



TEXAS EDUCATION AGENCY

William B. Travis Building
1701 North Congress Avenue
Austin, Texas 78701-1494

Request for Proposal

**GLOBAL CUSTODY and SECURITIES LENDING SERVICES
FOR THE TEXAS PERMANENT SCHOOL FUND**

RFP No: 701-09-004

Authorized by Article VII Section 5 of the Texas Constitution

<p>PROPOSAL DELIVERY LOCATION:</p> <p>Purchasing & Contracts, Rm. 2.125 Texas Education Agency 1701 N. Congress Ave. Austin, TX 78701-1494</p>	<p>REFER INQUIRIES TO:</p> <p>E-mail: PSFRFP@tea.state.tx.us</p> <p>Beginning: Monday, April 6, 2009 Ending: Wednesday, April 15, 2009</p>
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PROPOSAL DUE DATE and TIME: Tuesday, May 5, 2009 3:00 PM, Central Time

WITHOUT EXCEPTION – A proposal must be date and time stamped by TEA Purchasing and Contracts before the proposal due date and time, above.

Pursuant to the Provisions of the Texas Government Code Title 10 Subtitle D Chapter 2156.121 – 2156.127, sealed proposals will be received until the date and time established for receipt. After receipt, only the names of the Proposers may be made to the public. Prices and other proposal details may only be divulged after award of a contract, if a contract is awarded.

Pursuant to Chapter 2155.131 of the Texas Government Code and pursuant to 34 Texas Administrative Code (TAC) §20.41, the Texas Comptroller of Public Accounts (Comptroller) has delegated authority to the Texas Education Agency to conduct this Request for Proposal and to award a contract for the purposes stated herein.

All written requests for information will be communicated to all applicants known to the agency.

All proposals shall become the property of the State of Texas upon receipt.

All proposals must be delivered to the Texas Education Agency Purchasing & Contracts as required by the instructions within this request.

All addenda to and interpretation of this solicitation shall be in writing. The State shall not be legally bound by an addenda or interpretation that is not in writing.

Failure to formalize the terms of the proposal by signing the "Execution of Offer," can disqualify the proposal. Proposers must identify in writing any General Provision term or condition that is not feasible with the submission of the proposal to this RFP. If a proposal is signed and submitted without specifically identifying all General Provisions that are not feasible, TEA will not negotiate the General Provisions.

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REQUEST FOR PROPOSAL
701-09-004
GLOBAL CUSTODY and SECURITIES LENDING SERVICES
FOR THE TEXAS PERMANENT SCHOOL FUND

SECTION ONE: INTRODUCTION AND PURPOSE

1.1 PURPOSE OF THE REQUEST FOR PROPOSAL (RFP)

It is the intent of the Texas State Board of Education (SBOE) and the Texas Education Agency (TEA) to solicit proposals to provide bundled Global Custody and Securities Lending Services for the Texas Permanent School Fund (TPSF) in accordance with all requirements stated herein.

TPSF is seeking a cost-effective full service global custodial/securities lending solution that provides it with access to high-quality technology, seamless delivery of services, and strong client service/support. The successful proposer must demonstrate the ability to deploy automated solutions and will provide TPSF with a dedicated client servicing team consisting of knowledgeable, experienced, and responsive individuals. Custodial services shall include performance measurement, analytics, compliance, and risk exposure capabilities. Daily “soft-close” fund accounting and daily performance measurement will be required on the Fund’s portfolios. Daily “hard close” fund accounting and daily performance measurement will be an optional requirement and will be priced separately in [DOCUMENT J-1](#) of this RFP. The TPSF currently functions as the official “book of record”.

Eligible proposers are banks and investment firms that are clearly capable and can demonstrate their ability to provide the services required in this proposal.

1.2 BACKGROUND INFORMATION

1.2.1 Texas Permanent School Fund Overview

The SBOE is responsible for the management of the TPSF under Article VII of the Constitution of the State of Texas. The goal established by the SBOE for the TPSF is to obtain the greatest amount of income and capital appreciation consistent with the safety of principal. The investment staff of the TPSF implements the policies of the SBOE and administers the TPSF according to SBOE goals and objectives. The TPSF staff functions as part of the internal operations of the TEA under the direction of the Commissioner of Education.

As of February 28, 2009, the TPSF is a \$15.9 billion fund constitutionally created to provide a growing capital base to contribute to the public school system of Texas. This arrangement lessens the cost of public education to the citizens of the State. On July 7, 2008, the SBOE re-approved its strategic asset allocation policy to diversify the TPSF assets into alternative asset classes whose returns are not as correlated to traditional asset classes.

1.2.2 Regulation and Administration

The TPSF is regulated by Article VII of the Texas Constitution. In 1988, Section 5(d) was approved by the voters of the State which allowed the TPSF to be managed by the prudent person standard. Links to the following legal documents are in [EXHIBIT A](#):

- g. Article VII of The Texas Constitution
- h. Chapter 33 of the Texas Administrative Code: Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund
- i. Chapter 43 of the Texas Education Code: Permanent School Fund and Available School Fund

The SBOE manages the TPSF through the Committee on School Finance/Permanent School Fund (Committee), which is comprised of five of the fifteen members of the SBOE. The

TPSF is administered by the Investment Office of the Texas Education Agency, pursuant to the policies established by the SBOE. The Investment Office is headed by the Executive Administrator. For internal administrative purposes, the Investment Office reports to the Commissioner of Education. For TPSF management purposes, the investment staff meets periodically with the Committee on School Finance/Permanent School Fund to report on the investment activities of the TPSF.

Additional information about TEA is available at the TEA website. Links to additional information are found in [EXHIBIT A](#).

1.3 MINIMUM QUALIFICATIONS OF THE PROPOSER

The SBOE will select the firm whose proposal demonstrates, in its judgment, the competence and experience to provide the best overall results and service. The firm selected must meet requirements established by State Law, the TEA, the SBOE, the State Comptroller, and the State Auditor.

Minimum qualifications for firms: All firms submitting proposals for this procurement, must at a minimum:

- a. Provide evidence of firm stability and financial strength;
- b. Act as a fiduciary with respect to work performed and with respect to any specific recommendations made for TPSF;
- c. Be a U.S. domiciled trust company and a member of the Federal Reserve, or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts, and have substantial unimpaired equity capital, as of December 31, 2008;
- d. Be members of, and have the ability to clear transactions or cash through all major book entry or electronic securities depositories, such as the DTC system, the Federal Reserve System and Euro clear;
- e. Have a global, multi-currency accounting system that provides TPSF access to both U.S. and international securities accounts within a single and uniform framework of accounting treatment, reporting, and performance measurement. The system must be able to account for all traditional and alternative asset classes including but not limited to: equities, fixed income, absolute return, real return, private equity, real estate, and commodities;
- f. Have total assets under trust and/or custody for institutional clients in excess of U.S. \$1 trillion as of December 31, 2008;
- g. Have at least five (5) U.S.-based institutional public fund, endowment, or foundation clients, each with U.S. marketable security trust assets having a market value in excess of U.S. \$20 billion, as of December 31, 2008;
- h. Be providing, with a relationship no shorter than a minimum of five (5) years, international custodial services for at least five (5) U.S.-based public fund, endowment, or foundation institutional clients, each with total international marketable security trust assets having a market value in excess of U.S. \$3 billion, with each having at least 10% or U.S. \$300 million in local emerging market securities (not ADR/GDR) as of December 31, 2008;
- i. Have at least \$100 billion in assets under trust and/or custody for institutional clients that your organization is currently providing "soft close" daily valuation investment accounting services, as of December 31, 2008;
- j. Have at least \$100 billion in securities lending lendable base for institutional clients each of the last five years ending December 31, 2008;
- k. Accept responsibility for the securities lending program as a fully indemnified agent program

specific to borrower default and operational negligence;

- l. Adhere to Global Investment Performance Standards (GIPS®) in providing performance measurement, analytical and risk exposure services;
- m. Maintain a world-class business continuity and disaster recovery plan that is tested at a minimum on an annual basis;
- n. Comply with provisions stated in Chapter 33 of the Texas Administrative Code: Statement of Investment Objectives, Policies, and Guidelines of Texas Permanent School Fund and comply with provisions stated in the Investment Procedures Manual of the Texas Permanent School Fund, [EXHIBIT B](#); and,
- o. Must warrant and represent that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to members of the SBOE, Committee of Investment Advisors to the SBOE, the TEA Commissioner of Education, the TPSF Chief Investment Officer, or any State of Texas Employee, or any third-party for the benefit of the aforementioned, except as disclosed to TEA with its response to this RFP or as otherwise instructed within this RFP, including but not limited to: cash, carried interest (or other form of value), a finder's fee, cash solicitation fee, or a fee for consulting, lobbying, or otherwise.

Proposers must complete and return the Certification of Minimum Qualifications contained in [DOCUMENT C](#). Failure to complete this information can disqualify the proposal, at the sole discretion of the TPSF.

1.4 MINIMUM COMPLIANCE RELATED TO THE PROCUREMENT PROCESS

Of particular significance to this procurement process is the need to comply with the following provisions of the Investment Procedures Manual related to communications between parties.

H. PROCESS FOR THE SELECTION OF CONSULTANTS, INVESTMENT MANAGERS, CUSTODIANS AND OTHER PROFESSIONALS TO PROVIDE OUTSIDE EXPERTISE TO THE PERMANENT SCHOOL FUND:

1. Communications with Board Members

From the time that a Request for Proposal is distributed by Staff to prospective professionals from whom the Board will be requesting outside expertise to The Permanent School Fund, any communication by a prospective respondent with any member of the Board must be in writing and filed with the Executive Administrator of the Permanent School Fund at the same time the communication is dispatched to the Board member.

- a. The communication filed with the Executive Administrator must specify the Board member to whom the communication was dispatched, the nature of the communication and its purpose.*
- b. All communications received by the Executive Administrator will be logged by time received, with the firm or individual identified.*
- c. Upon receipt, the Executive Administrator shall forward copies of the communication to the other members of the Board not in receipt of the communication.*
- d. No communication is permitted with any Board member from the response deadline date of the Request for Proposal through and including the day of the selection of outside professional expertise.*

- e. *Any professional seeking to provide outside expertise to the Permanent School Fund and found in violation of this procedure shall be disqualified from the bidding process with respect to the applicable Request for Proposal.*
- f. *Prospective professionals providing outside expertise shall further comply with all other statutory provisions regulating Requests for Proposals.*

1.5 SCOPE OF WORK

TPSF is seeking a cost-effective global custodial solution that provides it with access to high-quality technology, seamless delivery of custody services, and strong client service/support. The successful Proposer must demonstrate the ability to deploy automated solutions. TPSF desires daily “soft close” fund accounting and performance on its portfolios and will consider the benefits of a daily “hard close” model. The TPSF currently functions as the official “book of record”.

Performance measurement, analytics, compliance, and risk exposure capabilities are crucial to the assignment. Full adherence to GIPS® is a required service characteristic when responding to this RFP. The Proposer should demonstrate the ability to provide daily, monthly, and quarterly performance reports detailing the market values, cash flows, and returns of each portfolio, including both custodied and non-custodied assets as well as any consolidations deemed necessary by TPSF gross of fees, net of management fees, and net of all fees using CFA Institute-compliant calculation methods. A monthly performance reconciliation process is currently in place and will be continued with the successful respondent.

TPSF intends to review the merits of securities lending from a custody-based approach.

The successful proposer’s client servicing philosophy is expected to be best in class and incorporate the industry’s best practices. TPSF expects to be assigned a dedicated client servicing team consisting of knowledgeable, experienced, and responsive individuals.

TPSF is seeking proposals from qualified providers for global custody, accounting, cash management, compliance, securities lending and performance measurement support services. The service functions required and other areas to be evaluated include:

1.5.1 Organizational Resources, Client Service Team, and Client Profile

- a. The custodian will have a significant industry presence with numerous complex client relationships – experience servicing large public funds is required.
- b. The organization must have a demonstrated commitment to the custodial and asset-servicing business indicative of a philosophy of client service and dedication to industry excellence.
- c. Client turnover (including both new and terminated client relationships) and professional staff turnover rates will be reviewed as there is a strong preference for a stable account base.
- d. An experienced and dedicated client service team with multiple contacts will be provided and maintained during normal business hours.
- e. A coherent relationship management protocol will be implemented and maintained which provides for the appropriate escalation of issues and special projects within the context of the overall TPSF relationship.
- f. The custodian will implement a communications tracking system to monitor all service delivery components, formal requests, associated agreements, and measure the performance of contractual obligations.
- g. Regular monthly conference calls will be scheduled to discuss any outstanding issues, concerns, or potential process improvements. At a minimum, Custodian Client Service, Accounting, Performance and Securities Lending teams will participate in the calls.

- h. Custodian will conduct an in-depth Annual Service Review with TPSF and will present a report to the SBOE at least once each year.
- i. Broad and comprehensive global market coverage will be provided either through proprietary global custody networks or a regularly maintained and appropriately documented network of qualified sub-custodians in local markets.

1.5.2 Core Custodial Services

- a. Fully accrued, trade-date accounting will be provided for all assets, including alternative assets and “not-in-bank” assets.
- b. Daily accounting (under either a “soft close” or “hard close” model) services and required reporting will be provided for all investments in the TPSF portfolio including (but not limited to) the following:
 - All income and security transactions (cash and non-cash); cash, domestic and international equity, fixed-income securities, absolute return, real return, real estate, private equity, commodities, securities lending income, and tax reclaims;
 - Capital changes, including mergers, acquisitions, tenders, stock splits, warrants and spin-offs;
 - All types of options, futures, swaps, and other derivative instruments; and,
 - Leveraged buy-outs, venture capital, real estate, and various other private equity and debt instruments.
- c. Income will be collected, accounted for, and reported to TPSF on a daily basis.
- d. Income will be reinvested and accounted for in the portfolios or will be wired to the Texas State Treasury, as the TPSF instructs from time to time. Income is currently being reinvested in all portfolios.
- e. Daily corporate action notification and processing will be provided.
- f. Real time reporting access to cash and custody data will be provided.
- g. Proxy voting on all internally managed portfolios will be provided by the Custodian via Riskmetrics or another vendor identified as being acceptable by TPSF.
- h. Access to vault facilities will be provided for the safekeeping and physical delivery of all securities not eligible for depositories.
- i. GASB compliant accounting will be provided on a fiscal year basis, September 1 through August 31 of each year.
- j. All investments will be booked at cost and reported with updated market values on a daily and monthly basis.
- k. Gains and losses on equity securities sold will generally be recognized on an average cost basis. Fixed income securities will be maintained on the specific lot cost basis; unless otherwise directed or modified by TPSF.
- l. A comprehensive pricing protocol and system will be in place to independently ensure the accuracy of the prices received from various external sources on a daily basis. This system will employ procedures to verify the primary price to a secondary pricing source, compare prior day’s prices to current day’s prices, and investigate changes outside established tolerances as well as changes from prior month that appear unreasonable in relation to current market trends. Pricing sources must be provided upon request.

- m. A daily pricing model will be implemented. All portfolios will be priced daily where information is available and where daily pricing is not available, pricing direction will be provided by TPSF. All portfolios will be priced monthly and have monthly accounting for the purpose of computing monthly net asset values. Where end-of-month pricing is not available, pricing direction will be provided by TPSF. An audited pricing file will be electronically provided to TPSF the morning of the fifth (5th) business day of each month.
- n. Moody's, S&P, Fitch ratings will be provided on a monthly basis via electronic file transfer. Custodian will bear the cost of any data distribution licenses that may be required to provide this data.
- o. Monthly close will occur by the end of the fourth (4th) business day for traditional portfolios and by the end of the eighth (8th) business day for absolute return assets. Monthly closing procedures will be determined for each new alternative asset class at the time it is added.
- p. In all markets, the custodian will use multiple and/or reliable sources/vendors for corporate action information collection and notification (including a detailed reporting of client entitlements and deadlines) will be provided within 24 hours of confirmation of all details.
- q. Reports must be provided under the following schedule:
 - Certain accounting and performance information will be delivered on a daily basis in formats and timing to be specified in greater detail in the contract entered into with the successful vendor. Monthly audited accounting reports (hard copy, electronic, and on-line at the discretion of TPSF) will be provided according to an agreed upon schedule for all accounts custodied at the custodian;
 - Daily, monthly, and yearly accounting, securities lending, and performance reports will be available; and
 - Custodian will reconcile all accounting produced for external manager accounts to a zero tolerance for holdings and a five basis point tolerance level on total account net asset value (NAV).
- r. At a minimum, an accurate report provided on CD rom of all holdings, yearly transactions, and other pertinent investment data, will be provided no later than thirty days after the end of each month and no later than forty-five days after fiscal year-end in a format to be agreed upon by both parties. At the direction of TPSF, the same data may be required in electronic flat file format in the future.
- s. Custodian's automated systems will be able to interface with TPSF's investment accounting systems and general ledger to fully comply with TPSF's requirements for reconciliations, pricing, tolerance audits, data quality, and for variance resolution.
- t. Custodian will provide technical expertise and assistance to TPSF investment accounting and portfolio administration personnel including, but not limited to:
 - Providing direct access to designated individuals to assist with technical questions;
 - Providing an account administrator(s) available by telephone between the hours of 7:00 a.m. and 7:00 p.m. CST;
 - Providing a centralized TPSF Team electronic mail box to facilitate communication between the parties; and,
 - Responding to all TPSF inquiries within three (3) hours, if such inquiries are received by Custodian prior to 2 p.m. EST.
- u. Trades will be affirmed and securities will be confirmed and cleared on-line at the DTC, Federal Reserve, and other clearing agents, where available. Foreign tax liability will be monitored and the tax reclaim process will be actively managed with tax reclaims and

collections aggressively processed to the extent provided by the most recent tax treaties. The Custodian will provide an aging report for tax reclaims. Relief at source will be provided in all markets that offer this option.

- v. The custodian will monitor and pursue claims with sub-custodians and tax authorities.
- w. A report will be prepared monthly detailing the status of outstanding tax reclaims.
- x. Class action reporting will be delivered in formats to be determined on a monthly basis.
- y. Class actions will be processed by the custodian utilizing current transaction/holdings activity held in the custodian system as well as historical transactional/holdings information provided in electronic file format to the custodian by the TPSF.
- z. Electronic access to holdings, trade data, and other available data will be provided to TPSF, consultants, investment managers, and any other third party approved in advance by TPSF.
- aa. A comprehensive system of selecting sub-custodians, evaluating and monitoring their internal control structures, performance and financial condition will be in place (including compliance with SEC Regulation 17-f for custody of assets), enabling assurance that proper settlement will be coordinated for non-US equity, non-US fixed income, and other non-US investments including derivative instruments.
- bb. The custodian is expected to process trades in a straight-through-processing (STP) environment to the greatest extent possible, inclusive of providing enabling linkages and technologies to eliminate manual settlement processes.
- cc. The custodian will work cooperatively with all Future Commission Merchant (FCM) relationships TPSF or its external managers use for processing futures contracts and custodian shall be able to properly and timely account for futures transactions.
- dd. Settlement will be as follows:
 - Settlement will be delivery versus payment per the terms agreed by the TPSF. Trades may not be settled for amounts different than affirmed. (Trade tolerances will not be passed by TPSF);
 - Contractual settlement for sales in all available markets and asset classes when instructions are received within Custodian's published guidelines;
 - Actual settlement for purchases in all available markets and asset classes. U.S. purchase related fail monies will be invested in Custodian's late money vehicle from contractual settlement until actual settlement. Global purchase fail monies will receive a late money equivalent credit rate from contractual settlement until actual settlement. The credit rate will be determined by the market in which the fail occurs;
 - Contractual payment for principal payments applied when paydown/payup factors are timely and properly received. Maturities credited on actual receipt;
 - Actual settlement for Corporate Action related transactions;
 - Actual settlement date +1 for corporate action cash proceeds for securities on loan;
 - Contractual income in the U.S. and in applicable foreign markets; and,
 - In-kind transfers must be conducted in a timely manner (optimally, within 24 hours).
- ee. Assurances will be provided through a third party letter that internal controls reviews are being conducted in compliance with SAS 70 and any successor disclosures.
- ff. Custodian shall provide ongoing on-site training to TPSF staff of the custodian's online tools and systems in addition to periodic structured educational sessions regarding relevant

issues to members of the TPSF staff. TPSF staff will be invited to any and all general client conferences and education sessions at no additional cost to TPSF.

1.5.3 Risk and Compliance Monitoring

- a. Custodian shall provide and maintain a client investment manager compliance system capable of monitoring internal and external investment manager holdings and prescribed guidelines as well as monitoring portfolio compliance with applicable laws and regulations (*i.e.*, statutorily mandated security prohibitions).
- b. Securities lending cash collateral will also be monitored by the same compliance system or one specific to the Securities Lending program.
- c. TPSF shall be provided on-line real-time access to such systems.

1.5.4 Cash/Foreign Exchange Management

- a. Daily cash flow projections and other cash management reports as defined by TPSF (including a report summarizing TPSF defined general ledger categories) will be provided with on-line access to cash management vehicle information including daily yields, performance and other reports.
- b. Overnight investment management services for funds received after daily sweep deadline will be provided. Any fees or costs associated with these services must be disclosed.
- c. An overdraft provision will be provided to facilitate securities settlement on a contractual basis for managed portfolios. To insure timely settlement of trade transactions, accounts should be allowed to run negative balances. Any fees or costs associated with these services must be disclosed and will be either paid by TPSF, external managers, or charged to managed portfolios at the direction of TPSF.
- d. Foreign exchange transactions will be executed and converted in an automated fashion either by the custodian or by other third party providers (as directed by TPSF) with full transparency of execution costs with methods disclosed (*i.e.*, Greenwich Mean Time) and time stamped execution records maintained.
- e. International Income will be repatriated daily to USD by the custodian, unless the TPSF directs otherwise.
- f. Client-directed fund transfers (in U.S. \$ and foreign currencies) will be provided. Any fees or costs associated with these services must be disclosed.
- g. Custodian can transmit foreign and domestic wires (ACH, EFT) and write client checks on behalf of the TPSF fund as well as receive foreign and domestic wires (ACH, EFT) and checks for cash disbursements. Processes for authenticating wire transfers and maintaining security over wire transfers are in place.

1.5.5 Technology/Systems Support

- a. Systems in use can interface with TPSF Local Area Network (LAN) for the purposes of downloading reports and extracting data for analysis using software products such as Microsoft Excel, and support "inquiry only" access by various internal and external users.
- b. Interfaces and access will be provided for TPSF internal and external managers as well as other authorized parties. At a minimum, interfaces to TPSF will be created for file uploads that include data for daily pricing, daily income, FX rates, factors, ratings, income posting, principal posting, settlement and maturity, holdings, and other cash transactions. See [EXHIBIT D](#) for a rendering of the current TPSF technology environment.
- c. Custodian must be able to interface with all current and future third party accounting and data management systems, including traditional and alternative asset classes.
- d. A monthly audited file of contributions and withdrawals in all TPSF accounts will be provided to TPSF for the purpose of custodial reconciliation and verification no later than the morning of the fifth (5th) business day of each month for all accounts maintained by the custodian.

- e. Complete histories of investment activities of all TPSF holdings shall be maintained throughout the term of the custodial relationship and shall be maintained post-relationship in accordance with TPSF records retention requirements which require at least a ten (10) year retention.
- f. Such certified and auditable history will be transferred to a successor custodian, when and if necessary, in a format acceptable to the successor and to TPSF.
- g. Standard reports will be provided as requested by TPSF, at frequencies specific to each report content, and shall be included in the fixed core custodial fee.
- h. Ad hoc query and reporting functions will be provided in a timely manner, and at no additional charge. Additional custom reports that require creation from sources other than currently available, online data (to comply with industry-standard report formats developed in the future) as requested by TPSF will be negotiated at the time of the request.
- i. On-site training will be provided to TPSF staff during the initial conversion process and is expected to be provided on an ongoing basis with an annual periodicity.
- j. Absolute protection will be provided against unauthorized access to TPSF records under the custodian's control.
- k. The custodian must be capable of transmitting encrypted data files following TPSF standards, which are using either SSL (known as Secure Sockets Layer), SSH (known as Secure Shell / Secure Socket Shell) or PGP (Pretty Good Privacy). Custodian will modify such interfaces as TPSF's software is upgraded or replaced.
- l. 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 and made available to TPSF within an eight (8)-hour period.
- m. In the event that TPSF experiences a disaster, on-site access at the custodian may be necessary. Such backup coverage will be strategized, implemented, and tested in a reasonable time period following transition and annually thereafter.
- n. An established and proven business continuity plan for emergency situations is in place which provides for record re-creation and operations resumption within twenty-four hours of any occurrence of any major disaster or other cause which destroys records and/or disrupts normal operation of the custodian's systems (the continuation of such service is furthermore guaranteed within eight (8) hours).
- o. On an annual basis, the custodian will provide a complete copy of the custodian and securities lending disaster recovery plans and test results.
- p. Computer records of all audited investment transactions and month-end positions will be maintained on electronically readable storage media for ten (10) years (these records will be checked for viability on an annual basis and migrated, if necessary, to more current technology in order to maintain accessibility during the entire retention period).
- q. The custodian's online systems must report the same information as the audited accounting systems once audited values are available.

1.5.6 Transition Planning and Support (if applicable)

- a. Successor Custodian will develop a conversion strategy satisfactory to the TPSF.
- b. Successor custodian will appoint a dedicated conversion team to guide the TPSF and to insure a successful conversion. A written copy of the developed strategy, including a timeline to completion will be provided. Regular updates and weekly status reports will be required during conversion.
- c. Regular weekly conference calls will be held with TPSF during implementation.
- d. Efficient and effective transfer of TPSF assets and data will be achieved through written instructions between successor and prior custodian.

- e. Successor custodian will provide consulting for all projects related to the implementation of TPSF's assets at successor, including transition of the initial portfolios, as well as any new projects initiated by the TPSF that impact the services provided by successor.
- f. Successor custodian will recreate in its systems, all existing ad hoc queries and periodic reports currently used by the TPSF staff.
- g. Successor custodian will develop and provide in writing, an acceptable exit plan for the end of the relationship.

1.5.7 Securities Lending Custodial Program Support

- a. Custodian will provide a qualified and high quality risk-managed securities lending program with indemnification specific to operational risk and borrower default:
 - Borrower files for bankruptcy;
 - Failure to recall securities before contractual settlement date given timely notification from the investment manager;
 - Failure to secure additional collateral and margin requirements;
 - Failure to receive dividends, distributions and all economic benefits of ownership; and,
 - Failure to credit cash from corporate actions from securities on loan on allocation date + one business day.
- b. Lend to institutional borrowers in accordance with the TPSF policies.
- c. Maintain cash collateral in a separate account for the TPSF.
- d. Invest cash collateral according to the TPSF collateral investment guidelines. See [EXHIBIT E](#).
- e. Systematically insure that minimum collateral requirements are enforced on the daily mark to market values of the securities on loan.
- f. Provide immediate use of non-cash collateral in the instance of borrower bankruptcy.
- g. Provide a breakdown of securities lending income and spread between income accruing to lending activities and cash collateral reinvestment activities.
- h. Provide a wide range of detailed reporting for assets, liabilities, revenues, fees, credit exposures, outstanding securities on loan, utilization rates, loans by borrower, weighted average maturities, and duration; including on-line reporting in an accessible format suitable for more detailed analysis.
- i. Provide GASB 28 and GASB 31 compliant reports.
- j. Use of a risk management reporting system offered directly or via output reports to clients. TPSF must be able to identify spreads by asset type.
- k. Perform due diligence and inform TPSF regarding issues that could negatively impact the collateral reinvestment program.
- l. The program will be managed and monitored by the Securities Lending Agent by maintaining internal policies and procedures that include, but are not limited to:
 - Conducting formal and ongoing periodic credit reviews of potential borrowers, reinvestment counterparties and issuers;
 - Conducting stress testing of the cash collateral investment portfolios modeling various adverse interest rate changes; and,
 - Managing the program in a manner that emphasizes principal preservation.

1.5.8 Investment Performance Measurement and Analytics

- a. The performance measurement advisor will provide daily, monthly, and quarterly performance reports and electronic files detailing the market values, cash flows, average balance, and time-weighted returns of each portfolio (these reports will include both custodied and non-custodied assets as well as any consolidations deemed necessary by TPSF). Services will be provided for all current and future asset classes included in the scope of the Fund's asset allocation.
- b. Daily performance reports must be available to TPSF in electronic format each business day no later than seven (7) a.m. CST.
- c. Performance calculation methodology must correctly match transaction flows to the timing of such flows.
- d. Performance calculations must handle complex derivatives, and security information.
- e. Reports will be available which contain daily and monthly performance and risk metrics for all TPSF accounts, including composites and customized benchmarks.
- f. Daily and monthly electronic files will be provided to TPSF containing performance data and monthly electronic files will be provided to TPSF containing attribution, including returns by Global Industry Classification Standards (GICS®), region, country, industry, sector, and security level; and value added information, for all accounts, composites and benchmarks in a format prescribed by TPSF.
- g. An updated listing of all TPSF accounts/composites and their assigned benchmarks will be provided in a centralized location and will be updated monthly as necessary.
- h. Reports will be provided in the following terms: gross, net of management fees, and net of all fees, using GIPS® compliant calculation methods.
- i. Raw transaction data, rates of return, and/or any other information concerning the TPSF accounts will be transmitted from the custodian to the performance measurement advisor on a daily and monthly basis as directed by the TPSF. The performance measurement advisor will use this data to calculate TPSF performance.
- j. Raw and calculated performance data will be stored by the performance measurement advisor and there will be no limit on the volume of data stored and accessible to the TPSF in electronic transferable format. Upon termination of the relationship, comprehensive raw and calculated data will be provided to TPSF in a format specified by TPSF.
- k. Performance analytics and attribution will be provided for TPSF accounts versus relevant assigned benchmarks and peer groups.
- l. Performance attribution analysis will be provided to determine the value added by investment policy, asset allocation, security selection, and investment manager.
- m. Monthly performance reports detailing market performance and portfolio performance, at any level of detail or any aggregate deemed necessary by the TPSF, will be provided including both current and historical data and shall be available by the twelfth (12th) business day of each month. It is understood that industry conventions will be used for alternative assets such as private equity and real estate.
- n. Historical audited performance data for all accounts (both open and closed), composites (both open and closed), and benchmarks (both standard and custom) will be accepted by the performance measurement advisor to be used for reporting purposes.
- o. Daily and monthly analytic reports will be prepared in formats acceptable to TPSF.
- p. Exposure reporting must function on a look-through basis.
- q. A database with the ability to integrate data from investment managers, the custodian, data vendors, investment technology firms, and having direct access to standard industry

benchmarks and industry universes, such as Trust Universe Comparison Service (TUCS) must be maintained.

- r. A web-based system with client access including customization and ad-hoc reporting must be maintained.
- s. Custom benchmarks in both floating-weight and fixed-weight form will be provided.
- t. "Soft Close" daily accounting will be provided by the custodian on all portfolios and daily data transmitted to the performance measurement advisor. Therefore, daily rates of return will be delivered on the next business day for all public market investments, asset classes, and other composites at the direction of TPSF.
- u. A monthly rate of return and market value reconciliation will be performed between the performance system's records, the custodian's records, the TPSF records for internally managed portfolios, and where applicable, the external investment managers.
- v. Monthly performance rate of return tolerances for public market manager reconciliations will be performed.
- w. Alternative investments may be calculated with both time-weighted and internal rates of return, gross and net.
- x. On a periodic basis, at least monthly and quarterly and when requested, performance analytical reports will be prepared and presented to the SBOE, the Committee, the CIO, or others.
- y. When requested, relevant performance and analytics educational/training will be provided to the SBOE and TPSF staff.
- z. TPSF prefers the electronic receipt of daily attribution analysis if the proposer can provide.

