, are not subject to negotiation.
98. Did your organization experience “permanent deficiencies” with any of your collateral investment? Please explain. What type of response did your firm have to securities lending clients who may have suffered losses (realized or unrealized) in the cash collateral securities lending pools? Please summarize any capital support programs that may have also been offered by your organization to clients.
99. Please describe any changes that have been made to your securities lending program in the past three years.
100. Historically, the client has born all the risk associated with the investment of the cash collateral. Would your organization be willing to share in the risk of the investment of the cash collateral that corresponds to your share of the revenue? Do you currently have such an arrangement with any of your clients?
101. Is there any pending litigation with respect to the securities lending program? Please state whether cases have been filed, whether they are class actions, identify the plaintiffs making the complaints, and provide, if possible, a summary of the claim or a copy of the complaint including information on the counsel involved.
102. How often do you audit the securities lending program internally and externally? Who is your outside auditor?
103. **CORPORATE ACTIONS**
104. What services do you utilize for corporate actions?
105. Are you responsible for initiating corporate action claims on behalf of the Plan?
106. Do you have a centralized corporate action area? What procedures and control points are used to monitor outstanding corporate actions?
107. Who is responsible for communicating corporate action information to the client? Is there a process in place to provide feedback on settlements or outstanding claims?
108. Please provide a sample semi-annual report that identifies corporate actions filed and settlements received.
109. **GASB 40**
110. Do you have a report package designed to meet the compliance requirements pertaining to GASB 40? If so, has this reporting package been reviewed by GASB and have they acknowledged it to be compliant with the needs of GASB 40?
111. Are there any additional fees associated with this service?
112. Please provide a sample report.
113. **PASSIVELY MANAGED INDEX FUNDS**
114. Provide a spreadsheet that details your index fund offerings that replicate the System's current liquidity portfolio investments in the following index benchmarks: S&P 500, Russell Small Cap Completeness, MSCI-ACWI exUSA, and Barclays US Aggregate. The spreadsheet should include each fund's inception, vehicle type, asset under management as of 6/30/2024, proposed fees for both lending and non-lending versions, and fact sheet PDFs or links to access current fact sheets.
115. Provide a spreadsheet that details your full suite of available index fund offerings. The spreadsheet should include each fund's inception, vehicle type, asset under management, fees for both lending and non-lending versions, and links to access current fact sheets.
116. Describe the replications method(s) used to select and weight securities in equity index portfolios. Is any portion of the process outsourced to third parties?
117. Describe the sampling method(s) used to select and weight securities bonds index portfolios. Is any portion of the process outsourced to third parties?
118. Describe how you balance the interchange between tracking error and trading costs when tracking a relevant index benchmark? What are your expectations for tracking error?
119. Describe your requirements for establishing and updating account authorizations, and the procedure for accepting and executing client-directed transactions.
120. Will you accept transactional directions in advance of the actual date of execution?
121. Please provide your standard form of agreement. Are any provisions not negotiable?
122. **OTHER**
123. Describe in detail your system for effectively and efficiently processing capital calls and distributions pertaining to limited partnerships.
124. Is there a system-based electronic portal available to manage capital calls? If so, please detail the system's functionality and workflow management process. Is there an additional fee associated with this service?
125. What short-term investment and cash/sweep vehicles are available for tax-exempt client use? Please include fees, revenue sharing, and assets under management for each vehicle. Which vehicle(s) would you recommend for the System's use for various account types?
126. Are there any contemplated or pending changes/actions of which we should be aware (i.e. ownership, departure of key personnel, organizational restructuring, or some other action of significance involving your firm)?
127. Do you have your auditors prepare a SSAE report? If so, please submit a copy of your most recent report.
128. Please describe any soft dollar programs currently in place.
129. Describe any potential conflicts of interest that may arise from your servicing of this account.
130. **CONVERSION**
131. Describe in detail your strategy/plan for the service conversion process in terms of actions steps, proposed timing, problem/error resolution, potential blackout period(s), and the anticipated requirements from the System and its other professional vendors.
132. What planning and training would you need to conduct:
133. With the System’s staff?
134. With the System’s investment managers?
135. With the System’s current custodian?
136. Provide a detailed description of your last comparable conversion judging similarity by relative plan size and complexity. Include details of specific problems that occurred and the solutions implemented, timeline, etc. Provide the Vendor names and contact information.
137. What dedicated resources (personnel, equipment, consultants, etc.), procedures, and controls will you provide during the conversion period to ensure that the conversion is completed successfully in both a timely and accurate manner?
138. What is the relationship between the conversion team and the permanent account administration staff during the conversion process?
139. Describe any training provided to the System’s staff regarding use of your electronic systems, including available reports and customization and analytical capabilities.
140. What costs are associated with the conversion? Do you cover the costs of conversion?
141. **FEES**
142. Please provide fee quotes for the services listed below both with and without participation in securities lending as well as approximately 15% of the System’s ongoing market value (currently $486 million) maintained in a liquidity portfolio consisting of a series of the Vendor’s passive index funds.

