



Mendocino County Employees Retirement Association

Request for Proposals for
Global Custody and Securities Lending Services

Proposals must be submitted to:

MCERA

625-B Kings Court

Ukiah, California 95482

Attention: James Wilbanks, Retirement Administrator

By 3:30 p.m.

July 17, 2015

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I. INTRODUCTION

Mendocino County Employees' Retirement Association ('MCERA'), a public pension system, administers a defined benefit pension plan with assets of approximately \$450 million. MCERA is soliciting proposals from qualified organizations for Global Custody and Securities Lending Services.

The requested services include, but are not limited to asset safekeeping, accounting, securities settlement, cash management, corporate actions, class actions and proxy processing, securities lending, performance and analytics, and miscellaneous system queries and reporting requirements.

MCERA is seeking proposals from organizations that can meet or exceed the following qualifications:

- At least \$1 billion in total market capitalization as of March 31, 2015.
- At least \$xxx billion in total tax-exempt assets under trust/custody as of March 31, 2015.
- Provided custody services for a minimum of ten (10) years.

MCERA welcomes proposals from all qualified organizations who have demonstrated excellent global custody and securities lending services. The anticipated initial term of the contract will be for 5 years.

II. MCERA PLAN INFORMATION

MCERA is a retirement system established under the authorization of the County Employees Retirement Law of 1937 and provides retirement, disability and death benefits to the employees and retirees of the County of Mendocino, the Mendocino County Superior Court and the Russian River Cemetery District. As of June 30, 2014, there were a total of 2,803 members in the system. Management of MCERA is the responsibility of the Board of Retirement. The Board establishes policies and objectives for MCERA. MCERA's staff is responsible for daily operations involving the administration of benefits, accounting functions and portfolio administration. MCERA's staff will routinely interact with the custodian. Consultants who will interact with the custodian include MCERA's investment managers listed below, MCERA's investment consultant, Callan Associates, auditor, Gallina, LLP and actuary, The Segal Group Inc.

As of March 31, 2015, MCERA administers a pension fund with assets of \$445 million in total market value. Below you will find MCERA's current investment manager line-up by asset class and portfolio type.

Investment Manager	Asset Class	Portfolio Type
PIMCO	Core Bond	Commingled Pool
Dodge & Cox	Core Bond	Commingled Pool
Alliance Bernstein	Small Cap Growth	Commingled Pool
RS Investments	Small Cap Growth	Commingled Pool
Affiliated Managers Group, Inc.	Micro Cap	Commingled Pool
Prudential Investments	Small Cap Value	Commingled Pool
Morgan Stanley	Mid Cap Growth	Commingled Pool
Janus Capital Group	Mid Cap Growth	Commingled Pool

Investment Manager	Asset Class	Portfolio Type
Fidelity Investments	Mid Cap Value	Commingled Pool
Royce Funds	Mid Cap Value	Commingled Pool
Vanguard	Large Cap Core	Commingled Pool
Harbor Capital	Large Cap Growth	Commingled Pool
Janus Capital Group	Large Cap Growth	Commingled Pool
Dodge & Cox	Large Cap Value	Commingled Pool
Boston Partners	Large Cap Value	Commingled Pool
Mondrian Investment Partners	International Large Cap Value	Commingled Pool
American Funds	International Large Cap Growth	Commingled Pool
Columbia Threadneedle	International Small Cap Growth	Commingled Pool
Harbor Capital	International Large Cap Blend	Commingled Pool
Janus Capital Group	International Large Cap Blend	Commingled Pool
Oakmark Funds	International Large Cap Blend	Commingled Pool
RREEF Property Trust	Real Estate	Commingled Pool
RREEF Property Trust	Real Estate	Commingled Pool
Cornerstone Real Estate Advisers LLC	Real Estate	Commingled Pool
625 Kings Court	Real Estate	Direct

Portfolio Type	AUM (as of 3/31/2015)	# of portfolios
Commingled Pools, LPs, CITs, etc.	\$441,239,819	25
Direct Ownership (Real Estate)	\$864,000	1
Cash Accounts	\$3,080,785	1
Total:	\$445,184,604	27

MCERA does not currently have a custodian bank. MCERA has previously contracted for custody services but has operated without a custodian bank since 2011. MCERA anticipates some changes/consolidation to the asset allocation including the possibility of adding separately managed accounts for US market assets after transitioning to a custodial bank. A smooth conversion process is highly important to MCERA and will be justly prioritized in the selection process. For performance reporting purposes, MCERA currently utilizes 10 performance composites, 16 Index benchmarks, and 2 customized benchmarks.

MCERA does not currently participate in securities lending, but would like to evaluate the possibility of starting a securities lending program to generate incremental return. The utilization of securities lending is not guaranteed and a thorough examination of the risk/reward trade off will be conducted before participation can be approved. MCERA reserves the right to postpone or to refuse participation in a securities lending program. Proposers have the option to bid for custody services only or custody services with securities lending. Proposers will also have the option to bid for both without submitting two separate proposals. If this option is selected, be sure to include two fee schedules, one with securities lending and one without.

MCERA utilizes one primary cash account. It is managed by the County of Mendocino and is primarily used for making administrative and benefit payments. The custodial bank will have to establish a custody cash account to manage the liquidity needs of the fund and periodically wire funds to MCERA's primary cash account. MCERA's primary cash account averaged a \$2.8 million account balance for the fiscal year through March 31, 2015.

For additional information please see MCERA's 2014 Comprehensive Annual Financial Report (as of June 30, 2014) at <http://www.co.mendocino.ca.us/retirement/reports.htm>

III. REQUESTED SERVICES

The selected proposer should be able to provide the following services:

A. ACCOUNTING

1. Trade date multi-currency (foreign and US dollars) accounting for all securities and full accrual accounting for all assets.
2. Accounting for the following:
 - a. Dividends and interest, corporate actions (including mergers, acquisitions, tenders, stock splits and dividends, warrants and spin-offs)
 - b. Securities Lending
 - c. Domestic and international fixed income and equity portfolios
 - d. Equity real estate and mortgage loan portfolios
 - e. Futures and multi-currency derivatives
 - f. Private placements, including domestic and non-US limited partnerships for LBO's, venture capital, etc.
 - g. Real assets
3. Use payable date posting for dividends, bond interest and principal, and interest and paydown on mortgage pass-through certificates as well as interest income purchased for fixed income securities.
4. Accounting must be on a fiscal year basis (July 1 – June 30).
5. Provide a secondary pricing source for comparison to the primary source for pricing securities.
6. Investments must be reported at cost and market value. Gains and losses on securities sold must be recognized on the basis of the average cost of the securities.
7. Provide daily positions with ability to post both accrued trades and settled trades and cash equivalents.
8. All information concerning holdings and transactions must be available for inquiry, download or print capabilities.

B. SECURITIES SETTLEMENT

1. Participating member and access to securities settlement through DTC, Federal Reserve wire system, PTC, and at other depositories (both domestic and international).
2. The ability to settle physically held securities.
3. The ability to execute foreign exchange transactions.
4. Provision of buy-fail float and contractual settlement date posting of sales.
5. Trade data must be electronically accessible by MCERA, its investment managers, and consultants.

C. CASH MANAGEMENT

1. Provide a Short Term Investment Fund (STIF) for daily cash sweeps.
2. Provide for same day settlement of cash trades, such as physical, DTC, and Fed wireable repo and term purchases.
3. Transfer cash between accounts, make and accept wire transfers of funds (including provision of Fed reference numbers upon request), and accept fund contributions via ACH.

D. SECURITIES LENDING (If applicable to proposal)

1. Provide securities lending services.
2. Provide an investment vehicle eligible for reinvestment of securities lending cash collateral.

E. CORPORATE ACTIONS, CLASS ACTIONS AND PROXY PROCESSING

1. In a timely manner, provide annual reports, proxy voting cards, and proxy statements to MCERA.
2. Timely notification of class action and other litigation involving MCERA securities, provision of the necessary securities information and timely filing of all necessary claims.

F. PERFORMANCE MEASUREMENT

1. Calculate total return (i.e. no need for security-level drilldown) monthly performance for the total plan, aggregate composites, and each manager account on a gross and net of fees basis.
2. Provide the ability to perform portfolio analytics including sector, country, and security fundamental characteristics at the total fund, composite, and manager account levels.

G. TECHNOLOGY

1. Provide online- or workstation-based system with access to management information and accounting systems with the capability of providing the following information:
 - a. Current and historical prices, market values, and exchange rates in effect at times of pricing international securities
 - b. Composite portfolios
 - c. Current and historical transactions by security; by account; by asset class
 - d. Online access to current and historical holdings in any aggregate
 - e. Customized reports as required
 - f. Ad hoc query and reporting
2. Provide state-of-the-art back-up systems to minimize loss of data and provide instant availability in case of disaster.
3. Daily download of portfolio holdings which include the receipt of periodic cash payments from equity real estate holdings, alternative investments, and cash flows from MCERA.
4. Provide staff with the ability to review all externally managed portfolios, and perform an automated reconciliation to asset positions and income accruals on a monthly basis.
5. Provide daily trade dated asset allocation reports of individual portfolio market values by asset class.

H. REPORTING

1. Provide audited monthly holding and performance reports to be received no later than five (5) working days after month-end for online reports.
2. Provide accurate monthly, quarterly, and year-to-date reports on all transactions, income, and other pertinent investment data, in a format acceptable to MCERA, no later than five (5) business days after the end of each month.
3. Provide monthly reports in a format acceptable to MCERA.
4. Monthly and annual securities lending reports if applicable to proposal.
5. Provide other reports as may be requested by MCERA.
6. Provide year-end financial reports in accordance with GASB standards to be included in MCERA's Comprehensive Annual Financial Report (CAFR).
7. Provide annually the Statement of Standards for Attestation Engagement (SSAE) No. 16 report on processing of transactions by service organizations.

IV. GENERAL CONDITIONS OF SUBMISSION

- A. All proposals submitted become the property of MCERA. Should a Proposer wish to withdraw its proposal, a written letter stating so must be received by MCERA.
- B. There is no expressed or implied obligation for MCERA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Costs for developing proposals are entirely the responsibility of the Proposer and will not be chargeable to or reimbursable by MCERA.
- C. All proposals submitted in response to this RFP shall become the exclusive property of MCERA and shall be subject to public disclosure pursuant to the California Public Records Act (Cal. Govt. Code Section 6250 et. seq.).
- D. There are specific exceptions to the Public Records Act. In the event MCERA receives a request for inspection of any proposal submitted pursuant to this RFP, it is the responsibility of the organization whose proposal has been requested to assert any right of confidentiality that may exist. MCERA will not make that assertion on behalf of the Proposer. Absent a judicial determination that the documents are exempt from disclosure, they will be subject to inspection.
- E. Submission of a proposal constitutes a complete waiver of any claims whatsoever against MCERA and and/or agents, officers or employees, that MCERA has violated a Proposer's right to privacy, disclosed trade secrets or caused any damage by allowing the proposal to be inspected.
- F. All proposals must remain valid for a period of not less than 120 days from the submission. This includes pricing as well as nominated engagement staff.
- G. MCERA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.
- H. MCERA, in its sole discretion, may enter into contracts with multiple providers.
- I. MCERA reserves the right to contact current and former clients of the Proposer for information at any time during the proposal process.
- J. MCERA reserves the right to accept or reject any or all proposals and may waive any requirements of this Request for Proposal if it deems it in the best interests of MCERA.
- K. MCERA reserves the right to contact individual Proposers for clarifying information at any time during the proposal process.
- L. MCERA may modify the RFP prior to the fixed date for submission of proposals by issuance of an addendum.

V. PROPOSAL CONTENTS

- A. Proposers should adhere to the format set forth below. Each of the required sections identified must be addressed and must be specifically labeled. The content and sequence of the proposal will be as follows:

Section	Title
1	Cover Letter
2	Completed Proposer Questionnaire (Appendix A)
3	Completed Fee Schedule or Schedules (Appendix B)
4	Contract Comments (Appendix C)
5	Completed Certification (Appendix D)
6	Other Relevant Items

Items 1 through 6 below contain brief descriptions of material that should be included in this proposal.