TPSF has provided a listing of the aforementioned service requirements in [DOCUMENT E](#) and requires that Proposers clearly indicate their acceptance of the various service requirements listed by checking off the accompanying box. A clear explanation must accompany any item for which an affirmative representation cannot be made. An individual authorized to bind the proposing institution to these service requirements must sign and date the affirmation of service requirements. Failure to complete and return an executed [DOCUMENT E](#) (with explanation, if necessary) can disqualify the proposal.

1.6 CONTRACT TERM/OPTION TO EXTEND

The initial term of any contract resulting from this RFP shall be at least from contract award until August 31, 2011. TEA, at its own discretion, may negotiate a different initial term. TEA may extend any contract awarded pursuant to this RFP for up to two (2) additional three year periods under the same or different terms. If renewed, the maximum term of the contract will not extend beyond August 31, 2017.

1.7 FEE PROPOSAL

Proposers **must** submit a fee proposal for the services being offered. TPSF is seeking a bundled full service global custody, securities lending and performance measurement arrangement that allows most if not all fees to be covered by securities lending revenue sharing. Out of pocket costs should accordingly be minimized.

The fee proposal **must** be contained in [DOCUMENT SET J](#) and is further described in Section 3.5 of this RFP.

Once finalists are selected, fees may be subject to a "best and final" offer process to be determined at the discretion of the TEA.

SECTION TWO: GENERAL INSTRUCTIONS AND STANDARD PROPOSAL REQUIREMENTS

All proposals in response to this request must meet the following conditions in order to be considered. Failure to meet these conditions shall result in disqualification of proposal and the proposal shall receive no further consideration.

2.1 PROPOSAL SUBMISSION, DATE, AND TIME

PROPOSAL DUE DATE and TIME: **Tuesday, May 5, 2009 3:00 PM, Central Time**

- ✓ WITHOUT EXCEPTION – A proposal must be date and time stamped by the **TEA Purchasing & Contracts staff before the proposal due date and time.**
- ✓ WITHOUT EXCEPTION – A proposal **will not be accepted** by facsimile transmission (FAX).

Proposals must be submitted as follows:

- ✓ In sealed box(es);
- ✓ Proposer's name, prominently displayed on each box;
- ✓ RFP No.: **701-09-004**, prominently displayed on each box;
- ✓ Closing date: **May 5, 2009**, prominently displayed on each box;
- ✓ Indicate: box # of total box #, prominently displayed on each box;
- ✓ Addressee: **Purchasing & Contracts, Rm. 2.125**
Texas Education Agency
William B. Travis Bldg.
1701 N. Congress Ave.
Austin, TX 78701-1494
- ✓ Box **15** printed copies and **45** CDs
- ✓ Package CDs separately, do not place CDs inside individual proposal responses;
- ✓ Proprietary etc., clearly marked (See: [Sect 2.6 Disclosure of Proposal Content](#)).

Proposers must sign the "Execution of Offer, Affirmation of Terms and Conditions, and Proposal Preferences" [DOCUMENT L](#). By signing, the Proposer or the Proposer's legally authorized agent affirms that the all statements within the proposal are true and correct. Proposers must indicate, in writing, any General Provisions, terms, or conditions that are not feasible with the submission of the proposal to this RFP. Discovery of any false statement in the proposal is a material breach and shall void the submitted proposal or any resulting contracts and Proposer shall also be removed from all vendor lists maintained by the state of Texas.

2.1.1 Receipt of Proposals

To be eligible to be considered for funding, proposals must be received in the TEA's Purchasing & Contracts Division (PCD) on or before 3:00 p.m. (Central Time) on the closing date as specified in the Request for Proposal. In establishing the time and date of receipt, the Commissioner of Education will rely solely on the time/date stamp of the Purchasing & Contracts Division.

Regardless of the method of submitting the proposal—United States Postal Service (USPS), United Parcel Service, Federal Express or any other delivery service—the proposal must be received in the agency's Purchasing & Contracts Division by 3:00 PM (Central Time) on or before the closing date in order to be considered.

Note: TEA WILL NOT accept a USPS postmark and/or round validation stamp, mail receipt with the date of mailing stamped by the USPS, a dated shipping label, invoice or receipt from a commercial carrier, or any other documentation as proof of receipt of any proposal. Proposers are advised that TEA assumes no responsibility, due to any circumstances, for the receipt of a proposal after the deadline time and date established in this RFP.

2.1.2 Purchasing & Contracts

TEA's Purchasing & Contracts is open Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding holidays. **Proposals will not be considered if received in Purchasing & Contracts after 3:00 p.m. (Central Time) on the closing date.** PURCHASING & CONTRACTS is located on the 2nd floor of the William B. Travis Bldg, 1701 N. Congress (at 17th St. and N. Congress, two blocks north of the capitol) in Rm. 2.125, Austin, TX 78701-1494.

2.1.3 Number of Copies of Proposal

Fifteen (15) printed copies of the proposal are required to be submitted. In addition, forty-five (45) electronic CDs should be submitted containing both a PDF and a MS Word version of the entire proposal (including all attachments) and the MS Excel version of the fee proposal. Package the proposal responses and the CDs in separate containers. Do not place CDs inside individual proposal responses.

The required number of copies of the proposal must be received in the TEA Purchasing & Contracts by 3:00 p.m. on the established deadline date.

Failure to meet this condition can disqualify the proposal.

Photocopying is not available at TEA.

Additions or replacements to the proposal will not be accepted after the closing date for receiving the proposal in the Purchasing & Contracts of the Texas Education Agency.

2.2 EXPECTED SEQUENCE OF EVENTS/CRITICAL DATES

DATE	EVENT
Wednesday, April 1, 2009	Publication of Request for Proposals in <i>Electronic State Business Daily</i>
Monday, April 6, 2009 through Wednesday, April 15, 2009.	Proposer's Question and Answer Forum with questions e-mailed to psfrfp@tea.state.tx.us and questions and answers posted to the Electronic state Business Daily at http://esbd.cpa.state.tx.us
Tuesday, May 5, 2009	Proposal is due in the Purchasing & Contracts 3:00 p.m., Central Time
July 15, 2009	Oral presentations of selected finalists.
July 17, 2009	Selection of Proposer and commencement of negotiations after Approval by State Board of Education
September 1, 2009	Beginning date of contract
August 31, 2011	Ending date of initial contract term with option to renew

It should be noted that all of these dates may vary as conditions require, except the ending date of initial contract term.

2.3 PROPOSER'S QUESTION AND ANSWER FORUM

- ✓ Beginning: Monday, April 6, 2009
- ✓ Ending: Wednesday, April 15, 2009
- ✓ Questions: PSFRFP@tea.state.tx.us
- ✓ Answers: <http://esbd.cpa.state.tx.us>

Proposers will be provided a forum to ask questions and receive clarifying information about the scope, discrepancies, omissions, or doubts as to the meaning of the specifications of the RFP. All questions must include representative's name, name of the firm represented, address, telephone number, fax number, and e-mail address. The questions and posted responses will be de-identified. Answers will be updated and posted at the Electronic State Business Daily at <http://esbd.cpa.state.tx.us> in the week following the close of the Question and Answer Forum.

Any clarifications or interpretations of this RFP that materially affect or change its requirements will be issued as an Addendum by TEA. It is the responsibility of all respondents to obtain this information in a timely manner. No oral explanation in regard to the meaning of the RFP will be made and no oral instructions will be given before the award of the contract.

To search the Electronic State Business Daily, Select "Texas Education Agency - 701" from the drop down Name box, order the results by "Agency" and hit "go". From the list of proposals currently posted for TEA, select this proposal and links to all electronic documents will be available at the bottom of the posting, listed as "packages".

TEA may, at its discretion, post additional information as an Addendum if TEA determines any matter to require clarification. Proposers shall consider only those clarifications or interpretations to the RFP specifications that TEA issues by addenda five (5) calendar days prior to the submittal deadline. Interpretations or clarifications in any other form will not be binding on TEA and should not be relied on in preparing proposals.

2.4 STANDARD PROPOSAL REQUIREMENTS

Proposals that address only part of the requirements contained in this Request for Proposal can be considered non-responsive.

TEA reserves the right to reject any and all proposals and to negotiate portions thereof.

TEA makes no representations, written or oral, that it will enter into any form of agreement with any respondent to this RFP and no such representation is intended or should be construed by the issuance of this RFP.

The fee proposal submitted by the proposer is subject to negotiation by the TEA.

TEA reserves the right to select the proposal containing the best offer considering the outcomes desired. The proposer shall furnish such additional information that the Agency may reasonably require.

2.5 STATE NOT RESPONSIBLE FOR PREPARATION COSTS

The TEA will not be liable for any costs incurred in the preparation and submittal of a proposal.

2.6 DISCLOSURE OF PROPOSAL CONTENT

After contract execution, proposals are subject to release under the Texas Government Code, Chapter 552, Public Information Act.

Proposers **must**:

- ✓ indicate on their proposal cover if their submission contains proprietary, confidential, or copyright material i.e., something that is considered a trade secret, or is protected by patent or copyright laws.
- ✓ identify each document, page, and answer within the proposal if proprietary, confidential, or copyright material; and accordingly,
- ✓ **clearly mark** each document, page, and answer.

A link to the Government Code citation is included in [EXHIBIT A](#). As such, if an open records request related to the RFP process is received by the TEA to disclose documents, the TEA would have to follow the procedures of TGC Chapter 552. Exceptions to disclosure do exist and it is possible that “proprietary” or “confidential” can be defended under the requirements of TGC Section 552.110 Exception: Trade Secrets; Certain Commercial or Financial Information. If there appears to be an exception to disclosure, the matter would be presented to the Texas Attorney General to issue a decision and render an opinion about the proprietary or confidential nature of the material. The burden of proof concerning confidentiality rests with the author of the material and the TPSF would not be required to argue on another’s behalf. All opinions from the Texas Attorney General are binding.

2.7 INDEPENDENT AUDITING STANDARDS AND CONFLICT OF INTERESTS

If an entity or its subsidiary has or is currently contracted with TEA to perform professional services or consulting (non-audit) services, then they cannot be awarded a contract to provide financial audit, attestation, or performance audit services for two years from finishing an engagement.

An entity or its subsidiary that performed financial audit, attestation, or performance audit services for TEA, may not receive a contract award to perform professional services or consulting (non-audit) services for two years.

SECTION THREE: PROPOSAL FORMAT AND CONTENT

3.1 PROPOSAL FORMAT AND CONTENT

Proposers **must** submit fifteen (15) printed copies of the proposal. In addition, proposers should submit forty-five (45) electronic CDs containing both a PDF and a MS Word version of the entire proposal (including all documents, attachments and appendices) and a PDF and Excel version of Document J, fee proposal. Please package the proposal responses and the CDs in separate containers. Do not place CDs inside individual proposal responses. Proposals **must** be submitted in a manner which does not carry any benefit, keepsake, or value for members of the review panel.

Proposal format and content should include the following:

- ✓ Proposal Cover Page, [DOCUMENT A](#),
 - ✓ if contains proprietary
- ✓ A signed Proposal Content Checklist, [DOCUMENT B](#)
- ✓ Proposal Content: **DOCUMENT C through DOCUMENT L**,
- ✓ Proprietary and/or confidential, clearly marked
- ✓ Tabs between documents,
- ✓ Sequentially numbered pages from front to back. (1, 2, 3, etc.)
- ✓ Written on 8 ½" x 11" paper
- ✓ Not to exceed 300 pages total
- ✓ Bound in three ring binders

3.1.1 Proposal Cover Page

Proposals should include a Proposal Cover Page, which checks the method of proposed service delivery offered, checks if the proposal contains proprietary material, and clearly states the name of the firm or organization and the name, position, and telephone number of the proposer's Administrator who may be contacted regarding the proposal, [DOCUMENT A](#).

3.1.2 Proposal Content Checklist

Proposals should include a Proposal Content Checklist, [DOCUMENT B](#). This checklist is to assist proposers in ensuring that all information is included in their response. Proposers **must** refer to the appropriate section of the RFP for detailed information. Failure to return all information on the checklist can disqualify the proposal.

3.2 PROPOSER'S FINANCIAL RESPONSIBILITY

All proposers **must** submit along with the proposal, indicators of financial stability. Proposers should submit their most recent audited financial statement or a certified public accountant-compiled financial report. Levels of financial disclosure and financial responsibility are factors in the evaluation process. The TPSF will determine whether the documents submitted are sufficient.

Proposers shall provide any details of all past or pending litigation or claims filed against the firm that may affect performance under a contract with TEA.

Proposal shall identify if the proposer is currently in default on any loan agreement or financing agreement with any bank, financial institution or other entity. If so, specify date(s), details, circumstances, and prospects for resolution.

Proposers shall complete [DOCUMENT D](#) describing the financial information provided for evaluation and review.

Failure to meet these conditions can disqualify the proposal.

3.3 UNDERSTANDING OF THE SCOPE OF WORK

The proposer **must** describe clearly, specifically, and as completely as possible, the methodology for carrying out the scope of work objectives and requirements as described in this RFP in Section 1.5 Scope of Work. Proposers should complete:

- ✓ Global Custodian Profile: [DOCUMENT F](#),
- ✓ Securities Lending Profile: [DOCUMENT G](#)
- ✓ Global Custody and Securities Lending Services Questionnaire: [DOCUMENT H](#)

Answer all questions as thoroughly as possible to address the requirements of Section 1.5 Scope of Work. When completing the Questionnaire, proposers must provide satisfactory evidence of capability to manage and coordinate the types of activities described in the RFP and to produce the specified product or service on time.

3.4 CONFLICTS OF INTEREST

The proposal **must** describe any potential conflicts of interest that might arise in the course of providing the services required in this RFP. Potential conflicts of interest that might occur include but are not limited to the following: payment of fees for any reason to consultants that may recommend managing various asset allocation mandates, owning or participating in the ownership of money management firms or brokerage firms, or paying fees to or receiving fees from TPSF Service Providers.

A multi-page/multi-person Conflicts of Interest and Contacts Questionnaire should be completed in its entirety and each set will consist of the following individual data intakes:

A **complete DOCUMENT I** questionnaire for each firm and each individual includes:

- ✓ **Page 1** Conflict of Interest and Contact : with SBOE Members and Committee of Investment Advisors
- ✓ **Page 2** Conflict of Interest and Contact : with Investment Counsel, Advisors, and Service Providers
- ✓ **Page 3** Conflict of Interest and Contact : with TPSF Senior Staff and TEA Legal Staff
- ✓ **Page 4** Conflict of Interest and Contact: to describe the disclosed relationships the individual has with those persons/firms listed in the tables on Pages 1-3.
- ✓ **Page 5** Record of All Contact with the SBOE, TEA Staff and PSF Consultants. Especially where business relationships exist, the individual should briefly describe the nature of the relationship, identify what contact has been made, identify **each occurrence**, indicate **the date** of the occurrence, and clearly describe the content of discussions.
- ✓ **Page 6** Disclosure of All Campaign Contributions and Gifts per Section 4.3 of the State Board of Education Operating Rules.
- ✓ **Page 7** Signature Attestation

Submission will be for the following assigned to the TPSF account:

- [DOCUMENT I-1](#) Proposing Firm as a whole
- [DOCUMENT I-2](#) Senior Client Service Manager – TPSF Account
- [DOCUMENT I-3](#) Senior Client Service Manager – Global Custody
- [DOCUMENT I-4](#) Senior Client Service Manager – Performance & Analytics
- [DOCUMENT I-5](#) Senior Client Service Manager – Securities Lending
- [DOCUMENT I-6](#) an additional set(s) completed by any lobbyist who works on matters related to the TPSF on behalf of the proposer.

3.5 FEE PROPOSAL

Proposer **must** submit a fee proposal. Fee proposals **must** reflect services offered meeting requirements stated throughout this RFP.

The fee proposal **must** be contained in **DOCUMENT SET J** and all forms shall be completed as follows:

- ✓ [DOCUMENT J](#) Fee Proposal – Cover Page
- ✓ [DOCUMENT J-1](#) MS Excel file containing Fee Schedules:
 - TAB 2 - Fee Proposal for Bundled Global Custody, Securities Lending and Performance Measurement
 - TAB 3 - Fee Proposal for Global Custody and Securities Lending only
 - TAB 4 - Fee Proposal for Global Custody only
 - TAB 5 - Fee Proposal for Performance Measurement and Analytics Services only
- ✓ [DOCUMENT J-2](#) Performance Guarantees

Fees must be justified in terms of activities and anticipated expenditures must be reasonable (i.e., consistent with current market price and practice) and necessary to accomplish the objectives stated herein. The fee proposal must evidence that financial resources are adequately and appropriately allocated among fee categories in a cost-effective and prudent business manner to accomplish the objectives stated herein. Services to be purchased from other agencies, subcontractors, including any amounts subcontracted to HUBs, consultants, and others must be specified.

Where payment is necessary, it will be made upon satisfactory performance of services, receipt by the TPSF of specified deliverables, and receipt of properly prepared and certified invoices/expenditure reports. **Travel expense will not be reimbursed in this contract.**

Failure to meet these conditions can disqualify the proposal.

3.6 PROPOSER IDENTIFICATION

Proposer shall provide to agency, respondent's 9-digit Federal Employer's Identification Number (FEI); Social Security Number (SSN) if respondent is an individual; or respondent's 14-digit State of Texas Vendor's Identification Number (VIN). If incorporated, respondent shall also provide to agency the corporation's charter number issued by the Texas Secretary of State's office. Proposer shall complete Section 3.B of [DOCUMENT L](#) with this information.

3.7 HISTORICALLY UNDERUTILIZED BUSINESS (HUB) IDENTIFICATION

Historically underutilized businesses (HUBs) as defined in V.T.C.A., TX Govt. Code, §2161.001 (see **EXHIBIT C**) are encouraged to submit a proposal for the services requested in this RFP. Proposers are encouraged to become HUB certified.

Proposers that are not certified and who wish to become certified should complete the HUB Certification application available at <http://www.cpa.state.tx.us/procurement/prog/hub/hub-certification/>. The Statewide HUB Program at (512) 463-5872 can assist with questions regarding the requirements for certification. The proposer should also relay this information to any potential subcontractors who wish to become a certified HUB.

Proposers that are certified as a HUB with the Texas Comptroller of Public Accounts' Texas Procurement and Support Services should attach a copy of the certificate to the proposal.

The proposer must identify if subcontracting opportunities are available. The proposer may choose to subcontract any or all of the services to HUBs. If subcontracting, the proposer should submit the HUB Subcontracting Plan, [DOCUMENT K](#), and complete all sections (1-10).

If the proposer can perform and intends to complete all the subcontracting opportunities identified by the TEA with its employees and resources **without benefit of subcontractors**, the proposer should complete Sections 1,2, 9 and 10 of the HUB Subcontracting Plan, [DOCUMENT K](#).

Failure to return the HUB Subcontracting Plan [DOCUMENT K](#) will disqualify the proposal.

SECTION FOUR: REVIEW OF PROPOSALS

4.1 REVIEW OF PROPOSALS

Review of proposals will begin as soon as practical after receipt. Evaluation of proposals occurs in several stages. The first stage includes a compliance evaluation to ascertain proper form and content in accordance with all provisions stated within this RFP. Proposals that pass the compliance evaluation will then be evaluated for minimum qualifications. Proposals that pass the minimum qualification screening will then be evaluated according to the criteria listed in Section 4.2 below. The proposers receiving the most favorable ratings during the first round of selection may be asked to send a representative to Austin, Texas, at a time and place to be arranged for oral presentation of proposals. Proposals may be rated again following oral presentations. The evaluation team may consist of TPSF staff knowledgeable in the content area.

The recommendations of the review panel will be assembled and presented to the SBOE who will:

1. Approve the proposal in whole or in part;
2. Disapprove the proposal; or
3. Defer action on the proposal for such reasons as a requirement for further evaluation.

Texas Education Agency will notify each proposer in writing of the selection or non-selection for funding. Additional copies of proposals **not selected for funding** will be destroyed in accordance with the agency approved records retention policy.

In the case of a proposal selected for funding, notification to the proposer will include the contractual conditions, which the proposer must accept in accordance with federal and/or state law.

4.2 SELECTION CRITERIA

Proposals will be selected based on the ability of each proposer to carry out all of the requirements contained in this Request for Proposal. TPSF will base its selection on, among other things, demonstrated competence, and qualifications of the proposer and on the reasonableness of the proposed fees. Following is a summary of the factors that will be evaluated in selecting a proposer, and the total number of points that will be applied in association with each:

FACTORS	POSSIBLE % POINTS
Business and Organizational Strength	15
Risk Management/Compliance	10
Service Delivery	40
Conflicts and Business Conduct	15
Fee Proposal	15
Other Factors	5
TOTAL	100

By submitting proposals in response to this RFP, the proposer accepts the evaluation process and acknowledges and accepts that determination of the “best value” proposer will require subjective judgment.

TEA reserves the right to consider any proposal non-responsive if the proposal cost is determined to be unreasonable or irresponsible in relation to the other submitted proposals and/or TEA estimate of the cost.

SECTION FIVE: CONTRACTUAL REQUIREMENTS

5.1 CONTRACTOR'S PROPOSAL

The selected proposal may be incorporated into a contract prepared by the TEA for signature by the contracting parties. The resulting contract shall contain, among others, the following provisions:

All materials, conceptions and products produced or conceived by Contractor, its employees, agents, consultants or subcontractors arising out of the contract shall be the sole property of TEA, and TEA shall have the exclusive right to copyright and patent these materials, conceptions and products, subject to applicable law. Contractor shall so bind all concerned.

5.2 EXECUTION OF OFFER, AFFIRMATION OF TERMS AND CONDITIONS AND PROPOSAL PREFERENCES

Proposer shall review [DOCUMENT L](#) carefully, noting that the TEA General Provisions described therein consist of the conditions under which TEA will conduct its business with any proposer selected as a qualified global custody and securities lending firm. When contracting with a qualified global custody and securities lending firm, TEA will incorporate these General Provisions into the body of the contract and they will become binding. Proposers wishing to do business with the TEA shall acknowledge their acceptance of these terms and conditions by signing [DOCUMENT L](#) and returning it as part of the proposal response.

Proposers must indicate in writing any General Provision term that is not feasible with the submission of the proposal to this RFP. Proposers must identify the individual terms and explain why the terms are not feasible. An addendum can be attached to the submission of the executed [DOCUMENT L](#) in order to communicate contracting concerns. If a proposal is signed and submitted without specifically identifying all General Provisions that are not feasible, TEA will not negotiate the General Provisions.

Failure to formalize the terms of the proposal by signing the "Execution of Offer," can disqualify the proposal.

5.3 PAYMENT

All payments are made in accordance with Texas Government Code § 2251.001 et seq. Payments for Goods and Services. Payment is contingent upon the submission of properly prepared and detailed invoice/expenditure reports, each payment cycle. For certain investment management services, it is anticipated that fees for services/operating expenditures will be deducted from fund assets in lieu of being paid by state warrant.

TEA reserves the right to review and approve fees and expenditures at various levels before fund assets are released.

According to guidelines set forth by the Texas Comptroller of Public Accounts, the payment scheduling policy requires agencies to pay as close to the due date as possible in order to maximize fiscal benefits to the state. Payments are due in 30 days.

5.4 CONTRACTING WITH PERSONS WHO HAVE CERTAIN DEBTS OR DELINQUENCIES

A contractor who is indebted or owes delinquent taxes to the State will have any payments under the contract applied toward the debt or delinquent taxes owed the State until the amount is paid in full, regardless of when the debt or delinquency was incurred. This provision does not apply if the warrant or transfer results in payments being made in whole or in part with money paid to the state by the Federal Government.

Contractor may verify account status by accessing: <http://ecpa.cpa.state.tx.us/vendor/tpsearch1.html>

If the account status message is, "on vendor hold," the contractor is advised to contact the Comptroller's Warrant Hold Section in the Division of Revenue Accounting at 1-800-531-5441 ext. 3-4561 for assistance in resolving the issue.

EXHIBIT A
REGULATION AND ADMINISTRATION – AND OTHER

For ease of reference, select laws, statutes, policies and reports pertaining to the Texas Education Agency Texas Permanent School Fund can be found at the following links:

1. Article VII of The Texas Constitution

<http://tlo2.tlc.state.tx.us/txconst/sections/cn000700-000500.html>

2. Chapter 33 of the Texas Administrative Code: Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund

[http://info.sos.state.tx.us/pls/pub/readtac\\$ext.ViewTAC?tac_view=4&ti=19&pt=2&ch=33&rl=Y](http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=19&pt=2&ch=33&rl=Y)

3. Chapter 43 of the Texas Education Code: Permanent School Fund and Available School Fund

<http://tlo2.tlc.state.tx.us/statutes/docs/ED/content/word/ed.002.00.000043.00.doc>

4. Chapter 2155 of the Texas Government Code: Purchasing: General Rules and Procedures, including:

Section 2155.004 Certain Bids and Contracts Prohibited

<http://tlo2.tlc.state.tx.us/statutes/docs/GV/content/word/gv.010.00.002155.00.doc>

5. Chapter 552 of the Texas Government Code: Public Information Act, including:

Section 552.0225 Right of Access to Investment Information,

Section 552.0230 Special Right of Access to Confidential Information,

Section 552.1100 Exception Trade Secrets; Certain Commercial or Financial Information

Section 552.1430 Confidentiality of Certain Investment Information

<http://tlo2.tlc.state.tx.us/statutes/docs/GV/content/htm/gv.005.00.000552.00.htm>

6. Section 4.3 of the State Board of Education Operating Rules, amended February 7, 2007, Disclosure of Campaign Contributions and Gifts.

http://ritter.tea.state.tx.us/sboe/op_rules.html

7. Audited Annual Financial Statements of the TPSF

<http://ritter.tea.state.tx.us/psf/annualgateway.html>

8. Additional Information about TEA and TPSF

TEA: <http://www.tea.state.tx.us>

TPSF: <http://ritter.tea.state.tx.us/psf/>

EXHIBIT B
TEXAS PERMANENT SCHOOL FUND
INVESTMENT PROCEDURES MANUAL

The State Board of Education (SBOE) has adopted the Statement of Investment Objectives, Policies and Guidelines, which sets forth the prudent objective standards for the investment and administration of the Texas Permanent School Fund (Fund). The Statement addresses the needs of the Fund; establishes criteria for manager performance measurement; communicates the Statement to all parties; serves as a review document for compliance; demonstrates that the Board is in compliance with its responsibility of managing the investments of the Fund and documents compliance with the appropriate governing laws.

To effectuate the Statement of Investment Objectives, Policies and Guidelines, the State Board of Education adopts the following procedures, consistent with the objectives of the Fund. These procedures delineate with specificity the operative provisions, processes and procedures for the implementation of the Statement, consistent further with input from all of the appropriate parties, as follows:

A. COMMITTEES OF THE STATE BOARD OF EDUCATION:

1. The State Board of Education has established the Committee on The Permanent School Fund (Committee) to assist in the administration and oversight of the Fund. The following are the duties and responsibilities of the Committee:
 - a. The Committee is comprised of members of the State Board of Education selected under the rules of the Board;
 - b. The Committee shall make recommendations to the State Board of Education concerning the ratification of all investment manager transactions for the current reporting period, if the transactions are consistent with the Statement of Investment Objectives, Policies and Guidelines; the Procedures Manual; and all other applicable constitutional, statutory and contractual provisions;
 - c. The Committee may approve periodic tactical recommendations pertaining to adjustments to the long-term asset allocation strategic plan of the State Board of Education;
 - d. The Committee shall direct the activities of the executive administrator in implementing the policies of the State Board of Education concerning the investment of the Permanent School Fund;
 - e. The Committee shall implement the policies of the State Board of Education concerning the investment of the Permanent School Fund;
 - f. The Committee shall direct and monitor each Board approved action and counsel with and receive reports from the executive administrator, the Committee of Investment Advisors (CIA), Investment Counsel, and any investment manager hired under the provisions set forth;
 - g. The Committee shall ensure compliance with the State Board of Education's statement of investment policy and non-compliance shall be reported to the State Board of Education; and
 - h. The Committee shall recommend to the State Board of Education, new procedures or recommend amendments to existing procedures consistent with the provisions of the Statement of Investment Objectives, Policies, and Guidelines.

2. Committee of Investment Advisors (CIA) - Duties and Responsibilities

- a. Members of the State Board of Education shall individually select the Committee of Investment Advisors (CIA) members. The SBOE shall approve selected appointments. The Committee of Investment Advisors shall be comprised of no more than 15 members. Each must have considerable institutional investment expertise and be free from conflicts of interest;
- b. Committee of Investment Advisors shall serve at the pleasure of each incumbent State Board of Education member;
- c. The Advisors may meet semi-annually or more frequently with the entire SBOE membership at the call of the chairman of the SBOE; and
- d. Advisors are to receive copies of all information that is not designated as confidential or proprietary and correspondence provided to SBOE members regarding PSF activities, performance and presentation materials so as to be fully informed.
- e. The Committee of Investment Advisors shall be independent investment experts who closely advise their respective State Board of Education member on investment issues.

B. CRITERIA FOR THE ENGAGEMENT, RETENTION OR TERMINATION OF INVESTMENT COUNSEL:

1. Investment counsel may be recommended by the Committee on the Permanent School Fund and retained by the State Board of Education, provided counsel meets the following minimum criteria by having or having access to:
 - a. organizational processes that will provide for combining the knowledge and judgments in different areas of institutional investment expertise in order that the advice and recommendations made to the Permanent School Fund will have evolved from the opinions of many rather than one individual; and
 - b. the capability of complying with additional criteria as may be established by the State Board of Education.
2. If at any time Investment Counsel fails to comply with any of the above-provisions, or fails to perform pursuant to the provisions of the Investment Counsel contract, the Committee on the Permanent School Fund shall notify the State Board of Education of said failure. The Board shall take appropriate measures to correct any deficiencies.

C. INTERNAL ACCOUNTING PROCEDURES AND CASH MANAGEMENT CONTROLS:

The following procedures and controls shall be adopted and implemented by the investment staff of the Permanent School Fund:

1. All investments of the Permanent School Fund shall be accounted for in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) unless otherwise prescribed by state law;
2. Income, gains and losses from investments shall be collected, accounted for, and allocated to the proper fund in the proper period;
3. Proper controls shall be maintained as well as a segregation of duties between the portfolio managers/traders and the accounting staff;

4. All investment transactions shall be properly authorized and in accordance with the portfolio manager's/trader's established investment limits;
5. All investment transactions shall be supported by a trade ticket prepared by the portfolio manager(s)/trader(s). The trade ticket may be in paper or electronic form and must be authorized by the portfolio manager(s)/trader(s);
6. All trades shall be verified by the accounting staff and affirmed by the Fund's custodian prior to settlement;
7. The investment office shall have no direct control over or access to physical cash currency;
8. The following monthly reconciliations are completed and reviewed:
 - a. between the investment accounting system and the records of the Master Trust Custodian;
 - b. between the investment general ledger system (statewide and agency) and the investment accounting system;
9. Controls must be established to meet the liquidity needs of the Fund;
10. Outstanding purchase commitments shall be properly recorded including any accrued interest paid on purchases;
11. All requests to the Custodian to transfer funds in order to purchase securities or invest in short-term instruments shall be properly authorized by the Permanent School Fund staff and properly recorded in the records of the State Comptroller's office;
12. Investment reports shall be prepared in accordance with legal and regulatory requirements and to meet the information requirements of the SBOE; and
13. It shall be the policy of the SBOE to perform the delivery and settlement of cash and securities through the Fund's custodial bank. The Fund custodian will collect all monies due the Fund and deliver all monies due from the Fund.

The Fund custodian will make all Fund monies available for investment. In the event funds are not invested as a result of specific security transactions ordered by internal Permanent School Fund staff or external investment managers, the custodian will invest such proceeds on a short term basis pending further instructions. In the event monies are not invested within one business day by the custodian or as a result of instructions from authorized investment managers, such proceeds shall be remitted to the State Treasury. The custodian, upon instructions from the Fund, shall remit all incomes due the Permanent School Fund to the Texas State Comptroller Treasury Division no less than weekly.