|  |  |
| --- | --- |
| **Services** | **Fees** |
| Initial setup charges |  |
| Domestic asset-based charge (in basis points) |  |
| Active manager or separate account fee (per account) |  |
| Line-item fees (for limited partnerships and comingled funds - per item) |  |
| Domestic transaction fees (list fee for each item separately)  Purchases/Sales  Principal Pay downs  Wire Transfers  Other (itemize) |  |
| Online access |  |
| Performance monitoring |  |
| GASB 40 reporting |  |
| Limited partnership capital call & distribution management |  |
| Separate account manager commission/trading analytics |  |
| Expense ratio for short term investment vehicle |  |
| Expense ratio for S&P 500 index fund\* |  |
| Expense ratio for Russell Small Cap Completeness index fund\* |  |
| Expense ratio for MSCI ACWI ex USA index fund\* |  |
| Expense ratio for Bloomberg US Aggregate Bond index fund\* |  |

\*If your fee proposal is dependent on a certain amount of assets in each strategy or collectively across multiple index strategies, please provide details.

1. Please provide a spreadsheet detailing asst-based fees and transaction costs for foreign custody. Include transaction fees for every country in your network. Identify any other charges or out-of-pocket expenses associated with foreign custody.
2. Please specify the proposed terms related to the revenue sharing (i.e., detailed split) with respect to securities lending.
3. List any or all other expenses that could be found on an invoice for this relationship, including any charges related to manager trading failures, interest charges, etc. Also, please detail the communications process for notification of these charges when incurred.
4. How long is your fee proposal guaranteed for?
5. **MISCELLANEOUS**
6. Have you been asked to submit a questionnaire to the Oklahoma State Treasurer regarding whether you boycott energy companies? If selected, when did you submit your response to the Treasurer’s office?
7. Are you willing to complete the certifications and verifications attached as Appendices E through G without modification?

### appendix c - system accounts information

**Portfolio Structure/Activity:** The System currently has the following manager/account structure:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Account #** | **Account Type** | **Policy Asset Class** | **Total NAV 6/30/2024 (000)** | **Approximate # of Securities / Line Items** | **Benchmark (s)** | **Valuation** |
| 1 | Commingled Fund (x4) | Index Funds | $540,835 | 4 | S&P 500, Russell Small Cap Completeness, MSCI ACWI ex USA (Net), and Bloomberg U.S. Aggregate | Daily |
| 2 | Separate Account | Domestic Equity | $312,961 | 300 | S&P 500 | Daily |
| 3 | Separate Account | Domestic Equity | $147,082 | 40 | Russell 1000 Value | Daily |
| 4 | Separate Account | Domestic Equity | $147,829 | 30 | Russell 1000 Value | Daily |
| 5 | Separate Account | Domestic Equity | $326,306 | 90 | Russell 1000 Growth | Daily |
| 6 | Separate Account | Domestic Equity | $93,465 | 60 | Russell 2500 Value | Daily |
| 7 | Separate Account | Domestic Equity | $91,818 | 30 | Russell 2500 Growth | Daily |
| 8 | Separate Account | Domestic Equity | $109,832 | 60 | Russell 2000 Value | Daily |
| 9 | Separate Account | Domestic Equity | $98,464 | 90 | Russell 2000 Growth | Daily |
| 10 – 19 | Limited Partnership (x7) | Other Equity | $157,188 | 1 each in 10 accounts | Cambridge PE and Russell 3000 PME | Qtrly w/CC Activity |
| 20 | Separate Account | International Equity | $187,958 | 40 | MSCI ACWI ex USA (Net) | Daily |
| 21 | Commingled Fund | International Equity | $170,676 | 1 | MSCI ACWI ex USA (Net) | Daily |
| 22 | Commingled Fund | International Equity | $62,499 | 1 | MSCI Emerging Markets (Net) | Daily |
| 23 | Commingled Fund | International Equity | $56,010 | 1 | MSCI Emerging Markets (Net) | Monthly |
| 24 | Separate Account | Domestic Fixed Income | $96,200 | 30 | Bloomberg U.S. Aggregate | Daily |
| 25 | Separate Account | Domestic Fixed Income | $99,433 | 70 | Bloomberg U.S. Aggregate | Daily |
| 26 | Commingled Fund | Global Fixed Income | $123,758 | 1 | FTSE World Government Bond | Daily |
| 27 – 33 | Limited Partnership (x7) | Other Fixed Income | $235,603 | 1 each in 7 accounts | Credit Suisse Leveraged Loan & Bloomberg Global Credit | Qtrly w/CC Activity |
| 34 | Commingled Fund | Real Estate | $89,631 | 1 | NCREIF ODCE | Monthly |
| 35 | Commingled Fund | Real Estate | $44,855 | 1 | NCREIF ODCE | Monthly |
| 36 – 50 | Limited Partnership | Real Estate | $229,790 | 1 each in 15 accounts | NCREIF ODCE | Qtrly w/CC Activity |
| 51 – 59 | Limited Partnership (x9) | Other Assets | $311,253 | 1 each in 9 accounts | 1-Year CM Tsy +3%, Cambridge PE, and Russell 3000 PME | 1 Monthly and 8 Qtrly w/CC Activity |
| 60 | Separate Account | Cash & Equivalents | $9,547 | 1 | 90 Day U.S. Treasury Bill | Daily |