1. **Cover Letter.** Proposer shall identify:

- Its name and /or the name of the organization that will be providing the services offered in the proposal.
- The name, address, telephone number, facsimile number and e-mail address of a principal contact for information regarding the proposal shall be supplied.
- The name and title or position and telephone number of the person or persons authorized to bind the organization to all commitments made in the proposal.
- The letter must also include the following statement:

“We have read the Request for Proposals (RFP) for custodial and securities lending services and fully understand its intent. We warrant that all information and statements in this RFP are complete and true. We certify that we have adequate personnel, equipment and facilities to provide MCERA’s requested services. We understand that our ability to meet the criteria and provide the required services shall be judged solely by MCERA. We have thoroughly examined the RFP requirements and our proposed fees cover all the services that we have indicated we can meet. We acknowledge and accept all terms and conditions included in the RFP. We acknowledge the receipt of any and all amendments made to this RFP.”

- The letter must be signed by the person or persons authorized to bind the Proposer contractually.

2. **Proposer Questionnaire.** Responses to these questions will provide MCERA with information about your firm, your firm’s experience, and ability to provide and the manner that your firm will provide the requested services as set forth in Section III

“Requested Services.” The Proposer Questionnaire is located in Appendix A.

3. **Fee Schedule.** All services will be paid quarterly in arrears. Fees will be the subject of negotiations but in no case will the negotiations result in a fee which is higher than the fee contained in this proposal. In preparing the fee schedule, proposers should consider the requirements described in this RFP and should review the investment manager line-up by asset class and portfolio type chart in Section II “MCERA Plan Information”. The Proposer Fee Schedule tables are located in Appendix B. A proposer should include two Fee Schedules if bidding for Custody services with securities lending and without securities lending.
4. **Contract Requirements.** Sample contract requirements are attached to indicate the type of agreement contemplated and to set forth some of the general provisions that MCERA anticipates including in the final agreement(s). In submitting a proposal, the Proposer will be deemed to have agreed to each clause unless the proposal identifies an objection, sets forth the basis for the objection, and provides substitute language to make the clause acceptable to the Proposer. Such objections and substitute language must be submitted no later than the deadline for the proposal. The sample contract provisions are contained in Appendix C.
5. **Certification regarding all services and systems.** This certification confirms that services and systems described in proposal can be performed and also that audits performed by independent parties in regards to your services will be diligently accomplished and documented. The certification is located in Appendix D.
6. **Other Relevant Items.** Proposers must include their firm’s annual report and/or statement of financial condition, as well as Certificate(s) of Insurance proving coverage as described by the firm in its proposal response. Proposers must complete and return all other attachments as specified in these Appendices.

B. Proposal Format

1. Submit one (1) original and three (3) copies of the complete proposal in paper format and e-mail an electronic copy.
2. Each proposal shall be prepared simply and economically avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation. Each proposal for global custody only shall be 50 pages or less. If your proposal includes securities lending please limit the length to 60 pages or less
3. Follow the format used in the Appendices.
4. The Proposer understands and agrees that MCERA shall not have financial responsibility for any costs incurred by the Proposer in responding to this RFP.
5. The Proposer understands that their responses become the property of MCERA and are subject to public inspection.

C. Proposal Submission

Proposals must be received by **July 17, 2015 by 3:30 p.m.**

Address or deliver proposals to:
James Wilbanks
Retirement Administrator
625-B Kings Court
Ukiah, California 95482
wilbanksj@co.mendocino.ca.us

VI. PROPOSAL SUBMISSION PROCESS

A. Schedule of Events

EVENT	DATE
Release of RFP	June 19, 2015
Deadline for Written Questions	June 30, 2015
Release Responses to Written Questions	July 6, 2015
Proposal Due Date and Time	July 17, 2015, 3:30 p.m.
Presentations if Requested	August 19, 2015
Contract Negotiations and Approval	August 26, 2015
Anticipated Contract Start Date	September 1, 2015

B. Submittal of Questions

Proposers requiring clarification of the intent or content of this RFP, or of the competitive proposal process, may request clarification by submitting written questions no later than June 30, 2015.

All questions must be in writing and sent via e-mail to wilbanksj@co.mendocino.ca.us. Verbal questions will not be answered. MCERA will post a list of all Proposer questions and MCERA responses on July 6, 2015, at: <http://www.co.mendocino.ca.us/retirement/rfp.htm>

Other than what is set forth in this RFP, Proposers are specifically precluded from contacting MCERA staff or trustees regarding this RFP, until a contract has been entered into with the successful Proposer. MCERA may contact proposers after submission to discuss the proposal, seek clarification regarding the proposal, request additional information, and negotiate terms.

VII. PROPOSAL SELECTION PROCESS AND EVALUATION

A. Submission Date

July 17, 2015 at 3:30 p.m.

B. Presentations and Revisions To Proposals

At MCERA's sole discretion, Proposers may be requested to make a presentation to MCERA staff. Details as to the presentation and the date and time of the presentation will be sent at a later date.

At MCERA's sole discretion, participating Proposers may be invited to submit revisions to proposals to present specific changes to cost, scope, staffing, and/or approach. If Proposers have been invited to submit revised proposals, MCERA will specify the deadline for submission.

C. Evaluation of Proposals

1. MCERA Staff

- a. Each proposal will be reviewed to determine if the Proposer can meet the requirements as set forth in this RFP. The Proposer must demonstrate that each requirement is met. Where documentation relative to a specific requirement is incomplete or silent, it shall be assumed that the proposal is deficient.
- b. Evaluation of proposals will be made by MCERA staff. Additionally, MCERA may seek the use of technical experts and/or County staff to assist in the selection.

2. Evaluation Criteria

- a. MCERA staff will evaluate proposals and the qualifications of Proposers. The evaluation criteria will include, but not be limited to:
 - i. Experience (both quality and quantity) of the proposing organization and its staff in providing pension fund services with assets under management for other public pension funds with similar scale and types of investments.
 - ii. Qualifications of professional staff to be assigned to the account, with particular attention paid to relevant experience with public pension funds and the amount of experience on-boarding similar accounts.
 - iii. Ability to provide the required scope of services

- iv. The quality, conciseness and completeness of the proposal.
- v. References.
- vi. Fees.

b. The RFP shall not be construed to be a low bid process. The contract, if awarded, will be negotiated with the Proposer(s) who, in MCERA's sole discretion, can best meet MCERA's needs as identified in this RFP.

D. Inability to Negotiate a Contract

If a satisfactory contract cannot be negotiated, MCERA may, in its sole discretion, begin contract negotiations with one or more than one of the remaining Proposers. MCERA may contract with more than one Proposer if MCERA determines, in its sole judgment, that more than one contractor is preferred to provide the specified services. MCERA may determine to contract with none of the Proposers.

APPENDIX A

PROPOSER QUESTIONNAIRE

Please provide all responses using the format presented in the RFP. This includes question numbers, section titles, labels, etc. Do not reorder questions, change titles or in any way change the formatting of the RFP.

Please indicate which proposal you are participating in (select one only):

- Custody with Securities Lending**
- Custody with No Securities Lending**
- Custody with Securities Lending & Custody with No Securities Lending**

I. FIRM

A. BACKGROUND AND ORGANIZATION

1. Legal Name of Entity:
 - a. Name of firm:
 - b. Address:
 - c. Contact:
 - d. Phone:
 - e. Fax:
 - f. E-mail:
 - g. Website:
2. Who should be contacted regarding any questions about the information contained in your response to this RFP? Please provide his or her contact information.
3. State your firm's lines of business. Where does custody of retirement plans fit within the organization as a service or product offering?
4. If your organization is a subsidiary, affiliated with another firm or there is outside ownership, please address the nature of the relationship, method of communication, hierarchy of decision making and degree of influence.
5. Has your firm provided custody services for at least ten (10) years?

6. Are there any anticipated ownership changes and/or influences of parent organization(s)? If yes, please describe.
7. List commitments or potential commitments which may impact the ability to perform this contract.
8. Please respond to the following questions (as of 3/31/15). If 'yes' (Y) to question c or d please provide a brief explanation.
 - a. Registered Investment Advisor? (Y/N)
 - b. Exempt from SEC registration? (Y/N)
 - c. Has your firm been a party to any material litigation in the past five (5) years? (Y/N)
 - d. Has your firm been censured by the SEC or subject to regulatory action with the last five (5) years? (Y/N)
 - e. GIPS compliant? (Y/N)
 - f. The name of your firm's auditor?
9. Provide a brief history of your firm and your institutional trust/custody, securities lending operations and foreign exchange (FX) services. What services distinguish you from your competitors?
10. Summarize your business plans for trust/custody, securities lending services/ and or FX for the next three years, including plans for mergers/acquisitions. What support does senior management provide in the search for improvement in your trust/custody services?
11. Describe your plans for managing the future growth of your firm in terms of:
 - a. Total number of accounts that will be accepted.
 - b. Total assets that will be accepted.
 - c. Plans for additions to professional staff and approximate timing in relation to anticipated growth in the number of accounts or assets.
12. Provide details of the financial condition of your firm. Describe any material changes, positive or negative, in the last five years.
13. List your firm's lines of business and approximate contributions of each business to your organization's total revenue. If your firm is an affiliate or subsidiary of an organization, list the lines of business of the parent firm and identify the percentage of the parent firm's total revenue that your subsidiary or affiliate generates. What is the approximate percent of revenue of your Institutional Trust & Custody business to overall company revenue?

Lines of Business	Revenue	% of Total Company Revenue
Total		

14. Briefly describe the organizational structure of your firm and specifically the Trust/Custody Department, Securities Lending Department and FX Department.

- a. Provide organization charts which clearly show the operating interrelationships and authority within the trust/custody, securities lending service unit, and FX unit, and within the organization. Be sure to show the reporting relationships between the administrative/relationship manager group, the accounting/reporting group, and the trade settlement groups and control structures. Describe the procedures used to ensure continuity of service during vacations or other absences within each group.
- b. Are account teams formed by function or by client? Explain.
- c. Do you have a separate administrative group for public funds? If yes, explain the difference.

15. What are the Trust/Custody, securities lending, and FX departments' gross revenues? Are these departments profitable? What percentage of your company's profit was contributed by each department? If not applicable to your proposal write N/A.

	Gross Revenue	Profitable (Y/N)	Contribution to Total Profit (%)
Trust/Custody Department			
Securities Lending Department			
FX Department			

16. Provide a brief explanation and indicate the current status of any business litigation or other proceedings related to the trust/custody, securities lending, and/or FX business involving your firm or any officer or principal over the past five years.

17. Are you willing to be subject to the laws of the State of California in the administration of this contract?

18. Provide a copy of your most recent audited financial statements, the Auditor’s Report on the Internal Control Structure and the Audit Report of Policies and Procedures Placed in Operation, in accordance with Statement on Standards for Attestation Engagements (SSAE) No. 16 relating to your custodial accounts.
19. Briefly describe your bonding, insurance coverage and indemnification provided to protect clients of service(s) proposed, including but not limited to Errors and Omissions and for Fidelity bonding. Indicate the type, carrier, carrier rating, levels, limits, deductibles and expiration, as applicable.

Type	Carrier	Carrier Rating	Levels and Limits	Deductibles	Expiration
Errors and Omissions					
Crime/Fidelity Bonding					
Professional Liability					
Other					

20. How does the firm ensure that it has the proper insurance coverage (e.g., errors and omissions, fiduciary liability insurance, bonded etc.) and that such policies are renewed in a timely fashion? Please provide coverage levels.
21. Can MCERA be added as an additional insured to any of the coverages identified in question 19? If yes, please list which coverage. If no, please explain why not.

B. PERSONNEL

22. In addition to completing the table below, please provide biographical sketches and an organization chart of key individuals in charge of trust/custody services, the person who would be responsible for our overall relationship and day to day services and back-up, the investment management liaison contact, and accounting/reporting contacts. If domestic, foreign, commingled or other accounts are handled by different groups, provide an organization chart for each group and a brief description of key people’s responsibilities.

		Tenure (in Years)		
Key Individuals	Title/Role	Current Position	Firm Experience	Industry Experience

23. Does the team handle other public fund clients, with a similar configuration as that of MCERA? List other clients handled by the team. (Please note that MCERA reserves the right to accept the team and individuals assigned to the relationship.)

24. Please provide three current and three former client references handled by the team to be assigned to the potential relationship.

25. How do you determine the number of accounts assigned to each client service manager? How many accounts are assigned to the account client service manager who would be assigned to MCERA’s account and what are the total assets under administration for this individual? How do you measure the performance of your professional staff? Do you promote from within? When would you hire outside the firm?

26. For the specific team to be assigned to MCERA, what was the personnel turnover for the last five years? Please specify who joined and left the team over the last five years and the specific reasons for leaving.