The Fund custodian shall maintain currency accounts for all currencies traded in the Fund's international investment portfolios. The Fund custodian shall execute cash movements across these accounts at the direction of investment managers, including transmission of monies for foreign exchange transactions, upon authorized instruction from investment managers. In order to facilitate the settlement of trades denominated in foreign currency, the custodian may hold foreign currencies overnight as authorized by the investment managers.

D. STRATEGIC ASSET ALLOCATION PLAN

To pursue the objectives of the Texas Permanent School Fund at an acceptable risk level, the following strategic (i.e., long-term) allocation is adopted:

Asset Class	Strategic Asset Allocation	Minimum Range	Maximum Range
Equity:			
Large Cap US Equity	24%	21%	27%
Small/Mid Cap US Equity	7%	6%	8%
Large Cap Developed and Emerging Market Equity	18%	15%	21%
Small/Mid Cap International Equity	4%	3%	5%
Total Equity	53%		
Fixed Income:			
Domestic Inv. Grade Fixed Income	19%	17%	21%
Cash Equivalents:	0%	0%	5%
Alternative Assets:			
Real Estate	6%	0%	8%
Real Return	6%	5%	7%
Absolute Return	10%	9%	11%
Private Equity	6%	3%	8%
Total Alternative Assets	28%		

Provided, however, that the Committee (SBOE) shall have the right to make periodic adjustments to the above-listed allocations as they see fit, commensurate with the economic environment and the goals and objectives of the Fund. It is understood that the strategic allocation to alternative assets may differ from the target ranges outlined for limited periods of time, due to the illiquid nature of these asset classes. Further, during the initial implementation of alternative asset classes, the allocation will fall below the minimum range until the program can be fully established.

Formal asset allocation studies shall be conducted by the Asset Allocation Consultant at least every two years, with annual evaluations of the validity of the adopted asset allocation.

E. ASSET ALLOCATION REBALANCING PROCEDURE:

The SBOE has established specific asset allocation targets within the ranges of its investment policy. To assure allocations consistent with this policy, the Committee on the Permanent School Fund and the Executive Administrator has developed a systematic rebalancing policy, as follows:

Target rebalancing ranges will be established for each asset class and category based upon market volatility, liquidity and inherent transaction costs. The ranges are not necessarily symmetrical and reflect a practical approach to rebalancing – thus, whole numbers are employed to establish target limits.

1. Asset Class Rebalancing

The following policies will be followed regarding asset weightings:

- a. Valuation and monitoring of asset classes in relation to their targets will be done as available from the custodian and investment managers;
- b. When all asset classes are within target ranges, any cash will be allocated between equity and fixed income portfolios as appropriate to take advantage of capital market opportunities;
- c. Whenever the asset classes of the Fund deviate from their target ranges, the Executive Administrator will rebalance the asset mix as follows:
 - (1) Utilize available cash first to bring asset classes to within target ranges;

- (2) If available cash is insufficient, transfers between asset classes will be made to bring them to their target levels.
- d Whenever the asset classes of the Fund lie within their target ranges, the Executive Administrator may perform a partial or full rebalance to move the Fund toward the optimal target allocation to take advantage of market conditions that could be beneficial to the long-term performance of the Fund.
 - e Cash-flows to and from illiquid portfolios will not be made, unless they are part of a predetermined plan.
 - f The SBOE may vote to delay automatic asset class rebalancing if major changes in the strategic asset allocation plan are expected in the near term.
 - g Distributions paid to the Available School Fund (ASF) shall be distributed from asset classes that exceed the target allocations and bring the PSF back in line with the target allocation.
 - h The Executive Administrator, in consultation with the Asset Allocation Consultant, should maintain the asset allocation targets and rebalance between asset classes when it is determined that imbalances have occurred within asset classes in excess of the Strategic Asset Allocation plan's ranges (Section D).
 - i Upon notice from the Commissioner of Education in regards to a guaranteed school district bond default, the Executive Administrator shall cause to be deposited in State Treasury Fund 0044 account sufficient cash to cover the default by funding the default from any asset class that exceeds its target and is highly liquid. If each asset class is at target, then assets will be sold in line with target weights. The funds will then be transferred to the paying agent in accordance with Texas Education Code Chapter 45.059.

In accordance with Texas Education Code Chapter 45.061, the Commissioner will immediately direct the Comptroller to withhold the amount paid, plus interest, from the first state money payable to the school district. The amount withheld shall be deposited to Fund 0044 in the State Treasury. The Executive Administrator shall return the funds to the asset classes from which they were taken or to asset classes that are underweighted at the time of receipt of the reimbursement.

2. Transition Procedure

Investment manager changes and additions will occur due to the natural growth of the fund and to the attrition of managers due to performance or other reasons, as well as for rebalancing purposes. The Executive Administrator shall obtain an authorization from the SBOE to effect the transition of assets from one portfolio to another using the services of an outside, independent specialist that has experience in the management of portfolio transitions. The function of the specialist is to recommend the lowest cost and most efficient method for transitioning the assets and to monitor and report on the effectiveness of transitions.

F. STANDARDS OF PERFORMANCE

1. Total Funds

The Total Fund shall consist of a diversified portfolio including domestic and international equities, fixed income, and alternative asset classes.

The State Board of Education expects active managers to collectively out-perform their respective (and agreed upon) individual unmanaged benchmarks net of fees. Therefore, total performance of the Texas Permanent School Fund will be measured against a composite benchmark reflective of the Fund's targeted allocation between equities, fixed income, and alternative assets. During

periods of transition, where assets deviate significantly from the long-term target allocation, the composite benchmark shall be dynamic, calculated monthly using the beginning of period capitalization weight of each investment portfolio and the return of their respective primary index. A transition period shall be defined as the period beginning on the first day of the month after the contract has been signed with the investment manager and the initial funding of asset class takes place. Once funding begins, the composite benchmark shall revert back to the standard static calculation on the first day of the month following funding. The static calculation shall be calculated based on the percentage allocated to each asset class.

In order to meet the investment objectives as specified in the SBOE's statement of Investment Objectives, Policies and Guidelines, the Total Fund will strive to maintain intergenerational equity whereby the fund will pay-out a constant distribution per student after adjusting for inflation.

The asset allocation adopted July 2006 reflects the following asset classes, benchmarks and target allocations of the Fund, utilized when calculating the composite benchmark:

Asset Class Category	Passive Benchmark¹	Long-Term Target Allocation
Equities		
Large Cap US Equity (Core)	S&P 500	24%
Small/Mid Cap US Equity (Core)	S&P 1000	7%
Large Cap Developed and Emerging Market Equity	MSCI All Country World Index ex US	18%
Small/Mid Cap International Equity	MSCI EAFE Small Cap	4%
Fixed Income		
Investment Grade	Lehman Brothers Aggregate	19%
Cash & Equivalents	91 Day Treasury Bill	0%
Alternative Assets		
Real Estate	NCREIF Property	6%
Real Return	CPI + 5%	6%
Absolute Return	CPI + Premium ²	10%
Private Equity	Actual Investment Return or S&P 500 + 5% ³	6%

¹ The above benchmarks are representative of sample indices, subject to being redefined upon investment manager funding of their own unique portfolio.

² The return premium expected should range from 5-10%, corresponding with the strategy objectives of each individual investment/manager.

³ Over a full market cycle, private equity investments should still be measured against the long-term benchmark of S&P 500 + 5%. However, over shorter periods of time, including the actual return for the investment in the benchmark accomplishes the dual goal of accurately portraying total fund performance for the Fund, while eliminating the short-term benchmark noise that is introduced by the mismatch between long-term objectives and short-term market movements.

2. Equity Allocation

The equity allocation shall consist of diversified domestic and international stocks. The purpose of the equity allocation is to provide appreciation of principal that more than offsets inflation and provides a growing stream of current income.

The equity allocation, upon full implementation, should represent approximately 53% of the Fund at market value.

The allocation to domestic and international equities will be across capitalization ranges. The equity managers will be subject to the following general and specific investment guidelines:

a. Domestic Equity Manager(s):

The strategic objective of the Fund is to obtain broad domestic equity market exposure-

(1) An indexed large cap core equity manager is expected to:

- (a) achieve an annualized time-weighted rate of total return (net of expenses and fees) equal to the return of the benchmark represented by the S&P 500 Index;
- (b) maintain an acceptable risk level when measured by the standard deviation of quarterly returns of the representative benchmark (S&P 500).

(2) An indexed small/mid cap core equity manager is expected to:

- (a) achieve an annualized time-weighted rate of total return (net of expenses and fees) equal to the return of the benchmark represented by the S&P 1000 Index;
- (b) maintain an acceptable risk level when measured by the standard deviation of quarterly returns of the representative benchmark (S&P 1000).

b. International Equity Manager(s):

The strategic objective of the Fund is to obtain a broad international equity market exposure.

(1) An indexed large cap developed and emerging market equity manager is expected to:

- (a) achieve an annualized time-weighted rate of total return (net of fees and expenses) equal to the return of the benchmark represented by the MSCI All Country World Index Ex USA.
- (b) maintain an acceptable risk level when measured by standard deviation of quarterly returns of the representative benchmark MSCI All Country World Index Ex USA.

3. Fixed Income Allocation

The total fixed income allocation shall consist of a well-diversified portfolio and normally represent 19% of the Fund at market value.

The fixed income portfolio will be managed under a broad market mandate. Each account shall be managed in an active manner to achieve the total return objective as established and to preserve principal while maintaining an acceptable income yield.

In addition to the prohibited transactions and restrictions delineated in Section 33.25 of the Statement of Investment Objectives, Policies and Guidelines, the fixed income portfolio of any manager of the Fund must maintain a minimum quality rating, duration average and minimum income yield consistent with the overall characteristics of the manager's fixed income benchmark.

The fixed income manager(s) will be subject to the following general and specific investment guidelines:

a. Domestic High Grade Fixed Income Manager(s):

A domestic fixed income manager is expected to achieve over the course of a fair market cycle of three to five years the following:

- (1) achieve an annualized time-weighted rate of return (net of fees and expenses) in excess of the return of the benchmark represented by the Lehman Brothers Aggregate Index;
- (2) rank in the top half of a universe of peers of actively managed domestic fixed income portfolios with similar objectives and risk profiles; and
- (3) maintain an acceptable risk level when measured by the standard deviation of quarterly returns of the representative benchmark (Lehman Brothers Aggregate Index).

b. Cash Equivalent Manager(s):

A Short Term Investment Fund (STIF) manager is expected to:

- (1) achieve an annualized time-weighted rate of total return (net of fees and expenses) in excess of the return of a benchmark represented by the 91 Day Treasury Bill;
- (2) rank in the top half of a universe of peers of actively managed short-term fixed income portfolios with similar objectives and risk profiles; and
- (3) maintain an acceptable risk level when measured by the standard deviation of quarterly returns of the representative benchmark (91-Day Treasury Bill).

4. ALTERNATIVE ASSET ALLOCATION

The alternative asset allocation shall consist of real estate, real return, absolute return, and private equity investments. Alternative investments are non-traditional investments that have low correlation with most traditional asset classes. Alternative investments are usually transacted through a partnership structure and are often characterized by limited liquidity, infrequent valuations, and the need for greater administrative workload and oversight. The State Board of Education recognizes that additional investment classes may reduce the Fund's overall volatility of returns and/or enhance overall performance.

The alternative asset allocation, upon full implementation, should represent approximately 28% of the Fund at market value.

The alternative asset manager(s) will be subject to the following general and specific investment guidelines:

a. Real Estate Manager(s):

A real estate manager is expected to achieve over the course of a fair market cycle of three to five years the following:

- (1) achieve an annualized time-weighted rate of return (net of fees and expenses) in excess of the return of the benchmark represented by the NCREIF Property Index;
- (2) maintain an acceptable risk level when measured by the standard deviation of quarterly returns of the representative benchmark (NCREIF Property Index).

b. Real Return Manager(s):

A real return manager is expected to achieve over the course of a fair market cycle of three to five years the following:

- (1) achieve an annualized time-weighted rate of return (net of fees and expenses) in excess of 5% above the return of inflation, represented by the Consumer Price Index (CPI);

c. Absolute Return Manager(s):

An absolute return manager is expected to achieve over the course of a fair market cycle of three to five years the following:

- (1) achieve an annualized time-weighted rate of return (net of fees and expenses) in excess of 5-10% above the return of inflation, represented by the Consumer Price Index (CPI). The return premium expected should correspond with the strategy objectives of each individual investment, and shall be outlined in the respective management contract.
- (2) achieve an annualized time-weighted rate of return (net of fees and expenses) in excess of the return of the benchmark represented by the HFRI Fund of Funds Index;
- (3) maintain an acceptable risk level when measured by the standard deviation of quarterly returns of half (50%) the volatility of the broad equity market, represented by the S&P 500 Index.

d. Private Equity Manager(s):

A private equity manager is expected to achieve, over the life of each partnership (typically ranging 10+ years), the following:

- (1) achieve an annualized time-weighted rate of return (net of fees and expenses) in excess of 5% above the return of the broad equity market, represented by the S&P 500 Index;
- (2) achieve an internal rate of return (net of fees and expenses) in excess of established target for the individual investments' objectives and vintage year.
- (3) Equity holdings that are taken private with the option to participate in the new private company ("stub equity"), shall be considered and analyzed for their value to the Fund. If the executive administrator deems that receiving shares of the new company is of economic value he/she shall inform the SBOE of the investment in the private company at the next board meeting. These assets will be treated as part of private equity allocation and shall not exceed 10% of the private equity asset class target.

5. Performance Monitoring

The objectives outlined above for managers within each asset class recognize that the investment horizon is long-term and that investment competence must be measured throughout a meaningful period of time. While the quantitative assessment of managerial competence will be measured over a fair market cycle of three to five years, the State Board of Education anticipates that its Investment Consultant will make interim quantitative and qualitative judgments. Specific quantitative and qualitative factors, which will be reported to the Board by its Investment Consultant and reviewed on an ongoing basis, include:

- Fundamental changes in investment philosophy
- Changes in organizational structure or financial condition (including significant changes in total assets under management)
- Changes in key personnel

- Changes in fee structure
- Any regulatory activity or litigation brought against the manager

6. Watch List

If a manager is not meeting the corresponding performance expectations outlined above, if the managers' performance falls below that of the appropriate index for three consecutive quarters, or the manager's relative rank falls significantly below the respective median, the manager will be placed on a "watch list". After the manager has been placed on the "watch list", the investment consultant and/or the PSF staff should interview the manager via phone conversation or in person. If the manager's performance fails to improve relative to the standards detailed above, and/or qualitative factor changes remain unresolved, the manager may be considered for termination.

7. Currency Hedging Strategies for International Portfolios

According to 19 TAC 33.25: Permissible and Restricted Investments and General Guidelines for Investment Managers, the State Board of Education may approve currency hedging strategies for the international portfolios, if consistent with the overall objectives of the Fund.

The following sets forth the State Board of Education's procedures in hedging the international portfolios foreign currency exposure of the Permanent School Fund:

- The objective of the currency hedge is to protect the value of the portfolio from currency fluctuations when investments in foreign securities are translated back into U. S. dollars. As such, portfolio leverage and cross hedging outside of US dollars is not permitted;
- While it is expected that most contracts open to hedge currency exposure will be for periods of less than three months, the Board recognizes the longer-term nature of currency movements. The maturity of any hedging contract engaged by a manager shall not exceed a period of 12 months, provided however, that a maturity beyond the 12 month period may be requested, in writing, by a respective manager and may be granted by the Board if conditions warrant the extension of maturity;
- Foreign exchange contracts and futures instruments may be purchased and sold against the receipt of cash, securities and other readily negotiable instruments related to securities held in the portfolios; and
- All institutional counterparties with which a foreign currency contract is engaged shall meet a minimum rating of A3 compiled by Moody's Investors Service Global Credit Research Counterparty Ratings.

8. Financial Futures

The Fund may purchase or sell financial futures contracts for the purpose of making asset allocation changes in a more efficient and cost effective manner, and to improve liquidity. Futures contracts shall be subject to the following terms and conditions:

- Traditional investment managers will not enter into futures transactions for the purpose of speculative leveraging. Speculative leveraging is defined as buying financial futures where the amount of the contract obligation is an amount greater than the market value of the portfolio's cash and short-term (maturities of less than one year) securities. In no instance will the total amount of the contract be an amount greater than the market value of the portfolio's cash and short-term securities. Some alternative asset investment strategies, such as private equity and real estate, may employ speculative leveraging. For private equity investment, leverage, if utilized, must be limited to less than 50% at the limited partnership level in which the Fund is an investor. For core real estate investments, leverage should not exceed 40% across the entire portfolio. For non-core real estate managers, there are no specific limits on

leverage, however usage shall be outlined specific to each investment within the management agreement.

- b. The total amount of the portfolio's financial futures contract obligation should not exceed two and one half percent (2.5%) of the market value of the portfolio's total assets. The Fund may exceed the two and one half percent (2.5%) rule during a transition approved by the SBOE.
- c. The sum of each portfolio together with the financial futures contract obligation should be within the asset allocation range for each asset class.
- d. The Fund may use cash and obligations of the U.S. government or any of its agencies to meet the margin requirements.
- e. Financial futures contracts may be written in an underlying market index which reflects the asset class invested by the portfolio.
- f. Futures transactions will be conducted with only a few of the highest quality domestic and international banks and brokerage firms. These firms must be members of the National Futures Association (NFA) and the Commodities Futures Trading Commission (CFTC). The criteria to be used in selecting such banks and brokerage firms should include, but should not be limited to strong capitalization, their experience in the financial futures markets as well as compliance with the Fund's guidelines for selecting brokerage firms.

G. LEGAL ACTION

The Fund staff will file and monitor all class action claims. In other instances where the Fund may have potential legal recourse over current or former investments, Fund staff shall consult with TEA counsel and the Attorney General's office if needed. Upon consultation, staff shall take action as needed to protect the Fund's legal rights, including authorizing suit. Staff shall report back to the SBOE on any action taken at the next regular meeting.

H. PROCESS FOR THE SELECTION OF CONSULTANTS, INVESTMENT MANAGERS, CUSTODIANS AND OTHER PROFESSIONALS TO PROVIDE OUTSIDE EXPERTISE TO THE PERMANENT SCHOOL FUND:

1. Communications with Board Members

From the time that a Request for Proposal is distributed by Staff to prospective professionals from whom the Board will be requesting outside expertise to The Permanent School Fund, any communication by a prospective respondent with any member of the Board must be in writing and filed with the Executive Administrator of the Permanent School Fund at the same time the communication is dispatched to the Board member.

- a. The communication filed with the Executive Administrator must specify the Board member to whom the communication was dispatched, the nature of the communication and its purpose.
- b. All communications received by the Executive Administrator will be logged by time received, with the firm or individual identified.
- c. Upon receipt, the Executive Administrator shall forward copies of the communication to the other members of the Board not in receipt of the communication.
- d. No communication is permitted with any Board member from the response deadline date of the Request for Proposal through and including the day of the selection of outside professional expertise.

- e. Any professional seeking to provide outside expertise to the Permanent School Fund and found in violation of this procedure shall be disqualified from the bidding process with respect to the applicable Request for Proposal.
- f. Prospective professionals providing outside expertise shall further comply with all other statutory provisions regulating Requests for Proposals.

2. Steps for Identification and Selection of Outside Professionals

The sequence of steps to be completed to identify and select qualified firms or individuals who satisfy the Board's need for expert assistance are:

Step 1. The Permanent School Fund Committee directs staff to develop a Request for Proposal to be adopted by the committee.

Step 2. Staff, in developing the Request for Proposal (RFP), shall define the service or expertise needed, establish minimum objective criteria to be consistently applied to all parties in order to determine eligibility for consideration and detail all information to be considered for eligible parties.

(Examples of information required include name and address of the firm, number of employees, size and type of client basis, assets under management, areas of expertise, staff experience, staff turnover, other public fund clients, references, fee proposals, etc.)

A standard set of evaluation criteria are drafted and used to evaluate the proposals.

The financial press contacts the Fund on a regular basis. Searches undertaken are generally reported in the financial press on a timely basis. Firms who request RFPs as a result of reading such articles are mailed an RFP by the Fund or the consultant.

The Committee on the Permanent School Fund may appoint a sub-committee to oversee the RFP development process and the establishment of criteria for both eligibility and evaluation.

Step 3. The Committee (or sub-committee, if appointed) in coordination with staff and/or consultants, shall identify the universe of potential firms and screen this universe based upon the minimum objective criteria.

Step 4. The Request for Proposal is adopted by the Board (Committee) and is mailed to the list of prospective vendors. The candidates are given a deadline to respond. Any qualifying proposals received by the deadline, and any supplemental information requested, are considered further.

Step 5. The proposals are presented to the Committee on the Permanent School Fund for review at a formal presentation. In the event that the number of proposals received in response to the Request for Proposal is too extensive to be considered by the full Committee at a formal presentation, the Committee may delegate the process of screening the proposals and selecting the finalists to the appointed sub-Committee or to staff if no sub-committee has been appointed. These finalists will then make a formal presentation to the full committee. The Committee will then select a finalist or finalists to be recommended to the State Board of Education for ultimate ratification to provide the services requested.

Step 6. An affirmative action process shall be followed, requiring all voting members to disclose any conflicts of interest prior to vendor decisions/actions. This statement of independence shall be filed with the Executive Administrator.

Step 7. After a vendor or vendors are selected and approved by the State Board of Education, staff shall negotiate a contract for the services requested subject to the maximum fee and any other conditions approved by the Board. The draft contract shall be reviewed by legal staff prior to execution by the Commissioner of Education.

Step 8. SBOE members, the Committee of Investment Advisors, PSF staff, and PSF client relationship consultants will file a quarterly report which lists any substantive meetings. Disclosure should include meetings and discussions involving solicitations of potential mandates by the PSF, including industry conferences, seminars and work shops.

Notification of Searches: The Fund will comply with all statutory provisions applicable to the publication of Requests for Proposals.

I. COMPLIANCE WITH SEC RULE 15C2-12 PERTAINING TO DISCLOSURE OF INFORMATION RELATING TO THE BOND GUARANTEE PROGRAM

1. Annual Reports

The Agency shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 1996, financial information and operating data with respect to the Program of the general type which describes the Program and which is included in an Official Statement for Guaranteed Bonds. Any financial statements so to be provided need not be audited.

If the Agency changes its fiscal year from the year ending August 31, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the Agency otherwise would be required to provide financial information and operating data pursuant to this section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

2. Material Event Notices

The Agency shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Program, if such event is material within the meaning of the federal securities laws:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions or events affecting the tax-exempt status of the Program;
- g. Modifications to rights of holders of the Bonds;

- h. Bond calls;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of Guaranteed Bonds; and
- k. Rating changes.

The Agency shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the Agency to provide financial information or operating data in accordance with Section 1 of this Rule by the time required by such Section.

Nothing in this Program Regulation shall obligate the Agency to make any filings or disclosures with respect to Guaranteed Bonds, as the obligations of the Agency hereunder pertain solely to the Program.

3. Limitations, Disclaimers, and Amendments

With respect to a series of Guaranteed Bonds, the Agency shall be obligated to observe and perform the covenants specified in this Program Regulation for so long as, but only for so long as, the Agency remains an "obligated person" with respect to the Guaranteed Bonds within the meaning of the Rule.

The provisions of this Program Regulation are for the sole benefit of each Issuing District, as well as holders and beneficial owners of the Guaranteed Bonds; nothing in this Program Regulation, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Agency undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Program Regulation and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Program's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Program Regulation or otherwise, except as expressly provided herein. The Agency does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Guaranteed Bonds at any future date.

Under no circumstances shall the Agency or the Program be liable to the holder or beneficial owner of any Guaranteed Bond, the Issuing District or any other person or entity, in contract or tort, for damages resulting in whole or in part from any breach by the Agency, whether negligent or without fault on its part, of any covenant specified in this Program Regulation, but every right and remedy of any such person, in contract or tort, for or on account of any such breach shall be limited to an action for *mandamus* or specific performance.

No default by the Agency in observing or performing its obligations under this Program Regulation shall comprise a breach of or default under the Order for purposes of any other provision of the Order.

Nothing in this Program Regulation is intended or shall act to disclaim, waive, or otherwise limit the duties of the Agency under federal and state securities laws.

The provisions of this Program Regulation may be amended by the Agency from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Agency, but only if (1) the provisions of this Program Regulation, as so amended, would have permitted an underwriter to purchase or sell Guaranteed Bonds in the primary offering of the Guaranteed Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Guaranteed Bonds consent to such

amendment or (b) a person that is unaffiliated with the Agency (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Guaranteed Bonds. If the Agency so amends the provisions of this Program Regulation, it shall include with any amended financial information or operating data next provided in accordance with Section 1 an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Agency may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Guaranteed Bonds in the primary offering of the Guaranteed Bonds.

4. Definitions

As used in this Program Regulation, the following terms have the meanings ascribed to such terms below:

“Agency” means the Texas Education Agency or the successor thereto with respect to the management of the Program.

“Guaranteed Bonds” means obligations for which application is made and granted for a guarantee under the Program.

“Issuing District” means a school district which issues Guaranteed Bonds.

“MSRB” means the Municipal Securities Rulemaking Board.

“NRMSIR” means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

“Official Statement” means each offering document of an Issuing District used in the offering and/or sale of Guaranteed Bonds.

“Order” means the resolution, order, ordinance or other instrument or instruments of an Issuing District pursuant to which Guaranteed Bonds are issued and the rights of the holders and beneficial owners thereof are established.

“Permanent School Fund” means the perpetual school fund established by Article VII, Section 2 of the Texas Constitution.

“Program” means the program of bond guarantee by the Permanent School Fund, which program has been established by Article VII, Sections 2 and 5 of the Texas Constitution, and is administered in accordance with Subchapter C, Chapter 45, Texas Education Code, as amended, and the rules and regulations of the Agency. The term *“Program”* shall also include the rules, regulations and policies of the Agency with respect to the administration of such program of guarantee of school district bonds, as well as the rules, regulations, policies of the Agency with respect to the administration, and the operational and financial results, of the Permanent School Fund.

“Program Regulation” means this rule of the Agency which is promulgated for the purpose of establishing and undertaking with respect to the Program which satisfies the requirements of the Rule.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“SID” means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

J. TRADE POLICY SOFT DOLLAR, DIRECTED TRADE, AND COMMISSION RECAPTURE PROCEDURES

Section 33.40 Trading and Brokerage Policy of 19 TAC 33 Statement of Investment Objectives, Policies and Guidelines of the Texas Permanent School Fund establishes the trading and brokerage policy for the Permanent School Fund. The principles of the policy specify that all transactions executed by investment managers for the Permanent School Fund shall be obtained at best execution and ¹lowest cost. Ongoing efforts must be made to reduce trading costs provided that the investment returns of the Fund are not jeopardized.

Provided that the total return of a manager’s portfolio is not adversely affected or that the investment process is not affected so as to place the Fund in a disadvantageous position relative to the investment manager’s other accounts, and provided that best execution and lowest cost are obtained, each manager may be expected to direct a percentage of its trading to specified firms for the purpose of brokerage commission recapture programs as may be directed, from time to time, by the State Board of Education.

The SBOE recognizes that some broker/dealer firms provide services above and beyond pure execution as part of its services offered to the Fund in exchange for commission oriented transactions. Furthermore, the SBOE recognizes that transactions costs incurred by the Fund in the form of commissions²¹ may be treated by brokerage firms as payment for research services as well as execution services. While many large broker/dealer firms provide proprietary research services, the Board recognizes that certain firms (“soft dollar” broker/dealers) distribute research services of independent third party providers. The value of independent research services provided by broker/dealers is known as “soft dollars.”

The SBOE recognizes that a soft dollar program may be established through a commission recapture agreement between an investment manager and a broker/dealer whereby a portion of the commission may be returned to the Fund. According to Section 28(e) of the Securities Exchange Act of 1934, this portion of the commission is available for expenditure if it is used only for research, the brokerage firm provides the research, the commission is reasonable, and the commission applies only to an agency security transaction. A properly implemented soft dollar program can allow a portion of the listed commissions stream to be captured and used to offset direct investment management expenses of the Fund. “Commission recapture” is when a portion of the commission stream is returned to the Fund by the broker/dealer.

Additionally, the SBOE recognizes that the soft dollar potential of the Fund is limited by the trading activity for the Fund and the number of listed trades that can be executed with a specific broker under the standard of lowest cost and best execution.

The State Board of Education recognizes that creating and maintaining a prudent policy pertaining to brokerage commissions is an integral part of fulfilling its fiduciary duties and therefore establishes the following procedures related to soft dollar agreements, commission recapture agreements and directed trades for investment managers of the Permanent School Fund:

1. The commission rate for a soft dollar trade shall be no more than the standard commission rate of a regular broker/dealer trade;

¹ The term “commissions” shall include fixed income credits where applicable.

2. All commissions paid shall be reported to the Board at its regularly scheduled meetings appropriately separating soft dollar trades from regular trades, and shall include the average commission per share on equity transactions for both soft dollar commissions and regular commissions;
3. At least annually, the Committee on the Permanent School Fund shall review a schedule of soft dollar services provided by broker/dealers and the percent recapture rate of each broker/dealer;
4. Due to the differences in execution ability of broker/dealer firms and the differences in trading and liquidity characteristics of securities, investment managers will select broker/dealers based on the principle of best execution and lowest cost and other applicable provisions of 19 TAC 33.40 - Trading and Brokerage Policy;
5. The Accounting Department of the Permanent School Fund shall reconcile the statements of the soft dollar brokers to specific services provided to the Fund;
6. External investment managers are prohibited from participating in "soft dollar" programs and shall participate in commission recapture programs only as directed by the Fund; and
7. To facilitate the ability of investment managers to obtain the lowest cost and best execution, a broker/dealer firm shall be designated by the staff of the Permanent School Fund as soft dollar/commission recapture firm. The conversion rate is to be negotiated by the staff and reported to the Committee on the Permanent School Fund. The soft dollar/commission recapture broker must meet the applicable criteria for the selection of a broker/dealer firm as outlined in Section 33.40(c) - Guidelines for Selecting a Brokerage Firm, found in Chapter 33. - Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund.

K. INCLUSION OF HISTORICALLY UNDERUTILIZED BUSINESSES IN THE MANAGEMENT OF THE PERMANENT SCHOOL FUND

1. The State Board of Education (SBOE) wishes to ensure an equal opportunity for all businesses to provide goods and services to the Texas Permanent School Fund (PSF). It is the goal of the SBOE to promote full and equal opportunity for all businesses in contracting or subcontracting with the PSF. Accordingly, the Board encourages the utilization of historically underutilized businesses (HUBs), as defined by Section 2161.001 (2) of the Texas Government Code (rev. 1999), for securities brokerage services.
2. The PSF Executive Administrator shall abide by the provisions of the Texas Building and Procurement Commission (TBPC) procurement policy established by 1 Texas Administrative Code (TAC), Chapter 111 regarding the utilization of HUBs as subcontractors as set forth in this Section.
3. All external contractors providing investment management services to the PSF shall abide by the provisions of the TBPC procurement policy established by 1 TAC, Chapter 111 regarding the utilization of HUBs as subcontractors. The Texas Education Agency requires that each prime contractor use the HSP Progress Assessment Report for reporting payments to HUB subcontractors.
4. For purposes of administration of this Section (Subchapter J), entities registered as HUBs, as defined by Section 2161.001 (2) of the Texas Government Code (rev. 1999) shall be considered as meeting the requirements of Chapter 111.
5. For the purpose of interpreting 1 TAC Chapter 111, broker/dealers are considered "professional service" providers. The goal for subcontracting to such providers is 20%.

