

**REQUEST FOR PROPOSAL
FOR
GLOBAL CUSTODY &
SECURITIES LENDING
SERVICES**



State Treasurer Michael L. Fitzgerald

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Section One: Overview

1.1 Purpose and Background

The Treasurer of State of Iowa (TOS) requests written proposals from qualified companies (Firms) interested in providing either 1) global master custody services, including securities lending services or 2) securities lending services as a third-party agent. To be considered, Firms must satisfy the minimum requirements stipulated in section 1.3 below.

TOS serves as the custodian for three retirement funds, the state's operating fund, the unclaimed property trust, and several other funds. As of June 30, 2013, total net assets of the combined funds totaled \$29 billion (see Appendix B for more detailed asset information). The custodial services are required for all of the following funds. Securities lending services are required for IPERS, PORS, and JRS.

Iowa Public Employees' Retirement System (IPERS)

Iowa Public Employees' Retirement System is a defined benefit retirement plan for teachers and public employees in Iowa. The Investment Board is designated as the fund's trustee. It sets investment policy and oversees the actuarial program. There are seven voting members: the Treasurer of State and six gubernatorial appointees confirmed by the Senate. Legislative leadership appoints the four nonvoting legislative members. IPERS staff oversees the investment program, monitors performance, and provides comprehensive financial accounting. IPERS uses external managers to invest in domestic equity, international equity, core plus fixed income, high yield bonds, emerging market debt, private equity/debt, U.S. TIPS, real estate, and other real assets (commodities, farmland, timber, private energy partnerships, MLPs, or infrastructure),

Peace Officers' Retirement, Accident and Disability System (PORS)

The Peace Officers' Retirement, Accident and Disability System is a defined benefit retirement plan for peace officers in the Iowa Department of Public Safety. PORS is governed by a five-member board of trustees. The Treasurer of State serves as a member of the Board of Trustees. This system uses external managers to invest in domestic equity, international equity, fixed income, and real estate.

Iowa Judicial Retirement System (JRS)

The Iowa Judicial Retirement System is a defined benefit retirement plan for judges serving on the Supreme Court, the District Courts and the Court of Appeals. The Treasurer of State is responsible for investing the Iowa Judicial Retirement System's funds. This system uses external managers to invest in domestic equity, international equity, fixed income, and real estate.

State Operating Fund

The State Operating Fund is a pool of state agency funds. The Treasurer of State is required to invest or deposit any of these public funds that are not currently needed for operating expenses. The fund is managed by the TOS staff using a buy-and-hold strategy that emphasizes safety and liquidity and strives to achieve market average returns over a market cycle. Most of the fund is kept in short-term money market instruments, such as government discount notes, certificates of deposit, and money market mutual funds. The State Operating Fund also uses four external managers whose assets are held by the custodian.

Lottery Jackpot Winners Trust

Securities in the Lottery Jackpot Winners Trust fund annual payments to lottery winners. Securities, which are generally interest strips, were purchased at the direction of the Iowa Lottery. The Treasurer acts as custodian for these securities. The Treasurer also invests in a money market fund.

Unclaimed Property Trust

These securities and mutual funds are not actively managed, but rather are held in a fiduciary capacity.

Securities and mutual fund positions are received in free to the account from various sources throughout the year. When rightful owners come forward, the appropriate securities are re-registered into their names and delivered to them in certificate form or, in the case of mutual funds, transferred into their account. From time to time, the Treasurer's Office may sell small lots of these securities.

Bond Funds

Unspent proceeds from bond issuances are held in money market funds with the custodian. Bond funds include 2005 Tobacco Settlement, 2001 Tobacco Settlement, Vision Iowa, Iowa State Penitentiary Construction Proceeds, IJOBS 2009A Tax-Exempt, IJOBS 2009B Taxable, IJOBS 2010 Tax-Exempt, Iowa Utilities Board Proceeds, and Iowa Utilities Board DSRF.

1.2 Scope of Services

TOS requires the following services. Items A through L apply to Firms proposing bundled custody and securities lending services. Item L applies to Firms proposing third-party securities lending services. As part of its proposal, Firm must acknowledge its ability and willingness to deliver services as described or explain how its service would differ from these expectations.

A. Client Service

1. The Custodian will assign a day-to-day administrator to act as one point of contact for the client.
2. The Custodian will assemble a client service team that has the experience, tenure and knowledge to service a relationship as complex as Iowa's in the delivery of all functions under contract with the Custodian.
3. The Custodian maintains a Procedures Manual Handbook for client-specific processes.
4. The Custodian will provide education and training to ensure that client can be aware of industry practices and initiatives relative to functions covered by this contract.

B. Risk Analysis / Internal Controls

1. The Custodian has an SSAE 16 type 2 or SAS 70 type 2 analysis prepared by a nationally recognized independent third party auditor at least once a year which covers all processing areas and functions used under the contract and will annually provide the report to the client as directed.
2. The Custodian has fully documented compliance policies and written procedures regarding all aspects of operations.
3. The Custodian agrees to participate in and cooperate with scheduled audits and inventory of securities conducted by audit firms designated by TOS.

C. Custody - Safekeeping of U.S. and non-U.S. Assets

1. The Custodian has the capacity and capability to act as the central depository, transaction-clearing agent, and nominee holder for over \$30 billion of domestic and international assets.
2. The Custodian provides for the safekeeping of securities either via vault facilities, eligible depositories, or a proprietary network of qualified sub-custodians in local markets.
3. The Custodian is on-line with all domestic (U.S.) depositories (e.g., DTC/PTC, Fed Book Entry System) and all significant international depositories (e.g. Euroclear, Cedel).
4. The Custodian performs daily reconciliations between its custody system and all depositories.
5. The Custodian performs daily reconciliations with investment managers or daily provides information electronically to investment managers for reconciliation to ensure records are consistent.
6. The Custodian daily ensures securities in omnibus accounts are attributed correctly to client

accounts.

7. The Custodian's custody system is fully integrated with its core accounting system, sub-custodians, and depositories.
8. The Custodian must have strong working relationships with securities exchanges on which derivatives are traded.
9. The Custodian must be able to handle and report on Over the Counter (OTC) derivatives, including all levels of collateral and margin account tracking.
10. For non-dollar bonds, depositories are used by the Custodian. However, the Custodian must have a relationship with a local sub-custodian when depositories are not available.
11. The Custodian has a clear understanding of FASB 133.
12. The Custodian must be able to properly record and monitor securities movements to ensure the proper accounting for derivatives and non-dollar assets.

D. Transaction Services – Trade Processing and Settlement

1. The Custodian provides contractual settlement in those markets with sufficient depository controls and where market infrastructure promotes efficient settlement.
2. The Custodian notifies clients of those markets in which it performs contractual settlement and the circumstances under which contractual settlement will be suspended.
3. The Custodian accepts daily instructions from investment managers, takes responsibility for ensuring that trades are affirmed by the appropriate manager and acts as the primary contact for investment managers for the resolution of trade discrepancies.
4. The Custodian provides an automated exchange of daily investment data so that securities transaction clearing and settlement information is available on-line to all client-designated investment and accounting staff, outside investment managers, and banks that provide services other than custodial services.
5. The Custodian has written procedures for monitoring and managing failed trades and has identified in its procedures specific remedies for each level where a trade fails.
6. The Custodian notifies contacts designated by client in a timely manner of failed trades. The Custodian does not insist that the investment manager is solely responsible for monitoring failed trades.
7. The Custodian maintains and utilizes an independent control function for the review of all failed trades.
8. The Custodian will facilitate the free receipt of securities and mutual funds and the re-registration and delivery of securities and mutual fund shares to unclaimed property claimants.

E. Income Collection

1. The Custodian identifies and collects on a timely basis all receipts/income on assets, and makes timely payment of receipts/income.
2. The Custodian offers contractual income accrual in markets where sufficient depository controls and market infrastructure promotes efficient collection.
3. The Custodian clearly identifies the markets in which it offers contractual income accrual and the circumstances under which it will rescind contractual income collections.
4. The Custodian has a staff dedicated to income collection.
5. The Custodian is able to support the Global Tax Agent requirements of specific countries when required.
6. The Custodian has the capability and will commit to the completion of all necessary regulatory forms, filings and certifications necessary for the repatriation of funds invested overseas.
7. The Custodian monitors outstanding foreign tax withholding claims, collects foreign tax reclaims,

follows-up on delinquent reclaims, and offers "relief or exact at source" withholdings in all permissible countries.

8. The Custodian has a dedicated staff for foreign tax withholding and repatriation.

F. Corporate Actions and Litigation Support

1. The Custodian will provide services and support systems necessary for the timely receipt, notification, review, exercise, and monitoring of corporate actions to client and its investment managers as directed.
2. The Custodian has services and support systems necessary for the timely exercise of proxy voting by client, or its investment managers, as directed.
3. The Custodian has a client-accessible system for monitoring class action litigation and bankruptcy proceedings affecting portfolio securities held by client.
4. The Custodian has a system for filing claim notices and other documents in connection with such proceedings.
5. The Custodian has a system to track history of portfolio securities held during any periods that are the subject of such proceedings.
6. The Custodian has a system to advise client and client's investment managers of significant dates and deadlines in respect of such proceedings, including but not limited to opt-out elections in class action litigation, deadlines for filing claims, deadlines for filing bankruptcy notices or claims.

