

Questions and Responses Regarding: CCCERA RFP For Master Custodian And Related Services – April 2018

1. Would CCCERA accept a bid to provide securities lending services on a 3rd-party (non-custodial) basis? [No, there is no interest in a 3rd party basis bid for securities lending.](#)
2. If so, would you kindly clarify which Sections you would like answered when responding solely in connection with providing [\(third-party\) securities lending services](#)? (We assume some sections would not apply; therefore, we would appreciate guidance on Sections (or specific additional questions) you would like answered.)
3. Please provide a detailed asset listing with security identifiers. [Please refer to attached detailed Asset Holding List excel spreadsheet as of 12-31-17 for filtering and analysis.](#)

General/Portfolio:

4. Are there any future strategic system or portfolio changes that CCERA is discussing but not captured by the RFP that we should be aware of that will better align our suggestions and related capabilities? [None at this time.](#)
5. III Services to Be Provided – G 3 - **Ability to provide disaster recovery and business continuity services in the event of a disaster or other extraordinary event.**
 - a. Is this question referring to our organization having a business continuity plan or is CCCERA interested in our organization providing a contingency “platform” for CCCERA. If the latter, please provide additional details of the scope.
[CCCERA is interested in the former - your organization having a business continuity plan.](#)
6. A list of accounts and indicate whether they hold assets at the custodian or are reflecting a “Line-Item” [Please refer to attached detailed Asset Holding List excel spreadsheet as of 12-31-17 for filtering and analysis for questions 6-9.](#)
7. For those holding “line-Items” the number/market value of items in each account (i.e. 3 line-items with a MV of 250,000,000) [Please refer to attached detailed Asset Holding List spreadsheet as of 12-31-17.](#)
8. The total count of accounts maintained with your custodian [Please refer to attached detailed Asset Holding List spreadsheet as of 12-31-17.](#)
9. A list of assets held including units, market value and country of settlement [Please refer to attached detailed Asset Holding List spreadsheet as of 12-31-17.](#)
10. The annualized number of purchases/sales of securities in each country. [Please refer to the Purchases and Sales Transactions excel spreadsheet for the 2017 year to filter by country.](#)
11. The annualized number of options executed on behalf of the plan and an indication as to whether they are exchange traded or OTC. [Please refer to the Purchases and Sales Transactions excel spreadsheet to filter by OTC transaction type.](#)
12. The annualized number of outgoing wire transfers [700 outgoing.](#)

Alternatives:

13. Regarding your Private Equity portfolio, how many Limited Partnerships do you hold? [Please refer to the attached Asset Allocation Report as of 12-31-17 for private equity, real assets, real estate and private credit. We anticipate adding 2-4 partnerships per year for the foreseeable future.](#)
14. What systems or software tools are you using to monitor the Limited Partnerships? [Limited Partnerships are currently monitored internally using our accounting platform and by our private markets consultant, StepStone.](#)

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15. What external service providers do you use for tracking the Private Equity portfolio, e.g., consultants, existing custodian, Burgiss Group, SunGard, iLevel, and what servicing do they provide? If you currently use Burgiss products, which do you use? [Limited Partnerships are currently monitored internally using our accounting platform and by our private markets consultant, StepStone.](#)
16. Will CCERA be delegating the full processing of capital calls and authorizing the custodian to pay capital calls upon notices for straight-through processing? [CCCERA has not made a final determination on the delegation of processing capital calls but we are interested in understanding each bidders capabilities in this area as well as the associated fees.](#)

Securities Lending:

17. Please provide an excel based asset list including security identifier, shares, price and market value such that a securities lending estimate can be completed. [Please refer to attached detailed Asset Holding List excel spreadsheet as of 12-31-17.](#)
18. Please provide both cash and non-cash guidelines such that a securities lending estimate can be completed. [Please refer to attached for our current Security Lending Guidelines.](#)
19. Are there any borrower restrictions or other restrictions which should be considered in completing the securities lending earnings estimate? [None](#)
20. Does CCCERA hold any legacy securities lending cash collateral assets? [We do have impaired legacy assets in our current securities lending collateral portfolio. If we were to change custodial banks, we would reimburse the collateral deficiency before moving the relationship.](#)

Accounts and Market Values: [Please refer to attached detailed Asset Holding List spreadsheet as of 12-31-17 for filtering and analysis for questions 21-26](#)

21. Number and type (equity/fixed) of actively/separately managed US accounts
22. Market value of actively/separately managed US assets
23. Number of actively/separately managed non-US accounts
24. Market value of actively/separately managed non-US assets by country
25. Market Value of bank loan assets
26. Total number of positions held by country
27. Number and market value of Private Placements [Please refer to the attached Asset Allocation Report as of 12-31-17 for private equity, real assets, real estate and private credit investments to respond questions 27-30](#)
28. Market value of passively managed assets [Please refer to Asset Allocation as of 12-31-17](#)
29. Number of passively managed funds by type (mutual funds, commingled funds, limited partnerships, hedge funds, etc.) *Please note that we are primarily interested in the total number of fund investments you have and not the number of accounts you hold the fund investments in (if the totals vary).* [Please refer to Asset Allocation as of 12-31-17](#)
30. Is the FFP managed internally or externally? Are other funds managed internally? [FFP is the portfolio construction framework used by CCCERA. All assets are managed externally.](#)

Transactions: [Please refer to the Purchases and Sales Transactions excel spreadsheet as of 12-31-17 to filter and analyze number of transaction type and asset class for questions 31,32,33, and 35.](#)