6. The Executive Administrator of the Fund shall, immediately or upon selection of a new PSF vendor, deliver to each external Investment Manager or Contractor a copy of this rule and of 1 TAC Chapter 111.
7. The Executive Administrator of the PSF shall require in a form acceptable to the Committee on School Finance/Permanent School Fund, the submission of reports of compliance with these provisions by all outside contractors. Investment managers shall include in regular quarterly reporting on PSF portfolios to the SBOE summaries of brokerage commissions paid for the quarter and year-to-date by broker/dealer summarizing transactions paid to HUB firms.
8. After assembly of such reports, the Executive Administrator of the PSF shall report to the Committee on School Finance/Permanent School Fund regarding compliance with these provisions by internal staff and all external contractors at each regularly scheduled meeting. The committee shall receive the report of the Executive Administrator and report these findings to the SBOE.
9. The Executive Administrator shall include this policy with all requests for proposals, and shall include each prospective vendor's response responsive to this policy prominently to the SBOE.

EXHIBIT C
DEFINITION OF HISTORICALLY UNDERUTILIZED BUSINESS (HUB)

(As defined in V.T.C.A., TX Govt. Code, §2161.001)

- (2) "Historically underutilized business" means an entity with its principal place of business in this state that is:
- (A) a corporation formed for the purpose of making a profit in which 51 percent or more of all classes of the shares of stock or other equitable securities are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the corporation's control, operation, and management;
 - (B) a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by an economically disadvantaged person;
 - (C) a partnership formed for the purpose of making a profit in which 51 percent or more of the assets and interest in the partnership are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management;
 - (D) a joint venture in which each entity in the venture is a historically underutilized business, as determined under another paragraph of this subdivision; or
 - (E) a supplier contract between a historically underutilized business as determined under another paragraph of this subdivision and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the goods or otherwise warehouses and ships the goods.
- (3) "Economically disadvantaged person" means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, and Native Americans, and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.

Added by Acts 1995, 74th Leg., ch. 41, § 1, eff. Sept. 1, 1995. Amended by Acts 1999, 76th Leg., ch. 1499, § 1.21, eff. Sept. 1, 1999.

EXHIBIT D

TEXAS PERMANENT SCHOOL FUND CURRENT TECHNOLOGY INFRASTRUCTURE

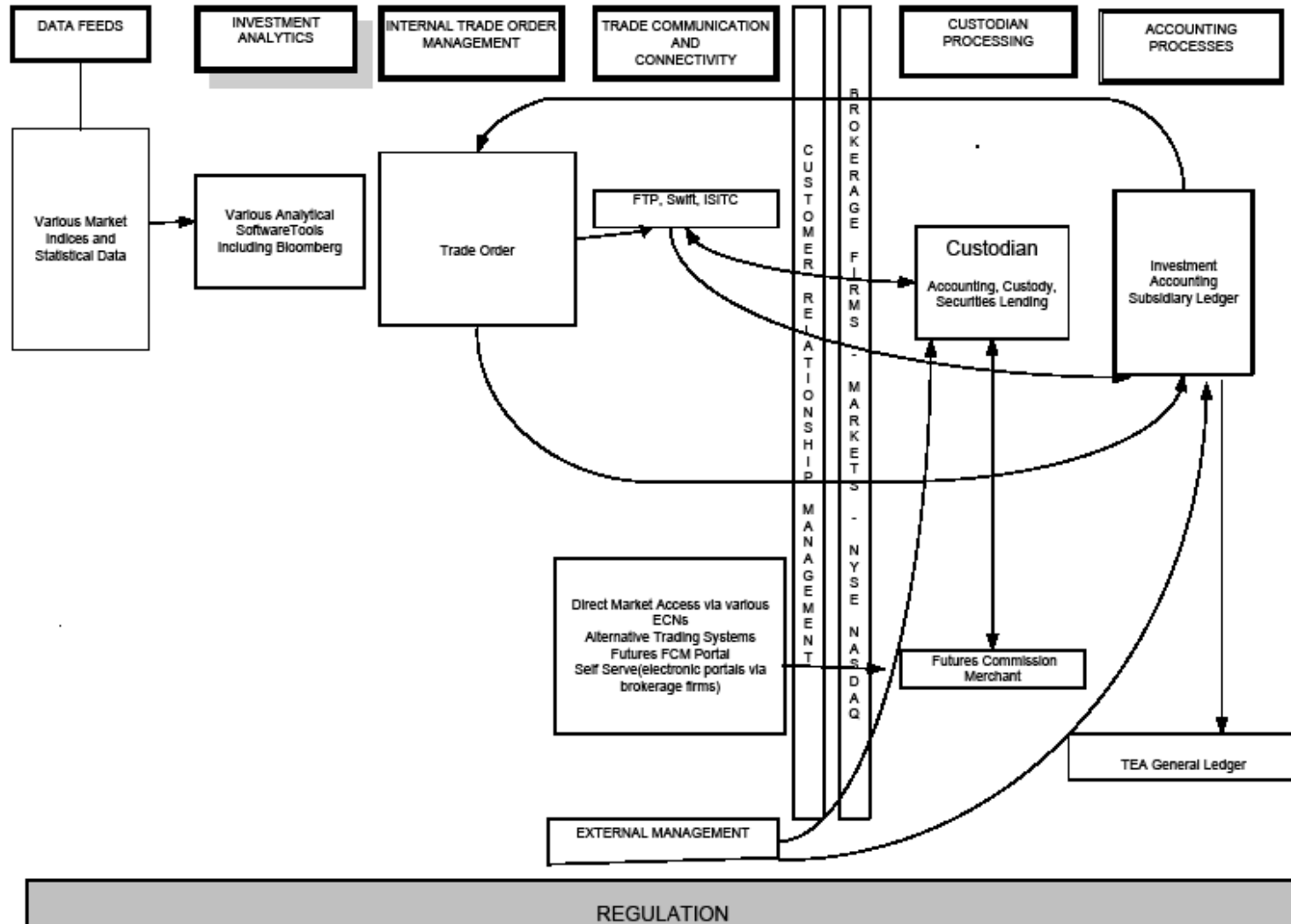


EXHIBIT E

SECURITIES LENDING CASH COLLATERAL REINVESTMENT GUIDELINES

Cash collateral received by the Lending Agent on behalf of the TPSF shall be maintained by the Lending Agent in a segregated account for the benefit of the TPSF and shall be invested and maintained by the Lending Agent in accordance with the Investment Guidelines set forth below. These guidelines may be changed by the TPSF from time to time, as needed.

Lender: TEXAS EDUCATION AGENCY on behalf of the TEXAS PERMANENT SCHOOL FUND

PERMISSIBLE INVESTMENTS

1. U.S. Government, U.S. Agencies, Under the Following Criteria:

- Any security issued by or fully guaranteed as to payment of principal and interest by the U.S. Government, a U.S. Government Agency or sponsored Agency, and eligible for transfer via Federal Reserve Bank book entry, Depository Trust Company book entry, and/or Participants Trust Company book entry;
- Maximum 397-day maturity on fixed rate.
- Maximum three-year maturity on floating rate, with maximum reset period of 90 days and use a standard re-pricing index such as London InterBank Offered Rate (LIBOR), Federal Funds, Treasury Bills, or commercial paper; and
- No maximum dollar limit.

2. Bank Obligations, Under the Following Criteria:

- Time Deposits with maximum 60-day maturity on fixed rate or three-year maturity for floating rate, with maximum reset period of 60 days and use a standard re-pricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper;
- Negotiable Certificates of Deposit with maximum 397-day maturity on fixed rate or three-year maturity for floating rate, with maximum reset period of 90 days and use a standard re-pricing index such as LIBOR, Federal Funds, Treasury Bills or commercial paper;
- Bank Notes with maximum 397-day maturity on fixed rate or three-year maturity on floating rate, with maximum reset period of 90 days and use a standard re-pricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper;
- Bankers Acceptances with maximum 45-day maturity;
- Banks with at least \$25 billion in assets with a short-term ratings "Tier 1" as defined under "Investment Parameters" for fixed rate, and AA2 and AA by Moody's Investor Service and Standard & Poor's Corporation for floating rate. In addition placements can be made in branches within the following countries:
 - Canada
 - France
 - United Kingdom
 - United States
- Dollar limit maximum per institution of 5.0% of investment portfolio at time of purchase.

3. Commercial Paper, Under the Following Criteria:

- Dollar limit maximum per issuer of 5.0% of investment portfolio at time of purchase including any other obligations of that issuer as established under "Investment Parameters". If backed 100% by bank Letter of Credit, then dollar limit is applied against the issuing bank;
- Must be rated "Tier 1" as defined under "Investment Parameters"; and
- Maximum 397-day maturity.

4. Asset Backed Commercial Paper, Under the Following Criteria:

- Dollar limit maximum per issuer of 5.0% of investment portfolio.
- Must be rated “Tier 1” as defined under “Investment Parameters”; and
- Maximum 397-day maturity.

5. Asset Backed Securities, Under the Following Criteria:

- Maximum 397-day weighted average life on fixed rate;
- Maximum three-year weighed average life on floating rate, with maximum reset period of 90 days and use a standard re-pricing index such as LIBOR, Federal Funds, Treasury Bills, commercial paper; and
- Rated **Aaa** and **AAA** by Moody's Investors Service and Standard & Poor's Corporation at time of purchase. One **AAA** rating may suffice if only rated by one Nationally Recognized Securities Rating Organization (NRSRO).

6. Corporate Debt (other than commercial paper), Under the Following Criteria:

- Must be senior debt;
- Maximum 397-day maturity on fixed rate;
- Maximum three-year maturity on floating rate, with maximum rest period of 90 days and use a standard re-pricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper;
- Issuers or guarantor's short-term obligations must be rated “Tier 1” as defined under “Investment Parameters” for fixed rate, and AA2 and AA by Moody's Investor Service and Standard & Poor's Corporation for floating rate; and
- Dollar limit maximum per issuer of 5.0% of investment portfolio at time of purchase, including any other obligations of that issuer.

7. Reverse Repurchase Agreements, Under the Following Criteria:

Counterparty must be “Tier 1” rated as defined under “Investment Parameters” for fixed rate and **AA2** and **AA** by Moody's Investor Service and Standard & Poor's Corporation for floating rate or be a “Primary Dealer” in Government Securities as per the New York Federal Reserve Bank;

- Underlying collateral may be any security permitted for direct investment as per this document;
- Lending Agent or a third party custodian must hold collateral under tri-party agreement;
- Collateral must be marked to market daily and maintained at the following margin levels;
- U.S. Government, U.S. Government Agency, sponsored Agency, International Organization at 100%
- Certificate of Deposits, Bankers Acceptance, bank notes, commercial paper at 102% under one year to maturity and rated at least “Tier 1” as defined under “Investment Parameters”; and
- Corporate debt (other than commercial paper) at 105% rated at least **AA2/AA** or better by Moody's Investors Service and Standard & Poor's Corporation at time of purchase;
- Due to daily margin maintenance, dollar limits and maturity limits of underlying collateral are waived, except with respect to the maturity limit under “Investment Parameters” of this clause;
- Maximum 180-day maturity; and
- Dollar limit for total reverse repurchase agreements is the greater of \$300 million or 15% of value of cash collateral portfolio with one counterparty at time of purchase.

8. Foreign Sovereign Debt, Under the Following Criteria:

- Any security issued by or fully guaranteed as to payment of principal and interest by a foreign government whose sovereign debt is rated **AA2/AA** or better by Moody's Investors Service and Standard & Poor's Corporation at time of purchase. Securities must be delivered to Lending Agent or a third party under a Tri-Party agreement.
- Dollar limit maximum per issuer or guarantor of 2.5% of investment portfolio; and
- Maximum maturity of 397-days.

9. Short Term Investment Fund and/or Registered Mutual Funds, Under the Following Criteria:

- Funds must comprise investments similar to those that would otherwise be approved for securities lending investment under the provisions of this subparagraph, not invest in derivatives, and not re-hypothecate assets.
- Lender must approve each fund in writing and only upon receipt of offering documents and qualified letter, and
- Fund must have an objective of a constant share price of one dollar.

10. Mortgage Backed Securities: Not permitted.

INVESTMENT PARAMETERS

- Maximum weighted average maturity of investment portfolio 180 days.
- Maximum weighted average interest rate exposure of investment portfolio must be 60 days.
- All investments must be U.S. dollar-denominated.
- "Tier 1" credit quality is defined as the highest short-term rating category by the following NRSROs:
 - Standard & Poor's;
 - Moody's Investors Service;
 - Fitch Investors Service; and
 - Duff & Phelps, LLC.
- At time of purchase all investments must be rated in the highest short-term numerical category by at least two NRSROs, one of which must be either Standard and Poor's or Moody's Investors Service.
- Issuer's ratings cannot be on negative credit watch at the time of purchase.
- Interest and principal only (IO, PO) stripped mortgages are not permitted.
- Mortgage backed securities are not permitted.
- Complex derivative or structured securities, including, but not limited to the following are not permitted:
 - inverse floating rate notes;
 - defined range floating rate notes;
 - trigger notes; and
 - set-up notes
- Provide a copy of the investment policy governing the custodian's securities lending program, as amended, to the PSF investment staff.
- Confirm that the depth of resources and personnel associated with the designated funds are comparable to those of the nation's leading securities lending agents.

DOCUMENT A
COVER PAGE

PROPOSAL

Submitted to the Purchasing & Contracts Division
Texas Education Agency
RFP No 701-09-004

TEA REQUEST FOR PROPOSAL: **Global Custody and Securities Lending Services for The Texas Permanent School Fund**

FIRM ISSUING THIS PROPOSAL: (Name and address of firm submitting proposal)

CONTAINS PROPRIETARY: ☐ **Yes**, this proposal contains proprietary material
or
☐ **No**, this proposal **does not** contain proprietary material

DATE SUBMITTED: (Date proposal is submitted to TEA)

RESPONDENT FIRM IDENTIFICATION NUMBER: (Show respondent firm's Federal Employer's Identification Number or SSN if an individual.)

PROPOSAL DEVELOPED BY: (Name, position, telephone number, and e-mail address of person responsible for development of proposal)

PROPOSAL ADMINISTRATOR: (Name, position, telephone number, and e-mail address of person to be in charge of the proposal)

PROPOSAL TRANSMITTED BY: (Name, position, telephone number, and e-mail address of official committing firm to the proposal)

CONTRACTING OFFICER: (Name, position, telephone number, and e-mail address of official with authority to negotiate contracts for firm)

DURATION OF CONTRACT: Contract award through August 31, 2011 with two additional (3) three-year extension options.

DOCUMENT B
PROPOSAL CONTENT CHECKLIST

Proposer Firm Name

In accordance with Section 3.1 of RFP 701-09-004, we hereby state that this proposal response is complete and includes the following documents arranged in tabular sections in the order listed below. (check the box for each document included in the response and list the tab letter in the right column). Sign below.

	Document	Document Title	Tab
<input type="checkbox"/>	Document A	Proposal Cover Page	
<input type="checkbox"/>	Document B	Proposal Content Checklist	
<input type="checkbox"/>	Document C	Certification of Minimum Qualifications	
<input type="checkbox"/>	Document D	Evidence of Proposer's Financial Responsibility	
<input type="checkbox"/>	Document E	Affirmation of Scope of Services Required	
<input type="checkbox"/>	Document F	Global Custodian Profile	
<input type="checkbox"/>	Document G	Securities Lending Profile	
<input type="checkbox"/>	Document H	Global Custody and Securities Lending Services Questionnaire (Not to exceed 100 pages, Appendices not included)	
<input type="checkbox"/>	Document Set: I-1 I-2 I-3 I-4 I-5 I-6	Conflict of Interest and Contacts Questionnaires Proposing Firm as a whole Senior Client Service Manager – TEA Account Senior Client Service Manager – Global Custody Senior Client Service Manager - Performance & Analytics Senior Client Service Manager – Securities Lending Lobbyist(s)) (Complete one per person)	
<input type="checkbox"/>	Document Set: J J-1 J-2	Fee Proposal Cover Page MS Excel Instructions to Complete Performance Guarantees	
<input type="checkbox"/>	Document K	HUB Subcontracting Plan	
<input type="checkbox"/>	Document L	Signed Execution of Offer, Affirmation of Terms and Conditions, and Proposal Preferences	

Proposer's Authorized Signature

Printed Name

Title

Date

DOCUMENT C
CERTIFICATION OF MINIMUM QUALIFICATIONS

(Proposer Firm Name) _____ certifies that it meets the following minimum qualifications of RFP 701-09-004 as required in accordance with 1.3 Minimum Qualifications of the Proposer. The proposer must use this document to clearly demonstrate that it meets the minimum qualifications **as of December 31, 2008**. The following questions **1 through 19** are intended to assist the proposer, and each question must be answered. However, it is the responsibility of the proposer to clearly demonstrate that it meets the minimum qualifications. To do so, the proposer can add to the question set for each minimum qualification.

Minimum qualifications for firms: All firms submitting proposals for this procurement, must at a minimum:

- a. Provide evidence of firm stability and financial strength;
1. ☐ Yes, our proposal provides evidence of our firm stability and strength contained in **DOCUMENT D**.
- ☐ No, our firm is unable to comply with the requests of **DOCUMENT D**.
- b. Act as a fiduciary with respect to work performed and with respect to any specific recommendations made for TPSF;
2. ☐ Yes, as of December 31, 2008, our firm will act as a fiduciary with respect to work performed and any specific recommendations made;
- ☐ No, our firm will not act as a fiduciary as required in Minimum Qualification **b**.
- c. Be a U.S. domiciled trust company and a member of the Federal Reserve, or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts, and have substantial unimpaired equity capital as of December 31, 2008.
3. ☐ Yes, our firm meets Minimum Qualification **c**. Our equity capital at December 31, 2008 is \$_____.
- ☐ No, our firm does not meet Minimum Qualification **c**.
- d. Be members of, and have the ability to clear transactions or cash through all major book entry or electronic securities depositories, such as the DTC system, the Federal Reserve System and Euro clear.
4. ☐ Yes, our firm meets Minimum Qualification **d**.
- ☐ No, our firm does not meet Minimum Qualification **d**.
- e. Have a global, multicurrency accounting system that provides TPSF access to both U.S. and international securities accounts within a single and uniform framework of accounting treatment, reporting, and performance measurement. The system must be able to account for all traditional and alternative asset classes including but not limited to: equities, fixed income, absolute return, real return, private equity, real estate, and commodities.
5. ☐ Yes, our firm meets Minimum Qualification **e**.
- ☐ No, our firm does not meet Minimum Qualification **e**.
- f. Have total assets under trust and/or custody for institutional clients in excess of U.S. \$1 trillion as of December 31, 2008.

6. ☐ Yes, as of December 31, 2008, our firm has total assets under trust and/or custody for institutional clients in excess of U.S. \$1 trillion.
- ☐ No, our firm does not meet Minimum Qualification f.
7. Complete the following to demonstrate how your firm meets Minimum Qualification f., as of December 31, 2008.

As of December 31, 2008, Total Assets Under Trust and/or Custody for Institutional Clients:		
Type of Client Assets	Number of Clients	\$USD (in millions)
Public Fund Assets		\$
Endowment Assets		
Foundation Assets		
Corporate Assets		
Sub-Total Institutional Trust and/or Custody		\$
Other Trust and/or Custody		
Grand Total Trust and/or Custody Assets		\$

- g. Have at least five (5) U.S.-based institutional public fund, endowment, or foundation clients, each with U.S. marketable security trust assets having a market value in excess of U.S. \$20 billion, as of December 31, 2008.
8. ☐ Yes, as of December 31, 2008, our firm has at least five (5) U.S.-based institutional public fund, endowment, or foundation clients, each with U.S. marketable security trust assets having a market value in excess of U.S. \$20 billion.
- ☐ No, our firm does not meet Minimum Qualification g.
9. Complete the following to demonstrate how your firm meets Minimum Qualification g., as of December 31, 2008.

As of December 31, 2008: U.S. based Institutional Clients With U.S. Trust Assets >\$20billion:		
Name of Institutional Client	Type of Institutional Client	\$USD (in millions)
1.		
2.		
3.		
4.		
5.		
more		

- h. Be providing, with a relationship no shorter than a minimum of five (5) years, international custodial services for at least five (5) U.S.-based institutional public fund, endowment, or foundation clients, each with total international marketable security trust assets having a market value in excess of U.S. \$3 billion, with each having at least 10% or U.S. \$300 million in local emerging market securities (not ADR/GDR) as of December 31, 2008.
10. ☐ Yes, as of December 31, 2008, our firm has for a minimum of five (5) years, provided international custodial services to at least five (5) U.S.-based institutional public fund, endowment, or foundation clients, each with total international marketable security trust

assets having a market value in excess of U.S. \$3 billion, with each having at least 10% or U.S. \$300 million in local emerging market securities (not ADR/GDR).

☐ No, our firm does not meet Minimum Qualification **h**.

11. Complete the following to demonstrate how your firm meets Minimum Qualification **h.**, as of December 31, 2008.

As of December 31, 2008: U.S. based Institutional Clients With International Trust Assets >\$3 billion with at Least 10% in Local Emerging Markets:					
Name of Institutional Client	Type of Institutional Client	Relationship Start Year	Total Developed Market International Trust Assets Under Custody \$USD (in millions) a	Total Emerging Market International Trust Assets Under Custody \$USD (in millions) b	Total International Trust Assets Under Custody \$USD (in millions) = (a + b)
1.					
2.					
3.					
4.					
5.					
More					

i. Have at least \$100 billion in assets under trust and/or custody for institutional clients that your organization is currently providing "soft close" daily valuation investment accounting services, as of December 31, 2008.

12. ☐ Yes, our firm meets Minimum Qualification **i**.

☐ No, our firm does not meet Minimum Qualification **i**.

13. Complete the following to demonstrate how your firm meets Minimum Qualification **i.**, as of December 31, 2008.

As of December 31, 2008, Total Assets Under Trust and/or Custody for Institutional Clients In Soft Close Daily Valuation Mode:		
Type of Client Assets	Number of Clients	\$USD (in millions)
Public Fund Assets		\$
Endowment Assets		
Foundation Assets		
Corporate Assets		
Sub-Total Institutional Trust and/or Custody In Soft Close Daily Valuation Mode		\$
Other Trust and/or Custody		
Grand Total Trust and/or Custody Assets		\$

- j. Have at least \$100 billion in securities lending lendable base for each of the last five years ending December 31, 2008.

14. ☐ Yes, our firm meets Minimum Qualification j.

☐ No, our firm does not meet Minimum Qualification j.

15. Complete the following to demonstrate how your firm meets Minimum Qualification j., as of December 31, 2008.

Five years of Securities Lending Lendable Base By Client Type \$USD (in millions):						
Year Ending December 31,	Public Fund	Endowment	Foundation	Corporate	Other	Total Securities Lending Lendable Base
2008						
2007						
2006						
2005						
2004						

- k. Accept responsibility for the securities lending program as a fully indemnified agent program specific to borrower default and operational negligence.

16. ☐ Yes, our firm accepts responsibility for the securities lending program as a fully indemnified agent program specific to borrower default and operational negligence.

☐ No, our firm cannot not meet Minimum Qualification k.

- l. Adhere to Global Investment Performance Standards (GIPS®) in providing performance measurement, analytical and risk exposure services.

17. ☐ Yes, our firm will adhere to Global Investment Performance Standards (GIPS®) in providing performance measurement, analytical and risk exposure services.

☐ No, our firm cannot meet Minimum Qualification l.

- m. Maintain a world-class business continuity and disaster recovery plan that is tested at a minimum on an annual basis.

18. ☐ Yes, our firm will maintain a world-class business continuity and disaster recovery plan and test it on an annual basis

☐ No, our firm cannot meet Minimum Qualification m.

- n. Comply with provisions stated in Chapter 33 of the Texas Administrative Code: Statement of Investment Objectives, Policies, and Guidelines of Texas Permanent School Fund; and, comply with the provisions stated in the Investment Procedures Manual of the Texas Permanent School Fund **EXHIBIT C**.

19. ☐ Yes, we have read the provisions stated in Chapter 33 of the Texas Administrative Code: Statement of Investment Objectives, Policies, and Guidelines of Texas Permanent School Fund and the provisions stated in the Investment Procedures Manual of the Texas Permanent School Fund we see no barriers to complying with such provisions.

☐ No, our firm is unable to comply with Minimum Qualification **n**.

- o. Must warrant and represent that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to members of the SBOE, Committee of Investment Advisors to the SBOE, the TEA Commissioner of Education, the TPSF Chief Investment Officer, or any State of Texas Employee, or any third-party for the benefit of the aforementioned, except as disclosed to TPSF within its response to this RFP or as otherwise instructed within this RFP, including but not limited to: cash, carried interest (or other form of value), a finder's fee, cash solicitation fee, or a fee for consulting, lobbying, or otherwise.

20. ☐ Yes we have read the above and we warrant and represent that any and all disclosures in association with Minimum Qualification **o** are reported and described below.

☐ No, our firm is unable to comply with Minimum Qualification **o**.

Person For Whom A Benefit was Conferred	Person, Corporation, or Legal Entity Providing the Benefit	Description of the Benefit	Dollar Value of the Benefit	Date

Proposer's Authorized Signature

Printed Name

Title

Date

DOCUMENT D
EVIDENCE OF PROPOSER'S FINANCIAL RESPONSIBILITY

Proposer Firm Name

In accordance with Section 3.2 of RFP 701-09-004, we hereby submit the following documents to substantiate the financial stability and viability of our firm. For the evidence we are not including as part of our proposal submission, we have provided a brief explanation.

(Check all that apply and include behind this cover sheet.)

Evidence Requested In Support of Financial Stability and Viability:

1. ☐ Most recent audited financial statements;
and/or
☐ Most recent certified public accountant-compiled financial report.
2. ☐ Most recent 10-K and/or 10-Q filing.
3. ☐ Details of all past or pending litigation or claims filed against the firm that may affect performance under a contract with TEA. Use separate sheet if necessary.
4. ☐ Identification if the proposer is currently in default on any loan agreement or financing agreement with any bank, financial institution or other entity. If so, on a separate sheet, specify date(s), details, circumstances, and prospects for resolution.
5. ☐ Statement of Auditing Standards 112 Letter, if issued, for any of the past five years. (formerly "management letter")
6. ☐ SAS 70 Reports for past two fiscal cycles
7. ☐ Schedule of applicable insurance coverage.
8. ☐ Contact information and statement authorizing direct contact with the firm:
 - a. External certified public accountant; and
 - b. Chief Financial Officer.
8. ☐ Other statements or evidence of financial viability.

DOCUMENT E
AFFIRMATION OF SCOPE OF SERVICES REQUIRED

(Proposer Firm Name) _____ affirms its ability to service an account for TEA that provides all the services detailed below, as required of Section 1.5 of RFP 701-09-004.

Boxes are to be checked indicating ability to deliver the service. When the service cannot be delivered as described, the box shall remain unchecked and an explanation as to why the service cannot be delivered should be attached to Document E on a separate page.

An individual authorized to bind the proposing institution to these service requirements must sign and date the services certification statement included below:

- ☐ The Proposer must accept and enter into a written Service Level Agreement (SLA) in addition to a contract, as supplied by the TEA and modified as mutually accepted.
- ☐ The Proposer agrees (by written affirmation) to provide the services as described below, (except where not checked and as explained in **DOCUMENT E Supplement**) as well as agree to all other requirements as stated in this RFP.