G. Accounting / Reporting

1. The Custodian uses an accounting system that is an integrated full accrual, trade date based, multi-currency (base and local currencies) general ledger accounting and reporting platform.
2. The Custodian processes on a daily basis all cash and non-cash (e.g., corporate actions) accounting transactions affecting assets held in custody.
3. The Custodian prepares and maintains account reconciliations for the differences between the custody and accounting systems.
4. The Custodian's systems capture the majority of security types, including foreign-denominated investments, exchange traded funds, OTC securities, and structured derivatives.
5. The Custodian is able to support accounting of capital calls and distributions, including analysis and determination of appropriate cost, income, gain, and expense components.
6. The Custodian's disaster recovery plan has comprehensive coverage over the areas affecting custody clients. The plan includes daily off-site back up of data and systems on a different power grid, and the Custodian tests the plan regularly.
7. The Custodian can provide an annual audited report package on-line no later than 60 business days after fiscal year-end (June 30). Unaudited statements are available on-line on the first business day after year-end.
8. The Custodian is able and commits to assist with the fulfillment of requirements under GASB 20, 28, 40 and 53 and other pronouncements as they are finalized.
9. The Custodian has a fully-functional internet-based on-line access system that provides access to accounting data, corporate actions, income collection, cash management information, pending/settled/failed trades, performance analytics, performance attribution and custody data to clients and investment managers.

H. Valuation

- 1 The Custodian will provide daily pricing for all publicly traded securities on a non-audited basis

- and end-of-month audited pricing for all securities, including private placements and non-publicly traded securities.
- 2 The Custodian has the ability to provide daily pricing for all publicly traded securities on an audited basis.
 - 3 The Custodian has the ability to calculate valuations for private equity investment holdings using a one-quarter lagged valuation (provided by the partnership) that is adjusted for any cash flows during the most recent quarter.
 - 4 The Custodian uses independent pricing sources and automatic price feeds.
 - 5 For liquid securities, the Custodian checks prices against multiple pricing sources.
 - 6 The Custodian has an up-front check on the quality of pricing data coming in from vendors.
 - 7 The Custodian works actively with pricing vendors to resolve pricing problems.
 - 8 The Custodian flags price differences that exceed a client-established threshold.
 - 9 The Custodian has an established methodology for resolving price differences with investment managers.
 - 10 The Custodian has a mechanism for notifying clients of problematic price differentials.

I. Performance Measurements/Analysis/Attribution/Compliance Monitoring

1. The Custodian provides a dedicated performance measurement client service team.
2. The Custodian's performance measurement system is fully integrated and compatible with the Custodian's core custody and accounting systems.
3. The Custodian provides monthly, quarterly, and annual performance measurements according to industry standards for all portfolios. Monthly performance measurement services are required for all investment accounts, including the maintenance of historical returns, annualized and cumulative, of each fund option and investment manager mandate.
4. The Custodian's performance and analytics information is accessible to clients on-line.
5. Performance analytics and attribution reports are available at the total fund, asset class and investment manager account levels.
6. The Custodian makes performance reports available by the 5th business day after books are closed.
7. The Custodian reconciles performance and holdings with investment managers within three business days following release of preliminary performance to the managers.
8. The Custodian provides third-party access to performance data on-line.
9. The Custodian provides compliance monitoring and reporting for individual portfolios as well as the various consolidations.
10. The Custodian provides post-trade pre-settlement compliance reporting on a daily basis.
11. The Custodian provides compliance reporting through its on-line reporting product.
12. The Custodian's compliance reporting product includes screening by CUSIP, sector, country, quality and maturity.
13. Compliance violations result in an automated email to client contact(s).

J. Cash Management

1. The Custodian can provide cash management services, cash flow projection reports, and cash movement operations to facilitate the daily investment of all available cash in domestic and international accounts.
2. The Custodian's cash management fees are fully disclosed.
3. The Custodian can provide a secured password (scrambled) entry platform for client to transfer money between custody accounts
4. The Custodian can provide a secure, on-line, on-demand cash management module for wires.

The cash management module must have strong controls over the authorization process (ex. dual authentication) and monitoring of cash activity.

K. Foreign Exchange

1. The Custodian has a desk of foreign exchange traders who can execute competitive transactions in the inter-bank market, including 24-hour access to foreign exchange markets.
2. The Custodian has a disclosure policy that delineates all types of foreign currency transactions (i.e. income repatriation, standing instructions, settlement FX, funding FX such as Global Capital Calls, netting, etc.) and all fees that apply to each type of FX transaction if client chooses to use the Custodian to execute FX trades.
3. The Custodian will allow the client and/or its investment managers to execute foreign currency transactions with dealers or desks other than that of the Custodian without charging additional fees.
4. The Custodian will not charge a "per ticket" fee on FX trades executed by the Custodian or any external third party FX brokers.
5. All foreign exchange trades executed by the Custodian will be performed on a competitive basis, with the exception of restricted markets in which the Custodian does not have full control. In the case of restricted markets, the Custodian will monitor the execution and transactions cost of each sub-custodian and report all activity.
6. The Custodian shall provide a customized report on all FX executed through its own foreign currency desk on behalf of the client or its investment managers.
7. The Custodian will provide a "time-stamped" foreign currency trade report that includes the price at which the Custodian valued the foreign currency trade. This may include the WM Fixing Rate, the Hi-Lo of the day, and other metrics where appropriate.
8. The Custodian ensures that an independent controller or compliance group reviews all off-market transactions and indicates the reasons for each price.
9. The Custodian discloses to clients any conflicts of interest it has in trading FX for clients.
10. The Custodian ensures that an independent controller or compliance manager reviews failed foreign exchange transactions and provides monthly reports on failed trades to client.

L. Securities Lending Services & Management of Collateral

1. The Provider (i.e. Custodian or Third-Party Agent) has an automated account allocation system for ensuring that all clients are treated fairly in the allocation of security loans.
2. The Provider offers a range of collateral reinvestment programs, including separate accounts, with varying levels of risk.
3. The Provider shall have a written mark to market policy and actively monitor on a daily basis the collateralization levels for all loans.
4. The Provider can provide a breakdown of securities lending returns between lending income and reinvestment income.
5. The Provider does not allow override of the account allocation system without generating an automated exception report.
6. The Provider requires independent follow-up on exceptions generated from manually overriding account allocations.
7. The Provider requires that lenders and reinvestment managers be physically separated and operate on different incentive goals.
8. The Lending Agent has a fully functional Internet based on-line access system for reporting
9. The Provider provides on-line investment and securities lending guideline compliance reporting for all investment and securities lending transactions.
10. The Provider has written policy and procedures for determining acceptable borrowers within the

- securities lending program, and evaluates the credit quality of borrowers at least quarterly.
11. The Provider has a written policy on how it reviews lending limits.
 12. The Provider must have clear compliance checks and balances in all aspects of lending.
 13. The Provider requires an independent counterparty credit review performed by the credit area.
 14. The Provider requires that the independent credit area actively monitor all outstanding loans.
 15. The Provider requires an independent review of collateral reinvestment activities to ensure client/investment account guidelines are met.
 16. The Provider actively monitors the gap (interest rate sensitivity) and duration mismatch of the collateral reinvestment relative to the loan.
 17. The Provider has a methodology for reviewing returns and risks taken in its securities lending program and the ability to provide a monthly report quantifying these returns and risks.
 18. The Provider shall provide monthly reports delineating both intrinsic/demand spreads and cash reinvestment spreads.
 19. The Provider shall immediately disclose all loans with pending negative spreads.
 20. The Provider shall disclose the daily market value of cash collateral vehicles or separate accounts.
 21. The Provider's securities lending program has regular reviews for SSAE -16 or SAS 70 purposes conducted by nationally recognized independent auditing firm and will provide copies to client as requested.
 22. The Provider is able to meet all GASB reporting requirements specific to securities lending activities.
 23. The Provider shall clearly disclose the net asset value of the reinvestment account on a daily basis, including specifications of negative spreads, impaired securities, and NAV breaks.
 24. The Provider will invest cash collateral according to investment guidelines and provide monthly reports of performance, asset allocation, credit quality, duration/maturity, and other appropriate metrics.
 25. The Provider has a process for retrieving or replacing securities that are out on loan that are needed for trade settlement, proxy voting or other reasons.
 26. The Provider will provide a summary of monthly securities lending transactions sorted by manager and account, stating gross income, rebates, bank fees, and net securities lending income summarized by account in both hardcopy and electronic format.
 27. The Provider will provide daily securities lending reports detailing failed trades or pending fails due to the failure to return securities on loan.
 28. The Provider shall disclose any "gating" or redemption policies that could impose restrictions on client's withdrawal from the program.
 29. The Third-Party Lending Agent performs daily reconciliations with custodian or provides information electronically to investment managers for reconciliation to ensure records are consistent.

1.3 Minimum Qualifications

In order to be considered, Firms submitting proposals for global custody and securities lending must meet requirements in (1) and (2) below. Firms submitting proposals as third-party lending agents must fulfill the requirements in (2) only.

1. Custody
 - At least \$1 billion in total market capitalization as of June 30, 2013.
 - At least \$500 billion in total tax-exempt assets under trust/custody as of June 30, 2013.
 - Minimum of 10 years of experience in providing global trust/custody services for institutional tax-exempt investors as of June 30, 2013.
 - At least \$100 billion in investment manager assets for which your organization is providing custody and investment accounting and back-office support services as of June 30, 2013.
 - Assignment of client service officer with at least five years of experience in the master/custody field

and at least three years of experience at the responding firm.

2. Securities Lending

- At least \$100 billion in securities lending lendable base for each of the last five years ending June 30, 2013.
- Minimum of 10 years of experience in providing securities lending services.
- Will perform securities lending services with a fiduciary standard of care
- Will accept responsibility for securities lending program as a fully indemnified agent program specific to borrower default and operational negligence.
- Assignment of client service officer with at least five years of experience in the securities lending field and at least three years of experience at the responding firm.