27. Describe in detail your client relations process including:
 - a. Formal and informal oral and written communications
 - b. Inquiry and problem resolution processes
 - c. Transmitting information on available services
 - d. Training in the use of the services and access systems
 - e. Quality Assurance process

28. How do client service managers ensure that trust/custody services are provided to a client in accordance with proper standards of care, regulatory requirements, and the executed agreement for service?

29. Describe training you provide to the client after conversion is completed. Also, describe ongoing educational sessions, user conferences, publications or other means you have for keeping clients fully educated and on changes and enhancements within your custody environment, for providing a forum for new ideas and needs. Are you able to provide different levels of training and education to MCERA?

C. CLIENTS

30. Provide the number of your organization’s clients as categorized in the following matrix. Report aggregate values of their total assets under custody in US\$ millions for periods specified.

Total Tax Exempt Trust and Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
December 31, 2011		
December 31, 2012		
December 31, 2013		
December 31, 2014		
March 31, 2015		

Public Fund Custody Clients Only

	Total Number of Clients	Asset Value (US\$ millions)
December 31, 2011		
December 31, 2012		
December 31, 2013		
December 31, 2014		
March 31, 2015		

31. Provide your organization’s client distribution as specified in the following table. Report aggregate market values of total assets under custody in US\$ millions as of March 31, 2015.

Tax-Exempt Client Asset Size Distribution

Distribution	Number of Clients	Number of Plans	Aggregate Market Value (US\$ millions)
<i>Public Fund</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
<i>Taft Hartley-Union</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
<i>Corporate</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
<i>Endowments & Foundations, etc.</i>			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and Up			
TOTAL			

32. Please provide the following information on the 10 largest client relationships:

Client Name	Client Type	Year Retained as Custodian	Total Asset Value in US (\$mil)

33. Provide the number of trust/custody accounts (domestic and international) gained or lost by year in the past three calendar years ending 12/31. Report the corresponding aggregate values for the total assets in US\$ millions. Provide a brief explanation for the account(s) lost.

	2014		2013		2012	
	Gain	Loss	Gain	Loss	Gain	Loss
Total # of Accounts						
Total Assets						
# of Public Fund Accounts						
Public Fund Assets						

D. INVESTMENT MANAGER LIAISON

34. Describe your process for interfacing with your clients and their investment managers for trade settlement. Separately (if different processes) describe the differences in processing trade settlements between domestic and international custody, including a discussion of the following:

- a. Dedicated staff positions and responsibilities
- b. Modes and means of trade instruction communication and validation
- c. Cash management support
- d. Mode, timing and content of reports provided them
- e. Inquiry and problem resolution processes
- f. Reconciliation and audit procedures
- g. Support for managers located outside the US

35. Describe other functions handled or support provided by your investment management liaison group.

E. TECHNOLOGY

36. Does the firm utilize third-party or in-house resources for IT?

37. Describe the controls surrounding the firm’s information technology systems.

38. Please describe any investments in technology which might become necessary because of recent acquisitions of other trust/custodial firms.

39. How do you receive and provide information electronically to the client or third party vendors?

40. Describe the firm’s data center security.

41. Provide a brief description of the information delivery system or workstation for client interface. Include a description of client interface technical requirements (ie. PC operating system, web browser software and version). Describe the levels of service, if any.
42. What are the hours of operation (availability in Pacific Time) for your online systems?
43. What is your vision over the next five years in terms of your technology and processing capabilities that will ensure your competitiveness and existence?
44. Describe your disaster recovery plan. How often are the disaster recovery systems tested? When was the last test completed? Were there any deficiencies noted in the last test? If so, how have they been addressed? Please provide a copy of your disaster recovery plan.
45. Does the firm have a detailed business continuity plan in place? Please describe.

F. INTERNAL CONTROLS AND RISK MANAGEMENT

46. Describe the risk controls that ensure accuracy of the processing and reporting of the trust/custody department, securities lending department, and/or FX department. Identify the internal and external entities that audit, regulate and/or review your custody services. Briefly discuss the frequency and scope of audits performed during the last three years. Include a copy of any formal policies, and provide a relational organization chart for this function.
47. Discuss your policy for minimizing credit, market risk, and counterparty risk associated with deposits and investments, including repurchase agreements and derivatives in Short Term Investment Fund (STIF) and reinvestment of securities lending cash collateral, and FX.

G. COMPLIANCE

48. Who is your compliance provider? In-house? External? How long?
49. Who is responsible for compliance within your firm?
50. What regulatory bodies is the firm registered with?
51. What internal resources are dedicated to overseeing operational or business risk within the firm (e.g., compliance, risk committee, governance committee, internal audit, etc.)?
52. Do the management oversight and governance functions include independent representatives (e.g., outside Board members or audit committee members)? Please describe.

53. Describe how your internal control procedures effectively prevent conflicts of interest in employee, proprietary and client discretionary trading.
54. Describe your firm's soft dollar policy and how soft dollar activity is monitored/controlled.
55. Do you have a Code of Ethics? Do you require all employees to follow it? How is it enforced?
56. List and describe any relationships the firm has had with any of MCERA's Board members within the last twelve (12) months. A list of the current Board members can be found on MCERA's website.
57. Describe any potential conflicts of interest your firm may have in the management of this account. Include any activities of affiliated or parent organizations, brokerage activities or investment banking activities. Include any other pertinent activities, actions, or relationships not specifically outlined in this question.
58. Describe the firm's records retention policy. Please provide a copy of the policy. In what format are records retained (electronically and/or hard copy)?
59. Describe the firm's policies and procedures surrounding privacy of information. Discuss current controls surrounding how the facility and access to critical/sensitive information is secured.

H. AUDIT

60. Who are your independent auditors or accounting firm? Explain the nature of the services they provide to your firm.
61. Has your firm used any other auditor prior to the current auditor? If so, why was a change made? When was it made?
62. Provide the copy of the latest ADV Part I and Part II, and Statement on Standards for Attestation Engagements (SSAE) No. 16, if available, for the most recent year-end.
63. Does your firm have an internal audit department?
64. How often is the firm audited?
65. Has the firm received any letters of control deficiencies (e.g., SAS 112 letters) from its auditors within the last five years?
66. What procedures do you have that ensure adequate internal controls are in place?

II. ACCOUNTING

A. ACCOUNTING AND REPORTING

1. Describe your organization's trust and plan accounting capability (include system name and year developed).
2. Describe your accounting services for the following domestic and international securities and transactions:
 - a. Dividends and interest, corporate actions, including mergers, acquisitions, tenders, stock splits and dividends, warrants and spin-offs
 - b. Fixed income and equity portfolios
 - c. Real estate portfolios
 - d. Private placements and 144A securities
 - e. Alternative investments- LBOs, venture capital, etc.
 - f. Foreign currency investments
 - g. Financial futures, forward contracts, options
 - h. Real assets
3. Does your system report or accommodate trade date, contractual settlement date, actual settlement, or a combination? Are there any other methodologies available? Please explain.
4. Describe your procedures and basis (e.g. average cost) for computing and reporting realized and unrealized gains and losses, for both currency and market, for US and non-US denominated securities.
5. Provide information on your domestic and international primary and supplementary pricing sources including a description of your methods for pricing:
 - a. Publicly traded, liquid securities, and securities which are normally not available from pricing services such as domestic and international stock warrants, 144A securities, limited partnerships, etc.
 - b. Domestic and international derivative products, including forward currency contracts.
6. Do you have the ability to price each portfolio including accrual items on demand, at least monthly (capacity to price publicly traded securities daily, others monthly)? Do asset valuations include accrued income and pending transactions?
7. Are holdings and transactions reported at both cost and market value?
8. Do the available reports include a reconciliation of the portfolio at the report beginning date and report ending date?

9. Describe the reports or raw data you provide to the clients for GASB 40 and GASB 53 disclosures. If applicable to your proposal please also describe GASB 28 disclosures.
10. How does your organization keep abreast of new GASB standards and provide support to your clients with implementation? Please describe how you addressed GASB 67 and 68. How do you plan to address future GASB requirements?
11. How does your organization handle GASB 53 requirements specific to commingled funds, real estate, commodities, private equity, absolute return, and OTC derivatives?
12. Are the general classifications for GASB 53 within GAAP guidelines as determined by an independent third party vendor (i.e., E&Y, Deloitte, PwC, etc.)?
13. What procedures do you have in place to flag and investigate unusual or significant pricing changes from the previous day? How are valuation differences resolved between the external investment managers and the custodian?
14. What standard reports are provided by your system - monthly, quarterly, annually and by exception? Do your standard reports include a report of domestic and international pending trade settlement and pending tax reclaims? Provide a sample of each from actual accounts.
15. Do you provide multi-currency reporting? If yes, please describe. Does the report identify: country, industry, and security levels? Are reports available for the entire account as well as individual manager portfolios? Do you have the capacity to report in the local currency and translate to the reporting currency?
16. Describe special procedures for the processing, valuing and reporting of Securities Held Elsewhere, such as real estate, commodities, alternative investments, private equity, and absolute return strategies (hedge funds).
17. Specific to commingled funds, do you have the ability to capture MCERA's pro-rata share of holdings for use in terms of monitoring and analytics?
18. Describe your process in assisting clients in opening country accounts in emerging countries. Describe the process in completing the necessary paperwork, including what resources MCERA would need to dedicate. Are there additional fees associated with this service? If so, please describe.
19. What steps are taken to bring the reports from unaudited to fully audited? What reconciliations are performed? Is this proactive, reactive, or is the onus with the investment manager to reconcile your information? How is the process different for custodied and non in-bank assets?

20. How frequently do you reconcile your domestic and international records with depositories and your sub-custodians - cash, securities and corporate actions? Is this reconciliation manual or automated?
21. Will you provide domestic and international monthly audited portfolio statements as required by MCERA, online after the close of business each month? (at a minimum, reports must be available within 8 business days for accounting and performance reports after the close of the period.) How do you provide monthly and cumulative year to date reports? Online? CD-ROM? Please provide a sample of your portfolio statements.
22. Describe your online systems for clients and their external investment managers with regard to the type of data available [i.e. pending trades, accounting information, asset lists by account (cost and market value in local currency and US dollars), transaction history, summary of account market values for the portfolio, portfolio performance, and securities on loan]. When is this data available by electronic delivery, for view, download of standard or customized reports, download of raw data and report writer access?
23. Can you provide customized reports to meet MCERA's needs?

B. SECURITIES PROCESSING AND CUSTODY

24. Discuss your procedures for tracking failed trades, reporting failed trades to clients and investment managers, and resolving failed trades, including aging statistics. Is there a standard report of failed transactions outstanding? How long will failed trades continue to show up on your 'fails' report?
25. What are your policies regarding actual versus contractual settlement for domestic and international securities? What do you recommend?
26. What methods are available to send trade instructions to you? What type of time restrictions do you require for domestic and global accounts?

C. TAX RECLAIM, CORPORATE ACTIONS, AND PROXY VOTING

27. Describe the processing of tax claims on foreign income, including:
 - a. Sources of information
 - b. Procedures for maintaining information on current treaty provisions
 - c. Processing steps for:
 - i. Filing to establish status for exemptions and reclamation
 - ii. Filing reclamations for tax refunds
 - iii. Collecting refunds
 - d. Identification of party responsible for each processing step

- e. Procedures for accruing, reporting, aging and posting of reclaimable tax
 - f. Detail reported to clients
28. Describe your procedures for ascertaining domestic and international entitlements and accruals for corporate actions (stock splits, stock dividends, spin-offs, mergers/acquisitions, tenders, calls, warrants, maturities, etc.).
29. Describe in detail your process for providing notice to clients of corporate actions requiring their decisions and notification from them prior to processing, including:
- a. Methods of notifying clients
 - b. Methods of receipt of instruction from clients
 - c. Procedures for implementing client elections
 - d. Method and mode of relaying instructions to sub-custodians
 - e. Procedures for controlling sub-custodians' timely and appropriate action
30. How do you measure accuracy and timeliness of receipts of US and non US income and capital changes reported by your depositories, agents and subcustodians?
31. Describe your systems and procedures for securing and providing clients with proxy information for domestic and international corporations. How do you monitor proxy processing, including the addition of new and terminated money managers? How do you manage the power of attorney process in non-US markets? Who do you work with in proxy management?
32. Is class action monitoring and filing of claims performed in-house or subcontracted? What is the extent of limitation of your service for domestic and international cases? Be very specific.
33. Are you willing to file all claims with class periods that predate the conversion using data supplied by a third party service provider?

D. DISBURSEMENT SERVICES

34. Do you provide disbursement services for vendor payments as well as benefit payments? Are there fees/costs for these services?