1.5.1	Organizational Resources, Client Service Team, and Client Profile	Yes, Service is Deliverable
a.	The custodian will have a significant industry presence with numerous complex client relationships – experience servicing large public funds is required.	<input type="checkbox"/>
b.	The organization must have a demonstrated commitment to the custodial and asset-servicing business indicative of a philosophy of client service and dedication to industry excellence.	<input type="checkbox"/>
c.	Client turnover (including both new and terminated client relationships) and professional staff turnover rates will be reviewed as there is a strong preference for a stable account base.	<input type="checkbox"/>
d.	An experienced and dedicated client service team with multiple contacts will be provided and maintained during normal business hours.	<input type="checkbox"/>
e.	A coherent relationship management protocol will be implemented and maintained which provides for the appropriate escalation of issues and special projects within the context of the overall TEA relationship.	<input type="checkbox"/>
f.	The custodian will implement a communications tracking system to monitor all service delivery components, formal requests, associated agreements, and measure the performance of contractual obligations.	<input type="checkbox"/>
g.	Regular monthly conference calls will be scheduled to discuss any outstanding issues, concerns, or potential process improvements. At a minimum, Custodian Client Service, Accounting, Performance and Securities Lending teams will participate in the calls.	<input type="checkbox"/>
h.	Custodian will conduct an in-depth Annual Service Review with TPSF and will present a report to the SBOE at least once each year.	<input type="checkbox"/>
i.	Broad and comprehensive global market coverage will be provided either through proprietary global custody networks or a regularly maintained and appropriately documented network of qualified sub-custodians in local markets.	<input type="checkbox"/>

1.5.2	Core Custodial Services	
a.	Fully accrued, trade-date accounting will be provided for all assets, including alternative assets and “not-in-bank” assets.	<input type="checkbox"/>
b.	<p>Daily accounting (under either a “soft close” or “hard close” model) services and required reporting will be provided for all investments in the TPSF portfolio including (but not limited to) the following:</p> <ul style="list-style-type: none"> • All income and security transactions (cash and non-cash); cash, domestic and international equity, fixed-income securities, absolute return, real return, commodities, securities lending income, and tax reclaims; • Capital changes, including mergers, acquisitions, tenders, stock splits, warrants and spin-offs; • All types of options, futures, swaps, and other derivative instruments; and, • Leveraged buy-outs, venture capital, real estate, and various other private equity and debt instruments. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
c.	Income will be collected, accounted for, and reported to TPSF on a daily basis.	<input type="checkbox"/>
d.	Income will be reinvested and accounted for in the portfolios or will be wired to the Texas State Treasury, as the TPSF instructs from time to time. Income is currently being reinvested in all portfolios.	<input type="checkbox"/>
e.	Daily corporate action notification and processing will be provided.	<input type="checkbox"/>
f.	Real time reporting access to cash and custody data will be provided.	<input type="checkbox"/>
g.	Proxy Voting on all internally managed portfolios will be provided by the Custodian via Riskmetrics or another vendor identified as being acceptable by TPSF.	<input type="checkbox"/>
h.	Access to vault facilities will be provided for the safekeeping and physical delivery of all securities not eligible for depositories.	<input type="checkbox"/>
i.	GASB compliant accounting will be provided on a fiscal year basis, September 1 through August 31 of each year.	<input type="checkbox"/>
j.	All investments will be booked at cost and reported with updated market values on a daily and monthly basis.	<input type="checkbox"/>
k.	Gains and losses on equity securities sold will generally be recognized on an average cost basis. Fixed income securities will be maintained on the specific lot cost basis; unless otherwise directed or modified by TPSF.	<input type="checkbox"/>
l.	A comprehensive pricing protocol and system will be in place to independently ensure the accuracy of the prices received from various external sources on a daily basis. This system will employ procedures to verify the primary price to a secondary pricing source, compare prior day's prices to current day's prices, and investigate changes outside established tolerances as well as changes from prior month that appear unreasonable in relation to current market trends. Pricing sources must be provided upon request.	<input type="checkbox"/>
m.	A daily pricing model will be implemented. All portfolios will be priced daily where information is available and where daily pricing is not available, pricing direction will be provided by TPSF.	<input type="checkbox"/>
n.	All portfolios will be priced monthly and have monthly accounting for the purpose of computing monthly net asset values. Where end-of-month pricing is not available, pricing direction will be provided by TPSF. An audited pricing file will be electronically provided to TPSF the morning of the fifth (5 th) business day of each month.	<input type="checkbox"/>

	this option.	
x.	The custodian will monitor and pursue claims with sub-custodians and tax authorities.	<input type="checkbox"/>
y.	A report will be prepared monthly detailing the status of outstanding tax reclaims.	<input type="checkbox"/>
z.	Class action reporting will be delivered in formats to be determined on a monthly basis.	<input type="checkbox"/>
aa.	Class actions will be processed by the custodian utilizing current transaction/holdings activity held in the custodian system as well as historical transactional/holdings information provided in electronic file format to the custodian by the TPSF.	<input type="checkbox"/>
bb.	Electronic access to holdings, trade data, and other available data will be provided to TPSF, consultants, investment managers, and any other third party approved in advance by TPSF.	<input type="checkbox"/>
cc.	A comprehensive system of selecting sub-custodians, evaluating and monitoring their internal control structures, performance and financial condition will be in place (including compliance with SEC Regulation 17-f for custody of assets), enabling assurance that proper settlement will be coordinated for non-US equity, non-US fixed income, and other non-US investments including derivative instruments.	<input type="checkbox"/>
dd.	The custodian is expected to process trades in a straight-through-processing (STP) environment to the greatest extent possible, inclusive of providing enabling linkages and technologies to eliminate manual settlement processes.	<input type="checkbox"/>
ee.	The custodian will work cooperatively with all Future Commission Merchant (FCM) relationships TPSF or its external managers use for processing futures contracts and custodian shall be able to properly and timely account for futures transactions.	<input type="checkbox"/>
ff.	<p>Settlement will be as follows:</p> <ul style="list-style-type: none"> • Settlement will be delivery versus payment per the terms agreed by TPSF. Trades may not be settled for amounts different than affirmed. (Trade tolerances will not be passed by TPSF); • Contractual settlement for sales in all available markets and asset classes when instructions are received within Custodian's published guidelines; • Actual settlement for purchases in all available markets and asset classes. U.S. purchase related fail monies will be invested in Custodian's late money vehicle from contractual settlement until actual settlement. Global purchase fail monies will receive a late money equivalent credit rate from contractual settlement until actual settlement. The credit rate will be determined by the market in which the fail occurs; • Contractual payment for principal payments applied when paydown/payup factors are timely and properly received. Maturities credited on actual receipt; • Actual settlement for Corporate Action related transactions; • Actual settlement date +1 for corporate action cash proceeds for securities on loan; • Contractual income in the U.S. and in applicable foreign markets; and, • In-kind transfers must be conducted in a timely manner (optimally, within 24 hours). 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
gg.	Assurances will be provided through a third party letter that internal controls reviews are being conducted in compliance with SAS 70 and any successor disclosures.	<input type="checkbox"/>
hh.	Custodian shall provide ongoing on-site training to TPSF staff of the custodian's	<input type="checkbox"/>

	online tools and systems in addition to periodic structured educational sessions regarding relevant issues to members of the TPSF staff. TPSF staff will be invited to any and all general client conferences and education sessions at no additional cost to TPSF.	
1.5.3	Risk and Compliance Monitoring	
a.	Custodian shall provide and maintain a client investment manager compliance system capable of monitoring investment manager holdings and prescribed guidelines as well as monitoring portfolio compliance with applicable laws and regulations (<i>i.e.</i> , statutorily mandated security prohibitions).	<input type="checkbox"/>
b.	Securities lending cash collateral will also be monitored by the same compliance system or one specific to the Securities Lending program. TPSF shall be provided on-line real-time access to such systems.	<input type="checkbox"/>
c.	TPSF shall be provided on-line real time access to such systems.	<input type="checkbox"/>
1.5.4	Cash/Foreign Exchange Management	
a.	Daily cash flow projections and other cash management reports <u>as defined by TPSF</u> (including a report summarizing TPSF defined general ledger categories) will be provided with on-line access to cash management vehicle information including daily yields, performance and other reports.	<input type="checkbox"/>
b.	Overnight investment management services for funds received after daily sweep deadline will be provided. Any fees or costs associated with these services must be disclosed.	<input type="checkbox"/>
c.	An overdraft provision will be provided to facilitate securities settlement on a contractual basis for managed portfolios. To insure timely settlement of trade transactions, accounts should be allowed to run negative balances. Any fees or costs associated with these services must be disclosed and will be either paid by TPSF, external managers, or charged to managed portfolios at the direction of TPSF.	<input type="checkbox"/>
d.	Foreign exchange transactions will be executed and converted in an automated fashion either by the custodian or by other third party providers (as directed by TPSF) with full transparency of execution costs with methods disclosed (<i>i.e.</i> , Greenwich Mean Time) and time stamped execution records maintained.	<input type="checkbox"/>
e.	International Income will be repatriated daily to USD by the custodian, unless the TPSF directs otherwise.	<input type="checkbox"/>
f.	Client-directed fund transfers (in U.S. \$ and foreign currencies) will be provided. Any fees or costs associated with these services must be disclosed.	<input type="checkbox"/>
g.	Custodian can transmit foreign and domestic wires (ACH, EFT) and write client checks on behalf of the TPSF fund as well as receive foreign and domestic wires (ACH, EFT) and checks for cash disbursements. Processes for authenticating wire transfers and maintaining security over wire transfers are in place.	<input type="checkbox"/>
1.5.5	Technology/Systems Support	
a.	Systems in use can interface with TPSF Local Area Network (LAN) for the purposes of downloading reports and extracting data for analysis using software products such as Microsoft Excel, and support "inquiry only" access by various	<input type="checkbox"/>

	internal and external users.	
b.	Interfaces and access will be provided for TPSF internal and external managers as well as other authorized parties. At a minimum, interfaces to TPSF will be created for file uploads that include data for daily pricing, daily income, FX rates, factors, ratings, income posting, principal posting, settlement and maturity, holdings, and other cash transactions.	<input type="checkbox"/>
c.	Custodian must be able to interface with all current and future third party accounting and data management systems, including traditional and alternative asset classes.	<input type="checkbox"/>
d.	A monthly audited file of contributions and withdrawals in all TPSF accounts will be provided to TPSF for the purpose of custodial reconciliation and verification no later than the morning of the fifth (5 th) business day of each month for all accounts maintained by the custodian.	<input type="checkbox"/>
e.	Complete histories of investment activities of all TPSF holdings shall be maintained throughout the term of the custodial relationship and shall be maintained post-relationship in accordance with TPSF records retention requirements which require at least a ten (10) year retention.	<input type="checkbox"/>
f.	Such certified and auditable history will be transferred to a successor custodian, when and if necessary, in a format acceptable to the successor and to TPSF.	<input type="checkbox"/>
g.	Standard reports will be provided as requested by TPSF, at frequencies specific to each report content, and shall be included in the fixed core custodial fee.	<input type="checkbox"/>
h.	Ad hoc query and reporting functions will be provided in a timely manner, and at no additional charge. Additional custom reports that require creation from sources other than currently available, online data (to comply with industry-standard report formats developed in the future) as requested by TPSF will be negotiated at the time of the request.	<input type="checkbox"/>
i.	On-site training will be provided to TPSF staff during the initial conversion process and is expected to be provided on an ongoing basis with an annual periodicity.	<input type="checkbox"/>
j.	Absolute protection will be provided against unauthorized access to TPSF records under the custodian's control.	<input type="checkbox"/>
k.	The custodian must be capable of transmitting encrypted data files following TPSF standards, which are using either SSL (known as Secure Sockets Layer), SSH (known as Secure Shell / Secure Socket Shell) or PGP (Pretty Good Privacy). Custodian will modify such interfaces as TPSF's software is upgraded or replaced.	<input type="checkbox"/>
l.	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 and made available to TPSF within an eight (8)-hour period.	<input type="checkbox"/>
m.	In the event that TPSF experiences a disaster, on-site access at the custodian may be necessary. Such backup coverage will be strategized, implemented, and tested in a reasonable time period following transition and annually thereafter.	<input type="checkbox"/>
n.	An established and proven business continuity plan for emergency situations is in place which provides for record re-creation and operations resumption within twenty-four hours of any occurrence of any major disaster or other cause which destroys records and/or disrupts normal operation of the custodian's systems (the continuation of such service is furthermore guaranteed within eight (8) hours).	<input type="checkbox"/>
o.	On an annual basis, the custodian will provide a complete copy of the custodian and securities lending disaster recovery plans and test results.	<input type="checkbox"/>

p.	Computer records of all audited investment transactions and month-end positions will be maintained on electronically readable storage media for ten (10) years (these records will be checked for viability on an annual basis and migrated, if necessary, to more current technology in order to maintain accessibility during the entire retention period).	<input type="checkbox"/>
q.	The custodian's online systems must report the same information as the audited accounting systems once audited values are available.	<input type="checkbox"/>
1.5.6	Transition Planning and Support (if applicable)	<input type="checkbox"/>
a.	Successor Custodian will develop a conversion strategy satisfactory to the TPSF.	<input type="checkbox"/>
b.	Successor custodian will appoint a dedicated conversion team to guide the TPSF and to insure a successful conversion. A written copy of the developed strategy, including a timeline to completion will be provided. Regular updates and weekly status reports will be required during conversion.	<input type="checkbox"/>
c.	Regular weekly conference calls will be held with TPSF during implementation.	<input type="checkbox"/>
d.	Efficient and effective transfer of TPSF assets and data will be achieved through written instructions between successor and prior custodian.	<input type="checkbox"/>
e.	Successor custodian will provide consulting for all projects related to the implementation of TPSF's assets at successor, including transition of the initial portfolios, as well as any new projects initiated by the TPSF that impact the services provided by successor.	<input type="checkbox"/>
f.	Successor custodian will recreate in its systems, all existing ad hoc queries and periodic reports currently used by the TPSF staff.	<input type="checkbox"/>
g.	Successor custodian will develop and provide in writing, an acceptable exit plan for the end of the relationship.	<input type="checkbox"/>
1.5.7	Securities Lending Custodial Program Support	
a.	Custodian will provide a qualified and high quality risk-managed securities lending program with indemnification specific to operational risk and borrower default: <ul style="list-style-type: none"> • Borrower files for bankruptcy; • Failure to recall securities before contractual settlement date given timely notification from the investment manager; • Failure to secure additional collateral and margin requirements; • Failure to receive dividends, distributions and all economic benefits of ownership; and, • Failure to credit cash from corporate actions from securities on loan on allocation date + 1 business day. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
b.	Lend to institutional borrowers in accordance with the TPSF policies.	<input type="checkbox"/>
c.	Maintain cash collateral in a separate account for the TPSF.	<input type="checkbox"/>
d.	Invest cash collateral according to the TPSF collateral investment guidelines.	<input type="checkbox"/>
e.	Systematically insure that minimum collateral requirements are enforced on the daily mark to market values of the securities on loan.	<input type="checkbox"/>
f.	Provide immediate use of non-cash collateral in the instance of borrower bankruptcy.	<input type="checkbox"/>

i.	Raw transaction data, rates of return, and/or any other information concerning the TPSF accounts will be transmitted from the custodian to the performance measurement advisor on a daily and monthly basis as directed by the TPSF. The performance measurement advisor will use this data to calculate TPSF performance.	<input type="checkbox"/>
j.	Raw and calculated performance data will be stored by performance measurement advisor and there will be no limit on the volume of data stored and accessible to the TPSF in electronic format. Upon termination of the relationship, comprehensive raw and calculated data will be provided to TPSF in a format specified by TPSF.	<input type="checkbox"/>
k.	Performance analytics and attribution data will be provided for TPSF accounts versus relevant assigned benchmarks.	<input type="checkbox"/>
l.	Performance analytics and attribution data will be provided to determine the value added by investment policy, asset allocation, security selection, and investment manager.	<input type="checkbox"/>
m.	Monthly performance reports detailing market performance and portfolio performance, at any level of detail or any aggregate deemed necessary by the TPSF, will be provided including both current and historical data and shall be available by the twelfth (12 th) business day of each month. It is understood that industry conventions will be used for alternative assets such as private equity and real estate.	<input type="checkbox"/>
n.	Historical audited performance data for all accounts (both open and closed), composites (both open and closed), and benchmarks (both standard and custom) will be accepted by the performance measurement advisor to be used for reporting purposes.	<input type="checkbox"/>
o.	Daily and monthly analytic reports will be prepared in formats acceptable to TPSF.	<input type="checkbox"/>
p.	Exposure reporting must function on a look-through basis.	<input type="checkbox"/>
q.	A database with the ability to integrate data from investment managers, the custodian, data vendors, investment technology firms, and having direct access to standard industry benchmarks and industry universes, such as Trust Universe Comparison Service (TUCS) must be maintained.	<input type="checkbox"/>
r.	A web-based system with client access including customization and ad-hoc reporting must be maintained.	<input type="checkbox"/>
s.	Custom benchmarks in both floating-weight and fixed-weight form will be provided.	<input type="checkbox"/>
t.	"Soft Close" daily accounting will be provided by the custodian on all portfolios and daily data transmitted to the performance measurement advisor. Therefore, daily rates of return will be delivered on the next business day for all public market investments, asset classes, and other composites at the direction of TPSF.	<input type="checkbox"/>
u.	A monthly rate of return and market value reconciliation will be performed between the performance system's records, the custodian's records, the TPSF records for internally managed portfolios, and where applicable, the external investment managers.	<input type="checkbox"/>
v.	Monthly performance rate of return tolerances for public market manager reconciliations will be performed.	<input type="checkbox"/>
w.	Alternative investments may be calculated with both time-weighted and internal rates of return, gross and net.	<input type="checkbox"/>

x.	On a periodic basis, at least monthly and quarterly and when requested, performance analytical reports will be prepared and presented to the SBOE, the Committee, the CIO, or others.	<input type="checkbox"/>
y.	When requested, relevant performance and analytics educational/training will be provided to the SBOE and TPSF staff.	<input type="checkbox"/>
z.	TPSF prefers the electronic receipt of daily attribution analysis if the proposer can provide.	<input type="checkbox"/>

If any box cannot be checked because the service cannot be delivered, please explain on a separate sheet(s) of paper why and if alternative service delivery models can be provided. Please label your sheet(s) as **DOCUMENT E – Supplement** and include in your response immediately behind **DOCUMENT E**.

Proposer's Authorized Signature

Printed Name

Title

Date

DOCUMENT F
GLOBAL CUSTODIAN Profile

Please note that these questions will be directly included in a report to the SBOE and will not be edited. Please retain the format of this document. This document is not to exceed ten (10) pages.

Proposer Firm Name

As of Quarter Ending December 31, 2008

Organization			
Year Firm Established		Total Firm AUC (In millions)	\$ MM
Main Headquarters		Total Firm Endowment/ Foundation AUC (In millions)	\$ MM
Ownership Structure		Total Number of Staff	
Percent Employee Owned		Total Number of Staff in Texas	

Proposed Service
List and briefly describe each of the types of services you propose. (e.g, 1. 2. 3...)

Firm Philosophy
Describe your firm philosophy when servicing assets as a custodian as it relates to a permanent, public endowment.

Firm Process
Describe your firm process for identifying, recommending and implementing best practices to clients.

Biographies
Include brief biographies of the <u>lead and other key professionals</u> that your firm will assign to the team dedicated to servicing the TPSF account. At a minimum, include the Client relationship officer(s), the Accounting Manager, lead Accounting Supervisor, the Performance Manager, and lead Performance Analyst.

DOCUMENT G
SECURITIES LENDING Profile

Please note that these questions will be directly included in a report to the SBOE and will not be edited. Please retain the format of this document. This document is not to exceed ten (10) pages.

Proposer Firm Name

As of Quarter Ending December 31, 2008

Organization			
Year Firm Established		Total Firm AUSL (In millions)	\$ MM
Main Headquarters		Total Firm Endowment/ Foundation AUSL (In millions)	\$ MM
Ownership Structure		Total Number of Staff	
Percent Employee Owned		Total Number of Staff in Texas	

Proposed Service

List and briefly describe each of the types of services you propose. (e.g, 1. 2. 3...)

Firm Philosophy

Describe your firm philosophy when servicing assets as a securities lending agent as it relates to a permanent, public endowment.

Firm Process

Describe your firm process for identifying, recommending, and implementing best practices to clients.

Biographies

Include brief biographies of the lead and other key professionals that your firm will assign to the team dedicated to servicing the TPSF account. At a minimum, include the Client relationship officer(s) for Securities Lending and the Securities Lending Manager and Lead Traders.

DOCUMENT H
GLOBAL CUSTODY and SECURITIES LENDING SERVICES QUESTIONNAIRE

For reference purposes, the following acronyms are used throughout this questionnaire. In addition, TEA and TPSF may be used interchangeably.

Acronym	Long Name
RFP	Request for Proposal
SBOE	State Board of Education
TEA	Texas Education Agency
TPSF	Texas Permanent School Fund
Custodian	Custodian and Securities Lending Agent

CONTACT INFORMATION

Provide the name, address, telephone number, fax and e-mail of the designated person responsible for answering questions regarding the RFP. Also include the name, title, telephone, and fax number of one lead investment professional and one key professional employee responsible for our account. Please also include relevant web addresses for the firm.

Firm Name:	
Address:	
Company Website:	

Contact (Person Preparing RFP Response):	
Title:	
Phone Number:	
Facsimile Number:	
Email Address:	

Contact (Lead Professional – Global Custody):	
Title:	
Phone Number:	
Facsimile Number:	
Email Address:	

Contact (Lead Professional – Securities Lending):	
Title:	
Phone Number:	
Facsimile Number:	
Email Address:	

The proposer can respond to all questions (1-206), **as of December 31, 2008**. Some questions will require attaching additional materials and these will each be labeled as an "Appendix" and will be filed behind this questionnaire in alphabetical order and should be cross-referenced back to the originating question.

BUSINESS AND ORGANIZATIONAL STRENGTH (15 points)

Organization

1. Provide a brief history of the firm, including the following:
 - a. Year of organization and company structure
 - b. Year custody and securities lending was initiated
 - c. Development of custody and securities lending business lines, including dates of implementation of key elements and enhancements to services and capabilities
 - d. Primary locations of business
 - e. Strategic partners and alliances
 - f. Ownership
2. List the firm's current credit rating from all credit agencies that rated the organization within the past four fiscal years along with the specific part of the firm that was rated.
3. Provide details of the financial condition of the firm. Describe any material changes in the last five years.
4. What percentage of the total parent company's revenues comes from custody services, including securities lending? What percentages of revenues are reinvested in custody services? Provide details of what the funds were spent on in the past two years and what is budgeted for the upcoming year.
5. Discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future.
6. Summarize your business plans for custody and securities lending services for the next five years.
7. Provide a description of services, other than custody, securities lending and performance and analytics, that your organization provides to its institutional clients, including investment management services.
8. Describe what effects the cessation of any of your firm's affiliates would have on your firm's ability to deliver services under this contract.
9. Has the firm's custody or trust businesses (including securities lending) or any officer or principals of them been the subject of any proceedings, litigation, or regulatory discipline or judgment in the last ten years? If so, provide details including dates and outcomes.
10. What are the locations from which the firm provides customer service? Indicate where TEA customer service will originate by type of service being provided.
11. Is the firm currently or within the last two years been involved in any type of merger/acquisition/restructure activity? If so, describe how the activity impacts the firm's custody services.
12. Please provide any ratings/designations that the firm has been afforded by industry surveys sponsored by organizations such as Global Custodian, Global Investor, etc. This should include recent, past, and present surveys. For each rating/designation, identify the rating/designation, the date, and issuing organization.
13. Describe the firm's participation in industry initiatives in all areas of service contemplated by this RFP.

Personnel and Client Support

14. Provide an organizational chart for each of the following units: custody; securities lending; performance and analytics and accounting. Provide an organizational chart(s) that shows where each of these units fits into the overall structure of the firm. Provide a chart of the client service team that will be dedicated to the TPSF relationship. Label these charts **Appendix A** and place at the end of this questionnaire.
15. How many personnel are assigned directly to the Business Unit(s) providing the services required by this RFP? How many are in each of the following categories:

Service Area	Custody	Securities Lending	Performance & Analytics	Accounting
Management/Administrative				
Relationship Management				
Accounting/Service Delivery				
Technical/Analytical				
Other				
TOTAL				

16. Please provide biographies of the senior executives in each of the following units: custody; securities lending; performance and analytics, risk management and accounting. Label these biographies **Appendix B**.
17. List the names of key client service personnel who will be assigned to the TEA relationship. Provide a brief biography for each person listed and each officer of the Business Unit reporting line. Include the names of other organizations for which they have performed related duties. Identify any recent changes to the structure or staffing of each service unit
18. How many accounts are assigned to the relationship manager(s) and account administrator(s) who would be assigned to the TEA relationship and what are the total assets under administration for these individuals? What other accounts will the primary relationship manager service?
19. What process is in place to ensure continuous coverage of our relationship in the absence of primary members of the service team? What rate of staff turnover has the firm experienced in the firm's custody and security lending services in the last two years?
20. Comment on the personnel turnover your organization has experienced in the past three years for all areas that would be part of the servicing of the TEA relationship. Please differentiate between individuals leaving the firm and those moving to other departments within the firm. Describe your efforts to attract and maintain qualified staff at all levels. With regard to personnel turnover either as a result of leaving the firm or moving to other departments, how does the firm handle the training of replacements for existing client relationships?
21. If applicable, how do you propose to coordinate the delivery of service with staff located in different time zones and geographic locations?
22. Please discuss opportunities which the firm offers to clients for training and continuing education and any cost proposed for this service.
23. Does the firm hold or sponsor client conferences? If so, describe all conferences the firm has held or sponsored in the past two years. For each event, provide a summary of the focus, date, duration, and location of the event

Firm Experience

24. Describe the firm's experience with each of the following asset classes:

- a. Domestic Equities
- b. International Equities, including Emerging Markets
- c. Fixed Income Securities (including High Yield, MBS, CMO, etc.)
- d. Global TIPS
- e. REITS
- f. OTC Derivatives
- g. Futures
- h. Forwards
- i. Absolute Return, including Fund of Funds (Hedge Funds)
- j. Private Equity
- k. Real Estate
- l. Real Assets

25. For the service team proposed for the TEA relationship, describe the experience with each of the above (question 24) asset classes.

26. Describe the experience of the firm's performance and analytics group with each of the asset classes in question 24.

27. Please use the following matrix to identify the **number of custody clients and values for each of the categories** below for public, corporate, foundations, endowments, private, and other clients grouped into classifications of < \$1 billion, \$1 billion to \$25 billion and > \$25 billion. Report aggregate values of their total assets in your custody in U.S. \$ and non-U.S. \$ millions (non-U.S. \$ assets converted to U.S. \$ with the greatest level of precision possible) as of December 31, 2008. **Please provide the same matrix for the preceding four years 2007, 2006, 2005 and 2004.**

2008 Type of Client	< \$1 Billion	\$1 Billion to \$25 Billion	>\$25 Billion	Total Clients	Total U.S.\$ Assets (in Billions)	Total non- U.S.\$ Assets (in U.S.\$ Billions)
Public Funds - # of Clients						
Public Funds - Total Assets	\$	\$	\$	\$	\$	\$
Corporate - # of Clients'						
Corporate – Total Assets	\$	\$	\$	\$	\$	\$
Foundations - # of Clients						
Foundations- Total Assets	\$	\$	\$	\$	\$	\$
Endowments - # of Clients						
Endowments – Total Assets	\$	\$	\$	\$	\$	\$
Private - # of Clients						
Private – Total Assets	\$	\$	\$	\$	\$	\$
Other - # of Clients						
Other – Total Assets	\$	\$	\$	\$	\$	\$

28. Complete the table below indicating the growth/decline of domestic and international custody assets for each of the below timeframes:

Year Ending	Clients Gained	Assets Gained (\$mm)	Clients Lost	Assets Lost (\$mm)	Total Year End Clients Assets
12/31/04					
12/31/05					
12/31/06					
12/31/07					
12/31/08					

29. Provide the total dollar amount of all alternative assets (non-stock and non-bonds) held by your clients over the last five year period as of December 31, 2008.

At December 31	Hedge Funds	Private Equity	Real Estate	Real Return	Other Alternative Assets	Total Value
2004						
2005						
2006						
2007						
2008						

30. For each public fund/endowment account lost, indicate the reason for termination and provide a prior contact name and phone number (please note: while contacts for terminated clients are required, they will not be contacted unless your firm is selected as a finalist).

RISK MANAGEMENT/COMPLIANCE (10 points)

31. Proposer shall note any and all relationships that might be a conflict of interest and include such information with the proposal. Please describe any actual or potential conflicts of interest your company would have in providing the services discussed in this RFP.
32. Describe your personnel policies regarding background checks on employees and agents. What criteria would disqualify an applicant from employment based on the results of a background check?
33. Briefly describe your practice of updating documented policies and procedures.
34. 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.
35. What level of management review is applied to reports resulting from audits and reviews? What level is required to implement changes to correct deficiencies noted? Provide a recent example of this process.
36. What were the significant internal and external audit findings regarding the firm's custodial and securities lending function in the past three years? How were these findings resolved?
37. Describe the various types of insurance coverage and indemnification's provided to protect clients of the services proposed (global custody, securities lending, etc), including risk coverage, carriers, levels, limits and deductible amounts. Discuss what risks are not covered by these policies.
38. Does the firm's insurance coverage apply to securities held in the firm's sub-custody network?

39. Describe how your firm will ensure compliance with applicable laws and regulations. Who in your organization is responsible for monitoring compliance and how does that individual/group communicate information to your clients?
40. Do you offer a system to monitor investment manager compliance with TPSF investment guidelines and limits? If so, does it offer:
- a. Portfolio holdings tests (maximums and minimums);
 - b. External data tests (tests that allow data feeds from external sources such as Bloomberg);
 - c. Derivatives tests (tests that measure exposure to derivatives instruments);
 - d. Risk management tests (tests that measure the risks associated with individual portfolios as well as total fund);
 - e. Are there any external services used to verify compliance characteristics such as duration, option deltas, etc.;
 - f. Currency exposure reporting and monitoring;
 - g. Country risk reporting and monitoring.
41. Is the compliance monitoring process part of an on-line system? Can clients customize parameters within the system? Can clients generate ad hoc reports (i.e., exposure reports) and if so, please describe.
42. Provide a list of benchmarks available in your compliance monitoring system for various asset classes. Label this as **Appendix C**.
43. Is the system flexible enough to accommodate industry changes? How frequently is the system updated for enhancements and do clients have input into the enhancement implementations?
44. Discuss your policy for minimizing credit and market risk associated with deposits and investments, including repurchase agreements, as defined in Statement No. 3 of the Governmental Accounting Standards Board, "Deposits with Financial Institutions, Investment (including Repurchase Agreements), and Reverse Repurchase Agreements".
45. Discuss your policies and procedures for assuring that each client's assets are properly held in safekeeping and positions are accurately maintained your accounting records. Discuss how you and your sub-custodian segregate assets so that they are not subject to the claims of creditors against your organization and the sub-custodians' organizations. How do your policies comply with regulations dealing with custodian credit risk (i.e. GASB 40)?

SERVICE DELIVERY (40 points)

Administration and Client Relations

46. Describe in detail the global custody, accounting, performance and securities lending client service model proposed for the TEA, including:
- a. Formal and informal oral and written communications
 - b. Inquiry and problem resolution processes
 - c. Information on available services
 - d. Training in the use of services and systems access
47. How do administrators ensure that all services are provided to a client in accordance with proper standards of care, regulatory requirements and executed agreement for service?
48. List and describe any new custody services/product improvements that have been implemented in the past three years or will be released within the next one to three years. Indicate the status of each as of December 31, 2008.

49. Describe your process and procedures for interfacing with the investment managers serving your clients, including the following:
 - a. Dedicated staff positions and responsibilities
 - b. Mode and means of trade instruction communication and validation
 - c. Mode, timing and content of daily and monthly reports
 - d. Inquiry and problem resolution processes
 - e. Reconciliation and audit processes
 - f. Ability to reflect daily transactions and holdings for external assets under custody, in reporting both ad-hoc and established report formats
50. How does your service to your clients' internal investment managers differ from that provided to their external managers? How do you monitor Investment Manager satisfaction?
51. Do you have a specialized group that interfaces with Futures Commission Merchants utilized by your clients?
52. Do you have any other specialized client service groups in custody operations? If yes, how do these groups interface with your client administrative team and/or the clients?

Core Custody and Securities Processing

53. Explain how the custody units are structured. Are the domestic and international custody operations integrated or separate units?
54. Describe your procedures for processing trade instructions for domestic and international securities. Provide a flow chart which depicts the inter-unit information and transactional process. This information should contain a summary of the following information elements which TPSF staff would have access to in further detail upon request:
 - a. Name and reporting responsibilities of working units performing the processing of both U.S. and non-U.S. trades and their reporting relationship and level of responsibility;
 - b. Discuss actual settlement date processing and contractual date processing;
 - c. Electronic receipt of securities trade instructions;
 - d. Other modes of receiving trade instructions and parties using them;
 - e. Trade validation procedures;
 - f. Degree of automation of each method of trade validation;
 - g. Whether manual intervention is possible, if required;
 - h. Provisions for electronic trade instructions;
 - i. Asset transfers, pending trades, pending foreign exchange transactions including details as to when you price the portfolio for performance measurement given the occurrence of asset transfers; and,
 - j. Procedures utilized to ensure that client-imposed/specified authorization requirements are met.
55. Discuss your procedures for posting foreign exchange transactions to client accounts. Please include the level of detail requested for securities trades above.
56. Describe time restrictions or deadlines for each of the methods that may be used to send trade instructions. Describe each method and rank order the transmission methods in best practice order. Do you provide automated trade affirmation services?
57. Discuss your settlement performance for processing trades, i.e. settlement rate, failed trades, average age of failed trades by country, etc. and provide a Straight Through Processing (STP) analysis for the past three years. Please segregate responses by domestic equity, international equity and fixed income. What is your current total fail rate for sales and purchases?

58. What order management systems does the firm currently have links with? Describe the firm's on-line trade input capabilities and indicate if trade information can be uploaded to the firm's on-line trading system.
59. Will all trades be settled delivery vs. payment? Under what circumstances or policy would trades be settled free?
60. Discuss your procedures for a daily proof of settlements of U.S. and non-U.S. trades and foreign exchange reported by your depositories, agents and sub-custodians.
61. Discuss your procedures for tracking failed U.S. and non-U.S. trades, reporting failed trades to the client and to the investment manager, and how they are resolved. Group them by developed (major) and emerging markets. How will failed trades be reflected on your monthly reports? Please detail U.S. domiciled securities and non-U.S. domiciled securities separately.
62. Purchases for the TPSF are required to be settled on an actual basis and sales for the TPSF are required to be settled on a contractual basis. Describe your operational procedures for settling purchases and sales. Explain how these transactions will be reflected on your custody and accounting systems and how you will ensure that these requirements are met.
63. Describe the firm's domestic and international safekeeping network. How many markets are currently covered in the firm's sub-custodian network? Provide the name of each sub-custodian agent and the amount of assets held with that sub-custodian.
64. Describe your process for managing your foreign sub-custodian network of depositories, sub-custodians and agents, including:
- a. Selection
 - b. On-going monitoring and oversight
 - c. Problem resolution
 - d. Termination or Business Exit Plan
65. Is the firm able to provide a segregated account to TPSF in all markets the firm serves?
66. Describe any turnover in sub-custodian relationships over the past three years, and provide the reason(s) for the turnover.
67. Identify any new markets added to the sub-custodian network during the past 12 months
68. What does your firm do in the area of supporting investments in emerging market countries that differentiates it from other firms? Identify any market(s) that the firm expects to add in the next 12 months?
69. Describe the firm's system for custody of depository ineligible securities.
70. Describe the security identifier or identifiers used in your system for domestic and international securities. If applicable, describe how "dummy" security identifiers are used. Is there client-directed flexibility in their use, or lack thereof?
71. Discuss your policies for ensuring that changes in security registration requirements in international markets are properly and promptly implemented in client accounts (*i.e.*, the transition to omnibus security registration).
72. How are clients notified if they have reached or exceeded an ownership limit in a foreign market?
73. Give examples of how the firm deals with 100% pre-funded requirements, cumbersome registration processes, lack of common standard for settlement of unlisted securities, and currency convertibility.
74. Is your firm electronically linked to your sub-custody network and depositories? What infrastructure improvements has the firm built within the last two years to enhance international clearing and settlement?