1.4 Timetable

The following dates are set forth for informational and planning purposes. The Treasurer reserves the right to change the dates.

Issue RFP	October 25, 2013
Questions Due	November 1, 2013
Response to Questions Issued	November 8, 2013
Proposals Due	November 22, 2013
Selection	January 2014
Contract Start Date	July 1, 2014

Section Two: Administrative Information

2.1 Inquiries

All inquiries concerning this RFP shall be submitted by **November 1, 2013**, in accordance with Section 2.4, in writing and only to the RFP Coordinator:

Jina Bresson, RFP Coordinator
 Iowa Treasurer of State
 State Capitol Building, Room 114
 1007 E. Grand Ave.
 Des Moines, Iowa 50319
 Phone: 515-281-8478 Fax: 515-281-7562
 E-mail: jina.bresson@iowa.gov

The Treasurer assumes no responsibility for verbal representations concerning conditions made by its officers or employees at any time, unless such representations are specifically incorporated into this RFP or written addenda to the RFP. Verbal discussions pertaining to modifications or clarifications of this RFP shall not be considered part of the RFP unless confirmed in writing by the RFP Coordinator. Any information provided by the Firm verbally shall not be considered part of the Firm's proposal. Only written communications from the Firm and received by the RFP Coordinator will be accepted.

From the issue date of the RFP until announcement of the successful Firm(s), Firms may contact only the RFP Coordinator with regard to the RFP. The RFP Coordinator will respond only to questions regarding the procurement process and interpretation of the RFP. Questions related to the procurement process and interpretation of the RFP must be submitted in writing to the RFP Coordinator by 4:30 p.m. local Iowa time on **November 1, 2013**. Verbal questions related to the interpretation of this RFP will not be accepted. **Firms may be disqualified if they contact any state employee other than the RFP Coordinator.**

2.2 Iowa Statutes and Rules

The term and conditions of this RFP, any resulting contract, and any activities based upon this RFP shall be governed by and construed in accordance with the laws of Iowa.

2.3 Procurement Timetable

The following dates are set forth for informational and planning purposes; however, the Treasurer reserves the right to change the dates.

Issue RFP	October 25, 2013
Questions Due	November 1, 2013
Response to Questions Issued	November 8, 2013
Closing Date for Receipt of Proposals and Amendments to Proposals	November 22, 2013
Proposals Reviewed	December 2013
Finalist Interviews	January 13-16, 2014

2.4 Questions, Requests for Clarification, and Suggested Changes

Firms are invited to submit written questions and requests for clarifications regarding the RFP. Firms may also submit suggestions for changes to the requirements of this RFP. The questions, requests for clarifications, or suggestions must be in writing, by mail, fax, or email, and received by the RFP Coordinator before 4:30 p.m., local Iowa time, **November 1st**. Oral questions will not be permitted. If the questions, requests for clarifications, or suggestions pertain to a specific section of the RFP, the page and section number(s) must be referenced. Written responses to questions, requests for clarifications, or suggestions will be released on or before **November 8th** to Firms. The Treasurer's written responses will be considered part of the RFP, and may be adopted as an amendment to the RFP.

2.5 Amendment to the RFP and Proposal and Withdrawal of Proposal

The Treasurer reserves the right to amend the RFP at any time. The Firm shall acknowledge receipt of an amendment in its proposal. If the amendment occurs after the closing date for receipt of proposals, the Treasurer may, in its sole discretion, allow Firms to amend their proposals in response to the Treasurer's amendment.

The Firm may amend its proposal. The amendment must be in writing, signed by the Firm and received by the time set for the receipt of proposals.

Firms who submit proposals in advance of the deadline may withdraw, modify, and resubmit proposals at any time prior to the deadline for submitting proposals. Firms must notify the RFP Coordinator in writing if they wish to withdraw their proposals. Modifications to and resubmissions of any proposal must be in writing, signed by the firm, and submitted by the firm so that it is received by the RFP Coordinator no later than the deadline set for the receipt for proposals. Electronic mail or fax modification will not be accepted.

2.6 Submission of Proposals

Each firm must submit its proposal so that the RFP Coordinator receives the proposal before **3:00 p.m.** local Iowa time, **November 22, 2013**. **This is a mandatory requirement and will not be waived. Any proposal received by the RFP Coordinator after this deadline will be rejected and returned unopened to the firm.** Firms mailing proposals must allow ample mail delivery time to ensure timely receipt of their proposals. It is the firm's responsibility to ensure that the proposal is received by the RFP Coordinator prior to the deadline. Postmarking by the due date will not substitute for actual receipt of the proposal. Electronic mail and faxed proposals will not be accepted. Firms must furnish all information necessary to evaluate the proposal. Proposals that fail to meet the mandatory requirements of the RFP will be disqualified.

2.7 Proposal Opening

The Treasurer will open proposals at **3:00 p.m.**, local Iowa time, **November 22, 2013**. The proposals will remain confidential until the evaluation committee has reviewed all of the proposals submitted in response to this RFP and the Treasurer has announced a notice of intent to award a contract.

2.8 Costs of Preparing the Proposal

The costs of preparation and delivery of the proposal are solely the responsibility of the firm.

2.9 Rejection of Proposals

The Treasurer reserves the right to reject any or all proposals or any portion thereof without penalty at any time prior to the execution of a written contract. Issuance of this RFP in no way constitutes a commitment by the Treasurer to award a contract or to execute a binding contract with any firm that may be selected as a result of this RFP. The Treasurer further reserves the right to cancel this RFP, to issue a new RFP, to award a contract in whole or in part, or to perform any or all of the services described in this RFP if it is in the best interests of the State. This RFP is designed to provide Firms with the information necessary to prepare a competitive proposal. This RFP process is for the Treasurer's benefit and is intended to provide the Treasurer with competitive information to assist in the selection of one or more Firms to provide services. It is not intended to be comprehensive and each Firm is responsible for determining all factors necessary for submission of a comprehensive proposal.

2.10 Disqualification

The Treasurer may reject outright and not evaluate proposals for any one of the following reasons:

- 2.10.1** The Firm fails to deliver the proposal by the due date and time.
- 2.10.2** The Firm's response materially changes a requirement, term, condition, or specification of this RFP or any attachment thereto.
- 2.10.3** The Firm's response limits the rights of the Treasurer or the State.
- 2.10.4** The Firm fails to include information necessary to substantiate that it will be able to meet a requirement of this RFP.
- 2.10.5** The Firm fails to respond to the Treasurer's request for information, documents, or references.
- 2.10.6** The Firm fails to include any signature, certification, authorization, stipulation, disclosure or guarantee requested in section 4 of this RFP.
- 2.10.7** The Firm presents the information requested by this RFP in a format inconsistent with the instructions of the RFP.
- 2.10.8** The Firm contacts any state employee other than the RFP Coordinator in violation of Section 2.1.
- 2.10.9** The Firm provides misleading or inaccurate responses.

2.11 Nonmaterial and Material Variances

The Treasurer reserves the right to waive or permit cure of nonmaterial variances in the proposal if, in the judgment of the Treasurer, it is in the State's best interest to do so. Nonmaterial variances include minor informalities that do not affect responsiveness; that are merely a matter of form or format; that do not change the relative standing or otherwise prejudice other Firms; that do not change the meaning or scope of the RFP; or that do not reflect a material change in the services. In the event the Treasurer waives or permits cure of nonmaterial variances, such waiver or cure will not modify the RFP requirements or excuse the Firm from full compliance with RFP specifications or other contract requirements if the Firm is awarded the contract. The determination of materiality is in the sole discretion of the Treasurer.

2.12 Reference Checks

The Treasurer reserves the right to contact any reference to assist in the evaluation of the proposal, to verify information contained in the proposal and to discuss the Firm's qualifications and the qualifications of any subcontractor identified in the proposal.

2.13 Information from Other Sources

The Treasurer reserves the right to obtain and consider information from other sources concerning a Firm, such as the Firm's capability, financial strength and performance under other contracts.

2.14 Verification of Proposal Contents

The content of a proposal submitted by a Firm is subject to verification. Misleading or inaccurate responses may result in disqualification.

2.15 Criminal History and Background Investigation

The Treasurer reserves the right to conduct criminal history and other background investigation of the Firm, its officers, directors, subcontractors, shareholders, or partners and managerial and supervisory personnel retained by the Firm for the performance of the contract.

2.16 Proposal Clarification Process

The Treasurer reserves the right to contact a Firm after the submission of proposals for the purpose of clarifying a proposal to ensure mutual understanding. The Treasurer will not consider information received if the information materially alters the content of the proposal or alters the type of goods and services the Firm is offering to the State. An individual authorized to legally bind the Firm shall sign responses to any request for clarification. Responses shall be submitted within the time specified in the Treasurer's request. Failure to comply with requests for additional information may result in rejection of the proposal as non-compliant.

2.17 Disposition of Proposals

All proposals become the property of the Treasurer and shall not be returned to the Firm unless all proposals are rejected or the RFP is cancelled. In either event, Firms will be asked to send prepaid shipping instruments to the Treasurer for return of the proposals submitted. In the event the Treasurer does not receive shipping instruments, the Treasurer will destroy the proposals. Otherwise, at the conclusion of the selection process, the contents of all proposals will be in the public domain and be open to inspection by interested parties subject to exceptions provided in Iowa Code Chapter 22 or other applicable law.

2.18 Public Records and Requests for Confidential Treatment

The Treasurer shall treat all information submitted by a Firm as public information following the conclusion of the selection process unless the Firm properly requests that information be treated as confidential at the time of submitting the proposal. The Treasurer's release of information is governed by Iowa Code Chapter 22. Firms are encouraged to familiarize themselves with Chapter 22 before submitting a proposal. The Treasurer will copy, disclose and permit examination of public records as required to comply with the public records laws.