* Total value of all accounts is approximately $3.7 billion.
* Number of active accounts is approximately 60.
* There are approximately 50 legacy manager closed accounts not listed above that are swept monthly or hold small, non-liquid positions.
* Estimated purchase/sale transactions = 15,000 per year
* Estimated wire transfers = 500 per year

### APPENDIX D - SCHEDULE OF SOLICITATION ACTIVITIES

The timeline of the search and evaluation process as currently planned (subject to change at the sole discretion of the State Board without liability) is as follows:

|  |  |
| --- | --- |
| **EVENT** | **DATE** |
| State Board approves solicitation for proposals | August 16, 2024 |
| Solicitation for proposals posted | August 19, 2024 |
| Questions submitted by potential Vendors\* | September 2, 2024\* |
| Q&A sheet posted | September 13, 2024 |
| Response deadline | September 20, 2024 |
| Finalists selected by State Board | On or After October 18, 2024 |
| Selection by State Board | On or After November 15, 2024 |

**\*Before submitting a question regarding this RFP, please review the Q&A that was posted for this RFP when it was originally issued in 2023:** [2023 RFP Q&A](https://ofprs.ok.gov/wp-content/uploads/2024/02/Q-A-for-Master-Trust-Custodian-Related-Service-RFP.pdf).

### APPENDIX E - NON-COLLUSION CERTIFICATION AND SUPPLIER CONTRACT CERTIFICATION

**(See Attached)**

### APPENDIX F - CERTIFICATION OF COMPANY NOT CURRENTLY ENGAGED IN A BOYCOTT OF ISRAEL

**(See Attached)**

**CERTIFICATION OF COMPANY**

**NOT CURRENTLY ENGAGED IN A BOYCOTT OF ISRAEL**

In accordance with 74 Okla. Stat. § 582, a copy of which is attached hereto as Annex “A”, the State of Oklahoma shall not enter into a contract with any Company to acquire or dispose of goods or services in excess of one hundred thousand dollars ($100,000.00), unless such Company submits a written certification that it is not currently engaged in a Boycott of Israel.

“Company” means an organization, association, corporation, partnership, venture or other entity, its subsidiary or affiliate that exists for profitmaking purposes or otherwise secure economic advantage;

“Boycott” means engaging in a refusal to deal, terminating business activities or performing other actions that are intended to limit commercial relations with persons or entities doing business in Israel or in territories controlled by Israel, if those actions are taken either:

a. in compliance with or adherence to calls for a boycott of Israel other than those boycotts to which 50 U.S.C. Section 4607(c) applies, or

b. in a manner that discriminates on the basis of nationality, national origin or religion, and that is not based on a valid business reason.

As a contractor entering into a contract with an instrumentality of the State of Oklahoma, it is hereby certified that the Company listed below is not currently engaged in a boycott of Israel.

Dated this \_\_\_ day of \_\_\_\_\_\_\_, 2024.

[NAME]

[SIGNATURE BLOCK]

**ANNEX “A”**

**74 Okla. Stat. § 582**

### APPENDIX G - CERTIFICATION OF COMPANY ENERGY DISCRIMINATION ELIMINATION ACT

**(See Attached)**

**CERTIFICATION OF COMPANY**

**ENERGY DISCRIMINATION ELIMINATION ACT**

In accordance with 74 Okla. Stat. § 12005 (the “Statute”), a copy of which is attached hereto as Annex “A”, except as provided in paragraph B.4. of the Statute, no governmental entity of the State of Oklahoma shall (i) enter into a contract with any company to acquire or dispose of goods or services in excess of one hundred thousand dollars ($100,000.00), unless such company submits a written certification that it is not currently, and will not during the term of the contract, Boycott energy companies, or (ii) enter into a contract for goods or services in excess of one hundred thousand dollars ($100,000.00) with a Listed financial company under 74 Okla. Stat. § 12003.

“Financial company” means a publicly traded financial services, banking, or investment company.

“Listed financial company” means a Financial company listed by the Oklahoma State Treasurer pursuant to 74 Okla. Stat. § 12003.

“Boycott energy company” means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company:

a. engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil-fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law, or

b. does business with a company described by subparagraph a above.

As a contractor entering into a contract with a governmental entity of the State of Oklahoma, the undersigned certifies that: (i) to the best of its knowledge, it is not a Listed financial company under 74 Okla. Stat. § 12003, and (ii) it has not adopted, and has no plan to adopt, any policy that would result in a Boycott of energy companies.

Dated this \_\_\_ day of \_\_\_\_\_\_\_, 2024.

[NAME]

[INSERT SIGNATURE BLOCK]

**ANNEX “A”**

**74 Okla. Stat. § 12005**