75. Describe the controls the firm has in place to ensure the integrity of the sub-custodian settlement and custody reporting.
76. Briefly describe the method and frequency of reconciling the custodian's positions with its depositories and subcustodians.
77. How do you determine your responsibility, as well as your agent's responsibility, for compensation of losses to client accounts due to custodial errors in processing?
78. What are your primary and supplemental pricing sources? Please provide a full schedule of all primary and supplemental pricing sources by asset class. Describe your method of receipt and input and frequency of update for prices for stocks, bonds, options and derivative products including real estate, limited partnerships and commodities.

Security Type	Primary Pricing Source	Supplemental Pricing Source(s)	Frequency	Method of Receipt and Input
Domestic Equity				
Domestic Fixed Income				
Futures/Options				
International Pricing				
Alternative Assets (provide source by type)				
Foreign Exchange Rates				
Other				

79. What steps are taken to ensure the accuracy of your pricing reports? Who is responsible to ensure accuracy? Are all procedures for all asset classes consistent with your accounting systems? Describe the relationship between your accounting and performance platforms for this data.
- Do asset valuations include accrued income and pending transactions?
 - How do you price securities not available from a pricing service, such as private placements and over-the-counter (OTC) securities?
 - Describe your process of pricing derivatives and non-traditional fixed income securities.
 - Can the client specify alternative pricing sources? Under what circumstances?
 - What procedures are in place, if any, to investigate unusual or significant pricing changes from the previous pricing period?
 - What procedures are in place to identify stale prices?
 - Describe your procedures for price challenges from clients. What is your policy on updating or changing prices?
 - At what time are prices released to clients each evening?
 - Is daily pricing available? Please detail by security domicile (U.S vs. non-U.S. if pricing frequency is different).
 - Describe your pricing process during market turmoil for OTC assets, derivatives and debt-related securities.
 - Describe procedures for benchmarking portfolio valuation or determining reasonableness of each day's valuation.
80. Discuss your ability to pass security master file reference and pricing data for both international and domestic securities to TPSF. What existing contracts are in place with data vendors that allow you to pass this data and when do those contracts expire?

81. Provide information regarding your procedures for establishing entitlements/accruals for dividends and interest for all asset types. Define the firm's income collection and crediting policies by market, including the basis for the currency conversion rates used and how the repatriation to USD will be handled.
82. How does your firm ensure that interest and dividends (domestic and international) are paid? How do you track late collections of income? How do you notify clients of failures to collect or late collections of income? How do you track and report claims associated with income payments?
83. What are your firm's policies for auto credit of income? Is the auto credit feature applied to securities on loan? Discuss any instances in which contractual income collection would be rescinded.
84. Describe the firm's tax reclaim policy and procedures for both ADRs (GDRs) and local securities, including any market specific exceptions. Is the firm able to guarantee 100% relief?
85. What percentage of tax reclaims for the last three years ending December 31, 2008 was your organization able to get back?
86. Can you provide daily and real-time access to tax treaty provisions for international markets? Is a summary report available (or could one be developed), which would provide the current tax reclaim rates for all international markets in which securities are held or lent?
87. How quickly are the principal payments from mortgage-backed securities credited to the account? Describe any guarantees the firm offers. Is a record of the original face purchased maintained and available in client reporting?

Corporate Actions, Class Actions and Proxy Voting

88. Does your firm have a dedicated unit for corporate actions, class actions, bankruptcy, and proxy? Please describe.
89. Provide information regarding your procedures for establishing entitlements/accruals for corporate actions/capital changes. Describe in detail your process for U.S. and non-U.S. capital changes, including:
 - a. Sources of information on terms and elections;
 - b. Methods of notifying clients;
 - c. Timing of notice (please note availability of same day notice);
 - d. Methods of receipt of instruction from clients for voluntary actions;
 - e. Timing required;
 - f. Policy for posting capital change transactions;
 - g. Procedures for implementing client elections;
 - h. Method and mode of relaying instructions to sub-custodians;
 - i. Procedures for controlling sub-custodians' timely and appropriate action;
 - j. Describe your on-line reporting capabilities for capital changes; and,
 - k. Discuss your procedures for posting corporate actions/capital changes to client accounts, including for securities that are on loan.
90. Discuss the ability of your firm to post corporate action cash proceeds for positions on loan the same day or the day after allocation by the depository or agent.
91. Can security entitlements be posted to your accounting and performance system prior to actual receipt? Can trades be processed against these positions?
92. Describe your procedures for filing claims for class action lawsuits including the process of notifying clients of court deadlines and of filing proof of claims. Please include the procedures employed when the claim period includes class periods during which the security was held by other custodians. Describe your service as it related to bankruptcies, including the process of notifying the client.

93. Describe your procedures for providing historical buys, sells and holdings of individual securities so that this information can be utilized as support for any future securities litigation?
94. Does your firm have a client accessible system of monitoring class action litigation and bankruptcy proceeding affecting portfolio of securities by the TPSF? Is your system able to advise clients of significant dates and deadlines in respect of such proceedings including but not limited to opt-out elections, deadlines for filing claims and deadlines for filing bankruptcy notices and claims?
95. Describe the firm's systems and procedures for securing and providing clients with proxy information and voting their proxies for both U.S. and foreign corporations. Indicate if these services are provided in-house or subcontracted to a third-party and any cost to TPSF for the services.

Cash/Foreign Exchange Management

96. Please describe the U.S. and non-U.S. (especially GBP, Euro, JPY, AUD denominated) short-term investment vehicles the firm offers including: investment philosophy, objectives and guidelines, performance measurement techniques, investment performance, current and historic costs of investment management and fees.
97. Describe any defaults, asset write down, and cash infusions to preserve principal value or other problems that have occurred in the funds in the past five years.
98. TPSF must be fully invested daily. What are the investment options available for non-USD denominated cash balances in countries where short-term investment vehicles are not available? Describe the sweep or investment process. Are there any markets in which cash balances do not earn interest? Does your service proposal contemplate any minimum balances in STIF vehicles?
99. Describe how cash sweep ties into accounting and, if available, cash forecasting. What are the procedures for investing cash received after STIF vehicle cut-offs? How often is STIF interest accrued and when is it credited?
100. Describe your cash forecasting tools and how these tools can be used with alternative assets, such as private equity.
101. Discuss your ability to provide a daily cash summary report by 11:00 am C.T., which details by portfolio, all cash activity included in the STIF account for that day. How will you communicate this information and any adjustments made to the STIF after the 11:00 am TPSF cut-off?
102. If the bank erroneously debits an account overnight, at what rate will the bank reimburse the client for the overnight use of client funds?
103. If a client or investment manager overdraws an account for an overnight investment, will the client be charged the STIF rate for the overdraft? If not, please describe the rate charged.
104. Does the firm's reporting system provide daily cash positions in both local and translated US dollars (using current exchange rates)? Are there real time cash activity/balance reports available to the client?
105. What is the firm's time deadline for a wire to be credited or debited the same day? How is this coordinated with your cash sweep vehicles?
106. Describe the firm's non-repetitive wire process and controls in place to insure proper processing. Describe the firm's repetitive wire process and controls in place to insure proper processing.
107. Is a cash forecast system available and if so, please describe the system, including reports, how far into the future the report projects cash and the accuracy of forecasts.
108. Describe the firm's foreign exchange operations and capabilities. Please include whether the firm is able to process third party exchange and any charges associated with executing FX transactions, location of the primary foreign exchange desk and foreign exchange operations and their relationship

to custody, hours of operations, number of people, timing requirements, response time and currencies exchanged.

109. What is your pricing source for currency exchange rates?
110. What benchmarks do you utilize in measuring the success of your foreign exchange transactions?
111. Please comment on the competitiveness of your rates and how you ensure that custody clients achieve the best execution. Do you have a regular practice of time stamping executions using Greenwich Mean Time and providing execution benchmark reports?
112. Discuss your ability to repatriate income to USD daily as a standing instruction.

Accounting and Reporting

113. Discuss how the accounting staff assigned to the TEA relationship will interface with TPSF staff. What services will this team be responsible for providing?
114. Provide details regarding your accounting services for both U.S. and non-U.S. securities, including all accounting systems used to support clients, integration with custody, performance measurement, securities lending and any other platforms and the ability to provide trade date, contractual and actual settlement date, cash basis accounting or a combination of these.
115. For each accounting system used, please describe all processing method(s):
 - a. Do systems use batch or on-line, real-time processing?
 - b. Provide daily and monthly processing schedule(s), including starting and ending times and if information is available on-line, how current is the information?
 - c. When is access available to the client accounting group?
 - d. What is the typical timeframe for final accounting information to be made available?
116. Discuss your ability to provide a daily soft close and daily NAV for the TPSF domestic portfolios in support of daily performance reporting.
117. What steps are taken to ensure the accuracy of client accounting records and reports? Who is responsible for ensuring accuracy? Does an account officer sign and certify the reports? What controls are built into the process? What is the turnaround time for correcting errors?
118. What process is in place for clients to submit accounting questions and problems? How do you ensure that inquiries are addressed in a responsive and prompt manner? Describe how problems are addressed across various asset classes.
119. Please describe how accounting periods are closed. Can closed periods be opened? Is the system capable of closing on an account by account basis? Can performance figures be updated after accounts are closed? Are there safeguards built into the system to ensure activity is restricted in closed periods and or terminated accounts?
120. How long is transaction-level accounting available for viewing on-line? Will the client accounting group have direct access to any prior period's (including intra-month/week) accounting and performance information? How long is transaction –level detail accounting information available with notice to the custodian – i.e. archived data?
121. Discuss your ability and method to provide TPSF data for updating an internal data warehouse.
122. Please describe the availability of holdings data. Can TEA access portfolio holdings information for any day without special programming via your on-line ad hoc query tools? For what period of time (if limited) is this data available? When does the data roll off?

123. Please describe your accounting data reporting system. Discuss your turn-around time and flexibility in development of both new and revised reports. Can you build customized reports requested by the client? What priority do you give this type of request? Can the client customize reports on-line?
124. Please describe your process for asset classification including domestic equity, international equity, fixed income, hedge funds, real estate and private equity assets. Please include a listing of all industry specific classifications and third-party vendors sourcing the classifications. What steps are taken to ensure accuracy and what is the process and timeframes involved for client or investment manager requested classification changes? Are classifications enterprise-wide or can an industry source or choice be selected by the client?
125. Discuss how your accounting system(s) accommodate derivatives including the processing, valuing and reporting of U.S. and non-U.S. assets.
 - a. Can your system identify the collateral that may be needed to support those positions, (i.e., cash, as separate from the cash holdings not used to support these positions)?
 - b. Can your accounting system(s) identify leveraged positions?
 - c. Do derivatives cause any unique performance issues? Please describe/discuss.
 - d. Are derivative instruments accurately included in both the daily and monthly NAV calculations?
 - e. Does your system report notional exposure?
 - f. Can your system provide derivative exposures (i.e., swap exposures)?
126. Describe your policy and process of writing off receivables.
 - a. What is your procedure for follow up?
 - b. What documentation is required for your files?
 - c. What is your escalation policy?
 - d. At what point do you notify the client of possible problems with receivables?
127. Can you carry the book value of securities at original cost, amortized cost or average cost? How do you compute realized gains and losses? What is the procedure for the client to provide corrections to book value? What is the turnaround time for posting these adjustments?
128. Describe any special procedures for processing, valuing, and reporting of alternative investments including real estate, private equity, venture capital, and other non-traditional assets. Can your accounting system accommodate partnership accounting for limited partnerships accounts fund to fund? Private Equity Investments?
129. Is any private equity, real estate or other private investment portfolio management system made available to your clients? If so, please describe and include materials describing capabilities of these systems and a description of the interface, if any, between these systems and the custodial systems or accounting systems.
130. Describe your process and procedures for interfacing with the investment managers and external client-selected third parties serving your custody clients, including the following:
 - a. Dedicated staff positions and responsibilities;
 - b. Method and means of trade instruction communication and validation;
 - c. Method, timing, and content of daily and monthly reports; how is this system different from the information delivery system used by clients? If this is a different system, why is it different? Are investment managers offered the capability to view their accounts on a real-time basis?
 - d. Inquiry and problem resolution processes;
 - e. Special support for investment managers located outside of the U.S.

131. Please describe the role your organization plays in the investment manager reconciliation process.
- a. Does your organization have a separate investment manager liaison group that handles the reconciliation process? If so, please describe the structure of the group and how it communicates with the accounting group.
 - b. What specific procedures are performed on the reconciliations prepared by managers?
 - c. Do you formally reconcile your records with those of the investment managers?
 - d. Describe the process and frequency of the reconciliations.
 - e. Do you reconcile and research pricing and market value differences with the investment managers? Does your organization monitor tolerance levels for pricing discrepancies with investment managers? How are pricing challenges resolved?
 - f. Please comment on follow-up procedures for discrepancies identified during the reconciliation process.
 - g. Ability to reflect daily transactions and holdings for external assets held outside of custody, in reporting both ad hoc and established report formats.
132. Discuss how your firm ensures the accounting system(s) and processes result in GAAP compliant accounting.
133. Discuss internal controls in place to ensure data and transaction integrity. For example, what are the reversal procedures and controls? What daily proofs, exception monitoring procedures, up-front edits for input and internal control reports are in place?
134. Do you currently have GASB compliant reports as part of your standard on-line reporting platform? Describe your process for implementing GASB accounting and reporting requirements. Please address accounting standard requirements that are currently in place or soon will be (*i.e.* GASB 40 and 52).

Securities Lending

135. Describe your securities lending program for public funds and endowments. Include a brief history. Describe the organization and its structure, including:
- a. Number of employees;
 - b. Names of key staff and their experience;
 - c. Staff turnover in the last three years;
 - d. Size of program (total assets currently lent, clients in lending program);
 - e. Client losses on collateral reinvestment;
 - f. Significant developments over the past three years;
 - g. Client turnover for each of the last three years; and,
 - h. Style/strategy of program (matched vs. unmatched; philosophy on term loans).

136. For each of the last five years (2008, 2007, 2006, 2005 and 2004), complete the following regarding your securities lending program.

Asset Type	Average Daily Lendable Base	Average Daily Percent on Loan	Average Daily Volume on Loan	Average Lending Spread	Average Investment Spread v. Fed Funds
Large cap domestic equities					
Small/Mid cap domestic equities					
International equities					
U.S. Government bonds					
International bonds					
Corporate bonds					
Mortgage backed securities					
Other					

137. Describe the asset categories and country locations in which you lend securities. Identify when you started in each category and what factors you consider before lending in a particular category. Provide a list of markets and asset categories in which you currently perform securities lending functions as of December 31, 2008.
138. Describe how you apportion loans across multiple lending clients. Describe your queue system and any and all instances where it may be overridden.
139. Does the increased probability of settlement problems in certain markets enter into your decision to loan securities in those markets? Comment on failed trades, the expected frequency, how they are handled and any trade settlement protection or compensation that you provide, including your policy and procedures with respect to buy-ins.
140. Provide the weighted average duration mismatch between of loans and investment collateral by quarter for the past ten years. Provide this data for each lending pool or separate account offered in your organization's lending program.

Year	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1998				
1999				
2000				
2002				
2003				
2004				
2005				
2006				
2007				
2008				

141. Have you or your clients ever sustained a loss as the result of your lending activities within the last ten years? Provide an explanation of the loss, loss mitigation efforts and the magnitude of the loss.

142. For the past five years, discuss specifically any losses experienced in the cash collateral investment pool(s), including any separately managed pools. Were losses passed to clients 100%, split or absorbed by the securities lending agent?

Year	Description of Loss	Type of Collateral Pool Separate or Commingled	Percentage passed to clients
2004			
2005			
2006			
2007			
2008			

143. What are the terms of indemnification available to your clients? Describe in detail your indemnification policy against losses to lending participants.
144. Describe your initial and ongoing credit analysis program for counterparties. How are credits monitored and what actions are taken after credit downgrades? How many brokers are authorized to borrow in your program? Please provide a list of your current borrowers. Please also provide a description of your credit review process, how often the names are reviewed and how frequently the list is amended. How are dealer, bank, or other lending limits determined and who makes those decisions? What reporting regarding this due diligence process is available to your clients? Do you share due diligence reports with clients?
145. Do you direct lend to hedge funds or their affiliates?
146. TPSF requires that all loaned securities be collateralized at an agreed-upon margin and marked to market daily. Describe the monitoring procedures in place for ensuring the appropriate collateral levels are maintained, what pricing sources do you use and how often are portfolios priced?
147. Do you and your clients consider your role to be that of an investment manager with regard to investment of the cash collateral? If yes, what level of responsibility do you assume for due diligence on the investments selected for the cash collateral pool? Do you consider your organization a fiduciary of your client's funds?
148. Discuss your standard and custom collateral portfolio guidelines for a separate collateral pool managed by your firm under this agreement. How frequently are guidelines reviewed/updated for the cash collateral investment pools? Who will be responsible for the management of this portfolio at your firm? Please provide biographies for these individuals. Label these biographies **Appendix D**.
149. For a separately managed cash collateral pool, are clients able to view the collateral held? Does your organization have a compliance monitoring and reporting tool integrated with the cash collateral pool? Is information from this system available on-line to clients?
150. For separately managed collateral pools, describe your compliance procedures for ensuring client guidelines are followed at all times. What are your initial and ongoing credit analysis procedures for cash collateral investment pools? What communications are provided to the client regarding compliance with guidelines and the credit reviews?
151. Discuss the process of marking to market the collateral reinvestment portfolio. How often is this performed? What pricing sources are utilized? How do you price securities that do not have a readily available price?
152. Detail any management fees for the investment of securities lending collateral and include applicable fee schedules. Discuss any other fees associated with the securities lending program.
153. Discuss your ability to provide GASB 28 and GASB 31 compliant accounting reports for the loans and the collateral.

154. How does your firm coordinate lending activity with investment managers? When is notification of security sales required?
155. Describe your securities lending reporting capabilities. Provide samples of your standard daily, monthly, quarterly, and annual reports. Label these reports **Appendix E**. Are these reports also available on line? Please ensure that reports are provided that detail the following areas:
 - a. Collateral;
 - b. Securities on loan;
 - c. Cash collateral reinvestment holdings;
 - d. Consolidated asset/liability exposure;
 - e. Spread on loaned securities; and,
 - f. Earnings by asset type and country
156. How are recalls, corporate actions, and income collections handled for securities on loan? Discuss your standard policies regarding payment of cash and posting of security entitlements resulting from corporate actions when a security is out on loan.
157. Discuss your policy and resolution procedure relative to failed trades. Who assumes responsibility for settlement failures? What is your policy regarding buy-ins if a counterparty does not return a loaned security? Discuss in detail the timeframe for buy-in decisions and alternative actions taken to resolve fails due to securities lending.
158. What is the timeframe for the recall of securities on loan? How does your firm reduce the likelihood of sell fail costs and overdraft charges through the prompt receipt of securities? Please describe your current process and any initiatives to improve this operational aspect of your support to our program.
159. What is your ability to lend in emerging markets? What is your ability to facilitate or service third party lending in emerging markets? Please describe all efforts in this area.
160. Please describe any business relationships with prime brokers and the process of information flow.

Investment Performance Measurement and Analytics

161. For how many clients do you provide performance measurement services? How many portfolios are represented and what are the approximate values of these assets? What is the breakdown between corporate vs. public fund clients?
162. Describe the resources available to support the staff analyzing the data.
163. Discuss your products in terms of content, timeliness and delivery method. Describe any elements of your performance measurement and analytic services that you believe to be unique.
164. How frequently are performance measurement analytics completed, and how soon are reports based on fully audited numbers available following period-end?
165. Please comment on your abilities to report on the performance of alternative investments. Are private investment performance data (real estate and private equity) reconciled with managers and/or the consultant(s)?
166. Describe the types of performance attribution analysis reports you provide. Please provide sample copies of performance measurement, performance attribution, and analytics reports for a domestic equity portfolio, an international equity portfolio, fixed income portfolio and a consolidation of all portfolios. Label these reports **Appendix F**. For each sample report, identify the portfolio characteristics that are tracked. What is the earliest date after the end of the reporting period each is available?

167. Discuss the delivery formats available for your performance reports. With what frequency do you produce each report and when does the client receive them? Are all of the reports available to TPSF through an on-line platform? If so:
- a. How can raw data be downloaded? (Raw data would include portfolio aggregate statistics as well as security-specific characteristics, such as rate of return, risk, P/E ratios, dividends, yields, and similar items.)
 - b. Can a report writer be used to customize reports?
 - c. What is your practice on creating custom reports for clients?
 - d. What performance measurement, performance attribution, and analytical information is available on-line?
 - e. Is the system capable of performing ad hoc performance calculations (modified Dietz, BAI, etc.)?
 - f. Can the system provide IRR calculations for alternative investments such as private equity and real estate?
 - g. What additional external or internal performance measurement and analytical databases are accessible?
 - h. What historical period information is available on-line?
 - i. List any third party vendors used for risk statistics/metrics for fixed income and/or other alternative investments.
 - j. How is the accuracy of the output ensured?
168. Explain how your performance system handles financial futures, options, index futures, convertibles with currency features, warrants, rights, swap transactions, forward contracts, venture capital and private equity limited partnerships, and real estate; U.S. and non-U.S. where applicable.
169. Please provide a listing or describe industry benchmarks available to the TPSF. Describe your ability to calculate, blend and monitor custom benchmarks. Label these as **Appendix G**.
170. Discuss the policy of your organization on 1) maintenance of consistency between information of the trust accounting and performance measurement reports for a given period, vs. 2) improving the accuracy of performance-sensitive data.
171. Please discuss your rate-of-return reconciliation processes and tolerance levels. What report is provided to clients to reconcile accounting information of the performance reports with accounting statements for the same period? How do you handle effective date transactions on the performance reporting system?
172. Do you measure performance using trade date or settle date for cash and asset transfers?
173. Can you compare rates of return of our managers vs. those of a substantial universe of comparable funds? Please provide a listing of universes offered and indicate the number of managers and size of the universe. How many portfolios are tracked on your performance database? List and describe the categories. Label these as **Appendix H**.

Technology/Systems Support

174. Describe your technology support organization. Include in your description responsibilities, reporting lines and staffing.
175. Describe all major systems supporting the global custody service, including accounting, settlement, safekeeping, reporting, performance, compliance/risk management, and securities lending. What is your current capacity (ability to process additional electronic instructions, etc.)? Describe your competitive advantage as it related to your current systems architecture.
176. Can client systems be accessed on-line via the internet? Can systems be accessed 24 hours a day? Is there any special hardware or software required to access the system? Describe any associated cost to obtain access.

177. What has been your “down time” experience in the past twelve months? What are your procedures to notify your clients?
178. Do you offer a help desk for on-line services and if so, what are the hours of operation? What are the prioritization and escalation policies?
179. What has been your investment in systems development and technology in the past five years? Specify the enhancements made and the dollars and percentage of revenues committed. What is your planned investment in systems development for this year and each of the next five years? Specify the anticipated enhancements that will be made and percentage of revenues that will be allocated.
180. Describe your ability to provide data feeds utilizing FTP or related protocols. Please discuss any major implementations of customized data extract delivery projects for current and prior clients.
181. Comment on your ability to receive, issue, and process data in SWIFT ETD (Electronic Trade Directions) format in a fully automated fashion. Clearly describe any and all limitations.
182. Describe the security measures taken for your systems, users and access points. Include remote access, application access, and software access. Discuss your ability to provide encrypted data feeds in compliance with TPSF standards. Include descriptions of your major systems' backup procedures and a synopsis of your contingency plan(s). Include this information with your sample reports/other materials.
183. Describe the major components of the business continuity plan for the firm. Provide the following information:
 - a. Summaries of all pertinent plan documentation as an attachment.
 - b. Specific examples of continuity plan implementation.
 - c. Results of continuity plan testing.
184. Briefly describe your disaster recovery plan. Provide the following information:
 - a. Summaries of all pertinent plan documentation as an attachment.
 - b. Specific examples of disaster plan implementation.
 - c. Results of disaster recovery plan testing.
185. Discuss how do you handle new and/or special technology projects and the priority process? Discuss how deliverables are monitored and escalated.
186. Describe your client data archiving policy and procedures.

Transition Planning and Support (for non-incumbents)

187. Describe the group or unit that will be responsible for the transition, including the experience of the team leader(s).
188. Explicitly describe your formal transition planning process. Assuming transition must be completed within 90 days of contract execution, provide a sample of documentation and a proposed timeline/transition plan for the anticipated transition events.
189. Include a discussion of the training that would be required for the TPSF staff during the transition project.

Reference Information

190. Evidence that the firm and the investment professionals assigned to the TPSF account have gained experience through working for similar clients. Cite the name of the agency or agencies served, the kinds of activities that were performed, and describe.
191. Please provide at least five (5) client firm references at least three (3) of which are institutional, that TPSF staff can contact. The reference should have been a client for at least three years. Include at least one non-ERISA, one public fund client, and one corporate client. Please indicate the assets under trust and/or custody in millions. Also, include the firm address, contact name, title, phone number, and e-mail address.

No employees of TEA can be listed in the proposal as references.

Client Firm Name	Assets Under Trust/Custody \$USD (in millions)	Client for # of Years	Firm Address (City, State)	Contact Name and Title	Phone	E-mail
1. (Non-ERISA Client)						
2. (Public Fund Client)						
3. (Corporate Client)						
4. (Institutional Client)						
5. (Institutional Client)						

CONFLICTS AND BUSINESS CONDUCT (15 points)

Client Conflict

192. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention, or provide related services to your clients? Please specifically consider affiliated short-term investment products. If so, in table format, please provide the following information about each relationship:

Name of Company	Description of Relationship	Gross Revenues Received from Relationship	% of Total Revenues

193. Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being a factor when you provide services to your clients?
194. Will the firm contractually agree to identify and quantify all business relationships with TPSF service providers and with finalists in a future TPSF search process?
195. Will the firm contractually agree to disclose all potential and actual conflicts of interest, and will it annually disclose all sources of firm revenue and all business relationships and affiliations?
196. Explain in detail any potential for conflict which would be created by your firm contracting with TPSF, including other client relationships and/or manager fund relationships which may inhibit services to TPSF on a primary basis.

Alternate Lines of Business

197. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?
198. What percentage of your clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?
199. Please list all services your firm, its principals or any affiliate(s) provide that generate revenues for the firm and indicate the applicable percent of your firm's total revenue during the past three years.

Firm Name	CY2006	CY2007	CY2008
Revenues from Asset Management Services	0%	0%	0%
Revenues from External Managers	0%	0%	0%
Revenues from Conference Fees	0%	0%	0%
Revenue from Education and Training Services	0%	0%	0%
Other (please list)	0%	0%	0%
	0%	0%	0%
Total	0.00%	0.00%	0.00%

200. For the two questions above, under what circumstances does your firm or any individual in your firm receive compensation, finder's fees or any other financial benefit from parties other than trust and/or custody clients? To respond, provide a list of such parties, the services provided for such amounts, and the amounts received. Label this as **Appendix I**.
201. Does your firm, its principals, or any affiliate, own any part of a money management firm, broker-dealer or other organization that sells services to institutional investors and/or SEC registered investment advisors? If so, identify the firm(s) and describe the relationship.
202. Please list all **investment management firms** from which your firm, its principals, or any affiliates receive compensation. Please identify these revenues sources as client directed, payment for services, and/or revenues not related to a letter of direction or specific services. (Please mark all that apply.)

Firm Name	Client Directed	Investment Services	Non-Client Non-Service Related Revenues

Litigations

203. Over the past five (5) years, has your firm or any officer or principal been involved in any litigation, agency supervision or other legal proceedings relating to your **global custody and securities lending** activities? If so, provide a brief explanation and indicate the current status.
204. Has your firm, its principals, or affiliate ever:
- a. been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization,
 - b. been a party to any litigation concerning fiduciary responsibility or other investment related matters, or
 - c. submitted a claim to your errors and omissions, fiduciary, liability, and/or fidelity bond insurance carrier(s)? If your firm answered yes to any of these questions, please provide details.
205. Please answer the following questions in regards to your firm:
- a. Is there any pending or threatened litigation against your firm of any type (civil, criminal, regulatory, arbitration, mediation or other) or has your firm been involved in a lawsuit within the last five years? If yes, please explain.
 - b. Is your firm under investigation by any federal, state, local or foreign regulatory body of any type (e.g., real estate commission, NASD or attorney general)?
 - c. Has your firm entered into any settlement, consent decree, cease and desist order or other similar agreement of any kind?

ADDITIONAL

206. As an appendix to this questionnaire, please provide sample agreements that your firm may expect to be signed in order to accept an engagement. Include custody, securities lending and all software or third party vendor agreements. Label this as **Appendix J**.

Please provide all other appendices as indicated.

End of DOCUMENT H

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CONFLICT OF INTEREST AND CONTACTS Page 1 of 7

Firm Submission ☒ **Name of Firm:** _____

Firm Representative Completing Form: _____

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
SBOE Members				
Don McLeroy (Chairman)	District 9 College Station	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Bradley (Vice Chair)	District 7 Beaumont	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rick Agosto (Secretary)	District 3 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rene Nunez	District 1 El Paso	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mary Helen Berlanga	District 2 Corpus Christi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cynthia Dunbar	District 10 Richmond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patricia Hardy	District 11 Fort Worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawrence Allen	District 4 Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Geraldine Miller	District 12 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ken Mercer	District 5 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mavis B. Knight	District 13 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Terri Leo	District 6 Spring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gail Lowe	District 14 Lampasas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Craig	District 15 Lubbock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Cargill	District 8 The Woodlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Committee of Investment Advisors to SBOE Members				
Charles Kaffie, Jr.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veytia		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William J. Jackson		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eric McDonald		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guy Barba		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Osborn		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Peck		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pat Scheuer		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warren Schott		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Walter Davis		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CONFLICT OF INTEREST AND CONTACTS Page 2 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
Investment Counsels, Advisors and Service Providers				
Andrews Kurth, LLP - Bob Griffo	Legal Counsel for Bond Guarantee Program - IRS Tax matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
McCall, Parkhurst & Horton LLP - Dan Culver	Legal Counsel for Bond Guarantee Program - Disclosure and SEC Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price LLP - Gary Lawson	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price - Gus Fields	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Cliff Ernst	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Rod Edens	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Michael Humphrey	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Steven Novick	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Benjamin Blakney	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Lourdes Canlas	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Ben Alivio	Custodian, Performance Consultant and Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Anthony DeAngelis	Custodian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Tom Heiner	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Paul Schmidt	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Michael McDermott	Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk Metrics	Proxy Processing Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deutsche Bank	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merrill, Lynch, Pierce Fenner & Smith	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackrock - Debbie Jelilian	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackstone Alternative Asset Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Goldman Sachs Hedge Fund Strategies, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grosvenor Capital Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K2 Advisors, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mesirow Advanced Strategies, Inc.	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CONFLICT OF INTEREST AND CONTACTS Page 3 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
TPSF Senior Staff and TEA Legal Staff				
B. Holland Timmins	Executive Administrator and Chief Investment Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veintemillas	Deputy Chief Investment Officer, Director of Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Catherine A. Civileto	Deputy Executive Administrator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Karim Hirani	Director of Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James Hubbard	Director of Public Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Grubenman	Director of Private Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Anderson	TEA General Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joan Allen	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Maska	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Armstrong	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CONTINUED

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In accordance with Section 3.4 of RFP No. 701-09-004, where business relationships exist with persons named above, the proposer should use this page(s) to briefly describe the nature of the relationships.

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CONTINUED
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RECORD OF ALL CONTACT WITH THE SBOE, TEA STAFF AND PSF CONSULTANTS

All proposers shall provide a listing of all substantive contacts with the members of the SBOE, the TEA/TPSF Staff and TPSF consultants and legal counsel for the six months prior to the posting of this RFP. Please report any contact concerning this or any other procurement of the TPSF. Please include all phone conversations or personal meetings held with persons named above.