Any request for confidential treatment of information must be included in the transmittal letter with the Firm's proposal. In addition, the Firm must enumerate the specific grounds in Iowa Code Chapter 22 or other applicable law, which support treatment of the material as confidential and explain why disclosure is not in the best interest of the public. The request for confidential treatment of information must also include the name, address, and telephone number of the person authorized by the Firm to respond to any inquiries by the Treasurer concerning the confidential status of the materials.

Any proposal submitted which contains confidential information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as containing confidential information. Identification of the entire proposal as confidential may be deemed non-responsive and disqualify the Firm.

If the Firm designates any portion of the RFP as confidential, the Firm must submit one copy of the proposal from which the confidential information has been excised. This excised copy is in addition to the number of copies requested in Section 4 of this RFP. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the proposal as possible.

The Treasurer will treat the information marked confidential as confidential information to the extent such information is determined confidential under Iowa Code Chapter 22 or other applicable law by a court of competent jurisdiction.

In the event the Treasurer receives a request for information marked confidential, written notice shall be given to the Firm seven calendar days prior to the release of the information to allow the Firm to seek injunctive relief pursuant to Section 22.8 of the Iowa Code.

The Firm's failure to request confidential treatment of material will be deemed by the Treasurer as a waiver of any right to confidentiality, which the Firm may have had.

2.19 Copyrights

By submitting a proposal, the Firm agrees that the Treasurer may copy the proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. The Firm consents to such copying and use by submitting a proposal and warrants that such copying and use will not violate the rights of any third party. The Treasurer shall have the right to use ideas or adaptations of ideas that are presented in the proposals.

2.20 Release of Claims

By submitting a proposal, the Firm agrees that it will not bring any claim or cause of action against the State based on any misunderstanding concerning the information provided herein or concerning the Treasurer's failure, negligent or otherwise, to provide the Firm with pertinent information as intended by this RFP.

2.21 Evaluation of Proposals Submitted

Proposals that are timely submitted and are not subject to disqualification will be reviewed in accordance with Section 4 of the RFP. The Treasurer will not necessarily award any contract resulting from this RFP to the Firm offering the lowest cost to the State. Instead, the Treasurer will award the contract to the compliant Firm whose proposal provides the State with the best value.

2.22 Award Notice and Acceptance Period

Notice of intent to award the contract will be sent by mail to all Firms submitting a timely proposal. Negotiation and execution of the contract shall be completed no later than **June 30, 2014**, unless the Treasurer gives written notice to extend the deadline. If the apparent successful Firm fails to negotiate and deliver an executed contract by **June 30, 2014**, the Treasurer may cancel the award and/or award the contract to another compliant Firm.

2.23 Definition of Contract

The full execution of a separate written contract shall constitute the making of a contract for services, and no Firm shall acquire any legal or equitable rights relative to the goods or services to be provided in connection with this RFP until a separate written contract, with terms and conditions acceptable to the Treasurer, has been fully executed by the Treasurer and the successful Firm. By submitting a proposal, each Firm acknowledges that any award of a contract or selection of a successful Firm by the Treasurer under this RFP, including, without limitation, any verbal or written notice thereof provided by or on behalf of the Treasurer, shall not create any contractual rights or other obligations between the State and the successful Firm until a separate, written contract with terms and conditions acceptable to the Treasurer has been executed by the Treasurer and the successful Firm.

2.24 Choice of Law and Forum

The laws of the State of Iowa shall govern and determine all matters arising out of or in connection with this RFP and any resulting contract without regard to the choice of law provisions of Iowa law. Changes in applicable laws and rules may affect the award process or any resulting contract. Firms are responsible for ascertaining pertinent legal requirements and restrictions. Any and all litigation or actions commenced in connection with this RFP or any resulting contract shall be brought in Des Moines, Iowa, in Polk County District Court for the State of Iowa, if jurisdiction is proper. However, if jurisdiction is not proper in the Iowa District Court for Polk County, but is proper only in a United States District Court, the matter shall be commenced in the United States District Court for the Southern District of Iowa, Central Division. This provision shall not be construed as waiving any immunity to suit or liability, in state or federal court, which may be available to the State.

2.25 Restrictions on Gifts and Activities

Iowa Code Chapter 68B restricts gifts which may be given or received by state officers and employees and requires certain individuals to disclose information concerning their activities with state government. Firms are responsible to determine the applicability of this Chapter to their activities and to comply with the requirements. In addition, pursuant to Iowa Code section 722.1, it is a felony offense to bribe or attempt to bribe a public official.

2.26 No Minimum Guaranteed

The Treasurer anticipates that the selected Firm, if any, will provide investment management services as requested by the Treasurer. In addition, the Treasurer makes no guarantee that it will select a Firm as a result of this RFP, or award or execute a contract.

2.27 Agreement Not Exclusive

Any agreement resulting from this RFP shall not be an exclusive agreement between the parties, and the State/Treasurer is entitled to enter into similar agreements or arrangements with any other party.

2.28 Attachments and Appendices are Part of RFP

Any attachment, appendix, schedule, table or exhibit that is referred to herein or attached hereto shall be deemed incorporated herein by reference and shall constitute a part of this RFP.

Section Three: Proposal Requirements

3.1 Format

The following documents and responses shall be included in the proposal in the order given below:

- Transmittal Letter

The letter shall include the following:

- 1) the name, title, mailing address, electronic mail address, fax number, and telephone number of the contact person who may be contacted by the Treasurer regarding the contents of the Firm's proposal;
- 2) indication of whether the proposal is for global custody services and securities lending or for securities lending services only;
- 3) confirmation that the Firm meets the minimum requirements listed in Section 1.3;
- 4) acknowledgement that the Firm is able and willing to deliver services as described in Section 1.2 "Scope of Services" or an explanation of how its service would differ from these expectations;
- 5) Any request for confidential treatment of information, in addition to the specific statutory basis supporting the request and an explanation of why disclosure of the information is not in the best interest of the public. (See section 2.18 of this RFP for more information about confidentiality.)
- 6) The Firm shall guarantee in writing the availability of the services offered and that all proposal terms, including price, will remain firm until July 1, 2014.
- 7) The transmittal letter shall include acceptance of terms and conditions. The Firm shall specifically state that Firm agrees with and accepts all terms and conditions stated in the RFP, including the terms and conditions contained in Appendix A and/or Appendix C as applicable, without change except as otherwise expressly stated in its proposal. If the Firm objects to any term or condition, the Firm must specifically refer to the RFP or attachment page and section. Objections or responses that materially alter the RFP may, in the Treasurer's sole determination, be deemed non-responsive and the Treasurer may disqualify the Firm. See Section 5.1 for additional information and requirements regarding contract terms and conditions.

- Responses to questions posed in the RFP as follows:

- Firms proposing custody and securities lending: Sections Five, Six, and Seven
- Firms proposing third-party securities lending services: Sections Six and Seven

Please restate each question followed by your response.

- Proposal Certification – Attachment 1
- Certification of Independence and No Conflict of Interest – Attachment 2
- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Attachment 3
- Authorization to Release Information – Attachment 4

3.2 Submission of Proposal

The Firm must submit its proposal no later than 3:00 p.m. Central Time, November 22, 2013 to:

Jina Bresson
Office of Treasurer of State
State Capitol Building, Room 114

1007 E. Grand Ave.
Des Moines, IA 50319

This is a mandatory requirement and will not be waived. Any proposal received after this deadline will be rejected and returned unopened to the Firm. Firms mailing proposals must allow ample mail delivery time to ensure timely receipt of their proposals. It is the Firm's responsibility to ensure that the proposal is received prior to the deadline. Postmarking by the due date will not substitute for actual receipt of the proposal. Electronic mail and faxed proposals will not be accepted. Firms must furnish all information necessary to evaluate the proposal. Proposals that fail to meet the mandatory requirements of the RFP will be disqualified.

One (1) original and five (5) copies of the proposal shall be submitted. In addition, please email one (1) electronic copy to jina.bresson@iowa.gov.

If the Firm designates any information in its proposal as confidential pursuant to Section 2.18 of this RFP, the Firm must also submit one (1) electronic copy of the proposal from which confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the proposal as possible.

3.3 Evaluation of Proposals

The proposals will remain confidential until the evaluation committee has reviewed all of the proposals submitted in response to this RFP and the Treasurer has announced a notice of intent to negotiate a contract with any selected Firm.

The evaluation process is designed to select the Firm with the best combination of attributes to perform the required services and not necessarily the Firm of least cost. The Treasurer will use an evaluation committee to review and evaluate the proposals. The committee will consider all information provided in the proposal when making its recommendation to the Treasurer and may consider relevant information from other sources.

The evaluation process shall consist of the following steps:

- Step 1: Proposal Format Review.
Members of the Treasurer's staff will review proposals to assess and verify compliance with the requirements of this RFP. The Treasurer reserves the right to waive minor variances at the sole discretion of the Treasurer.
- Step 2: Evaluation.
The evaluation committee will evaluate all compliant proposals that have advanced through Step 1.
- Step 3: Finalist Interviews
Firms may be interviewed in Des Moines, Iowa, if necessary. The Treasurer may choose to hold additional interviews at the Firms' offices.
- Step 4: Recommendation.
The evaluation committee will make a recommendation to the Treasurer.
- Step 5: Decision.
The Treasurer has full discretion to select a Firm to provide the services described in this RFP. The Treasurer is not bound by the committee recommendation and may select a Firm that was not recommended by the evaluation committee, or he may reject all Firms.