E. FOREIGN EXCHANGE

35. Describe your foreign exchange operations and capabilities. Please include in your discussion whether you are able to process third party exchange and any charges associated with executing foreign exchange transaction; the location of the primary foreign exchange desk and foreign exchange operations and their relationship to custody; the hours of operation for the order takers and execution facilities; the number of people involved, timing requirements and response time, and currencies exchanged.

36. Do you perform FX transactions on a principal/agency basis?
37. How does your organization demonstrate the competitiveness of your foreign exchange?
38. How does your firm ensure the custodial clients achieve best execution?
39. Will your firm use a competitive bidding structure to execute FX Transactions?
40. Will your organization be able to provide performance reporting or best execution reports for FX transactions?
41. Is there online access to foreign exchange information?
42. Is your organization able to provide a “time-stamped” FX trade and disclose at what price your firm valued the FX Trade?
43. What percentage of your custody and trust clients utilize your firm for FX transactions versus a third party?
44. What, if any, business risk does your firm assume as part of its exchange services?
45. Describe the level of transparency provided to clients on all transactions.
46. Describe your compensation resulting from an exchange.
47. Is there a standard fixed spread?
48. Does the spread vary by currency type?
49. Can a client or investment manager negotiate the spread based on volume?
50. Please explain the process for batching, netting, pricing and execution according to each different set of instructions currently in place across separate accounts/types of transactions.

III. CASH MANAGEMENT

1. Is there an automatic manager cash sweep into STIF? If so, how does it work?
2. Provide a description of domestic STIFs that are available, including their guidelines and fees appropriate for MCERA’s overnight investments. Describe any defaults, asset writedowns, cash

infusions to preserve principal value or other problems that have occurred in the funds since their inception.

3. For each of these vehicles, provide the market value as of March 31, 2015 and corresponding expense ratio in basis points or management fees. Also provide annual performance numbers net of fees going back five years from December 31, 2014, using a bond equivalent yield. Provide a fee schedule for STIF in basis points. Is there daily liquidity?
4. If MCERA were to overdraw its account for an overnight investment, would MCERA be charged the STIF rate for the overdraft? If not, what is the rate? Any fees?
5. How often is STIF interest accrued and when is it credited?
6. Does your organization have the capability to provide a cash availability projection report? How many days is the cash projection (i.e., 5 days, 10 days, 30 days, 60 days or 90 days)?
7. Specific to money movement, expense payment, wires and/or capital calls initiated by MCERA, what are your policies and procedures (i.e. authorization, approval, tracking/monitoring, access codes, authentication process, etc.)? Do you have the ability to require dual authorization from MCERA for specific transactions like outgoing wires? Describe a progressive cash flow movement and control process for MCERA.

IV. SECURITIES LENDING

(Only required if securities lending is a part of your proposal.)

1. Does your firm have ten (10) or more years of experience providing securities lending custody services as of March 31, 2015?
2. Describe your current client base. How many clients participate in your lending program? Without disclosing client names, list as follows as of **December 31, 2014**.

Plan Sponsor Type	No. of Clients (Agent Relationship)	Lendable Base (Agent Relationship)
Public		
Corporates		
Endowment and Foundations		
Taft-Hartley, Union		
Mutual Funds, Investment Manager's Commingled Funds		
Insurance Companies		
Others		
TOTAL		

3. Provide the number of clients (all market segments) gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US\$ millions as of initiation date for clients gained and termination date for clients lost.

Securities Lending Clients Only

	Clients Gained (Number)	Clients Gained (US\$ millions)	Clients Lost (Number)	Clients Lost (US\$ millions)
2010				
2011				
2012				
2013				
2014				

4. List and describe all pending or threatened litigation against your organization in reference to securities lending services. List and describe all agency supervision associated with the pending or threatened litigation. What has been your experience with regard to litigation or agency supervision over the past five years?
5. List and describe all pending negotiations or discussions regarding losses by clients in reference to securities lending services.
6. Describe anything that differentiates your style of lending that would complement the returns expected from lending our portfolio. Describe anything that would limit or restrict those returns. Why should MCERA select you as its securities lending agent?
7. Has your organization experienced any losses due to operational negligence, collateral reinvestment and/or security specific reinvestments, and/or broker default since the inception of your securities lending program? Describe. What was the recourse provided to clients and the level of dialogue to explain (resolve) the issues?
8. MCERA requires that the securities lending agent act as a fiduciary for the securities lending function. Please verify that your firm is able to do this.

9. What is the dollar size of your securities lending operation? Do you have any capacity limitations on your program? If so, please explain.
10. What is the primary form of lending your firm offers - agent, principal, or both? Describe. What is the percentage breakdown between agent and principal lending from a total client basis?
11. Is your firm a NASD/FINRA member, a primary reporting dealer or a bank? Is your securities lending operation registered as an investment adviser (i.e., SEC, FSA, etc.)?
12. How is enterprise risk management deployed to assess borrower credit and cash collateral reinvestment credit analysis?
13. State whether you will act as principal or agent. If you act as principal, how do you control for conflict of interest?
14. What was the personnel turnover over the last five years for the lending and cash collateral reinvestment team/group? Is there a minimum amount of prior experience in securities lending required before a team member will be assigned to MCERA?
15. Provide names, brief profiles and biographies of individuals who are responsible for the lending function and the cash collateral reinvestment function.
16. What has your earnings track record been with your existing clients?
17. What is the securities lending split between your clients and you?
18. List the asset classes or types of securities you do NOT lend. Why do you not lend them? Do you use equities as collateral? If so, what are the collateral requirements?
19. How does your firm manage 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

20. How are recalls and income collection handled for securities out on loan? Will you guarantee that loaned securities will be available for delivery if notification of sale is made to you on trade date plus 1? If the borrower fails to return the loaned security(ies) by settlement date, do you reimburse your clients for lost STIF income or for any additional costs which might result from a buy-in?
21. Describe your reporting for securities lending. Is securities lending data available online? How much report format flexibility is available? Provide copies of your securities lending reports.
22. Who are your securities lending borrowers and how are they selected and monitored? Do the borrowers have a minimum credit rating, if so what? How often are they reviewed?
23. Can a client select, eliminate or limit loans to a given borrower? On any given security?
24. What are your collateral requirements and how are they determined and monitored? How do they compare to regulatory, industry and other standards, i.e., are they stricter, looser, etc.? Describe your procedure and frequency of marking to market your securities on loan. Attach a copy of your policies.
25. What indemnification do you provide clients with respect to risk of counter-party default and collateral default?
26. Have your clients ever sustained a loss as the result of your securities lending activities? If yes, please explain and include the magnitude of the loss. Did you cover the loss(es)?
27. What are your collateral re-investment portfolio objectives and how are they determined?
28. What investment vehicles are eligible for reinvestment of securities lending cash collateral? Provide the returns and guidelines for these funds. Also provide summaries of the options, including risk/return parameters.
29. What are the duration/maturity limitations pertaining to individual investments and the overall cash collateral reinvestment portfolio for these vehicles?
30. Please specify if the cash collateral reinvest vehicle are daily valued at market or based on amortized cost.
31. What credit standards are applied to the cash collateral reinvestment portfolio and how are they monitored?
32. Clearly state the gating and redemption procedures your firm instituted, enhanced, or codified regarding client's rights regarding securities lending exit or withdrawal from the program.

33. What protection do you provide clients with respect to collateral reinvestment dealer default, or market loss?

V. PERFORMANCE MEASUREMENT, INVESTMENT GUIDELINE COMPLIANCE AND RISK ANALYTICS

1. Are there different levels of performance measurement and analytics services? If there are different service levels, describe whether they reside in one performance measurement module/system or multiple modules/systems.
2. Are you able to calculate both gross and net of fees performance? How about lag and non-lag performance measurement calculations? Please describe the methodology employed.
3. What method do you use to calculate performance for public markets portfolios when there are cash flows in/out of the portfolio during a month? Are you able to provide multi-holding period calculations when there are intra-month cash flows? Please specify whether this option would be available only with daily portfolio pricing or regardless.
4. Do you have a dedicated performance and analytics group? Please describe. What is the typical client-to-staff ratio? What is the average number of years of professional performance management and analytics experience? Describe the resources available to support the staff analyzing the data.
5. Can you calculate performance using both dollar-weighted and time-weighted rates of return depending on different reporting requirements? Are the market values used in performance calculations adjusted for accruals?
6. How frequently are performance measurement analytics done, and how soon are reports based on fully audited numbers available following period-end? Are private investment performance data (real estate and private equity) reconciled with managers and/or consultant?
7. Please describe what methodologies/standards are used in calculating and reporting performance measurement results for clients. What are the quality assurance processes in place? Is the same methodology used for individual accounts and composites?
8. List indices available and their earliest dates of data availability. Which index providers are included as part of this proposal? What are the incremental costs for index providers not included in this proposal? Which index providers require a separate agreement with MCERA? Do you provide access to outside databases such as Barra's risk factors?
9. Are fundamental and risk characteristics available for all indexes?

10. Are index returns available on-line? How soon after month-end are audited index returns (final) available? Do you have the ability to load prior months and/or years returns?
11. Can performance be calculated by economic sector, country capitalization size, etc.?
12. Do you offer customized benchmarks? Is there a limit on how many custom benchmarks a client can have?
13. How many months of holdings and transactions data do you maintain for performance calculation purposes? Do you maintain archived data for ad hoc reporting requests?
14. Do you offer drill down capabilities for commingled funds?
15. Describe in detail your attribution analysis capabilities.
16. Describe the types of performance attribution analysis reports you provide.
17. Provide a sample performance report including risk/return analysis, universe comparison charts, rankings, and fund attributions.
18. Do you have different levels of investment guideline compliance monitoring that you provide? Please describe all types of compliance monitoring you currently provide. Are there additional costs or fees for each level for your compliance monitoring services?
19. How does your system integrate investment guideline compliance into the automated trading process and actively monitor transactions and portfolio composition?

VI. TRANSITION/CONVERSION

1. Provide a detailed task listing and schedule on how you would approach the conversion process, including actions required on the part of MCERA and the time frame to complete each task. Clearly describe the conversion process: who is responsible for coordinating activities, who must participate and what activities must occur. Detail the type and amount of resources required from MCERA.
2. On what date would you commence parallel processing in order to develop history, test procedures, and establish entitlements/accruals given a full conversion by October 1, 2015?
3. Would you convert the historical performance and transaction data from each comingled fund company's records?

4. How will you handle class action filings and income due related to settlement periods under prior custodians and those settlements whose date of record cross over from being held directly with the fund company to the new custodial contract?
5. Has the transition team leader and his/her assistant who will be assigned to MCERA worked together on at least one prior major conversion of an account similar to MCERA consisting mostly of comingled assets held directly with each fund company?
6. How many years of experience does the transition team leader have converting accounts similar to MCERA? How long has the transition team leader and his/her assistant been working, in their current role, at your firm?
7. Would you be able to provide medallion signature guarantees to facilitate the transfer process if necessary? If so, what would be the additional cost if any?
8. Please provide three (3) client references with similar requirements as that of MCERA who recently went through a transition process with the transition team that will be assigned to MCERA.
9. What dedicated resources (personnel, equipment, training, consultants, etc.) procedures and controls will you provide or recommend in the transition/conversion period to ensure that the conversion process is completed successfully in a timely and accurate manner?
10. Give a detailed description of your last comparable conversion, including the details of specific problems that occurred and the solutions instituted.
11. Provide a summary of the problems which you might reasonably expect to occur during this conversion and your approaches to those anticipated problems. Are there any blackout periods associated with the conversion?
12. What should MCERA look out for, and what are areas of concern and any heightened level of sensitivity during the conversion period? Please discuss how tax reclaims, reregistration, accruals, etc. are handled during the conversion period.
13. Describe the process for transfer of physical securities. How do you handle historical data during the conversion process?
14. What costs would be associated with a conversion?
15. If applicable to your proposal, describe your organization's formal transition planning process as it would apply to a securities lending program. How should we handle securities out on loan during the conversion process? What should we consider in terms of unwinding without a loss, novation, substitution, recall, etc.?

16. Describe how you will support an external audit process to confirm and test assets balances during the transition.

VII. OTHER

1. Does your firm utilize/compensate one or more external placement agents in any of your institutional investment offerings? If so, please provide details on (i) how much assets and under what mandates the placement agent(s) was/were utilized and (ii) the compensation structure agreed upon between your firm and each placement agent (iii) in what capacity they are used in relation to this search.
2. Has your firm paid any unregistered third-parties such as placement agents to solicit government business?
3. Provide any other information about your organization or the services that you can provide MCERA which have not been previously addressed and which may be helpful for MCERA to know in this selection process.