☐ No, no contact has been made ☐ Yes, contact has been made. Details listed below

Date	Person Contacted	Nature of Contact/Topic

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DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

In accordance with Section 4.3 of the State Board of Education Operating Rules, amended February 7, 2007, Disclosure of Campaign Contributions and Gifts. Link: http://www.tea.state.tx.us/sboe/op_rules.html

- a. Any person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose whether, at any time in the preceding four years, the person, corporation, or other legal entity has made a campaign contribution to a candidate for or member of the State Board of Education. Disclosure shall be made in writing to the commissioner of education 14 calendar days prior to consideration by the board or any committee of a contract, grant or charter.

☐ No, no campaign contributions have been made.

☐ Yes, campaign contributions have been made. Details listed below:

Person For Whom A Campaign Contribution was Made (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Making the Contribution	Dollar Value of the Contribution	Date

- b. A person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose in the same manner any benefit conferred on a candidate for or member of the State Board of Education during the preceding four years. A benefit need not be disclosed if the aggregate value of benefits conferred on a member of the State Board of Education during the preceding four years does not exceed \$50. This requirement applies whether or not the person, corporation, or other legal entity is required to report the expenditure to the Texas Ethics Commission.

☐ No, no benefit has been conferred.

☐ Yes, benefit has been conferred. Details listed below:

Person For Whom A Benefit was Conferred (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Providing the Benefit	Dollar Value of the Benefit	Date

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CONTINUED
Page 7 of 7
AUTHORIZED SIGNATURE

ACCESS TO CONFIDENTIAL INFORMATION

I understand that any unauthorized disclosure of confidential, sensitive and restricted student information is illegal as provided in the Family Educational Rights and Privacy Act of 1974 (FERPA) and in the implementing of federal regulation found in 34 CFR, Part 99.

I also understand that failure to observe these restrictions is prohibited by the Texas Government Code, Section 552.352 and that such an offense constitutes a Class A misdemeanor.

SIGNATURE ATTESTATION

I certify that all previous disclosures are accurate and I have read and I understand the above statement as it applies to my response.

Proposer's Authorized Signature

Printed Name

Title, (Key Professional Employee)

Date

DOCUMENT I-2

CONFLICT OF INTEREST AND CONTACTS Page 1 of 7

Senior Client Service Manager – TEA Account ☒ **Name of Firm:** _____

Client Service Professional Completing Form: _____

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
SBOE Members				
Don McLeroy (Chairman)	District 9 College Station	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Bradley (Vice Chair)	District 7 Beaumont	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rick Agosto (Secretary)	District 3 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rene Nunez	District 1 El Paso	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mary Helen Berlanga	District 2 Corpus Christi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cynthia Dunbar	District 10 Richmond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patricia Hardy	District 11 Fort Worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawrence Allen	District 4 Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Geraldine Miller	District 12 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ken Mercer	District 5 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mavis B. Knight	District 13 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Terri Leo	District 6 Spring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gail Lowe	District 14 Lampasas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Craig	District 15 Lubbock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Cargill	District 8 The Woodlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Committee of Investment Advisors to SBOE Members				
Charles Kaffie, Jr.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veytia		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William J. Jackson		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eric McDonald		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guy Barba		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Osborn		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Peck		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pat Scheuer		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warren Schott		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Walter Davis		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-2
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 2 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
Investment Counsels, Advisors and Service Providers				
Andrews Kurth, LLP - Bob Griffio	Legal Counsel for Bond Guarantee Program - IRS Tax matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
McCall, Parkhurst & Horton LLP - Dan Culver	Legal Counsel for Bond Guarantee Program - Disclosure and SEC Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price LLP - Gary Lawson	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price - Gus Fields	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Cliff Ernst	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Rod Edens	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Michael Humphrey	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Steven Novick	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Benjamin Blakney	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Lourdes Canlas	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Ben Alivio	Custodian, Performance Consultant and Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Anthony DeAngelis	Custodian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Tom Heiner	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Paul Schmidt	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Michael McDermott	Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Riskmetrics	Proxy Processing Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deutsche Bank	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merrill, Lynch, Pierce Fenner & Smith	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackrock - Debbie Jelilian	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackstone Alternative Asset Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Goldman Sachs Hedge Fund Strategies, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grosvenor Capital Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K2 Advisors, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mesirow Advanced Strategies, Inc.	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-2
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 3 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
TPSF Senior Staff and TEA Legal Staff				
B. Holland Timmins	Executive Administrator and Chief Investment Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veintemillas	Deputy Chief Investment Officer, Director of Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Catherine A. Civiletto	Deputy Executive Administrator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Karim Hirani	Director of Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James Hubbard	Director of Public Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Grubenman	Director of Private Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Anderson	TEA General Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joan Allen	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Maska	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Armstrong	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-2
CONTINUED**

Page 4 of 7

In accordance with Section 3.4 of RFP No. 701-09-004, where business relationships exist with persons named above, the proposer should use this page(s) to briefly describe the nature of the relationships.

[illegible]

**DOCUMENT I-2
CONTINUED
Page 5 of 7**

RECORD OF ALL CONTACT WITH THE SBOE, TEA STAFF AND PSF CONSULTANTS

All proposers shall provide a listing of all substantive contacts with the members of the SBOE, the TEA/TPSF Staff and TPSF consultants and legal counsel for the six months prior to the posting of this RFP. Please report any contact concerning this or any other procurement of the TPSF. Please include all phone conversations or personal meetings held with persons named above.

☐ No, no contact has been made ☐ Yes, contact has been made. Details listed below

Date	Person Contacted	Nature of Contact/Topic

DOCUMENT I-2

CONTINUED

Page 6 of 7

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

In accordance with Section 4.3 of the State Board of Education Operating Rules, amended February 7, 2007, Disclosure of Campaign Contributions and Gifts. Link: http://www.tea.state.tx.us/sboe/op_rules.html

- c. Any person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose whether, at any time in the preceding four years, the person, corporation, or other legal entity has made a campaign contribution to a candidate for or member of the State Board of Education. Disclosure shall be made in writing to the commissioner of education 14 calendar days prior to consideration by the board or any committee of a contract, grant or charter.

☐ No, no campaign contributions have been made.

☐ Yes, campaign contributions have been made. Details listed below:

Person For Whom A Campaign Contribution was Made (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Making the Contribution	Dollar Value of the Contribution	Date

- d. A person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose in the same manner any benefit conferred on a candidate for or member of the State Board of Education during the preceding four years. A benefit need not be disclosed if the aggregate value of benefits conferred on a member of the State Board of Education during the preceding four years does not exceed \$50. This requirement applies whether or not the person, corporation, or other legal entity is required to report the expenditure to the Texas Ethics Commission.

☐ No, no benefit has been conferred.

☐ Yes, benefit has been conferred. Details listed below:

Person For Whom A Benefit was Conferred (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Providing the Benefit	Dollar Value of the Benefit	Date

DOCUMENT I-2
CONTINUED
Page 7 of 7
AUTHORIZED SIGNATURE

ACCESS TO CONFIDENTIAL INFORMATION

I understand that any unauthorized disclosure of confidential, sensitive and restricted student information is illegal as provided in the Family Educational Rights and Privacy Act of 1974 (FERPA) and in the implementing of federal regulation found in 34 CFR, Part 99.

I also understand that failure to observe these restrictions is prohibited by the Texas Government Code, Section 552.352 and that such an offense constitutes a Class A misdemeanor.

SIGNATURE ATTESTATION

I certify that all previous disclosures are accurate and I have read and I understand the above statement as it applies to my response.

Proposer's Authorized Signature

Printed Name

Title, (Key Professional Employee)

Date

DOCUMENT I-3

CONFLICT OF INTEREST AND CONTACTS Page 1 of 7

Senior Client Service Manager – Global Custody ☒ **Name of Firm:** _____

Client Service Professional Completing Form: _____

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
SBOE Members				
Don McLeroy (Chairman)	District 9 College Station	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Bradley (Vice Chair)	District 7 Beaumont	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rick Agosto (Secretary)	District 3 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rene Nunez	District 1 El Paso	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mary Helen Berlanga	District 2 Corpus Christi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cynthia Dunbar	District 10 Richmond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patricia Hardy	District 11 Fort Worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawrence Allen	District 4 Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Geraldine Miller	District 12 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ken Mercer	District 5 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mavis B. Knight	District 13 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Terri Leo	District 6 Spring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gail Lowe	District 14 Lampasas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Craig	District 15 Lubbock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Cargill	District 8 The Woodlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Committee of Investment Advisors to SBOE Members				
Charles Kaffie, Jr.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veytia		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William J. Jackson		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eric McDonald		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guy Barba		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Osborn		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Peck		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pat Scheuer		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warren Schott		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Walter Davis		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-3
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 2 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
Investment Counsels, Advisors and Service Providers				
Andrews Kurth, LLP - Bob Griffo	Legal Counsel for Bond Guarantee Program - IRS Tax matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
McCall, Parkhurst & Horton LLP - Dan Culver	Legal Counsel for Bond Guarantee Program - Disclosure and SEC Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price LLP - Gary Lawson	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price - Gus Fields	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Cliff Ernst	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Rod Edens	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Michael Humphrey	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Steven Novick	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Benjamin Blakney	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Lourdes Canlas	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Ben Alivio	Custodian, Performance Consultant and Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Anthony DeAngelis	Custodian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Tom Heiner	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Paul Schmidt	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Michael McDermott	Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RiskMetrics	Proxy Processing Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deutsche Bank	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merrill, Lynch, Pierce Fenner & Smith	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackrock - Debbie Jelilian	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackstone Alternative Asset Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Goldman Sachs Hedge Fund Strategies, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grosvenor Capital Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K2 Advisors, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mesirow Advanced Strategies, Inc.	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-3
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 3 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
TPSF Senior Staff and TEA Legal Staff				
B. Holland Timmins	Executive Administrator and Chief Investment Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veintemillas	Deputy Chief Investment Officer, Director of Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Catherine A. Civileto	Deputy Executive Administrator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Karim Hirani	Director of Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James Hubbard	Director of Public Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Grubenman	Director of Private Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Anderson	TEA General Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joan Allen	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Maska	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Armstrong	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-3
CONTINUED**

Page 4 of 7

In accordance with Section 3.4 of RFP No. 701-09-004, where business relationships exist with persons named above, the proposer should use this page(s) to briefly describe the nature of the relationships.

[illegible]

**DOCUMENT I-3
CONTINUED
Page 5 of 7**

RECORD OF ALL CONTACT WITH THE SBOE, TEA STAFF AND PSF CONSULTANTS

All proposers shall provide a listing of all substantive contacts with the members of the SBOE, the TEA/TPSF Staff and TPSF consultants and legal counsel for the six months prior to the posting of this RFP. Please report any contact concerning this or any other procurement of the TPSF. Please include all phone conversations or personal meetings held with persons named above.

☐ No, no contact has been made ☐ Yes, contact has been made. Details listed below

Date	Person Contacted	Nature of Contact/Topic

DOCUMENT I-3

CONTINUED

Page 6 of 7

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

In accordance with Section 4.3 of the State Board of Education Operating Rules, amended February 7, 2007, Disclosure of Campaign Contributions and Gifts. Link: http://www.tea.state.tx.us/sboe/op_rules.html

- e. Any person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose whether, at any time in the preceding four years, the person, corporation, or other legal entity has made a campaign contribution to a candidate for or member of the State Board of Education. Disclosure shall be made in writing to the commissioner of education 14 calendar days prior to consideration by the board or any committee of a contract, grant or charter.

☐ No, no campaign contributions have been made.

☐ Yes, campaign contributions have been made. Details listed below:

Person For Whom A Campaign Contribution was Made (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Making the Contribution	Dollar Value of the Contribution	Date

- f. A person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose in the same manner any benefit conferred on a candidate for or member of the State Board of Education during the preceding four years. A benefit need not be disclosed if the aggregate value of benefits conferred on a member of the State Board of Education during the preceding four years does not exceed \$50. This requirement applies whether or not the person, corporation, or other legal entity is required to report the expenditure to the Texas Ethics Commission.

☐ No, no benefit has been conferred.

☐ Yes, benefit has been conferred. Details listed below:

Person For Whom A Benefit was Conferred (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Providing the Benefit	Dollar Value of the Benefit	Date

DOCUMENT I-3
CONTINUED
Page 7 of 7
AUTHORIZED SIGNATURE

ACCESS TO CONFIDENTIAL INFORMATION

I understand that any unauthorized disclosure of confidential, sensitive and restricted student information is illegal as provided in the Family Educational Rights and Privacy Act of 1974 (FERPA) and in the implementing of federal regulation found in 34 CFR, Part 99.

I also understand that failure to observe these restrictions is prohibited by the Texas Government Code, Section 552.352 and that such an offense constitutes a Class A misdemeanor.

SIGNATURE ATTESTATION

I certify that all previous disclosures are accurate and I have read and I understand the above statement as it applies to my response.

Proposer's Authorized Signature

Printed Name

Title, (Key Professional Employee)

Date

DOCUMENT I-4

CONFLICT OF INTEREST AND CONTACTS Page 1 of 7

Senior Client Service Manager –Performance & Analytics ☒ **Name of Firm:** _____

Client Service Professional Completing Form: _____

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
SBOE Members				
Don McLeroy (Chairman)	District 9 College Station	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Bradley (Vice Chair)	District 7 Beaumont	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rick Agosto (Secretary)	District 3 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rene Nunez	District 1 El Paso	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mary Helen Berlanga	District 2 Corpus Christi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cynthia Dunbar	District 10 Richmond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patricia Hardy	District 11 Fort Worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawrence Allen	District 4 Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Geraldine Miller	District 12 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ken Mercer	District 5 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mavis B. Knight	District 13 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Terri Leo	District 6 Spring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gail Lowe	District 14 Lampasas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Craig	District 15 Lubbock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Cargill	District 8 The Woodlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Committee of Investment Advisors to SBOE Members				
Charles Kaffie, Jr.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veytia		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William J. Jackson		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eric McDonald		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guy Barba		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Osborn		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Peck		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pat Scheuer		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warren Schott		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Walter Davis		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-4
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 2 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
Investment Counsels, Advisors and Service Providers				
Andrews Kurth, LLP - Bob Griffio	Legal Counsel for Bond Guarantee Program - IRS Tax matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
McCall, Parkhurst & Horton LLP - Dan Culver	Legal Counsel for Bond Guarantee Program - Disclosure and SEC Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price LLP - Gary Lawson	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price - Gus Fields	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Cliff Ernst	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Rod Edens	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Michael Humphrey	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Steven Novick	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Benjamin Blakney	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Lourdes Canlas	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Ben Alivio	Custodian, Performance Consultant and Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Anthony DeAngelis	Custodian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Tom Heiner	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Paul Schmidt	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Michael McDermott	Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Riskmetrics	Proxy Processing Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deutsche Bank	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merrill, Lynch, Pierce Fenner & Smith	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackrock - Debbie Jelilian	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackstone Alternative Asset Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Goldman Sachs Hedge Fund Strategies, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grosvenor Capital Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K2 Advisors, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mesirow Advanced Strategies, Inc.	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-4
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 3 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
TPSF Senior Staff and TEA Legal Staff				
B. Holland Timmins	Executive Administrator and Chief Investment Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veintemillas	Deputy Chief Investment Officer, Director of Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Catherine A. Civiletto	Deputy Executive Administrator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Karim Hirani	Director of Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James Hubbard	Director of Public Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Grubenman	Director of Private Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Anderson	TEA General Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joan Allen	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Maska	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Armstrong	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-4
CONTINUED**

Page 4 of 7

In accordance with Section 3.4 of RFP No. 701-09-004, where business relationships exist with persons named above, the proposer should use this page(s) to briefly describe the nature of the relationships.

[illegible]

**DOCUMENT I-4
CONTINUED
Page 5 of 7**

RECORD OF ALL CONTACT WITH THE SBOE, TEA STAFF AND PSF CONSULTANTS

All proposers shall provide a listing of all substantive contacts with the members of the SBOE, the TEA/TPSF Staff and TPSF consultants and legal counsel for the six months prior to the posting of this RFP. Please report any contact concerning this or any other procurement of the TPSF. Please include all phone conversations or personal meetings held with persons named above.

☐ No, no contact has been made ☐ Yes, contact has been made. Details listed below

Date	Person Contacted	Nature of Contact/Topic

DOCUMENT I-4

CONTINUED

Page 6 of 7

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

In accordance with Section 4.3 of the State Board of Education Operating Rules, amended February 7, 2007, Disclosure of Campaign Contributions and Gifts. Link: http://www.tea.state.tx.us/sboe/op_rules.html

- g. Any person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose whether, at any time in the preceding four years, the person, corporation, or other legal entity has made a campaign contribution to a candidate for or member of the State Board of Education. Disclosure shall be made in writing to the commissioner of education 14 calendar days prior to consideration by the board or any committee of a contract, grant or charter.

☐ No, no campaign contributions have been made.

☐ Yes, campaign contributions have been made. Details listed below:

Person For Whom A Campaign Contribution was Made (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Making the Contribution	Dollar Value of the Contribution	Date

- h. A person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose in the same manner any benefit conferred on a candidate for or member of the State Board of Education during the preceding four years. A benefit need not be disclosed if the aggregate value of benefits conferred on a member of the State Board of Education during the preceding four years does not exceed \$50. This requirement applies whether or not the person, corporation, or other legal entity is required to report the expenditure to the Texas Ethics Commission.

☐ No, no benefit has been conferred.

☐ Yes, benefit has been conferred. Details listed below:

Person For Whom A Benefit was Conferred (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Providing the Benefit	Dollar Value of the Benefit	Date

DOCUMENT I-4
CONTINUED
Page 7 of 7
AUTHORIZED SIGNATURE

ACCESS TO CONFIDENTIAL INFORMATION

I understand that any unauthorized disclosure of confidential, sensitive and restricted student information is illegal as provided in the Family Educational Rights and Privacy Act of 1974 (FERPA) and in the implementing of federal regulation found in 34 CFR, Part 99.

I also understand that failure to observe these restrictions is prohibited by the Texas Government Code, Section 552.352 and that such an offense constitutes a Class A misdemeanor.

SIGNATURE ATTESTATION

I certify that all previous disclosures are accurate and I have read and I understand the above statement as it applies to my response.

Proposer's Authorized Signature

Printed Name

Title, (Key Professional Employee)

Date

DOCUMENT I-5

CONFLICT OF INTEREST AND CONTACTS Page 1 of 7

Senior Client Service Manager –Securities Lending ☒ **Name of Firm:** _____

Client Service Professional Completing Form: _____

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
SBOE Members				
Don McLeroy (Chairman)	District 9 College Station	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Bradley (Vice Chair)	District 7 Beaumont	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rick Agosto (Secretary)	District 3 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rene Nunez	District 1 El Paso	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mary Helen Berlanga	District 2 Corpus Christi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cynthia Dunbar	District 10 Richmond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patricia Hardy	District 11 Fort Worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawrence Allen	District 4 Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Geraldine Miller	District 12 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ken Mercer	District 5 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mavis B. Knight	District 13 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Terri Leo	District 6 Spring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gail Lowe	District 14 Lampasas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Craig	District 15 Lubbock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Cargill	District 8 The Woodlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Committee of Investment Advisors to SBOE Members				
Charles Kaffie, Jr.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veytia		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William J. Jackson		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eric McDonald		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guy Barba		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Osborn		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Peck		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pat Scheuer		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warren Schott		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Walter Davis		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-5
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 2 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
Investment Counsels, Advisors and Service Providers				
Andrews Kurth, LLP - Bob Griffo	Legal Counsel for Bond Guarantee Program - IRS Tax matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
McCall, Parkhurst & Horton LLP - Dan Culver	Legal Counsel for Bond Guarantee Program - Disclosure and SEC Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price LLP - Gary Lawson	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price - Gus Fields	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Cliff Ernst	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Rod Edens	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Michael Humphrey	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Steven Novick	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Benjamin Blakney	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Lourdes Canlas	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Ben Alivio	Custodian, Performance Consultant and Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Anthony DeAngelis	Custodian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Tom Heiner	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Paul Schmidt	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Michael McDermott	Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Riskmetrics	Proxy Processing Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deutsche Bank	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merrill, Lynch, Pierce Fenner & Smith	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackrock - Debbie Jelilian	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackstone Alternative Asset Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Goldman Sachs Hedge Fund Strategies, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grosvenor Capital Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K2 Advisors, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mesirow Advanced Strategies, Inc.	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-5
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 3 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
TPSF Senior Staff and TEA Legal Staff				
B. Holland Timmins	Executive Administrator and Chief Investment Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veintemillas	Deputy Chief Investment Officer, Director of Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Catherine A. Civileto	Deputy Executive Administrator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Karim Hirani	Director of Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James Hubbard	Director of Public Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Grubenman	Director of Private Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Anderson	TEA General Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joan Allen	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Maska	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Armstrong	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DOCUMENT I-5
CONTINUED

Page 4 of 7

In accordance with Section 3.4 of RFP No. 701-09-004, where business relationships exist with persons named above, the proposer should use this page(s) to briefly describe the nature of the relationships.

[illegible]

**DOCUMENT I-5
CONTINUED
Page 5 of 7**

RECORD OF ALL CONTACT WITH THE SBOE, TEA STAFF AND PSF CONSULTANTS

All proposers shall provide a listing of all substantive contacts with the members of the SBOE, the TEA/TPSF Staff and TPSF consultants and legal counsel for the six months prior to the posting of this RFP. Please report any contact concerning this or any other procurement of the TPSF. Please include all phone conversations or personal meetings held with persons named above.

☐ No, no contact has been made ☐ Yes, contact has been made. Details listed below

Date	Person Contacted	Nature of Contact/Topic

DOCUMENT I-5

CONTINUED

Page 6 of 7

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

In accordance with Section 4.3 of the State Board of Education Operating Rules, amended February 7, 2007, Disclosure of Campaign Contributions and Gifts. Link: http://www.tea.state.tx.us/sboe/op_rules.html

- i. Any person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose whether, at any time in the preceding four years, the person, corporation, or other legal entity has made a campaign contribution to a candidate for or member of the State Board of Education. Disclosure shall be made in writing to the commissioner of education 14 calendar days prior to consideration by the board or any committee of a contract, grant or charter.

☐ No, no campaign contributions have been made.

☐ Yes, campaign contributions have been made. Details listed below:

Person For Whom A Campaign Contribution was Made (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Making the Contribution	Dollar Value of the Contribution	Date

- j. A person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose in the same manner any benefit conferred on a candidate for or member of the State Board of Education during the preceding four years. A benefit need not be disclosed if the aggregate value of benefits conferred on a member of the State Board of Education during the preceding four years does not exceed \$50. This requirement applies whether or not the person, corporation, or other legal entity is required to report the expenditure to the Texas Ethics Commission.

☐ No, no benefit has been conferred.

☐ Yes, benefit has been conferred. Details listed below:

Person For Whom A Benefit was Conferred (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Providing the Benefit	Dollar Value of the Benefit	Date

DOCUMENT I-5
CONTINUED
Page 7 of 7
AUTHORIZED SIGNATURE

ACCESS TO CONFIDENTIAL INFORMATION

I understand that any unauthorized disclosure of confidential, sensitive and restricted student information is illegal as provided in the Family Educational Rights and Privacy Act of 1974 (FERPA) and in the implementing of federal regulation found in 34 CFR, Part 99.

I also understand that failure to observe these restrictions is prohibited by the Texas Government Code, Section 552.352 and that such an offense constitutes a Class A misdemeanor.

SIGNATURE ATTESTATION

I certify that all previous disclosures are accurate and I have read and I understand the above statement as it applies to my response.

Proposer's Authorized Signature

Printed Name

Title, (Key Professional Employee)

Date

DOCUMENT I-6

CONFLICT OF INTEREST AND CONTACTS Page 1 of 7

Lobbyist(s) (Multiple submissions if more than one) ☒ **Name of Proposing Firm:** _____

Lobbyist Completing Form (please print): _____

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
SBOE Members				
Don McLeroy (Chairman)	District 9 College Station	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Bradley (Vice Chair)	District 7 Beaumont	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rick Agosto (Secretary)	District 3 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rene Nunez	District 1 El Paso	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mary Helen Berlanga	District 2 Corpus Christi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cynthia Dunbar	District 10 Richmond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patricia Hardy	District 11 Fort Worth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lawrence Allen	District 4 Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Geraldine Miller	District 12 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ken Mercer	District 5 San Antonio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mavis B. Knight	District 13 Dallas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Terri Leo	District 6 Spring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gail Lowe	District 14 Lampasas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Craig	District 15 Lubbock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barbara Cargill	District 8 The Woodlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Committee of Investment Advisors to SBOE Members				
Charles Kaffie, Jr.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veytia		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William J. Jackson		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eric McDonald		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guy Barba		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Osborn		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bob Peck		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pat Scheuer		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Warren Schott		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Walter Davis		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-6
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 2 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
Investment Counsels, Advisors and Service Providers				
Andrews Kurth, LLP - Bob Griffo	Legal Counsel for Bond Guarantee Program - IRS Tax matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
McCall, Parkhurst & Horton LLP - Dan Culver	Legal Counsel for Bond Guarantee Program - Disclosure and SEC Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price LLP - Gary Lawson	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strasburger & Price - Gus Fields	Fiduciary Legal Counsel for SBOE and contracting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Cliff Ernst	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graves, Dougherty , Hearon & Moody PC - Rod Edens	Contracting Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Michael Humphrey	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd - Steven Novick	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Benjamin Blakney	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Courtland Partners, Ltd – Lourdes Canlas	Real Estate Investment Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Ben Alivio	Custodian, Performance Consultant and Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Anthony DeAngelis	Custodian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Tom Heiner	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Paul Schmidt	Performance Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BNY Mellon - Michael McDermott	Securities Lending Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Riskmetrics	Proxy Processing Agent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deutsche Bank	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merrill, Lynch, Pierce Fenner & Smith	Futures Commission Merchant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackrock - Debbie Jelilian	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blackstone Alternative Asset Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Goldman Sachs Hedge Fund Strategies, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grosvenor Capital Management, LP	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K2 Advisors, LLC	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mesirow Advanced Strategies, Inc.	Investment Manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DOCUMENT I-6
CONTINUED**

CONFLICT OF INTEREST AND CONTACTS Page 3 of 7

Person	Description	Personal/Social Contact	Business Contact	No Prior Relationship
TPSF Senior Staff and TEA Legal Staff				
B. Holland Timmins	Executive Administrator and Chief Investment Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carlos Veintemillas	Deputy Chief Investment Officer, Director of Fixed Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Catherine A. Civileto	Deputy Executive Administrator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Karim Hirani	Director of Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
James Hubbard	Director of Public Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Grubenman	Director of Private Market Alternatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Anderson	TEA General Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joan Allen	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Maska	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Armstrong	TEA Counsel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DOCUMENT I-6
CONTINUED

Page 4 of 7

In accordance with Section 3.4 of RFP No. 701-09-004, where business relationships exist with persons named above, the proposer should use this page(s) to briefly describe the nature of the relationships.

[illegible]

**DOCUMENT I-6
CONTINUED
Page 5 of 7**

RECORD OF ALL CONTACT WITH THE SBOE, TEA STAFF AND PSF CONSULTANTS

All proposers shall provide a listing of all substantive contacts with the members of the SBOE, the TEA/TPSF Staff and TPSF consultants and legal counsel for the six months prior to the posting of this RFP. Please report any contact concerning this or any other procurement of the TPSF. Please include all phone conversations or personal meetings held with persons named above.

☐ No, no contact has been made ☐ Yes, contact has been made. Details listed below

Date	Person Contacted	Nature of Contact/Topic

DOCUMENT I-6

CONTINUED

Page 6 of 7

DISCLOSURE OF CAMPAIGN CONTRIBUTIONS AND GIFTS

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- k. Any person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose whether, at any time in the preceding four years, the person, corporation, or other legal entity has made a campaign contribution to a candidate for or member of the State Board of Education. Disclosure shall be made in writing to the commissioner of education 14 calendar days prior to consideration by the board or any committee of a contract, grant or charter.

☐ No, no campaign contributions have been made.

☐ Yes, campaign contributions have been made. Details listed below:

Person For Whom A Campaign Contribution was Made (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Making the Contribution	Dollar Value of the Contribution	Date

- l. A person, corporation or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose in the same manner any benefit conferred on a candidate for or member of the State Board of Education during the preceding four years. A benefit need not be disclosed if the aggregate value of benefits conferred on a member of the State Board of Education during the preceding four years does not exceed \$50. This requirement applies whether or not the person, corporation, or other legal entity is required to report the expenditure to the Texas Ethics Commission.

☐ No, no benefit has been conferred.

☐ Yes, benefit has been conferred. Details listed below:

Person For Whom A Benefit was Conferred (Candidate or SBOE Member)	Person, Corporation, or Legal Entity Providing the Benefit	Dollar Value of the Benefit	Date

DOCUMENT I-6
CONTINUED
Page 7 of 7
AUTHORIZED SIGNATURE

ACCESS TO CONFIDENTIAL INFORMATION

I understand that any unauthorized disclosure of confidential, sensitive and restricted student information is illegal as provided in the Family Educational Rights and Privacy Act of 1974 (FERPA) and in the implementing of federal regulation found in 34 CFR, Part 99.

I also understand that failure to observe these restrictions is prohibited by the Texas Government Code, Section 552.352 and that such an offense constitutes a Class A misdemeanor.

SIGNATURE ATTESTATION

I certify that all previous disclosures are accurate and I have read and I understand the above statement as it applies to my response.

Proposer's Authorized Signature

Printed Name

Title, (Key Professional Employee)

Date

**DOCUMENT J
FEE PROPOSAL – COVER PAGE**

Proposer Firm Name

In accordance with Sections 1.7 and 3.5 of RFP 701-09-004, Proposers **must** submit a fee proposal for services offered as Global Custodian and Securities Lending Agent for the Texas Permanent School Fund. The fee proposal should clearly state the fee, identify the services offered, and estimate expenses and costs the TPSF may incur. To submit your fee proposal, return the complete Document Set J:

DOCUMENT J-1 MS Excel file containing Fee Schedule

DOCUMENT J-2 Performance Guarantees

A fee proposal **must** reflect the services offered meeting the requirements stated throughout this RFP and fees, expenses, and other considerations should be institutional in composition and amount.

TEA reserves the right to negotiate the award of a contract in such a manner to obtain service and economic relationships that are in the best interest of the TPSF.

Travel Expenses will not be reimbursed.

DOCUMENT J-1

FEE PROPOSAL – EXCEL FILE INSTRUCTIONS

Proposer Firm Name

As part of the posting of RFP 701-09-004 on the Electronic state Business Daily at <http://esbd.cpa.state.tx.us>, proposers will find the proposal in MS Word form and a MS Excel file to be completed for the Fee Proposal data intake. The file name is RFP 701-09-004 Document J Fee proposal.xls.

Proposers shall complete the spreadsheet in its entirety, including all Tabs and return it as part of the submission in both Excel and PDF electronic format as well as include a printed version in the proposal response.

The following information is available for bidding purposes:

Texas Permanent School Fund Portfolio Holdings as of August 31, 2008

The portfolio holdings as of the date of the audited financial statements of the Fund can be found at <http://ritter.tea.state.tx.us/psf/holdingsgateway.html>

Texas Permanent School Fund Cash Collateral Reinvestment Guidelines

The guidelines are excerpted from Texas Administrative Code Title 19 Part 2 Chapter 33 §33.55 – *Guidelines for the Custodian and Securities Lending Agent*. They can be found in **EXHIBIT E** in this RFP document.

DOCUMENT J-2

FEE PROPOSAL – PERFORMANCE GUARANTEES

Proposer Firm Name

TEA desires to negotiate services, service levels, performance standards and guarantees with the selected Finalist institution. At this point, TEA requests that your firm detail your overall willingness and flexibility to provide meaningful performance guarantees, including potential penalties and/or incentives. Please provide responses to the questions below on a separate attachment labeled Fee Proposal - Performance Guarantees.