Section Four: Contract Information

4.1 Contract Terms and Conditions

The contract(s) that the Treasurer expects to award as a result of this RFP will be based upon the proposal submitted by the successful Firm and this solicitation. The contract(s) between the Treasurer and any Firm selected by the Treasurer shall be a combination of the specifications, terms and conditions of the RFP, the contract terms contained in Appendix A and/or Appendix C as applicable, the offer of the Firm contained in the Firm's proposal (excluding any exceptions taken by Firm in accordance with this Section 4.1), written clarifications or changes made in accordance with the provisions herein, and any other terms deemed necessary by the Treasurer. The Treasurer reserves the right to either award a contract without further negotiation with the successful Firm or to negotiate contract terms with the selected Firm if the best interest of the State would be served.

The contract terms and conditions contained in Appendix A and Appendix C are not intended to be a complete listing of all contract terms and conditions but are provided only to enable Firms to better evaluate the costs associative with the RFP and the potential resulting contract(s). All costs associated with complying with these requirements should be included in any pricing quoted by the Firm.

By submitting a proposal, each Firm acknowledges its acceptance of the terms, conditions, and requirements contained in this RFP, including those contained in Appendix A and/or Appendix C as applicable, without change except as otherwise expressly stated in its proposal. If a Firm takes exception to any term, condition, requirement or other provision of this RFP (including Appendix A and/or Appendix C as applicable), it must state the reason for the exception and set forth in its proposal the specific contract language it proposes to substitute in place of the excepted provision. If a Firm takes exception to any term or condition contained in Appendix A and/or Appendix C as applicable, the Firm must produce a redlined draft of such appendix or appendices, and such redlined draft(s) must clearly reflect all of Firm's exceptions thereto and all alternative language or other changes that Firm specifically proposes to make to such appendix or appendices. Exceptions and/or proposed changes that materially change the terms, conditions, specifications, or requirements of the RFP (including Appendix A and/or Appendix C as applicable) may be deemed non-responsive by the Treasurer, as determined in its sole discretion, resulting in possible disqualification of the Firm's proposal. A Firm's failure to state an exception to any term, condition, specification, requirement or other provision of this RFP (including Appendix A and/or Appendix C as applicable) and propose alternative language in accordance with this Section 4.1 may be deemed by the Treasurer to constitute Firm's acceptance thereof. Any term, condition, provision, or requirement, to which a Firm fails to take exception and propose changes in accordance with this Section 4.1 will not be subject to negotiation. A Firm may not take exception to all of the provisions or terms contained in Appendix A and/or Appendix C as applicable. A Firm may not state that it takes exception to any terms, conditions, requirements, or other provisions of the RFP (including those contained in Appendix A and/or Appendix C as applicable) to the extent any of the foregoing conflict with any terms or conditions contained in the Firm's standard form contracts. A Firm may not submit its standard form contract(s) for consideration in lieu of Appendix A and/or Appendix C as applicable. By submitting a proposal to this RFP, Firms acknowledge and agree that the Treasurer and any successful Firm will be negotiating from and utilizing Appendix A and/or Appendix C as applicable, and will not be negotiating from or utilizing a Firm's standard form contracts. The Treasurer reserves the right to refuse to enter into a contract with the successful Firm for any reason, even after delivery of notice of selection or intent to negotiate a contract. The Treasurer further reserves the right to negotiate contract terms with the successful Firm(s).

4.2 Duration

The Treasurer currently anticipates that the duration of any resulting contract will be five (5) years from the effective date of execution. The resulting contract may be terminated at the Treasurer's discretion, with or without cause, after thirty (30) days written notice to the Firm.

Section Five: Custody Questionnaire

Organization and Experience

1. Please provide a brief overview of your firm, including the ownership structure and the number of years your firm has provided custody services for tax-exempt clients. Please include organization chart.
2. Describe any organizational changes that occurred or were announced during the past 2 years (e.g., mergers, acquisitions, structural changes, departures of key personnel), and any anticipated changes in firm structure between the date of this document and the next 2 years.
3. Please list each of your firm’s lines of business and the approximate contribution of each such business to your organization’s total revenues.
4. What percentage of total revenues is a result of trust/custody services to institutional clients?
5. Please provide the technology, R&D, and Systems budget (in US\$) specific to trust and custody services over both the past three years and the next three years.
6. What is your vision for the next five years in terms of your technology and processing capabilities that will ensure your competitiveness and existence?
7. Describe your organization’s clients as categorized below.

Tax-Exempt Trust and Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
Dec 31, 2009		
Dec 31, 2010		
Dec 31, 2011		
Dec 31, 2012		
June 30, 2013		

Public Fund Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
Dec 31, 2009		
Dec 31, 2010		
Dec 31, 2011		
Dec 31, 2012		
June 30, 2013		

8. Provide your client distribution as specified below. Report aggregate market values of total assets under custody as of June 30, 2013.

Distribution	Number of Clients	Number of Plans	Aggregate Market Value (US\$ millions)
<i>Taft Hartley-Union</i>			
Below \$500 million			
\$500+ million to \$5 billion			
\$5+ billion to \$20 billion			
\$20+ billion and Up			
<i>Corporate</i>			
Below \$500 million			
\$500+ million to \$5 billion			
\$5+ billion to \$20 billion			
\$20+ billion and Up			
<i>Public Fund</i>			
Below \$500 million			
\$500+ million to \$5 billion			
\$5+ billion to \$20 billion			
\$20+ billion and Up			
<i>Endowments & Foundations, etc.</i>			
Below \$500 million			
\$500+ million to \$5 billion			
\$5+ billion to \$20 billion			
\$20+ billion and Up			
TOTAL			

9. List your three largest public fund clients with similar configuration/needs as Iowa and the length of time you have served as their global custodian.
10. How many public fund clients have you gained and lost in each of the past three years (by number of clients and market value)? Identify each of the clients.

Client Servicing

11. Please describe your approach to client servicing.
12. Provide a chart that indicates the number of employees assigned to trust/custody at June 30 for each of the previous three years (beginning with June 30, 2013) and then provide the number of employees that departed and number of employees joined for the 12 month periods ended each June 30th.
13. How do you propose to staff for Iowa both from a client servicing perspective and an actual service deliverables point of view?
14. How will you oversee quality control and client satisfaction for Iowa?
15. Provide background and relationship responsibilities for key officers in charge of custody/trust services and all individuals who will be assigned to Iowa's account.
16. For what other relationships (client name and market value) would the Iowa team be directly responsible?
17. Describe the opportunities your organization offers to clients for training and continuing education.
18. Please provide contact information for references from three current public fund clients and three former public fund clients with accounts similar in size and complexity to Iowa.

Risk Analysis

19. Please describe the levels of coverage for errors and omission insurance and any other fiduciary or professional liability insurance your firm carries. List the insurance carriers supplying the coverage. (A copy of your insurance policy may be required at a later date). Each description should include:
 - Risk Coverage
 - Carriers
 - Levels
 - Limits
 - Deductibles
 - Expiration.
20. Provide your current short-term and long term credit ratings. What was the date of your organization's most recent ratings change? Please describe if change was an upgrade or downgrade and to/from what level.
21. Please describe how your firm intends to meet Basel III in terms of capital adequacy and

liquidity.

- 22. What is the nature and size of any “off-balance sheet items”? Identify the three critical areas that pose the most at risk exposure to the bank.
- 23. Provide the following data and comment on its implication.

Capital Base
June 30, 2013

Capital requirements	Current Ratios	Current Requirements
Tier 1 Capital Ratio		
Total Capital Ratio		
Leverage Ratio		

- 24. During the last five (5) years, has the Firm had a contract for products or services terminated for any reason or has the Firm received any notices of breach or default? If so, provide full details related to the termination or notice of breach/default or demand for cure.
- 25. During the last five (5) years, describe any damages, settlements, or penalties, or anything of value traded or given up by Firm under any of its existing or past contracts as it relates to products and services performed that are similar to the products and services contemplated by this RFP. If so, indicate the reason for the penalty or exchange of property or services and the estimated amount of the cost of that incident to the Firm and resulting contract, if any.
- 26. During the last five (5) years, describe any order, judgment or decree of any Federal or State authority barring, suspending or otherwise limiting the right of the Firm to engage in any business, practice or activity.
- 27. During the last five (5) years, list and summarize pending or threatened litigation, administrative or regulatory proceedings, or similar matters that could affect the ability of the Firm to perform the required services. The Firm must also state whether it or any owners, officers, or partners have ever been convicted of a felony. Failure to disclose these matters may result in rejection of the bid proposal or in termination of any subsequent contract. This is a continuing disclosure requirement. Any such matter commencing after submission of a proposal, and with respect to the successful Firm after the execution of a contract, must be disclosed in a timely manner in a written statement to the State.
- 28. Is there any current investigation, administrative action and/or inquiry by regulatory agencies (SEC, DoJ, DoL, Federal Reserve, etc.) in which your firm is involved. If so, provide a detailed explanation.
- 29. Does your organization subcontract any of the services required by Iowa? Provide contract vendor name and which service, functions or deliverables they support. Would you indemnify Iowa for their performance?
- 30. Please address all substantive issues raised by independent auditors in the your SSAE 16 and/or SAS 70 and issues published in your Form 10-Q. Provide a copy of the most recent annual report, Form 10-Q and SSAE 16 or SAS 70, Please label appropriately.

31. Describe your business continuity and disaster recovery plans. Indicate the date, scope and results of the most recent test of such plans.
32. What will be the recovery time(s) and service level for critical custodial services in case of a major disaster?