END OF QUESTIONNAIRE

APPENDIX B FEE SCHEDULE

Complete both fee schedules if you are bidding for custody services without securities lending *and* custody services with securities lending.

Custody Services Without Securities Lending					
Custody & Related Services	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year
A. Flat Retainer Fee Quote					
Flat Annual Custody Fee					
Monthly Performance Measurement					
B. Fees for STIF (bps)					
C. Additional Fees (domestic transaction charges, 3rd party FX, class action administration, etc.)					
a.					
b.					
c.					

Custody Services With Securities Lending					
Custody & Related Services	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year
D. Flat Retainer Fee Quote					
Flat Annual Custody Fee					
Monthly Performance Measurement					
E. Fees for STIF (bps)					
F. Securities Lending Proposed Split (%)					
Plan					
Custodian					
G. Additional Fees (domestic transaction charges, 3rd party FX, class action administration, etc.)					
a.					
b.					
c.					

APPENDIX C CONTRACT REQUIREMENTS

PROPOSERS NOTE: The purpose of the attached sample agreement is to indicate the type of agreement contemplated and to set forth some of the general provisions MCERA anticipates including in the final agreement(s). The details of the scope of work will be set forth in Exhibit A of the agreement and will be finalized during contract negotiations. In submitting a proposal, the Proposer will be deemed to have agreed to each clause unless the proposal identifies an objection, sets forth the basis for the objection, and provides substitute language to make the clause acceptable to the Proposer. Such objections and substitute language must be submitted no later than the deadline for the proposal.

CUSTODIAN CONTRACT

Between

MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION &
_____ COMPANY

CUSTODIAN CONTRACT

This Custodian Contract ("Agreement") is between the MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, governed by the laws of California, (hereinafter called "MCERA" or the "Fund") and _____ COMPANY, a _____ trust Company, having its principal place of business at _____, ("Custodian").

WITNESSETH:

WHEREAS, MCERA was created pursuant to the County Employees Retirement Law of 1937 (hereinafter referred to as the "'37 ACT") and is administered by the Board of Trustees (hereinafter referred to as the "BOARD"); and WHEREAS, the BOARD is vested with "sole and exclusive fiduciary responsibility" for MCERA assets, pursuant to Article XVI of the Constitution of the State of California and the '37 Act; and WHEREAS, in accordance with the provision of Article XVI, Section 17 of the California Constitution and the California Government Code section 31596(b), MCERA may employ a trust company or trust department of any state or national bank authorized to conduct the business of a trust company in the State of California to act as custodian of any securities or other properties beneficially owned by MCERA; and WHEREAS, MCERA desires to establish one or more custody Funds with the

Custodian to provide for the safekeeping and recordkeeping of certain property beneficially owned by MCERA.

NOW THEREFORE, in consideration of their actual promises, the parties agree as follows:

1. ENGAGEMENT OF CUSTODIAN AND PROPERTY TO BE HELD BY IT.

Effective as of _____, 2015 (the "Effective Date"), MCERA hereby engages the Custodian as the custodian of the assets of MCERA hereinafter called the "Fund". All property delivered by MCERA or its agents to the Custodian, Custodian's agents or Custodian's subcustodians shall be held and dealt with as hereinafter provided.

Property delivered by MCERA to Custodian's agents shall be deemed to be held by Custodian for all purposes hereunder unless held by a subcustodian. The Custodian shall not be responsible for any property of MCERA not delivered to the Custodian, Custodian's agents or Custodian's subcustodians. Custodian will make available reports on _____ .com showing property delivered, income collected and fails of delivery and income on trades reported to Custodian.

2. STANDARD OF CARE AND DUTIES OF THE CUSTODIAN.

2.1 Standard of Care. Custodian shall perform all services that it has agreed to hereunder (including but not limited to the safe keeping and custody of all assets received by it or its agents pursuant to this Agreement) with the care, skill, diligence, and responsibility of a professional custodian familiar with such matters and acting in a like capacity in the conduct of an enterprise of like character and with like aims and the Custodian acknowledges its status as a fiduciary with respect to the safekeeping of assets held by Custodian hereunder, including cash, and all duties related to such safekeeping (herein, Custodian's "Standard of Care"). Custodian's Standard of Care shall apply to all services that it performs (or does not perform) hereunder, including the selection and monitoring of subcustodians, and Custodian's Standard of Care shall be adhered to by Custodian at all times. Notwithstanding any other provision in this Agreement, Custodian's Standard of Care is incorporated in and applies to each and every provision of this Agreement setting forth the services to be performed by Custodian and each and every such provision is subject to the Standard of Care unless such other provision (if any) specifically states that Custodian's Standard of Care does not apply to a specifically identified service. The provisions of this section 2.1 shall survive termination of this Agreement for a period of six (6) years.

2.2 No Self Dealing. Custodian shall not engage in any self dealing with any assets received by it pursuant to this Agreement, including but not limited to dealing with such assets in its own interest or for its own account, acting in any transaction involving such assets on behalf of a party (including but not limited to the Custodian) whose interests are adverse to the interests of MCERA or its participants or beneficiaries, or receiving any consideration from any party in connection with a transaction involving such assets. Notwithstanding the foregoing, MCERA acknowledges and agrees that self-dealing shall not include transactions involving assets of MCERA for which Custodian has received and is acting in accordance with Proper Instructions. In the event that the officers and employees who have day-to-day responsibility for this custody relationship have actual knowledge of any income derived from self-dealing activities, the same shall be reported to MCERA in a timely manner.

2.3 Holding Securities. The Custodian shall hold, or direct its agents or its subcustodians to hold, for the account of the Fund, all eligible securities (as identified as

eligible by the respective Securities System or Federal Reserve system) and other noncash property (other than securities which are held for the Fund by the Custodian, its agents or subcustodians in the Federal Reserve book entry system) in a clearing agency which acts as a securities depository or in another book entry system for the central handling of securities collectively referred to herein as "Securities System".

2.4 Delivery of Securities. The Custodian shall release and deliver, or direct its agents or its subcustodians to release and deliver, securities of the Fund held by the Custodian, its agents or its subcustodians or in a Securities System account of the Custodian, its agents or its subcustodians only upon receipt of Proper Instructions (as defined in Section 2.13 herein), which may be standing instructions in the following cases:

- (a) Upon sale of such securities for the Fund, unless otherwise directed by Proper Instructions; (i) in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivery to the purchaser thereof or to a dealer therefor (or an agent of such purchaser or dealer) against expectation of receiving later payment; or (ii) in the case of a sale effected through a Securities System, in accordance with the rules governing the operations of the Securities System;
- (b) Upon the receipt of payment in connection with any repurchase agreement related to such securities;
- (c) To the depository agent in connection with tender or other similar offers for securities of the Fund;
- (d) To the issuer thereof or its agent when such securities are called, redeemed, retired or otherwise become payable; provided that, unless otherwise directed by Proper Instructions, the cash or other consideration is to be delivered to the Custodian, its agents or its subcustodians;
- (e) To the issuer thereof, or its agent, for transfer into the name of the Custodian or of any nominee of the Custodian or into the name or nominee name of any of its agents or subcustodians or their nominees or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units;
- (f) To brokers, clearing banks or other clearing agents for examination in accordance with "street delivery" custom;
- (g) For exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement; provided that, unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian, its agents or its subcustodians;
- (h) In the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities; provided that, unless otherwise directed by Proper Instructions, the new securities and cash, if any, are to be delivered to the Custodian, its agents or its subcustodians;

(i) For delivery as security in connection with any borrowings by MCERA requiring a pledge of assets by MCERA from the Fund;

U) In connection with trading in options and futures contracts, including delivery as original margin and variation margin;

(k) In connection with the loan of securities; and

(l) For any other purpose, but only upon receipt of Proper Instructions specifying the securities to be delivered and naming the person or persons to whom delivery of such securities shall be made. For purposes of this Agreement, "person" shall mean any individual, corporation, partnership, trust, limited liability company, association or other entity.

2.5 Registration of Securities. Securities held by the Custodian, its agents or its subcustodians (other than bearer securities or securities held in a Securities System) shall be registered in the name of the Custodian or in the name of any nominee of the Custodian or in the name of any of its agents or its subcustodians or of their nominees. The Custodian, its agents and its subcustodians shall not be obligated to accept securities on behalf of the Fund under the terms of this Agreement unless such securities are in "street name" or other good delivery form. Notice of refusal by Custodian, its agents and/or its subcustodians to accept any securities on behalf of the Fund shall be provided to the Fund within thirty (30) calendar days of Custodian learning of such refusal or restriction.

2.6 Bank Accounts. The Custodian, its agents or its subcustodians may open and maintain a bank account or accounts in the name of MCERA, Custodian, subcustodian, their respective nominees or otherwise, in such banks or trust companies as they may in their discretion deem advisable (including a bank of the Custodian), subject only to draft or order by the Custodian, its agents or its subcustodians acting pursuant to the terms of this Agreement, and shall hold in such account or accounts, subject to the provisions hereof, cash received by or from or for the account of MCERA. Such accounts shall be subject to the direction MCERA's Investment Managers (as defined in Section 9 herein) may from time to time give. Custodian shall act only upon written directions, which shall not include electronic mail messages. Such funds shall be deposited by the Custodian, its agents or its subcustodians in their capacity as Custodian, agent or subcustodian and, except as otherwise provided under this Agreement, shall be withdrawable by the Custodian, its agents or its subcustodians only in that capacity. The Custodian, its agents or subcustodians shall, subject to the receipt of Proper Instructions, take any and all action necessary or appropriate to ensure that all cash held in any and all bank accounts or accounts under this Agreement is fully and immediately invested for the account of MCERA as soon as reasonably possible. In the event that Proper Instructions or repatriation letters do not exist for any account(s), such action shall include Custodian's provision of notice to MCERA immediately of such fact, and MCERA shall provide Custodian with Proper Instructions and/or repatriation letters to allow for the immediate investment of any such cash. If any such cash is not invested, the Custodian shall report this fact to MCERA within five (5) business days after the month end audit is complete, with an explanation of why it was not invested and how long it was not invested.

2.7 Income Crediting. With respect to the securities or other assets held hereunder the Custodian shall credit all dividends, interest, return of capital, other income, distributions and other proceeds to the Fund as such amounts are received or in accordance with Custodian's then current payable date income schedule which only encompasses dividends and interest payments. Any credit to the Fund in advance of receipt may be reversed if Custodian reasonably determines that payment will not occur and

the Fund may be charged at Custodian's applicable interest rate for time credited. No interest shall be charged to the extent that the applicable assets were not invested and remained in cash. Custodian shall notify MCERA in writing when it determines that payment will not occur in due course and notify MCERA of the amount of interest charged with regard thereto. Custodian's applicable interest rate for this Section 2.7 shall be the lowest interest rate that it charges to any other client for the same purpose for a comparable time period. Custodian shall notify MCERA in writing of the applicable interest rate, and any increase in such rate will apply only for transactions that occur after the date that MCERA is notified of any such change. Income on securities loaned other than from Custodian's securities lending program shall be credited as received.