- 1) Please discuss your willingness to provide performance guarantees and penalty/incentive compensation tied to contractual performance standards. What percentage of annual revenue would you propose putting "at risk" for either incentive or penalty calculations? Describe the revenue base for such an annual calculation.

- 2) Please list at least 5 specific performance standards related to core global custody services for which you have either already put performance guarantees in place for other clients or propose putting in place with TEA. Provide specific examples and clearly identify the performance standard metrics; i.e., timeliness, accuracy etc.

- 3) Please list at least 5 specific performance standards related to value-added global custody services for which you have either already put performance guarantees in place for other clients or propose putting in place with TEA. Provide specific examples and clearly identify the performance standard metrics; i.e., timeliness, accuracy etc.

- 4) Please discuss your philosophy on incentive compensation for the delivery of excellent service. At what level of performance does your firm believe full compensation or bonus (if this option is selected) should be awarded? Provide specific examples and clearly identify the performance standard metrics; i.e., timeliness, accuracy etc.

DOCUMENT K
**Texas Education Agency
Historically Underutilized Business
Subcontracting Plan (HSP)**

In accordance with Texas Government Code § 2161.252, Texas Education Agency (TEA) has determined that subcontracting opportunities are probable under this contract. Therefore, respondents including State of Texas certified Historically Underutilized Businesses (HUBs) must complete and submit a State of Texas HUB Subcontracting Plan (HSP) with their solicitation response.

NOTE: Responses that do not include a completed HSP shall be rejected pursuant to TGC § 2161.252 (b)

The HUB Program promotes equal business opportunities for economically disadvantaged persons to contract with the State of Texas in accordance with the goals specified in the State of Texas Disparity Study. The HUB goals defined in 34 TAC §20.13, are: **11.9% - for Heavy Construction other than building contracts, 26.1% - for all Building Construction, including general contractors and operative builders contracts, 57.2% - for all Special Trade Construction contracts, 20% - for Professional Services contracts, 33% - for all Other Service contracts and 12.6% - for Commodities contracts.**

-- Agency Special Instructions/Additional Requirements --

SECTION 1 – RESPONDENT AND SOLICITATION INFORMATION

Respondent (Company) _____ State of Texas VID _____
a. Name: _____ #: _____
Point of Contact: _____ Phone #: _____
b. Is your Company a State of Texas certified HUB? ☐ - Yes ☐ - No
c. Solicitation #: _____

SECTION 2 – SUBCONTRACTING OPPORTUNITIES

TEA has identified probable subcontracting opportunities by NIGP Class and Item codes in the table below. However, TEA acknowledges there may be additional subcontracting opportunities. After having divided the contract work into reasonable lots or portions to the extent consistent with prudent industry practices, the respondent must identify what portion(s) of work, including goods or services, will be subcontracted.

Note: In accordance with 34 TAC§20.12, a “Subcontractor” means a person who contracts with a vendor to work, to supply commodities, or contribute toward completing work for a governmental entity.

Check the appropriate box regarding the subcontracting opportunity(s):

- ☐ - Yes, I will be subcontracting portion(s) of the contract.
(If Yes, in the spaces provided below, list any additional portions of work, not identified by TEA, that you will be subcontracting*, and go to SECTION 3)
- ☐ - No, I will not be subcontracting any portion of the contract, and will be fulfilling the entire contract with my own resources. (If No, complete SECTION 9 and 10)

Line Item # - Subcontracting Opportunity Description	Line Item # - Subcontracting Opportunity Description
(1)-	(6)-
(2)-	(7)-
(3)-	(8)-
(4)-	(9)-
(5)-	(10)-

*To list additional subcontracting opportunities, a continuation page is available at <http://www.tea.state.tx.us/tea/hub/index.html>

Enter your company's _____ Solicitation #: _____

IMPORTANT: You must complete a copy of this page for each portion of the contract that you will be subcontracting. You may photocopy this page or download copies at <http://www.tea.state.tx.us/tea/hub/index.html>.

SECTION 3 – RESPONDENT SUBCONTRACTING OPPORTUNITIES

Enter the line item number and description for the portion of work listed in SECTION 2, which you will be subcontracting.

Line Item # _____ Description: _____

SECTION 4 – MENTOR-PROTÉGÉ PROGRAM

If respondent is participating as a Mentor in a State of Texas Mentor-Protégé Program, submitting their Protégé (Protégé must be a State of Texas certified HUB) as a subcontractor to perform the portion of work (subcontracting opportunity) listed in SECTION 3, constitutes a Good Faith Effort towards that specific portion of work.

Will you be subcontracting the portion of work listed in SECTION 3 to your Protégé?

☐ - Yes, (If Yes, complete SECTION 8 and 10) ☐ - No/Not Applicable (If No or Not Applicable, go to SECTION 5)

SECTION 5 – PROFESSIONAL SERVICES CONTRACTS ONLY

This section applies to Professional Services Contracts only. All other contracts go to SECTION 6.

Does your HSP contain subcontracting of 20% or more with HUB(s)?

☐ - Yes (If Yes, complete SECTION 8 and 10) ☐ - No/Not Applicable (If No or Not Applicable, go to SECTION 6)

In accordance with TGC §2254.002, "Professional Services" means services: (A) within the scope of the practice, as defined by state law of accounting; architecture; landscape architecture; land surveying; medicine; optometry; professional engineering; real estate appraising; or professional nursing; or (B) provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant; an architect; a landscape architect; a land surveyor; a physician, including a surgeon; an optometrist; a professional engineer; a state certified or state licensed real estate appraiser; or a registered nurse.

SECTION 6 – NOTIFICATION OF SUBCONTRACTING OPPORTUNITY

Complying with a, b and c of this section constitutes a Good Faith Effort towards the portion of work listed in SECTION 3.

After performing the requirements of this section, complete SECTION 7, 8 and 10.

- Provide written notification of the subcontracting opportunity listed in SECTION 3 to **three (3)** or more HUBs. Use the State of Texas' Centralized Master Bidders List (CMBL), found at <http://www2.cpa.state.tx.us/cmb/cmbhub.html> and its HUB Directory, found at <http://www2.cpa.state.tx.us/cmb/hubonly.html> to identify available HUBs.¹
- Provide written notification of the subcontracting opportunity listed in SECTION 3 to a minority or women trade organization or development center to assist in identifying potential HUBs by disseminating the subcontracting opportunity to their members/participants. A list of trade organizations and development centers may be accessed at <http://www.window.state.tx.us/procurement/prog/hub/mwb-links-1/>.¹
- Written notifications should include the scope of work, information regarding the location to review plans and specifications, bonding and insurance requirements, required qualifications and identify a contact person. Unless TEA has specified a different time period, you must allow the HUBs no less than five (5) working days from their receipt of notice to respond **and** provide notice of your subcontracting opportunity to a minority or women trade organization or development center no less than five (5) working days prior to the submission of your response to TEA.

SECTION 7 – HUB FIRMS CONTACTED FOR SUBCONTRACTING OPPORTUNITY

List three (3) State of Texas certified HUBs you notified regarding the portion of work (subcontracting opportunity) listed in SECTION 3. Specify the vendor ID number, date you provided notice and if you received a response.¹

Company Name	VID #	Notice Date	Was Response
_____	_____	_____	<input type="checkbox"/> - Yes <input type="checkbox"/> - No
_____	_____	_____	<input type="checkbox"/> - Yes <input type="checkbox"/> - No
_____	_____	_____	<input type="checkbox"/> - Yes <input type="checkbox"/> - No

SECTION 8 – SUBCONTRACTOR SELECTION

List the subcontractor(s) you selected to perform the portion of work (subcontracting opportunity) listed in SECTION 3. Also, specify the percentage of work be subcontracted, the approximate dollar value of the work to be subcontracted and indicate if the company is a Texas certified HUB.

Company Name	VID #	Expected % of Contract	Approximate Dollar Amount	Texas Certified HUB?
				<input type="checkbox"/> Yes <input type="checkbox"/> No*
				<input type="checkbox"/> Yes <input type="checkbox"/> No*

***If the subcontractor(s) you selected is a non HUB, provide written justification of your selection process below:**

SECTION 9 – SELF PERFORMANCE JUSTIFICATION

(If you responded “No” to SECTION 2, you must complete SECTION 9 and 10)

Provide justification, in the space provided below, on how you intend to complete the entire contract using your own employees, materials, supplies and equipment. Attach any supporting documentation.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

SECTION 10 – AFFIRMATION

As evidenced by my signature below, I affirm that I am an authorized representative of the respondent, listed in SECTION 1, and that the information and supporting documentation submitted with the HSP are true and correct. Respondent understands and agrees that, if awarded any portion of the solicitation:

- The respondent must submit monthly compliance reports (Prime Contractor Progress Assessment Report (PAR)) to the TEA HUB Coordinator, verifying their compliance with the HSP, including the use/expenditures they have made to subcontractors.
(The PAR is available at <http://www.tea.state.tx.us/tea/hub/index.html>)
- The respondent must seek approval from TEA prior to making any modifications to their HSP. If the HSP is modified without TEA's prior approval, respondent may be subject to debarment pursuant to TGC § 2161.253(d).
- The respondent must, upon request, allow TEA to perform on-site reviews of the company's headquarters and/or work-site where services are to be performed and must provide documents regarding staff and other resources.

Signature Printed Name Title Date

DOCUMENT L
EXECUTION OF OFFER, AFFIRMATION OF TERMS AND CONDITIONS, AND PROPOSAL
PREFERENCES

This "Execution of Offer, Affirmation of Terms and Conditions, and Proposal Preferences" is entered into by and between the State Board of Education and the Texas Education Agency, hereinafter referred to as "TEA" and the "Proposer". By signing this instrument, Proposer or Proposer's legally authorized agent affirms that the all statements within the proposal are true and correct. Proposer understands and acknowledges that discovery of any false statement in the proposal is a material breach and shall void the submitted proposal or any resulting contracts and that Proposer shall also be removed from all vendor lists maintained by the state of Texas. By signature hereon affixed, Proposer hereby acknowledges and certifies that Proposer shall be subject to the following specific affirmations, general provisions, and special provisions if the proposal is awarded a contract:

1. Proposer expressly makes the following specific affirmations in response to this RFP:

- A. Proposer understands that any proposal or bond signed by an agent or attorney-in-fact shall be accompanied by evidence of authority.
- B. Proposer understands that any proposal may be withdrawn in writing prior to the date and time set for receipt of proposals. Any proposal not so withdrawn shall constitute an irrevocable offer, for a period of 90 days from the RFP closing date, to provide the commodity or service set forth in the attached specifications, or until a selection has been made by the agency.
- C. Proposer has fully complied with all of the terms and conditions for submission of proposal expressly stated throughout this RFP.
- D. Proposer has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or services to a public servant in connection with the submitted proposal or bid.
- E. Pursuant to 15 U.S.C. Sec.1, et seq. and Tex. Bus. & Comm Code sec 15.01, et seq. neither Proposer or the firm, corporation, partnership, limited liability company, or other business entity represented by Proposer, or anyone acting for such firm, corporation, partnership, limited liability company, or other business entity has violated the antitrust laws of this State or the Federal Antitrust Laws, nor communicated directly or indirectly the proposal or bid made to any competitor or any other person engaged in such line of business.
- F. Pursuant to Section 2155.004 of the Texas Government Code, Proposer has not received compensation for participation in the preparation of the specifications for this RFP or Invitation for Bid. Proposer certifies that the individual or business entity named in its proposal, bid, or contract is not ineligible to receive the specified contract and acknowledges that any contract awarded from this RFP may be terminated and payment withheld if this certification is inaccurate.
- G. Pursuant to Section 669.003 of the Texas Government Code, relating to contracting with a former executive head of a state agency. If this provision of the Government Code applies, Proposer shall provide the following information in order for the proposal to be evaluated: (a) Name of the former executive, (b) name of the state agency where that executive worked, (c) date of separation from that agency, (d) that former executive's current position with the proposing business entity, and (e) the beginning date of employment with the proposing business entity.
- H. Pursuant to Texas Family Code, Title 5, Subtitle D, Section 231.006 (d) regarding child support, the proposer certifies that the individual or business entity named in this proposal is not ineligible to receive specified payment and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate, the proposal includes the names and social security numbers of each person with at least a 25% ownership of the business entity submitting the proposal or bid. If this

information is not included in the proposal, it will be provided prior to execution of any contract resulting from this RFP.

- I. Pursuant to Section 2252.901 of the Texas Government Code, Proposer certifies that it is not a former employee of TEA or that Proposer has not been an employee of TEA for twelve (12) months prior to the beginning date of any contract awarded from this RFP.

Proposer must make full disclosure of intent to employ any subcontractor who is a former employee/retiree of TEA. Within the first twelve months of leaving employment at TEA, a former employee/retiree selected by the Proposer for a subcontract, shall not perform services on a project or fill a position that the former employee/retiree worked on while employed at TEA.

- J. Proposer agrees to purchase and maintain at its expense insurance as required for the work being performed and furnished pursuant to any contract awarded from this RFP. Such insurance will protect TEA from all claims from bodily injury, death, or property damage which may arise out of or result from the performance or furnishing by the Proposer and Proposer's other obligations under the Contract Documents, whether it is performed or furnished by Proposer, any Subcontractor or Supplier, or by anyone directly or indirectly employed by any one of them to perform or furnish any of the Work, or by anyone for whose acts any of them may be liable.

- i. Specific insurance coverage required by TEA is as follows:
Worker's Compensation and Employer's Liability coverage with limits consistent with statutory benefits outlined in the Texas Worker's Compensation Act (Art. 8308-1.01 et. seq. Tex. Rev. Civ. Stat.) and minimum policy limits for employers Liability of \$500,000.00.

Comprehensive General Liability Insurance with minimum Bodily Injury limits of \$500,000.00 for each occurrence, and Property Damage limits of \$500,000.00 for each occurrence to include Premises-Operations, Broad Form Property Damage, Personal Injury and Contractual Liability Coverage.

- ii. TEA reserves the right to terminate the Contract or stop the Work in progress for substantial failure to submit the required evidence of insurance or cancellation of an active policy as agreed upon by TEA and Proposer during contract negotiations.
- K. Proposer agrees that all Subcontractors performing work under a contract from this RFP will obtain insurance which will protect TEA and its employees from the risk associated with the work performed under the Agreement. The Proposer will maintain written evidence of such coverage for its Subcontractors. If the Subcontractor fails to demonstrate and/or obtain such insurance or the Subcontractor's insurance expires and is no longer available, the Proposer agrees to indemnify the Subcontractor for Work under this Agreement.
- L. Prior to the award of a contract, TEA may require that the successful proposer file a performance bond in an amount reasonable and necessary to protect the state's interest. The bond must be conditioned on the successful proposer's faithful performance of the terms of the contract.
- M. During negotiations, TEA and the proposer may negotiate a liquidated damages clause.
- N. Terms and conditions beyond those stated in this RFP may be grounds for disqualification of a submitted proposal. TEA will have sole discretion to consider for inclusion any terms and conditions not stated in this RFP.
- O. Contractor understands and agrees that no public disclosures or news releases pertaining to any results or findings based on research conducted to fulfill requirements of this RFP shall be made without prior written approval of TEA.
- P. Proposer affirms that they have not been convicted of a Hurricane Katrina related felony.

- R. In accordance with Texas Government Code, §2155.074 and 2155.075, vendor performance may be used as a factor in award of a Contract.
 - S. Any individual who interacts with public purchasers in any capacity is required to adhere to the guidelines established in the TAC, Rule 111.4. The Rule outlines the ethical standards required of public purchasers, agency employees, and vendors who interact with public purchasers in the conduct of state business. Specifically, a TEA employee may not have an interest in, or in any manner be connected with a contract or bid for a purchase of goods or services by an agency of the state; or in any manner, including by rebate or gift, accept or receive from a person to whom a contract may be awarded, directly or indirectly, anything of value or a promise, obligation, or contract for future reward or compensation. Entities who are interested in seeking business opportunities with the state must be mindful of these restrictions when interacting with public purchasers of TEA or purchasers of other state agencies.
 - S. The Texas Education Agency is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism and any subsequent changes made to it via cross-referencing respondents/vendors with the Federal General Services Administration's Excluded Parties List System (EPLS, <http://www.epls.gov>), which is inclusive of the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list. Contractor certifies that they are eligible to participate in this transaction and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state or local governmental entity and that Contractor is in compliance with the State of Texas statutes and rules relating to procurement and that Respondent is not listed on the federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement are listed at <http://www.epls.gov>.
2. Proposer has read, understands, and agrees to be bound to the terms and conditions stated in the TEA's "General Provisions" if a contract is awarded to Proposer pursuant to this RFP. The following General Provisions which will be included in the contractual terms for any contract awarded under this RFP are included in this instrument and are stated as follows:
 - A. As used in these General Provisions:
 - *Contract* means TEA's Standard Contract, and all of TEA's attachments, appendices, schedules (including but not limited to the General Provisions and the Special Provisions), amendments and extensions of or to the Standard Contract;
 - *Agency or TEA* means the Texas Education Agency;
 - *Contractor* means the party or parties to this Contract other than TEA, including its or their officers, directors, employees, agents, representatives, consultants and subcontractors, and subcontractors' officers, directors, employees, agents, representatives and consultants;
 - *Project Administrator* means the respective person(s) representing TEA or Contractor, as indicated by the Contract, for the purposes of administering the Contract Project;
 - *Contract Project* means the purpose intended to be achieved through the Contract;
 - *Amendment* means a Contract that is revised in any respect, and includes both the original Contract, and any subsequent amendments or extensions thereto;
 - B. **Contingency:** The Contract(s), including any amendments, extensions or subsequent contracts, are executed by TEA contingent upon the availability of appropriated funds by legislative act. Notwithstanding any other provision in this Contract or any other document, this Contract is void upon the insufficiency (in TEA's discretion) or unavailability of appropriated funds. In addition, this Contract may be terminated by TEA at any time for any reason upon notice to Contractor. Expenditures and/or activities for which Contractor may claim reimbursement shall not be accrued or claimed subsequent to receipt of such notice from TEA.
 - C. **Indemnification:** Contractor shall hold TEA harmless from and shall indemnify TEA against any and all claims, demands, and causes of action of whatever kind or nature asserted by any third party and occurring or in any way incident to, arising from, or in connection with, any acts of Contractor in performance of the Contract Project.

- D. **State of Texas Laws:** In the conduct of the Contract Project, Contractor shall be subject to Texas State Board of Education rules pertaining to this Contract and the Contract Project, and to the laws of the State of Texas governing this Contract and the Contract Project. This Contract shall be interpreted according to the laws of the State of Texas except as may be otherwise provided for in this Contract.
- E. **Subcontracting:** Contractor shall not assign or subcontract any of its rights or responsibilities under this Contract without prior formal written amendment to this Contract properly executed by both TEA and Contractor. The TEA Contract Manager must pre-approve any changes in key personnel throughout the contract term. Any changes to the HUB Subcontracting Plan (HSP) must be approved by the Agency HUB Coordinator before staffing changes are initiated.
- F. **Encumbrances/Obligations:** All encumbrances, accounts payable, and expenditures shall occur on or between the beginning and ending dates of this Contract. All goods must have been received and all services rendered during the Contract period in order for Contractor to recover funds due. In no manner shall encumbrances be considered or reflected as accounts payable or as expenditures.
- G. **Contractor's Proposal:** Contractor's proposal that was furnished to TEA in response to a request for proposal is incorporated in this Contract by reference. The provisions of this Contract shall prevail, however, in all cases of conflict arising from the terms of Contractor's proposal whether such proposal is a written part of this Contract or is attached as a separate document.
- H. **Requirements, Terms, Conditions, and Assurances:** The terms, conditions, and assurances, which are stated in the Request for Proposal, in response to which Contractor submitted a proposal, are incorporated herein by reference for all purposes, although the current General Provisions shall prevail in the event of conflict.
- I. **Sanctions for Failure to Perform or for Noncompliance:** If Contractor, in TEA's sole determination, fails or refuses for any reason to comply with or perform any of its obligations under this Contract, TEA may impose such sanctions as it may deem appropriate. This includes but is not limited to the withholding of payments to Contractor until Contractor complies; the cancellation, termination, or suspension of this Contract in whole or in part; and the seeking of other remedies as may be provided by this Contract or by law. Any cancellation, termination, or suspension of this Contract, if imposed, shall become effective at the close of business on the day of Contractor's receipt of written notice thereof from TEA.
- J. **Contract Cancellation, etc.:** If this Contract is cancelled, terminated, or suspended by TEA prior to its expiration date, the reasonable monetary value of services properly performed by Contractor pursuant to this Contract prior to such cancellation, termination or suspension shall be determined by TEA and paid to Contractor as soon as reasonably possible.
- K. **Refunds Due to TEA:** If TEA determines that TEA is due a refund of money paid to Contractor pursuant to this Contract, Contractor shall pay the money due to TEA within 30 days of Contractor's receipt of written notice that such money is due to TEA. If Contractor fails to make timely payment, TEA may obtain such money from Contractor by any means permitted by law, including but not limited to offset, counterclaim, cancellation, termination, suspension, total withholding, and/or disapproval of all or any subsequent applications for said funds.
- L. **Audit:** Pursuant to Section 2262.003 of the Texas Government Code, Contractor understands and agrees that (1) the state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the Contract or indirectly through a subcontract under the Contract; (2) acceptance of funds directly under the Contract or indirectly through a subcontract under the Contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds;

and (3) under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

- M. **Family Code Applicability:** By signing this Contract, Contractor, if other than a state agency, certifies that under Section 231.006, Family Code, that Contractor is not ineligible to receive payment under this Contract and acknowledges that this Contract may be terminated and payment may be withheld if this certification is inaccurate. TEA reserves the right to terminate this Contract if Contractor is found to be ineligible to receive payment. If Contractor is found to be ineligible to receive payment and the Contract is terminated, Contractor is liable to TEA for attorney's fees, the costs necessary to complete the Contract, including the cost of advertising and awarding a second contract, and any other damages or relief provided by law or equity.
- N. **Dispute Resolution:** The dispute resolution process provided for in Chapter 2260 of the Texas Government Code must be used by TEA and Contractor to attempt to resolve all disputes arising under this Contract.
- O. **Signature Authority; Final Expression; Superseding Document:** Contractor certifies that the person signing this Contract has been properly delegated this authority. The Contract represents the final and complete expression of the terms of agreement between the parties. The Contract supersedes any previous understandings or negotiations between the parties. Any representations, oral statements, promises or warranties that differ from the Contract shall have no force or effect. The Contract may be modified, amended or extended only by formal written amendment properly executed by both TEA and Contractor.
- P. **Antitrust:** By signing this Contract, Contractor, represents and warrants that neither Contractor nor any firm, corporation, partnership, or institution represented by Contractor, or anyone acting for such firm, corporation or institution has, (1) violated the antitrust laws of the State of Texas under Tex. Bus. & Com. Code, Chapter 15, or the federal antitrust laws; or (2) communicated directly or indirectly the Proposal to any competitor or any other person engaged in such line of business during the procurement process for this Contract.
- Q. **Interpretation:** In the case of conflicts arising in the interpretation of wording and/or meaning of various sections, parts, Appendices, General Provisions, Exhibits, and Attachments or other documents, the TEA Contract and its General Provisions, Appendices and Special Provisions shall take precedence over all other documents which are a part of this contract.
- R. **Proprietary or Confidential Information:** Contractor will not disclose any information to which it is privy under this Contract without the prior consent of the agency. Contractor will indemnify and hold harmless the State of Texas, its officers and employees, and TEA, its officers and employees for any claims or damages that arise from the disclosure by Contractor or its contractors of information held by the State of Texas.
- S. **Independent Contractor:** Contractor shall serve as an independent contractor in providing services under this Contract. Contractor's employees are not and shall not be construed as employees or agents of the State of Texas.
- T. **Force Majeure:** Except as otherwise provided, neither Contractor nor TEA nor any agency of the State of Texas, shall be liable to the other for any delay in, or failure of performance, of a requirement contained in this Contract caused by *force majeure*. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing party exercises all reasonable due diligence to perform. *Force majeure* is defined as acts of God, war, strike, fires, explosions, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each party must inform the other in

writing with proof of receipt within three (3) business days of the existence of such *force majeure* or otherwise waive this right as a defense.

- U. **Abandonment or Default:** If the contractor defaults on the contract, TEA reserves the right to cancel the contract without notice and either re-solicit or re-award the contract to the next best responsive and responsible respondent. The defaulting contractor will not be considered in the re-solicitation and may not be considered in future solicitations for the same type of work, unless the specification or scope of work significantly changed. The period of suspension will be determined by the agency based on the seriousness of the default.
- V. **Payment for service(s)** described in this Contract is contingent upon satisfactory completion of the service(s). Satisfaction will be determined by TEA's Project Administrator, in his sole discretion but in accordance with reasonable standards and upon advice of his superiors in TEA, if necessary. The Project Administrators of this Contract for TEA and Contractor shall be the following persons or their successors in office:

TEA
B. Holland Timmins
Permanent School Fund
Texas Education Agency
William B. Travis Building
1701 N. Congress Avenue
Austin, Texas 78701

CONTRACTOR
(Name)
(Organization Name)
(Address)
(City, State, Zip)
(Phone)
(Fax)

- W. **Notices:** All notices, reports, and correspondence required by this Contract shall be in writing and delivered to the following representatives of TEA and Contractor or their successors in office:

TEA
B. Holland Timmins
Permanent School Fund
Texas Education Agency
William B. Travis Building
1701 N. Congress Avenue
Austin, Texas 78701

CONTRACTOR
(Name)
(Organization Name)
(Address)
(City, State, Zip)
(Phone)
(Fax)

3. Proposer has read, understands, and agrees to be bound to the terms and conditions stated in the following "Special Provisions – A" if a contract is awarded to Proposer pursuant to this RFP. The following "Special Provisions – A" which will be included in the contractual terms for any contract awarded under this RFP are included in sample format as follows:

- A. The definitions of terms in the General Provisions shall apply to these Special Provisions - A.
- B. Contractor shall provide to Agency, Contractor's nine (9) digit Federal Employer's Identification Number (FEI#) or Social Security Number (SSN) if Contractor is an individual, or Contractor's fourteen (14) digit State of Texas Vendor's Identification Number (VIN). If Contractor is incorporated, Contractor shall also provide to Agency the corporation's charter number issued by the Texas Secretary of State's office. Information provided by the contractor will be verified by the Agency.

Contractor's FEI#

Contractor's SSN

Contractor's VIN

Contractor's charter #

- C. The Texas Education Agency is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism and any subsequent changes made to it via cross-referencing respondents/vendors with the Federal General Services Administration's Excluded Parties List System (EPLS, <http://www.epls.gov>), which is inclusive of the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list. Contractor certifies that they are eligible to participate in this transaction and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state or local governmental entity and that Contractor is in compliance with the State of Texas statutes and rules relating to procurement and that Respondent is not listed on the federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement are listed at <http://www.epls.gov>.
- D. TEA shall determine whether a payment law prohibits the Comptroller from issuing a warrant or initiating an electronic funds transfer to a person before the agency enters into a written contract with that person. Contractor who is indebted or owes delinquent taxes to the state will have any payments under the contract applied toward the debt or delinquent taxes owed the state until the amount is paid in full, regardless of when the debt or delinquency was incurred.

Contractor may verify their account status by accessing the Comptroller's website at: <http://ecpa.cpa.state.tx.us/vendor/tpsearch1.html>. If the account status message is "on vendor hold," the contractor is advised to contact the Comptroller's Warrant Hold Section in the Division of Revenue Accounting at 1-800-531-5441 ext. 3-4561 for assistance in resolving the issue.

The undersigned is an authorized official for the Proposer and certifies that the proposal submitted with this "Execution of Offer, Affirmation of Terms and Conditions, and Proposal Preferences" instrument is in full compliance with the provisions expressly stated above. I further certify that the proposal submitted with this instrument is allowed to claim any of the Chapter 2155 Texas Government Code preferences checked below:

The proposer, if selected as the contractor, will be required to purchase products and materials produced in this state when they are available at a price and time comparable to products and materials produced outside of Texas (TX Govt. Code § 2155.4441).

Check below if claiming a preference included in Chapter 2155 of the Texas Government Code and in Rule 1 TAC 113.8

- ☐ § 2155.441 Products of persons with mental or physical disabilities
- ☐ HB 3560 Goods produced or offered by service-disabled veterans.
- ☐ § 2155.442 Energy efficient products
- ☐ HB 3560 Preference to manufacture that has recycle program for computer equipment.
- ☐ § 2155.443 Rubberized asphalt paving material
- ☐ § 2155.444 Texas produced supplies, materials, or equipment; or USA supplies, materials, or equipment over foreign products
- ☐ Rule 1 TAC 113.8 (b)(2D) Services offered by a Texas bidder
- ☐ § 2155.444 Texas agriculture products
- ☐ § 2155.444 Texas and United States products and Texas Services, (d) purchases for landscaping purposes including plants native to the region
- ☐ HB 3560 Texas Resident service-disabled veterans
- ☐ HB 3560 Preference to contractors providing foods of higher nutritional value.
- ☐ § 2155.445 Recycled, remanufactured, or environmentally sensitive products made of recycled materials
- ☐ § 2155.446 Paper containing recycled fibers
- ☐ § 2155.447 Recycled motor oil and lubricants
- ☐ § 2155.449 Products produced in facilities on rehabilitated property as certified by section 361.609 of the Texas Health and Safety Code
- ☐ § 2155.449 Products and services from economically depressed or blighted areas
- ☐ § 2155.449 Products and services from Historically Underutilized Business or small business pursuant to the goals and objectives stated in chapter 2161 of the Texas Government Code

In compliance with this RFP, and subject to all the conditions herein, the undersigned offers and agrees to furnish any or all commodities or services at the prices quoted in the proposal or bid. By signing this proposal, the proposer signifies that if a Texas address is shown as the address of the proposer, the proposer qualifies as a Texas Resident Bidder as defined in Rule 1 TAC 111.2.

PROPOSER/COMPANY NAME:
STREET ADDRESS:
CITY/STATE/ZIP:
TELEPHONE NO.:
FACSIMILE NO.:
EMAIL ADDRESS:
NAME OF PROPOSER'S AUTHORIZED AGENT:
TITLE OF PROPOSER'S AUTHORIZED AGENT:
SIGNATURE OF AUTHORIZED AGENT:

Texas Education Agency
RFQ 701-009-004
Addendum No. 1
Clarifying Questions

To all proposers, similar questions received in the mailbox have been combined and answered only once. Questions are de-identified and answered in random order. Please consider all questions and answers significant to the proposal process.

- Q1. Will you accept a Third Party securities lending agent proposal?
- A1. Please see the purpose for this Request for Proposal identified in Section 1.1 of the RFP document.
- Q2. Could you provide a list of holdings so that we may complete our securities lending evaluation?
- A2. Texas Permanent School Fund holdings as of December 31, 2008 have been placed on the Texas Electronic State Business Daily under this procurement as "Package 3".
- Q3. If we cannot meet specific minimum requirements in Document C, may we submit the completed Document C, along with an explanation(s) as to why we do not meet those requirements?
- A3. The completed proposal response which is due on Tuesday, May 5, 2009, should include a signed Document C - Certification of Minimum Qualifications. Screening for minimum qualifications will occur after this posting closes and all proposal responses are received.
- Q4. Is it a requirement the respondent be a trust company, or if it can perform all services requested, can a non-trust company respond?
- A4. The language of Minimum Qualification 1.3.c governs the minimum eligibility criteria for this procurement. Respondents must be a U.S. domiciled trust company and a member of the Federal Reserve, or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts, and have substantial unimpaired equity capital, as of December 31, 2008.