Custody and Transaction Services

33. Briefly describe your domestic and international custody service capabilities. What do you feel distinguishes you from your peers in this area?
34. How often do you reconcile the accounting positions to the custody positions? At what point are clients notified of exceptions?
35. State the value of assets held as of June 30, 2013 at DTC and at the Federal Reserve.
36. State the value of assets held at each significant international depository as of June 30, 2013.
37. What was the trade volume (number and market value size) of US securities that you processed for the year ending June 30, 2013? Of that trade volume what was the fail rate (%) in terms of both number and market value?
38. What was the trade volume (number and market value size) of non-US securities that you processed for the year ending June 30, 2013? Of that trade volume what was the fail rate (%) in terms of both number and market value?
39. Describe your policy and procedures on failed trades for both domestic and foreign securities and the steps that will be taken to minimize them.
40. Do you employ SEC Rule 17f-5 and 17f-7 in the review and contracting arrangements with your sub-custodian network? Explain the process for reviewing your sub-custodians. Provide a list of sub-custodians, including name, location, market, and date relationship commenced.
41. Describe how your organization interacts with investment managers. Explain your procedures for notifying investment managers of trades and balances.
42. How many investment management organizations do you deal with? Estimate typical daily transaction volume (i.e. security purchases and sales). Do you currently have relationships with all investment managers listed in Appendix B?
43. What are your capabilities for transitioning terminated manager portfolios?
44. How do you monitor investment manager satisfaction? Do you share results with clients?
45. Do you provide services for an unclaimed securities program for a current client? If so, please list.

Income Collection

46. Describe your standard policies on cash crediting and debiting, including cut-off deadlines for all investments both domestic and international (including investments in limited partnerships and limited liability companies).
47. Describe your procedures for ensuring that interest and dividends (domestic and international) are collected.
48. When and in what instances do you rescind contractual income collections? What is/are your policy(s) for both domestic and international markets?
49. Describe your tax reclaim procedures.
50. What percentage of tax reclaims for the past three years was your organization able to reclaim?

Corporate Actions and Litigation Support

51. Describe the structure of your corporate actions, class actions, securities litigation and proxy voting unit(s).
52. What are your procedures and sources for both domestic and foreign corporate actions? What is your reporting format and frequency?
53. How do you provide for prompt delivery of domestic and foreign proxies and proxy statements to clients or investment managers for voting instructions?
54. Describe how you handle class actions. How will you track these items and advise us of critical dates and deadlines?
55. Listed below are some of IPERS requirements in regard to class actions. Please describe your ability to support these requirements. Indicate if you cannot support any of the following:
 - Reporting of the account and investment manager that potentially suffered a loss in any case;
 - File claims on behalf of IPERS relating to a class action, victim recovery account, and bankruptcy as required by IPERS;
 - Work with claim administrators to resolve any issues involving a claim filed on behalf of IPERS;
 - Provide online access to IPERS and any securities monitoring and litigation law firm hired by IPERS;
 - Monitor and report all deposits received with respect to the above activities to include, but not limited to: dollar amount of deposit; account to which deposited; identification of the suit for which the deposit was received; and, the IPERS investment manager assigned to the account; and
 - Provide IPERS a monthly report on the above activities.
56. Do you have the capacity to load transaction and holding history to support class action suit processing? For how many years?

57. What other services are you able to provide us in the area of corporate governance?

Accounting / Reporting

58. Describe your on-line information delivery system or workstation for clients and their investment managers.
59. What technical support and client service resources will be available to Iowa for the information delivery system?
60. How does your organization handle G/L feeds to client's systems? Will you commit to providing accounting information that ties to IPERS' established general ledger accounts?
61. Describe your accounting and reporting system. What are the future or planned enhancements to your current accounting and reporting system?
62. Describe your investment manager reconciliation policies and procedures for custodied and non-custodied assets. How quickly after month-end can you reconcile account value with an investment manager?
63. Describe special procedures for processing, valuing, and reporting non-custodied private assets, such as real estate, private equity, timberland, etc.
64. Explain quality control procedures such as frequency of auditing of input and reconciliation of output.
65. Please list each standard report and indicate how many days after period end the report is mailed and is available on line. Provide samples.
66. 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?
67. Please describe your ability to provide the following:
- Quarterly and annual reports of investments provided in classifications required by the U.S. Census Bureau.
 - Reporting package that collects and organizes information for use in GASB40 annual reporting

Valuation

68. Explain how you price real estate, private equity and debt investments, hedge funds, derivatives, illiquid securities and highly structured securities.
69. What procedures and control points do you have in place to ensure that securities are priced accurately?

70. Do you have procedures in place to investigate unusual or significant pricing changes from the previous pricing period? Please describe.
71. 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.

Performance Measurement, Analytics, Attribution, Compliance

72. Describe your systems and capabilities for performance measurement and analysis.
73. What differentiates your performance measurement services from your peers?
74. Are there different levels of performance measurement and analytic services? If so, describe.
75. Can performance, gross and net of fees, be calculated for each period? Can you perform lag and non-lag performance measurement calculations? Please describe the methodology employed.
76. Describe the benchmarks and universe comparison services you offer to clients.
77. Do you have the ability to accommodate custom benchmarks?
78. Please list all available performance measurement/analytic and comparison reports. Please indicate how soon after period end preliminary and final performance reports are available.
79. Are you able and willing to backload data? At what level? Is there an extra fee for this service?
80. How does your system report alternative investments, hedge funds, real estate, and non-public market investments? Can your base performance system calculate internal rates of return on these types of investments?
81. Will we have a dedicated performance consultant on our account? Please provide his/her name and years of experience working with clients in performance measurement and analytics.
82. Please describe the internal controls surrounding performance and benchmark calculations.
83. Provide a sample of standard monthly performance reports. Include enough pages of each report to demonstrate its use.
84. Briefly describe any analytical tools or services the firm offers to help clients measure, monitor and manage market risk, credit risk and liquidity risk. Does the firm offer a holdings-based risk analytics product? If yes, please describe the product(s) and explain how it can be useful to Iowa in monitoring and managing investment risk. Explain any limitations the product(s) would have in terms of providing a complete picture of total fund risk.

85. Is the bank able to retrieve holdings information from index funds or comingled funds that are not affiliated with the bank (Not In Bank assets) and make such information available for clients to utilize in risk systems? If yes, please describe any requirements or limitations that would apply.
86. Please describe any compliance services you offer. Provide package of standard compliance reports.

Cash Management

87. Describe each of the short-term investment vehicles available to Iowa for the investment of cash reserves. For each include:
- Fund name
 - Fund inception
 - Total assets in each fund
 - Investment philosophy and objectives
 - Types of allowable investments by policy
 - Historical performance data
 - Fee (basis points)
 - Deadlines for purchases and redemptions
88. Describe your process of maintaining full investment of US cash balances, including:
- How sweep ties into trust accounting and cash forecast
 - Process and timing of notification of investment managers of available cash
 - Timing requirements for notification of cash needs
89. Describe your daily compensation and overdraft policies.
90. Have any of your short term investment vehicles ever “broken the buck” or experienced losses? If yes, why?
91. Specific to money movements, wires, capital calls, etc, what are your policies, procedures and controls?
92. Do you offer any short-term investment funds denominated in other major currencies that are available for Iowa to sweep non-USD cash balances to /from on a daily basis? If yes, briefly describe what types of funds/currencies are available and general terms, conditions and fees for the use of these vehicles by U.S. institutional investors.
93. Describe any fees that would apply if client used non-bank short-term vehicles for cash management.

FX Capabilities

94. Describe how your firm can assist its custody clients in buying foreign currencies to fund non-USD payments and selling foreign currencies to repatriate non-USD receipts.
95. Has the firm or its foreign currency unit ever been subject to any litigation, regulatory

investigations or actions pertaining to its handling of client FX transactions? If yes, please describe.

96. How does your firm ensure that custodial clients achieve best execution on FX trades executed by your firm? How does your firm define best execution? Does the firm utilize any independent third parties to evaluate the cost and quality of the firm's FX trading? If yes, who performs the evaluation and how did the firm rank in the latest evaluation?
97. Will your firm use a robust competitive bidding structure to execute all FX transactions? Will your organization be able to provide performance reporting or best execution reports for FX transactions?
98. Do you offer FX execution services on a principal basis for clients? If yes, explain how the trade prices are determined and communicated to clients.
99. Do you offer to execute FX on an agency basis for clients? If yes, describe how clients would access the bank's agency brokerage service and the commissions, fees, etc. that would apply to an agency relationship.
100. Describe the process and fees (per ticket charge, overdraft fees, etc.) that would apply if Iowa or one of its investment managers chose to utilize a third party agency broker to execute any of Iowa's FX trades with settlement through your bank as Iowa's custodian.
101. Please list any restricted currencies or currencies in which your firm will not trade and the reasons why.

Coordination with Third Party Securities Lending Agent

102. Does your organization currently support third party lending programs for any of your custody clients? Please provide a list of all third-party lending agents with whom your organization is currently working and indicate the length of the working relationship.
103. Describe the coordination and reconciliation process between your organization as custodian and third party agents.
104. In a situation in which securities lending is performed by a third-party administrator, aside from reasonable and customary fees associated with the processing of lending transactions, are there other conditions or requirements upon which you would insist?

Transition Process

105. Describe the transition process as it would apply to this contract. Provide a transition task list and schedule which includes responsible party for each task.
106. Please discuss how tax reclaims, re-registrations, accruals, class action proceedings are handled between prior and new custodians.