2.8 Contractual Settlement Services (Purchase /Sales).

- (a) The Custodian shall, in accordance with the terms set out in this Section 2.8, debit or credit the appropriate cash account of the Fund in connection with (i) the purchase of securities for the Fund, and (ii) proceeds of the sale of securities held on behalf of the Fund, on a contractual settlement basis. For purposes of this Section 2.8, "Contractual Settlement Basis" means that debits or credits will be made on the day set out in the first sentences in subsection (c) and (d) below, as applicable.
- (b) The services described above (the "Contractual Settlement Services") shall be provided for such instruments and in such markets as the Custodian may advise MCERA, in writing (including electronic mail), from time to time. The Custodian may terminate or suspend any part of the provision of the Contractual Settlement Services under this Agreement at its sole discretion immediately upon written notice to MCERA or the Investment Manager, as applicable, including, without limitation, in the event of force majeure events affecting settlement, any disorder in markets, or other changed external business circumstances affecting the markets or the Fund. MCERA may terminate or suspend the Contractual Settlement Services. Custodian shall implement such termination or suspension within a five (5) business days after having received written notice from MCERA.
- (c) The consideration payable in connection with a purchase transaction shall be debited by Custodian from the appropriate cash account of the Fund as of the time and date that monies would ordinarily be required to settle such transaction in the applicable market. The Custodian shall promptly recredit such amount at the time that MCERA or the Investment Manager, as applicable, notifies the Custodian by Proper Instruction that such transaction has been canceled.
- (d) With respect to the settlement of a sale of securities, a provisional credit of an amount equal to the net sale price for the transaction (the "Settlement Amount") shall be made to the account of the Fund as if the Settlement Amount had been received as of the close of business on the date that monies would ordinarily be available in good funds in the applicable market. Such provisional credit will be made conditional upon the Custodian having received Proper Instructions with respect to, or reasonable notice of, the transaction, as applicable; and the Custodian or its agents having possession of the asset(s) (which shall exclude assets subject to any third party lending arrangement entered into by MCERA) associated with the transaction in good deliverable form and not being aware of any facts which would lead them to reasonably believe that the transaction will not settle in the time period ordinarily applicable to such transactions in the applicable market.
- (e) The Custodian shall have the right to reverse all or part of any provisional credit or debit given in connection with the Contractual Settlement Services at any time when the Custodian believes, in its

reasonable judgment, that such transaction will not settle in accordance with its terms or amounts due pursuant thereto will not be collectable or where the Custodian has not been provided Proper Instructions with respect thereto, as applicable. Upon such reversal a sum equal to the credited or debited amount shall be come immediately payable, and if payable, may be debited from any cash account held for the benefit of MCERA and provided such amount's total days credited has exceeded thirty (30) days, the Fund shall be responsible for the cost of funds associated therewith. The Fund may also be charged by Custodian at Custodian's applicable interest rate (determined under Section 2.7 hereof) for the time that the reversed amount was credited for the Fund. No interest shall be charged to the extent that the applicable assets were not invested and remained in cash.

(f) Simultaneously with the making of such provisional credit, the Board agrees that the Custodian shall have, and hereby grants to the Custodian, a security interest in any property at any time held for the account of the Fund to the full extent of the credited amount, and the Board hereby pledges, assigns and grants to the Custodian a continuing security interest and a lien on any and all such property under the Custodian's possession, in accordance with the terms of Section 5 of this Contract. In the event that the Fund fails to promptly repay any provisional credit, the Custodian shall have all of the rights and remedies of a secured party under the Uniform Commercial Code of The State of California.

(g) In the event that the Custodian is unable to debit an account of the Fund in accordance with this Agreement, the Custodian may take whatever action is otherwise available to it for breach of this Agreement by MCERA.

2.9 Payment of Fund Moneys. Only upon receipt of Proper Instructions and written agreement as to security procedures for payment orders, which may be standing instructions, or as may be otherwise authorized within this Agreement, the Custodian shall pay out, or direct its agents or its subcustodians to pay out, moneys of the Fund in the following cases:

(a) Upon the purchase of securities for the Fund, unless otherwise directed by Proper Instructions:

(i) In accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivering money to the seller thereof or to a dealer therefor (or an agent for such seller or dealer) against expectation of receiving later delivery of such securities; or

(ii) In the case of a purchase effected through a Securities System, in accordance with the rules governing the operation of such Securities System;

(b) In connection with conversion, exchange or surrender of securities of the Fund as set forth in Section 2.4 hereof;

(c) For the payment of any expense or liability including but not limited to the following payments: interest, taxes, management, accounting, transfer agent fees, legal fees and operating expenses;

(d) With the specific prior written agreement of MCERA (which may be standing instructions), to the trustee, including the Custodian, of any collective investment fund maintained for the investment of the assets of employee benefit plans qualified under Section 401(a) and exempt from tax under Section 501(a) of the Internal Revenue Code;

- (e) For the purchase or sale of foreign exchange or foreign exchange contracts for the account of the Fund, including transactions executed with or through the Custodian, its agents or its subcustodians;
- (f) In connection with trading in options and futures contracts, including delivery as original margin and variation margin;
- (g) In connection with the borrowing of securities by the Fund; and
- (h) For any other purpose, but only upon receipt of Proper Instructions specifying the amount of such payment and naming the person or persons to whom such payment is to be made.

2.10 Appointment of Agents and Subcustodians. The Custodian may at its reasonable discretion appoint and remove agents or subcustodians to carry out such of the provisions of this Agreement as the Custodian may from time to time direct; provided, however, that such appointment shall not relieve the Custodian of its responsibilities or liabilities under this Agreement. Custodian shall notify MCERA in writing of all agents and subcustodian appointed or removed during the term of this Agreement, such notice to be given within five (5) business days of any appointment or removal via Global Market Events email.

2.11 Proxies. The Custodian shall send all notices of proxies it receives to MCERA, to MCERA's investment manager(s), with respect to securities owned through a separate account or a proxy voting agent of MCERA. To the extent necessary, the Custodian will, with respect to the securities held hereunder, cause to be promptly executed by the registered holder of such securities proxies received by the Custodian from its agents or its subcustodians or from issuers of the securities being held for the Fund, without indication of the manner in which such proxies are to be voted, and, upon receipt of Proper Instructions, shall promptly deliver such proxies, proxy soliciting materials and other notices relating to such securities to the issuer. All proxies shall be voted in accordance with instructions of MCERA given to Custodian. Custodian shall not have responsibility for determining how to vote the proxies. The Custodian shall adhere in all respects to MCERA's Proxy Policy (to the extent it shall apply to Custodian) attached hereto as Exhibit B. The parties acknowledge Custodian has no duty to enforce such policy against MCERA or an Investment Manager.

2.12 Communications Relating to Fund Securities. The Custodian shall transmit promptly to MCERA or Investment Manager unless otherwise directed by MCERA, written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith) received by the Custodian from its agents or its subcustodians or from issuers of the securities being held for the Fund. With respect to tender or exchange offers, the Custodian shall transmit promptly to MCERA or Investment Manager written information received by the Custodian from its agents or its subcustodians or from issuers of the securities whose tender or exchange is sought and from the party (or his agents) making the tender or exchange offer. The Custodian shall not be liable for any untimely exercise of any tender, exchange or other right or power in connection with securities or other property, of the Fund at any time held by it unless (i) it or its agents or subcustodians are in actual or effective possession of such securities or property and (ii) it receives Proper Instructions with regard to the exercise of any such right or power and both (i) and (ii) occur at least three (3) business days prior to Custodian's deadline date to exercise such right or power, unless Custodian failed to comply with the Standard of Care in connection with this Section 2.12, including but not limited to, a failure to transmit the information set forth above.

2.13 Proper Instructions. The term "Proper Instructions" shall mean instructions received by the Custodian from MCERA, the appropriate Investment Manager, or any person duly authorized by either of them. Such instructions may be in writing signed by the authorized person or may be in a tested communication or in a communication utilizing access codes effected between electro mechanical or electronic devices or may be by such other means as may be agreed to from time to time by the Custodian and the party giving such instructions. Proper Instructions shall not include electronic mail or oral instructions. Custodian acknowledges that Proper Instructions includes standing instructions issued prospectively by MCERA. MCERA shall cause its duly authorized officer, or the duly authorized officer of any Investment Manager, to certify to the Custodian in writing the names and specimen signatures of persons authorized to give Proper Instructions. The Custodian shall be entitled to rely upon the identity and authority of such persons until it receives notice from MCERA or the Investment Manager to the contrary. The Custodian shall adhere to MCERA's Wire Transfer Policy attached hereto as Exhibit C and Fund Transfer Operating Guidelines attached hereto as Exhibit D. The parties acknowledge Custodian has no duty to enforce such policy against MCERA or an Investment Manager

2.14 Actions Permitted without Express Authority. The Custodian may, in the reasonable exercise of its discretion, without express authority from MCERA or the Investment Manager:

- (a) make payments to itself or others for ordinary and routine minor expenses of handling securities or other similar items relating to its duties under this Agreement, provided that all such payments shall be accounted for to MCERA on the invoice for services provided to MCERA;
- (b) surrender securities in temporary form for securities in definitive form;
- (c) endorse for collection checks, drafts, and other negotiable instruments; and
- (d) in general attend to all nondiscretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and property of the Fund.

All other actions taken by Custodian shall require MCERA's prior written consent, through Proper Instructions, or as otherwise permitted in this Agreement.

2.15 Evidence of Authority. The Custodian shall not be liable for any actions based upon any instructions, notice, request, consent, certificate, instrument or paper reasonably believed by it to be Proper Instructions. The Custodian may receive and accept a certificate from anyone authorized to give Proper Instructions on behalf of MCERA as conclusive evidence (i) of the authority of any person (other than the person signing the certificate) to act in accordance with such certificate or (ii) of any determination or of any action by MCERA or the Investment Manager as described in such certificate, and such certificate may be considered as in full force and effect until receipt by the Custodian of written notice from MCERA to the contrary and will be protected for relying on such, provided the Custodian has acted in accordance with the Standard of Care.

2.16 Non-Assignment. This Agreement shall not be assigned by either party without prior written consent of the other party.

2.17 Securities Lending. Custodian acknowledges and agrees that MCERA may engage one or more organizations not affiliated with Custodian to carry out securities lending transactions for MCERA.

3. DISASTER RECOVERY AND OPERATIONAL RECOVERY PLANS. Custodian acknowledges that it has and maintains a reasonable contingency and disaster recovery plan to safeguard MCERA data. Records will be safeguarded against potential loss or destruction by fire, theft, vandalism, storm, earthquake, or any other hazard, by retaining backup data in a secure location so that records (current at least to the prior month-end and the end of the preceding day) can be recreated within a commercially reasonable period. An established and proven business continuity plan for emergency situations is in place which provides for record recreation and operations resumption within a commercially reasonable period of any occurrence of any major disaster or other cause which destroys records and/or disrupts normal operation of Custodian's systems.

4. REPORTING. Custodian shall keep accurate and detailed accounts of all investment, receipts, disbursements, and other action hereunder. Its books and records relating thereto shall be open to inspection and audit with reasonable notice by MCERA or its duly authorized representatives. Within five (5) business days of the beginning of each month, Custodian shall send to MCERA an itemized statement of all monies received or paid on behalf of the Fund and an itemized statement of the securities for which it is accountable under this Agreement as of the end of the prior month, as well as a list of all securities transactions during the preceding month and all transactions that remain unsettled at that time. If the Custodian does not receive all of the necessary information from an applicable Investment Manager in a timely manner in order to send MCERA a timely report as described above, the Custodian will notify MCERA that it is unable to produce timely reports due to non-receipt of necessary information from the applicable Investment Manager, and shall send said incomplete report unless instructed otherwise, by Proper Instructions, by MCERA.

Custodian shall cause such reports and statements to be audited. In addition, in the event that the Investment Manager reconciles its records to the books and records of Custodian and the Investment Manager identifies to the Custodian any discrepancies, the Custodian shall review the same and to the extent necessary will work with the Investment Manager to resolve identified items by the following month end reporting period after the IM reconciliation is received.

Within forty-five days (45) after the close of each fiscal year of MCERA and at more frequent intervals if agreed to by the parties hereto, and within forty-five (45) days after the removal or resignation of Custodian as provided hereunder, Custodian shall send to MCERA a written statement and account showing in reasonable summary the investments, receipts, disbursements, and other transactions engaged in during the preceding fiscal year or period.

Custodian will provide such additional reports reasonably requested by MCERA or reasonably required by government or legal entities and agreed to by Custodian. Custodian agrees to provide MCERA's investment consultant, who shall be identified separately in writing to Custodian, monthly data for each Investment Managers' account within ten (10) calendar days after the end of each month, sufficient to allow such consultant to calculate rate of returns that are Association of Investment Management and Research (AIMR) compliant. The data will be provided via electronic media, if possible. Custodian agrees to provide MCERA, on an annual basis, its SAS 70 report.

Custodian has no duty to verify reports it incorporates regarding securities or cash held outside its custody submitted by third parties, including but not limited to brokers, other banks or trust companies.

5. COMPENSATION OF CUSTODIAN.

5.1 Fees. The Custodian shall be entitled to the compensation for its services and expenses as Custodian set forth in the written fee schedule attached hereto as Exhibit A ("Fee Schedule") unless and until a different compensation shall be agreed upon in writing between MCERA and the Custodian. The Custodian shall not be entitled to compensation not identified on Exhibit A unless MCERA has been notified in advance and has agreed to same in writing.