31. Number of US buy/sell trades per annum
32. Number of Non-US buy/sell trades by country per annum

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- 33. Number of Income and Dividends received per annum
- 34. Number of wires [Approx 700 incoming and 700 outgoing over 2017.](#)
- 35. Number of Derivative transactions (Swaps, Options, Futures)
- 36. Number of annual vendor checks [This question assumes benefit payments approx. 4000 year.](#)

Cash Management:

- 37. What is your estimated average daily cash balance held in your current custodians sweep vehicle? [\\$320M average over 2017.](#)

Alternative Investments:

What level of service do you require? i.e., basic line item reporting, reporting & monitoring, drill down, full outsourcing support, shadow accounting, capital call management, document management, etc.? [CCCERA has not made a final determination on this matter and currently none of this is processed through our custodian. CCCERA is interested in understanding each bidders capabilities in these areas as well as the associated fees.](#)

- 38. What is the commitment level, in USD, of your alternatives? [Please refer to attached Asset Allocation Report page 2 and 3 as of 12-31-17.](#)

Feeds / General Ledger:

- 39. What general ledger system do you used? [Multiview Financial Software c/o Ottawa, Ontario, Canada & New York.](#)
- 40. Will you need files be sent via FTP, or another type of electronic delivery method to load into your G/L? [Files are to be sent via FTP. CCCERA is interested in maximizing receipt of G/L investment files electronically and your organization's ability to provide G/L electronic feeds via FTP.](#)
- 41. If so, please supply a file format and data fields needed for your current General Ledger feed.
- 42. May we request a sample of your general ledger as well as a chart of accounts? [Please refer to GL Trial Balance Chart of Accounts as of 12-31-17.](#)
Requirement H.4 (PG. 10) & Questions D.13 (PG. 34) please let us know what 3rd party providers you currently need feeds/reports sent to (we can then verify if we have these transmissions in place) [We currently upload holdings into Bloomberg and NAVs into Dynamo.](#)

Performance Measurement and related services:

- 43. Please indicate if you require or are interested in the following services: [The following services are not required however CCCERA is interested.](#)

Performance Measurement:

Monthly or daily?

To what level (asset class, sector/country, security)?

Custom Benchmark Performance:

If yes, how many custom benchmarks?

Monthly Attribution

Portfolio and Security Analytics

Monthly or daily?

Universe Comparison (Peer and Manager Universes)

Board Reporting

Compliance Monitoring

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If yes, daily or monthly? Please note, daily monitoring requires subscription to daily analytics, monthly monitoring requires subscription to monthly analytics

Benefit Payments:

44. Number of Pensioners [Over 22,000 active and retired members](#)
45. Number of active retirees [9,200](#)
46. Number of annual checks (recurring and lump sum) [4,000](#)
47. Number of annual ETF's (recurring and lump sum) [110,000](#)
48. Number of TEFRA notices [Not many](#)
49. Number of 1099's/W-2's/1042s [9500 1099's](#)
50. Number of non-mandatory state tax filings and frequency [5](#)
51. Number of Federal tax filings and frequency [5](#)
52. Would you require the selected custodian to provide 1-800 call center support for your retirees? [Not at this time.](#)

Securities Lending:

53. For the purpose of calculating a securities lending estimate and proposing a revenue sharing arrangement (fee split), please provide a holdings report in Excel with the following information: Date (holdings as of), Fund Name Number of Shares, Valid Security Identifiers (CUSIP, Sedol), Security Name, Market Values. [Please refer to attached detailed Asset Holding List spreadsheet as of 12-31-17 for filtering and analysis.](#)
54. Please provide your current securities lending cash collateral investment guidelines. Please provide a list of acceptable non-cash collateral types (categories include US government securities, OECD debt including securities issued by their agencies and instrumentalities, supranational debt, etc.). [Please refer to attached for our current Security Lending Guidelines.](#)
55. Do you currently have any borrower or loan restrictions or caps on your lending activity? [None.](#)
56. Will lending securities in Hong Kong, Korea, Malaysia & Taiwan be permitted/expected? [Permitted; but not expected at this time.](#)
Do you have any impaired legacy assets? If so, please provide specific details on each holding (e.g. amortized cost, unrealized loss, etc.) and do you plan to reimburse any collateral deficiency with your current provider before converting or have a remediation plan in place and intend on transferring assets in-kind (e.g. allocation earnings to reduce any collateral deficiencies)? [We do have impaired legacy assets in our current securities lending collateral portfolio. If we were to change custodial banks, we would reimburse the collateral deficiency before moving the relationship.](#)

Other:

57. In addition to the information in the RFP, are there any areas of focus that may be of particular concern for you, or that have prompted the request for proposal, that would assist us in customizing our RFP response? [None, routine request proposal.](#)
58. A report requirement (section H) states "Perform and provide monthly reconciliations to Investment Consultant accounting reports and provide copies of reconciliations to CCCERA within ten (10) days after the end of each month." Who is the official accounting book of record – the consultant of the custodian? Is this reconciliation in addition to the one our firm already conducts with each of the individual managers? [Official accounting book of record is CCCERA G/L based on custodian reports. Same reconciliation.](#)

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59. Would you please clarify question D.5 (PG. 33): What is meant by “corporate ID”? [Fund account number# or ID# is meant rather than in the name description. However, CCCERA will be considering a separate entity trust fund for OPEB Other Pension Employment Benefits Trust which require irrevocable separation of assets.](#)
60. Question D.29 & D.30 (pg. 35): do you require daily audited NAVS? Our understanding is that this is a monthly valued Plan. [Daily is not required; CCCERA is considering a daily valued plan.](#)
61. Should you change providers, what is the anticipated conversion date? [Anticipated for first quarter of 2019.](#)