Section Six: Securities Lending Questionnaire**Questions 1 - 10 for Third-party Lending Agents only**

1. Please provide a brief overview of your firm, including the ownership structure. Please include an organization chart.
2. Describe any organizational changes that occurred or were announced during the past 2 years (e.g., mergers, acquisitions, structural changes, departures of key personnel), and any anticipated changes in firm structure between the date of this document and the next 2 years.
3. Please describe the levels of coverage for errors and omission insurance and any other fiduciary or professional liability insurance your firm carries. List the insurance carriers supplying the coverage. (A copy of your insurance policy may be required at a later date). Each description should include:
 - a. Risk Coverage
 - b. Carriers
 - c. Levels
 - d. Limits
 - e. Deductibles
 - f. Expiration.
4. Provide your current short-term and long term credit ratings. What was the date of your organization's most recent ratings change? Please describe if change was an upgrade or downgrade and to/from what level.
5. During the last five (5) years, has the Firm had a contract for products or services terminated for any reason or has the Firm received any notices of breach or default? If so, provide full details related to the termination or notice of breach/default or demand for cure.
6. During the last five (5) years, describe any damages, settlements, or penalties, or anything of value traded or given up by Firm under any of its existing or past contracts as it relates to products and services performed that are similar to the products and services contemplated by this RFP. If so, indicate the reason for the penalty or exchange of property or services and the estimated amount of the cost of that incident to the Firm and resulting contract, if any.
7. During the last five (5) years, describe any order, judgment or decree of any Federal or State authority barring, suspending or otherwise limiting the right of the Firm to engage in any business, practice or activity.
8. During the last five (5) years, list and summarize pending or threatened litigation, administrative or regulatory proceedings, or similar matters that could affect the ability of the Firm to perform the required services. The Firm must also state whether it or any owners, officers, or partners have ever been convicted of a felony. Failure to disclose these matters may result in rejection of the bid proposal or in termination of any subsequent contract. This is a continuing disclosure requirement. Any such matter commencing after submission of a proposal, and with respect to the successful Firm after the execution of a contract, must be disclosed in a timely manner in a written statement to the State.

9. Is there any current investigation, administrative action and/or inquiry by regulatory agencies (SEC, DoJ, DoL, Federal Reserve, etc.) in which your firm is involved. If so, provide a detailed explanation.
10. Please address all substantive issues raised by independent auditors in the your SSAE 16 and/or SAS 70 and issues published in your Form 10-Q. Provide a copy of the most recent annual report, Form 10-Q and SSAE 16 or SAS 70, Please label appropriately.

Questions 11 – 40 For All Firms Proposing Securities Lending Services

11. Briefly describe your securities lending service capabilities and philosophy. What do you feel distinguishes you from your peers in this area?
12. We require the securities lending agent to fully indemnify us from any loss resulting from a borrower default. Please describe your firm’s indemnification policy, including any specific limitations.
13. What is the approximate revenue and profit contribution of your institutional securities lending business to overall company revenue and profit in percentage terms?
14. Provide names and brief profiles of the key professionals who are responsible for the lending function and the cash collateral reinvestment function.
15. Please list key professionals that have left the securities lending function and the cash collateral reinvestment function during the past three years. Please indicate their date of departure, number of years of service at the Firm and their replacement.
16. Describe your current client base. How many clients participate in your lending program?
17. Provide the number of clients gained and/or lost in the chart below. For accounts gained, report corresponding market values in US\$ millions as of initiation date. For accounts lost, report market values in US\$ millions as of termination date. Report in terms of aggregate lendable assets.

	Clients Gained (Number)	Clients Gained (US\$ millions)	Clients Lost (Number)	Clients Lost (US\$ millions)
2008				
2009				
2010				
2011				
2012				
2013 (thru 6/30)				

18. Please complete this chart in regard to daily average dollar volume of securities loans outstanding for the 12 months ending June 30, 2013.

Asset Classes	Daily Avg. Lendable Base (US\$ millions)	Daily Avg. Out on Loan (US\$ millions)	Utilization Rate (%)	Avg. Rebate Rate/Fees (bp)	Average Demand Spread (bp)	Average Reinvest Spread (bp)	Avg. Daily Spreads Net of Rebate (bp)
US Large Cap Equities							
US Mid & Small Cap Equities							
US Corp Bonds							
High Yield							
REITS							
US Govt Bonds							
TIPS							
Non-US Equity							
Non-US Fixed Income							
Other Assets (describe)							

19. Describe how your firm manages the following risks?

- a. Borrower/Counterparty Risk and Default
- b. Collateral Investment Risk
- c. Interest Rate Risk
- d. Credit Spread Risk
- e. Liquidity Risk
- f. Trade Settlement Risk
- g. Operational Negligence
- h. Sovereign Risk
- i. Currency Fluctuation Risk
- j. Conflicts of interest

20. How do you monitor and manage duration mismatch between the lending book and the cash collateral investment?
21. How has your firm dealt with past problems including, but not limited to, (a) the Lehman Brothers bankruptcy, (b) actual collateral deficiencies, and (c) depressed market values in fixed income securities. Include how your firm handled communications with customers, how your firm dealt with accounting issues, how your firm changed its investment strategy, and how you handled customers leaving your securities lending program.
22. Describe how credit analysis is performed and with what frequency individual borrowers are reviewed. Is credit analysis a subgroup within securities lending or a separate entity within your organization or an independent party outside your organization?
23. Provide a list of your current borrowers. Identify the top ten borrowers and the percentage these borrowers represent of the total program. Can a client restrict specific borrowers?
24. Does your organization have any capacity limitations? What determines the limit on the deals, transactions and lending activities in which your firm engages?
25. Describe any compensation arrangements with borrowers beyond the normal form of negotiated fees and rebates.
26. What collateralization percentage is required for each of the security types (domestic and international equities and fixed income)? What value (market value only, including accrued interest, etc.) is the basis for this percentage?
27. Discuss the types of collateral for securities loans that are accepted in your program. What types of non-cash collateral can your firm accept? Does your firm fully indemnify clients against investment and currency losses when it accepts non-cash collateral on behalf of the client? In your view, how important is it for clients to be willing to accept non-cash collateral?
28. If you plan to use tri party repurchase agreements, and tri party custodians for custody of the repo collateral, provide an explanation of the risk indemnification and collateral guarantee.
29. Describe your mark-to-market procedures. How frequently do you mark to market the collateral? When is additional collateral requested/received (same day, next day)? How far below the required collateralization percentage must the collateral dip before a margin call is made?
30. Do you have an internal limit on how much of a client's lendable assets can be lent to a single borrower on any given day? Describe your policy. What is the exposure limit? Is it possible that a single client can be exposed to a single borrower at any given time?
31. Describe your firm's security loan allocation system and the basis on which loan allocations are made. What is your policy on overrides and exceptions?
32. Describe your policies and procedures with respect to corporate actions, dividend collections, and trade settlements.

33. Describe your recall procedures and how substitution is utilized. Please describe how your organization mitigates trade fails or other issues associated with the recall of less liquid securities, like small cap stock.
34. Can your program ensure the protection of voting rights by consistently recalling the stock prior to proxy record date? If so, describe the process.
35. Can you preserve our right to recall any security on loan at any time for any reason, and ensure that the borrower shall have no recourse to us in the event such a security loan is recalled?
36. Provide a description of cash collateral reinvestment options available to Iowa. Discuss the procedures and controls to ensure that cash collateral is managed to conform to investment policy.
37. Do you charge a management fee (bp) plus expense ratios for collateral reinvestment? If so, specify the fee and if fees are deducted before or after the revenue split. Please indicate if there are any additional fees for collateral reinvestment.
38. Please list all available reports and indicate if they are available on-line. Provide samples.
39. Describe the transition process as it would apply to securities lending. Provide a transition task list and schedule which includes responsible party for each task.
40. How do you measure performance for your securities lending program? IPERS' securities lending program has chosen the following performance objectives. Please describe how you would meet these guidelines.
 - The average monthly lending spread of IPERS' securities lending program should rank above median when measured over rolling three-year periods against a universe of other similar large institutional securities lending programs. Such universe shall be acceptable to IPERS. Lending spread refers to the intrinsic value of a securities loan, generally measured as the difference between the weighted average rebate rate for the period and the weighted average Fed Funds Effective Rate (FEDL01 <Index> on Bloomberg) for the period.
 - The annualized monthly excess return on IPERS' collateral investment fund should exceed 25 basis points over rolling three-year periods. The monthly excess return is calculated by subtracting the monthly return of Effective Fed Funds from the collateral investment fund monthly return. Monthly returns shall be based on market value, not amortized cost.
 - The standard deviation of annualized monthly excess returns of IPERS' collateral investment fund should not exceed 50 basis points over three-year rolling periods. Excess returns shall be based on market values, not amortized cost.

Section Seven: Cost Proposal

Custody

1. Provide the bank’s proposed annual fee (in US dollars) to provide the full scope of services described in this RFP, assuming the following: 1) your bank will not be utilized as a principal or agent in executing any FX trades for the Iowa accounts; 2) your bank will not be utilized as Iowa’s securities lending agent or be utilized for any cash collateral investment in a securities lending program covering the IPERS, PORS, and JRS accounts; and 3) your bank will not be utilized to provide short-term cash management funds for daily cash balances in the Iowa accounts. Please provide the annual fee quote for each year described below:
 - July 1, 2014 to June 30, 2015: \$ _____
 - July 1, 2015 to June 30, 2016: \$ _____
 - July 1, 2016 to June 30, 2017: \$ _____
 - July 1, 2017 to June 30, 2018: \$ _____
 - July 1, 2018 to June 30, 2019: \$ _____

2. List and briefly describe each and every additional fee (for example, any “per ticket” charges) that you propose to charge in addition to the annual flat fees proposed in response to question #1 above. (Failure to include a fee here will be deemed by Iowa to mean that you do not propose to charge Iowa for this fee for the life of the contract.)

3. How would your fee proposal in response to question #1 above change if the first assumption was eliminated such that your bank was permitted to be utilized as a principal or agent in executing FX trades for the Iowa accounts?