5.2 Invoice. Custodian shall submit to MCERA a quarterly invoice and a copy of that invoice within thirty (30) days of the close of the quarter for which services were provided. The invoices shall bill the payments owed pursuant to the Fee Schedule in equal quarterly installments in arrears, and MCERA shall pay such invoices within thirty (30) days of receipt. If MCERA disagrees with the amount invoiced or questions the method by which the amount was calculated, MCERA shall notify Custodian of its disagreement or question whereupon the Parties shall endeavor to resolve the issue. MCERA shall not be liable to pay the invoice until such time as the dispute is resolved. The invoices shall only cover services already provided; no compensation shall be paid to Custodian in advance of services rendered.

5.3 Proration of Fees. In the event this Agreement commences or terminates on a date other than the first or last business day of a calendar quarter, Custodian's fees shall be prorated on a daily basis for the portion of the calendar quarter in which Custodian provided services.

6. EVIDENCE OF TITLE. The Custodian shall not be responsible for the title, validity or genuineness, including good deliverable form, of any property or evidence of title thereto received by it or delivered by it pursuant to this Agreement. Custodian shall not be held liable to MCERA in acting upon any notice, request, consent, certificate or instrument reasonably believed by it to be genuine and to be signed or otherwise given by the proper party or parties.

7. SECURITY CODES. If the Custodian has issued to MCERA, or to any Investment Manager, security codes or passwords in order that the Custodian may verify that certain transmissions of information, including Proper Instructions, have been originated by MCERA or the Investment Manager, as the case may be, then, subject to Custodian's satisfaction of its Standard of Care, the Custodian shall be without liability to MCERA for any action taken or omitted by the Custodian in reliance upon receipt by it of transmissions of information with the proper security code or password, including instructions purporting to be Proper Instructions, which the Custodian reasonably believes to be from MCERA or Investment Manager, unless and until Custodian has been notified of the compromise of such code or password. Notwithstanding the foregoing, Custodian shall take commercially reasonable efforts to ensure that all security codes and passwords are accurate, and notify MCERA of any MCERA related security breach that will have or in Custodian's reasonable evaluation, is likely to have an adverse effect on MCERA.

8. TAX LAW. Except as provided by law, the Custodian shall have no responsibility or liability for any obligations now or hereafter imposed on MCERA, the Fund or the Custodian as custodian of the Fund by the tax law of the United States of America or any state or political subdivision thereof. It shall be the responsibility of MCERA to notify the Custodian of the obligations imposed on MCERA, the Fund or the Custodian as custodian of the Fund by the tax law of jurisdictions other than those mentioned in the above sentence, including responsibility for withholding and other taxes, assessments or other

governmental charges, certifications and governmental reporting. Except as provided by law, the sole responsibility of the Custodian with regard to such tax law shall be to use reasonable efforts to assist MCERA with respect to any claim for exemption or refund under the tax law of jurisdictions for which MCERA has provided such information.

9. INVESTMENT MANAGER.

9.1 Appointment and Termination of Appointment. MCERA at any time may appoint one or more Investment Managers to manage the investment of all or any portion of the Fund. In such event, MCERA shall notify the Custodian in writing of the appointment of such Investment Manager, and of the portion of the Fund over which the Investment Manager may exercise its authority. MCERA similarly shall notify the Custodian of the termination of the appointment of any Investment Manager.

9.2 Authority. The Custodian, in performing its duties under this Agreement, shall be entitled to rely upon Proper Instructions from an Investment Manager, with such limitations as MCERA and the Custodian by written agreement provide. In the absence of such limitations, the Custodian shall accept Proper Instructions from the Investment Manager to the same extent as the Custodian would be entitled to accept such Proper Instructions from MCERA if no Investment Manager had been appointed.

10. EFFECTIVE PERIOD, TERMINATION AND AMENDMENT. This Agreement shall become effective as of the Effective Date, shall continue in full force and effect for a period of five (5) years from the Effective Date, unless earlier terminated as hereinafter provided. This Agreement may be amended at any time by mutual written agreement of the parties hereto and may be terminated by MCERA, with or without cause, on thirty (30) days advance written notice, delivered or mailed, postage prepaid to the Custodian, such termination to take effect not sooner than thirty (30) days after the date of such delivery or mailing unless a different period is agreed to in writing by the parties. The provisions of Sections 5, 7, and 8 of this Agreement shall survive termination of this Agreement.

Upon termination of the Agreement, MCERA shall pay to the Custodian upon demand such compensation as may be due as of the date of such termination pursuant to Exhibit A.

11. ACTION ON TERMINATION. If a successor custodian shall be appointed by MCERA, the Custodian shall, within a time period agreed by MCERA and Custodian, in writing, deliver to such successor custodian at the office of the Custodian, its agents or its subcustodians or as otherwise agreed, duly endorsed and in the form for transfer, all securities, funds and other property then held by it hereunder, shall transfer to any account designated by the successor custodian all of the Fund's securities held in a Securities System, and shall provide MCERA and the successor Custodian with a detailed accounting of all assets transferred (including but not limited to the entire performance history with respect to MCERA) and all other necessary or appropriate information as reasonably determined by MCERA.

In the event that no written order designating a successor custodian shall have been delivered to the Custodian on or before the date when assets must be transferred in accordance with the prior paragraph, the Custodian shall have the right to deliver to a bank or trust company of its own selection, having a market capitalization equal to 50% or greater than the Custodian's all securities, funds, and other property held by the Custodian with a detailed accounting therefor. Thereafter, such bank or trust company shall be the successor of the Custodian under this Agreement.

In the event that securities, funds and other property remain in the possession of the Custodian, its agents or its subcustodians after the date of termination and transfer hereof owing to failure of MCERA to appoint a successor custodian or because MCERA and Custodian have agreed to a later transfer date for some assets, the Custodian shall be entitled to compensation for its services during such period as the Custodian retains possession of such securities, funds and other property and the provisions of this Agreement relating to the duties and obligations of the Custodian shall remain in full force and effect for such assets. For purposes of the preceding sentence, Custodian shall be entitled to reasonable compensation for the services rendered.

12. REPRESENTATIONS AND WARRANTIES. MCERA represents and warrants to the Custodian that:

(a) MCERA has the power to enter into and perform its obligations under this Agreement, and has duly executed this Agreement so as to constitute valid and binding obligations of MCERA.

(b) MCERA has the power pursuant to the documents establishing the Fund and any related plans and trusts to enter into this Agreement and carry out its obligations hereunder.

(c) In giving instructions which purport to be "Proper Instructions" under this Agreement, MCERA will act in accordance with the provisions of the documents establishing the Fund and any related plans and trusts.

(d) The documents establishing the Fund and any related plans and trusts permit investment in the collective investment funds referred to in Section 2.8(d) of this Agreement and incorporate the terms of such collective funds by reference.

(e) that it does not engage in an "internet gambling business," as such term is defined in Section 233.2(r) of Federal Reserve Regulation GG (12 CFR 233.1-233.7) ("Regulation GG"). The Company hereby covenants and agrees that it shall not engage in an internet gambling business. In accordance with Regulation GG, the Company is hereby notified that "restricted transactions," as such term is defined in Section 233.2(y) of Regulation GG, are prohibited in any dealings with the Custodian pursuant to this Contract or otherwise between or among any party here to Custodian represents and warrants to MCERA that:

(a) Custodian is duly organized, validly existing and in good standing under the laws of the state or country of its organization specifically, The State of _____.

(b) Custodian has the power and authority to enter into and perform its obligations under this Agreement, and has duly executed this Agreement so that its terms constitute valid and binding obligations of Custodian.

(c) Neither the execution of this Agreement nor the acts contemplated hereunder will violate any legislative, regulatory or judicial act or order applicable to Custodian.

(d) Custodian has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority for its acts contemplated by this Agreement.

(e) The personnel of Custodian responsible for managing Custodian's duties and obligations hereunder are individuals experienced in the performance of the various functions contemplated by this Agreement.

(f) Custodian warrants that no gratuities in the form of entertainment, gifts, or otherwise, were offered or given by Custodian, or any agent or representative of Custodian, to any officer, fiduciary, advisor, or employee of MCERA or the County of Mendocino with a view toward securing this Agreement or securing favorable treatment with respect to the awarding or the making of any determination with respect to this Agreement.

Custodian covenants that no such gratuities will be given to any such person with a view towards securing favorable treatment with respect to the making of any determination with respect to the performance, termination and/or continuation of this Agreement. Custodian shall review and become familiar with the conflict of interest and reporting provisions applicable to MCERA, contained in Government Code section 1090 to 1097 inclusive, 31528, 82030, 87100 to 87103.

(g) Custodian represents and warrants that to the best of its knowledge no employee of MCERA or fiduciary whose position in MCERA enables such person to influence the award of this Agreement or any competing agreement, and no spouse or economic dependent of such person is or will be employed in any capacity by the Custodian herein, or does or will have any direct or indirect financial interest in this Agreement.

13. NOTICES. All notices and other communications made pursuant to or with regard to this Agreement, including without limitation a statutory notice, shall be in writing and shall be deemed properly delivered, given or served when (1) personally delivered against receipted copy; or (2) mailed by certified or registered U.S. mail, postage prepaid; or (3) mailed by express delivery, with tracking number; or (4) serviced via facsimile, to the parties at the following addresses and numbers:

To MCERA:

James Wilbanks, Retirement Administrator
Mendocino County Employees' Retirement Association 625-B Kings Court
Ukiah, CA 95482
Phone: (707) 463-4328
Facsimile: (707) 467-6472

To the Custodian:

Or to such other address as MCERA or the Custodian may hereafter specify in writing.

14. GOVERNING LAW. This Agreement shall be governed in accordance with laws of the State of California to the extent not pre-empted by federal law. Custodian hereby acknowledges that by entering into this Agreement it is purposefully availing itself of the opportunity to do business in California, and therefore, agrees to submit to the jurisdiction of the State and Federal courts located in California in any action or proceeding arising out of this Agreement. Any action brought to enforce the terms of this

Agreement shall be brought in the United States District Court located in the California or in the Trial Court of the State of California located in the County of Mendocino.

15. INSURANCE. During the term of this Agreement, Custodian shall pay for and maintain insurance as provided herein:

15.1 Comprehensive Commercial General Liability Insurance. Such Commercial General Liability Insurance will be primary to and not contributing with any other insurance maintained by MCERA and/or the County of Mendocino for claims arising from Custodian's provision of service hereunder. Such insurance provides coverage liability to members of the public arising out of premises and operations including personal injury with a per occurrence limit and per location limit of at least Two Million Dollars (\$2,000,000) per occurrence and Five Million Dollars (\$5,000,000 aggregate).

15.2 Workers' Compensation. A program of Workers' Compensation Insurance with statutory limits and Employers Liability with limits of at least Two Million Dollars (\$2,000,000) per accident will be secured protecting all Custodian employees.

15.3 Banker's Professional Liability. A program of Banker's Professional Liability Insurance with limits of \$75,000,000.

In addition to the requirements set forth in Section 15.2 and 15.3 above, Custodian agrees, to maintain additional policies listed in the Custodian's Memorandum of Insurance attached as Exhibit E, which may be amended from time to time by the Custodian upon notice to MCERA (together with copies of insurance certificates).

Custodian shall, upon request, provide MCERA with its Memorandum of Insurance. If the insurance maintained is diminished or modified in a material manner, Custodian shall provide prompt written notice of the decrease or modification to MCERA, and MCERA shall have the right to terminate the Agreement immediately should it determine that the insurance maintained is no longer sufficient. MCERA acknowledges that 1) coverage in Section 15.1 may be provided through self-insurance, 2) in certain market conditions, insurance coverage as identified in this Section 15.2 and 15.3 may not be available or available at commercially available rates and in such case, Custodian shall notify MCERA of such changes with information on Custodian's plan for insurance.

16. AFFIRMATIVE ACTION. Custodian hereby agrees and represents that it is an equal opportunity employer. All employment decisions and personnel actions of the Custodian are administered without regard to race, color, religion, creed, national origin, ancestry, sex, age (40 and above), qualified mental or physical disability, sexual orientation, genetic carrier status, any veteran status, any military service, any application for any military service, or any other category or class protected by federal, state or local laws. All employment decisions and personnel actions, such as hiring, promotion, compensation, benefits, and termination, are and will continue to be administered in accordance with, and to further the principle of, equal employment opportunity.

17. VALIDITY. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

18. WAIVER. No waiver of a breach of any provision of this Agreement by either party shall constitute a waiver of any other breach of said provision or any other provision of this Agreement. No waiver will be enforceable unless it is a written agreement executed by the party granting the waiver,

making specific reference to this Agreement and reciting the parties' intention that it constitutes a waiver. Failure of either party to enforce at any time, or from time to time, any provisions of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

19. **RECORDS RETENTION AND AUDITS.** Custodian will furnish to MCERA and its authorized representatives, on reasonable notice (which in no event need ever be more than five (5) business days) and during ordinary business hours, full access to these records maintained by Custodian with respect to this Agreement. Custodian will retain any and all records in its possession with respect to this Agreement for a minimum period of seven (7) calendar years, or any longer period required by law, from the date the records were created. Custodian will retain any and all documents and records in its possession, which demonstrate performance under this Agreement for a minimum period of seven (7) calendar years, or any longer period required by law, from the date of termination or completion of this Agreement.

20. **MODIFICATION.** No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed the parties hereto.

21. **PRIOR AGREEMENTS.** This Agreement supersedes and terminates, as of the date hereof, all prior agreements between MCERA and the Custodian relating to the custody of the assets in the Fund.

22. **INDEMNIFICATION AND RESPONSIBILITY OF CUSTODIAN.**

Provided the Custodian acts consistently with its Standard of Care, it shall not be responsible for the title, validity or genuineness, including good deliverable form, of any property or evidence of title thereto received by it or delivered by it pursuant to this Contract and shall be held harmless in acting (in accordance with the Standard of Care) upon any notice, request, consent, certificate or instrument reasonably believed by it (in accordance with the Standard of Care) to be genuine and to be signed or otherwise given by the proper party or parties. The Custodian shall be held to the exercise of its Standard of Care in carrying out the provisions of this Contract, but the Custodian or its Nominee shall be kept indemnified by MCERA for any action taken or omitted by it in accordance with proper instructions and compliance with its Standard of Care. The Custodian shall be without liability to the Fund or the Board for any loss resulting from or caused by: (i) events or circumstances beyond its reasonable control including nationalization, expropriation, currency restrictions, act of war or terrorism, riot, revolution, acts of God or other similar events or acts; (ii) errors by the Board or any Investment Manager in its instructions to the Custodian or (iii) acts or omissions by a Securities System. It shall be entitled to rely on and may act upon advice of counsel (who is agreeable to MCERA, and may be counsel for the Fund or the Board) on all matters, and shall be without liability for any action taken or omitted pursuant to such advice, provided the request for advice and the advice is consistent with the Custodian's Standard of Care.

For the indemnification herein to apply, Custodian shall, no later than 30 days after receipt of notice of commencement of any action, suit, proceeding, or receipt of a written demand or claim against Custodian in respect of which indemnification may be owed, notify MCERA in writing of the commencement of such action, suit, proceeding, demand or claim, enclosing a copy of all papers served or provided. The foregoing notice requirement shall be deemed to have been satisfied if MCERA shall have received notice of the commencement of such action, suit, or proceeding or claim from any source whatsoever within such 30 day period. Notwithstanding the foregoing, the failure to give such

notification shall not affect the indemnification to be provided hereunder except to the extent the MCERA shall have been actually prejudiced as a result of such failure. In any such action, suit, proceeding, demand or claim, MCERA shall participate in and assume the defense thereof at its sole expense, with counsel reasonably satisfactory to Custodian. More than one counsel shall be required to represent MCERA or Custodian if the parties reasonably believe there is a conflict of interest. Custodian shall have the right, in its sole discretion, to participate in or lead any defense of a claim against Custodian without waiving its right to indemnification including but not limited to attorneys fees.

If, in the proper implementation of its duties hereunder, the Custodian advances cash or securities for any legitimate purpose hereunder, including the purchase or sale of foreign exchange or of contracts for foreign exchange, or in the event that the Custodian shall incur or be assessed (on behalf of the Fund) taxes, interest, charges, expenses, assessments, or other liabilities including, without limitation, unpaid fees in connection with the performance of this Contract, except such as may arise from its own negligent act or negligent omission or violation of the Standard of Care, any property at any time held for the account of the Board or in the Fund shall be security therefor (but only to the extent of such assessment) and, should the Board fail to repay the Custodian promptly upon demand, the Custodian shall be entitled to first utilize available cash and then to dispose of the Fund assets to the extent necessary to effect its right of setoff and make itself whole.

22.1 Obligations of Custodian. Custodian shall indemnify, hold harmless and defend MCERA, all present, future and former members of the board of retirement of MCERA for actions during their term which coincides with the term of this Agreement, and all of its officers, employees, agents, members and beneficiaries from and against any and all liability, loss, costs and expenses (including but not limited to attorneys' fees), damages, demands, suits, proceedings, claims, and actions brought or claimed by 3rd parties directly arising out of or directly related to or directly connected with the performance of services by Custodian under this Agreement (including but not limited to Custodian's acts or omissions that are negligent, constitute bad faith or willful misconduct, or involve a breach of Custodian's Standard of Care). If it is subsequently determined by a court of competent jurisdiction that MCERA was not entitled to indemnification from Custodian, MCERA will reimburse Custodian for all reasonable damages, costs and expenses incurred in providing a defense and indemnification for MCERA. For this indemnification to apply, MCERA shall, no later than 30 days after receipt of notice of commencement of any action, suit, proceeding, or receipt of a written demand or claim against MCERA in respect of which indemnification may be owed, notify Custodian in writing of the commencement of such action, suit, proceeding, demand or claim, enclosing a copy of all papers served or provided. The foregoing notice requirement shall be deemed to have been satisfied if Custodian shall have received notice of the commencement of such action, suit, or proceeding or claim from any source whatsoever within such 30 day period. Notwithstanding the foregoing, the failure to give such notification shall not affect the indemnification to be provided hereunder except to the extent the Custodian shall have been actually prejudiced as a result of such failure. In any such action, suit, proceeding, demand or claim, Custodian shall participate in and assume the defense thereof at its sole expense, with counsel reasonably satisfactory to MCERA. More than one counsel shall be required to represent MCERA or Custodian if the parties reasonably believe there is a conflict of interest. MCERA shall have the right, in its sole discretion, to participate in or lead any defense of a claim against MCERA without waiving its right to indemnification including but not limited to attorneys fees.

22.2 Obligations of Custodian. If it is determined by a court of competent jurisdiction that Custodian was not entitled to indemnification from MCERA, Custodian will reimburse MCERA for all reasonable damages, costs and expenses incurred in providing a defense and indemnification for Custodian. For the

preceding indemnification to apply, Custodian shall, no later than 30 days after receipt of notice of commencement of any action, suit, proceeding or claim against Custodian in respect of which a claim for indemnification may be made, notify MCERA in writing of the commencement of such action, suit, proceeding or claim, enclosing a copy of all papers served or provided. The foregoing notice requirement shall be deemed to have been satisfied if MCERA has received notice of the commencement of such action, suit or proceeding or claim from any source whatsoever within such 30 day period.

Notwithstanding the foregoing, the failure to give such notification shall not affect the indemnification to be provided hereunder except to the extent MCERA shall have been actually prejudiced as a result of such failure. In any such action, suit, proceeding or claim, MCERA shall participate in and may assume the defense thereof with counsel reasonably satisfactory to Custodian. More than one counsel shall be required to represent MCERA or Custodian if the parties reasonably believe there is a conflict of interest. Custodian shall have the right, in its sole discretion, to participate in or lead any defense of a claim against Custodian without waiving its right to indemnification including but not limited to attorneys fees.

22.3 The parties hereto shall be without liability to one another for any loss to the extent that it results from or is caused by (i) events or circumstances beyond their reasonable control including, but not limited to nationalization, expropriation, currency restrictions, act of war or terrorism, riot, revolution, acts of God or other similar events or acts; (ii) market fluctuations; (iii) acts or omissions by a Securities System; or (iv) any indirect, consequential, incidental, special or exemplary damages, even if the parties have been apprised of the likelihood of such damages occurring, and regardless of the legal theory advanced for such damages.

23. SECURITIES LITIGATION.

23.1 Proof of Claim Processing. MCERA hereby delegates the monitoring, reporting, and filing of proofs of claims for class action securities litigation to Custodian. Custodian shall maintain records of all such litigation documentation received by Custodian on behalf of MCERA and all documents generated by Custodian relating to such litigation. Custodian shall review all class action securities litigation notices received by Custodian and shall not opt out of any class action securities litigation, but rather take whatever action is necessary to include MCERA in the class, unless otherwise instructed by MCERA. Custodian shall timely submit claims on behalf of MCERA in all class action securities litigation in which MCERA is a member of the class. Custodian will send any monies recovered in class action securities litigation on behalf of MCERA to MCERA. Custodian shall provide reports available on _____ .com that provide for each class action:

- (a) the name of the action;
- (b) the date a claim was submitted on MCERA's behalf;
- (c) the amount received; and
- (d) the date monies were sent to MCERA.

Monthly reports shall also include class actions in which MCERA has not opted out of the class for which funds under a judgment or settlement have not been received. For purposes of this Agreement, "securities litigation" includes all litigation concerning United States securities for which _____ files.

23.2 Monitoring support. MCERA uses the services of a securities litigation monitoring firm ("Monitor"). Custodian understands that MCERA gives the Monitor access to their account on _____ .com to collect certain custody data, enabling them to carryout their monitoring responsibilities.

24. NON-DISCLOSURE AND CONFIDENTIALITY.

24.1 Custodian and MCERA each agree that all confidential information (as defined in this Section 24) communicated to each other during the term of this Agreement shall be received in strict confidence and no such information shall be disclosed to third parties by the recipient party, its officers, employees, consultants, or agents without the prior written consent of the other party. Each party agrees to take all reasonable precautions to prevent the disclosure to third parties of such confidential information, including without limitation, the provisions of this Agreement and any incorporated schedules and exhibits, except as may be necessary by reason of legal, accounting or regulatory requirements and as the case may be. The obligation to treat information as confidential shall not apply to information which:

- (a) is in the public domain, other than by any breach of this Agreement;
- (b) is in the possession of a party to this Agreement on the effective date hereof, and if it shall not have been obtained from the other party;
- (c) shall be developed by a party outside the scope of any agreement with the other party, or
- (d) shall be obtained rightfully from third parties.

Confidentiality obligations shall not apply to the extent inconsistent with applicable open records/open meetings laws. Notwithstanding anything herein to the contrary, Custodian, its subsidiaries and affiliates may report and use nonpublic portfolio holdings information of its clients on an aggregated basis with all or substantially all other client information and without specific reference to the Client.

24.2 California Privacy Measures. Custodian will implement and maintain a written information security program that contains appropriate security measures to safeguard the personal information of the Company's beneficiaries, unit holders, shareholders, employees, directors and/or officers that it receives, stores, maintains, processes or otherwise accesses in connection with the provision of services hereunder. For these purposes, "personal information" shall mean (i) an individual's name (first initial and last name or first name and last name), address or telephone number plus (a) social security number, (b) drivers license number, (c) state identification card number, (d) debit or credit card number, (e) financial account number or (f) personal identification number or password that would permit access to a person's account or (ii) any combination of the foregoing that would allow a person to log onto or access an individual's account. Notwithstanding the foregoing "personal information" shall not include information that is lawfully obtained from publicly available information, or from federal, state or local government records lawfully made available to the general public. The provisions of this Section 24 shall survive the termination of this Agreement.

25. SEVERABILITY. If any provision of this Agreement is held by any court to be invalid, void or unenforceable, in whole or in part, the other provisions shall remain unaffected and shall continue in full force and effect.

26. SCHEDULES AND EXHIBITS. The following Schedules and Exhibits attached to this Agreement are incorporated herein by this reference and made a part hereof for all purposes:

- Exhibit A Schedule of Fees and Expenses
- Exhibit B MCERA Proxy Voting Policy
- Exhibit C MCERA Wire Transfer Policy
- Exhibit D MCERA Funds Transfer Operating Guidelines
- Exhibit E Memorandum of Insurance

IN WITNESS WHEREOF, MCERA has caused this Agreement to be signed by its duly authorized officer and the Custodian has caused this Agreement to be signed by its duly authorized officers, as of the date first set forth above.

Mendocino County Employees' Retirement Association

Custodian

By:

By:

Title:

Title:

Date:

Date:

Mendocino

APPENDIX D CERTIFICATION

The following certifies that all services and systems described are available, deliverable, and performed by professionals abiding to the highest fiduciary standards. In addition, audits performed by independent parties are diligently accomplished and documented. The undersigned hereby certifies that he or she is authorized to execute this RFP on behalf of _____ and that the information, commitments, representations, and other provisions of the foregoing RFP are true and correct.

Name _____

Signature _____