4. How would your fee proposal in response to question #1 above change if only the second assumption was eliminated such that your bank was utilized as exclusive securities lending agent and cash collateral reinvestment provider in Iowa’s securities lending program (which covers only the IPERS, PORS and JRS accounts)?

5. How would your fee proposal in response to question #1 above change if only the third assumption was eliminated such that your bank was utilized to provide short-term cash management funds for all daily cash balances in the Iowa accounts?

6. How would your fee proposal in response to question #1 above change if all three of the assumptions were eliminated and your bank was utilized to provide all three types of services?

7. List and describe any additional fees and/or costs that would apply for any “upgrade services” that you would suggest Iowa consider. (Upgrades are services not included in the fee proposals above that would be in addition to the basic services needed to provide the scope of services described in the RFP.)

8. Are there any fees/costs associated with transition and conversion? If yes, please describe.

Securities Lending

1. Explain your methodology for calculating and splitting revenue.
2. List and briefly describe each and every additional fee that you propose that is not included in the revenue calculation. (Failure to include a fee here will be deemed by Iowa to mean that you do not propose to charge Iowa for this fee for the life of the contract.)
3. What is your proposal for revenue sharing?
4. Would your firm offer a fully-indemnified securities lending program, whereby the client is indemnified from any and all losses? If yes, please describe the terms of such a program and the proposed revenue split.
5. Furnish a revenue estimate of the securities lending income for Iowa for one (1) year ending June 30, 2013 utilizing the holdings listed in accompanying spreadsheets. (Please note that the estimate is backward looking and not forward looking into the future. Thus for the one-year estimate ending June 30, 2013, utilize the holdings provided and assume that the holdings are in a buy and hold strategy from July 1, 2012 to June 30, 2013.) Assume that collateral is reinvested in a commingled fund or separate account that utilizes the following guidelines: (a) strictly intrinsic value lending with overnight cash collateral indemnified REPO reinvestment guideline; (b) Current Guidelines as specified in Appendix C. Provide calculations in the charts provided.

CALCULATION WORKSHEET for IPERS

**Securities Lending Revenue Estimate Worksheet – IPERS
(Assume Intrinsic Value Lending of at least 50 bps and invested Indemnified REPO Overnight Basis Only)**

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	IPERS Share of Revenue w/ Borrower Default Indemnification (Percent)	Net IPERS Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. CorpBonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

CALCULATION WORKSHEET for IPERS

**Securities Lending Revenue Estimate Worksheet – IPERS
(Assume Cash Reinvestment Guidelines as specified in Attachment D)**

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	IPERS Share of Revenue w/ Borrower Default Indemnification (Percent)	Net IPERS Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. CorpBonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

CALCULATION WORKSHEET for PORS

**Securities Lending Revenue Estimate Worksheet – PORS
(Assume Intrinsic Value Lending of at least 50 bps and invested Indemnified REPO Overnight Basis Only)**

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	PORS Share of Revenue w/ Borrower Default Indemnification (Percent)	Net PORS Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. CorpBonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

CALCULATION WORKSHEET for PORS

**Securities Lending Revenue Estimate Worksheet – PORS
(Assume Cash Reinvestment Guidelines as specified in Attachment D)**

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	PORS Share of Revenue w/ Borrower Default Indemnification (Percent)	Net PORS Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. CorpBonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

CALCULATION WORKSHEET for JRS

**Securities Lending Revenue Estimate Worksheet – JRS
(Assume Intrinsic Value Lending of at least 50 bps and invested Indemnified REPO Overnight Basis Only)**

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	JRS Share of Revenue w/ Borrower Default Indemnification (Percent)	Net JRS Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. CorpBonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

CALCULATION WORKSHEET for JRS

**Securities Lending Revenue Estimate Worksheet – JRS
(Assume Cash Reinvestment Guidelines as specified in Attachment D)**

Asset Class	Lendable Assets (US\$)	Percent on Loan (using a 12 month rolling average)	Assets on Loan (US\$)	Intrinsic Spread (bps)	Rebate Rate in bps (using a 12 month rolling average)	Re-invest Rate (bps)	Avg. Daily Spreads Net Rebate and Fees (bps)	Gross Income (US\$)	JRS Share of Revenue w/ Borrower Default Indemnification (Percent)	Net JRS Securities Lending Income (US\$ millions)
US Large Cap Eq										
US Mid & Small Cap Eq										
U.S. CorpBonds										
High Yield										
Mortgages										
U.S. Govt Bonds										
TIPS										
Non-US Equities										
TOTAL										

For example: \$100 million loan outstanding for one year with a 0.20% net spread and a split of 80/20 is equal to \$160,000 (\$100,000,000 x 0.002 x 0.80).

Attachment 1

Date

Jina Bresson, RFP Coordinator
Iowa Treasurer of State
State Capitol Building, Room 114
Des Moines, Iowa 50319

Re: Request for Proposal
2013 Custody/Sec Lending RFP
PROPOSAL CERTIFICATION

Dear **Ms. Bresson**:

I certify that the contents of the proposal submitted on behalf of **(Name of Firm)** in response to the RFP for **2013 Custody/Sec Lending RFP** are true and accurate. I also certify that **(Name of Firm)** has not made any knowingly false statements in its proposal.

Sincerely,

Name and Title

Attachment 2

Date

Jina Bresson, RFP Coordinator
Iowa Treasurer of State
State Capitol Building, Room 114
Des Moines, Iowa 50319

Re: Request for Proposal
2013 Custody/Sec Lending RFP
CERTIFICATION OF INDEPENDENCE AND NO CONFLICT OF INTEREST

Dear Ms. Bresson:

By submitting a proposal in response to the RFP for the **2013 Custody/Sec Lending RFP**, the undersigned certifies the following:

1. The proposal has been developed independently, without consultation, communication or agreement with any employee or consultant to the State who has worked on the development of this RFP, or with any person serving as a member of the evaluation committee.
2. The proposal has been developed independently, without consultation, communication or agreement with any other Firm or parties for the purpose of restricting competition.
3. Unless otherwise required by law, the information found in the proposal has not been knowingly disclosed and will not be knowingly disclosed prior to the award of the contract, directly or indirectly, to any other Firm.
4. No attempt has been made or will be made by (Name of Firm) to induce any other Firm to submit or not to submit a proposal for the purpose of restricting competition.
5. No relationship exists or will exist during the contract period between (Name of Firm) and the State that interferes with fair competition or as a conflict of interest.

Sincerely,

Name and Title

Attachment 3

Date

Jina Bresson, RFP Coordinator
Iowa Treasurer of State
State Capitol Building, Room 114
Des Moines, Iowa 50319

Re: Request for Proposal
2013 Custody/Sec Lending RFP
CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY
EXCLUSION

Dear Ms. Bresson:

By submitting a proposal in response to the RFP for the **2013 Custody/Sec Lending RFP**, the undersigned certifies the following:

1. I certify that, to the best of my knowledge, (Name of Firm) and all of its principals: (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by a Federal Agency or agency; (b) have not within a three year period preceding this proposal been convicted of, or had a civil judgment rendered against them for commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of antitrust statutes or commission of embezzlement, theft, forgery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for or criminally or civilly charged by a government entity (federal, state, or local) with the commission of any of the offenses enumerated in (b) of this certification; and (d) have not within a three year period preceding this proposal had one or more public transactions (federal, state, or local) terminated for cause.

2. This certification is a material representation of fact upon which the Treasurer has relied upon when this transaction was entered into. If it is later determined that the undersigned knowingly rendered an erroneous certification, in addition to other remedies available, the Treasurer may pursue available remedies including suspension, debarment, or termination of the contract.

Sincerely,

Name and Title

Attachment 4

Date

Jina Bresson, RFP Coordinator
Iowa Treasurer of State
State Capitol Building, Room 114
Des Moines, Iowa 50319

Re: Request for Proposal / **2013 Custody/Sec Lending RFP**
AUTHORIZATION TO RELEASE INFORMATION

Dear **Ms. Bresson**

[Name of Firm] hereby authorizes the **Treasurer** to obtain information regarding its performance on other contracts, agreements or other business arrangements, its business reputation, and any other matter pertinent to evaluation and the selection of a successful Firm in response to the **Request for Proposal for the 2013 Custody/Sec Lending RFP**.

The Firm acknowledges that it may not agree with the information and opinions given by such person or entity in response to a reference request. The Firm acknowledges that the information and opinions given by such person or entity may hurt its chances to receive contract awards from the State or may otherwise hurt its reputation or operations. The Firm is willing to take that risk.

The Firm hereby releases, acquits and forever discharges the State of Iowa, the Treasurer of the State of Iowa, and, their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references obtained by the State in the evaluation and selection of a successful Firm in response to the **Request for Proposal for the 2013 Custody/Sec Lending RFP**.

The Firm authorizes representatives of the Treasurer to contact any and all of the persons, entities, and references which are, directly or indirectly, listed, submitted, or referenced in the undersigned's proposal submitted in response to the **Request for Proposal for the 2013 Custody/Sec Lending RFP**.

The Firm further authorizes any and all persons, entities to provide information, data, and opinions with regard to the undersigned's performance under any contract, agreement, or other business arrangement, the undersigned's ability to perform, the undersigned's business reputation, and any other matter pertinent to the evaluation of the undersigned.

The undersigned hereby releases, acquits and forever discharges any such person or entity and their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references supplied to the Treasurer in the evaluation and selection of a successful Firm in response to the **Request for Proposal for the 2013 Custody/Sec Lending RFP**.

A photocopy or facsimile of this signed Authorization is as valid as an original.

Sincerely,

Name and Title of Authorized Representative