

STATE OF TEXAS §

COUNTY OF TRAVIS §

Division Number: 110	Program Name: Permanent School Fund
Org. Code: 701	Legal/Funding Authority: Texas
Speed Chart: 5A011	Constitution, Article VII
Payee Name: The Bank of New York Mellon	Payee ID: 135160382
ISAS Contract #: 2481	PO #: 33389

Amendment No. 6

**AMENDMENT TO
STANDARD CONTRACT
BETWEEN
TEXAS EDUCATION AGENCY
AND**

The Bank of New York Mellon
NAME OF CONTRACTOR

One Boston Place, Boston, MA 02108
MAILING ADDRESS INCLUDING ZIP CODE

It is mutually understood and agreed by and between the undersigned contracting parties of the above numbered contract to amend said contract effective 10/01/2014 as follows:

- 1). Appendix 2 is hereby revised as per the attached for Item #13.

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

Contractor must make full disclosure of intent to employ or subcontract with an individual 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 Contractor for employment or subcontracting, shall not perform services on a project or fill a position that the former employee/retiree worked on while employed at TEA.

Excluded Parties List System: The Texas Education Agency and the contractor must adhere to the directions provided in the President's Executive Order (EO) 13224, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, which may be viewed at <http://www.whitehouse.gov/news/orders>. That Executive Order prohibits any transaction or dealing by United States persons, including but not limited to the making or receiving of any contribution of funds, goods, or services to or for the benefit of those persons listed in the General Services Administration's Excluded Parties List System (EPLS) which may be viewed on the System for Award Management (SAM) site at <http://www.Sam.gov>.

All other terms and conditions of the original contract remain the same and are incorporated herein as if specifically written.

It is agreed and accepted by a person authorized to bind Contractor that all terms and conditions of this amendment are effective commencing on the above date.

Typed Name:

Lisa Candy

Lisa Candy
Authorized Signature

Typed Title:

Vice President

This section reserved for Agency use.

I, an authorized official of Agency, hereby certify that this contract is in compliance with the authorizing program statute and applicable regulations and authorize the services to be performed as written above.

AGREED and accepted on behalf of Agency this 28th day of May 2015 (month/year) by a person authorized to bind Agency.

Return three (3) copies with original signature to:

Catherine A. Civiletto
Deputy Executive Administrator, TPSF
Texas Education Agency
400 West 15th Street, Suite 1100
Austin, TX 78701

Shirley Beaulieu
Shirley Beaulieu, Associate Commissioner Finance
CFO

APPENDIX 2

- A. The definitions of terms in the General Provisions are incorporated herein.
- B. No funds shall be used to pay for food costs (i.e., refreshments, banquets, group meals, etc.) or for travel.
- C. The following fee terms and conditions will apply for a fully bundled custody and securities lending service delivery provided by Contractor to the Texas Permanent School Fund ("TPSF") as administered by TEA:

- 1. Annual Fee for Scope of Services: \$200,000

Contractor is willing to provide performance guarantees and to participate in penalty/incentive compensation based on an agreed upon set of performance standards. Contractor will put 100% of the flat fee at risk, should it fail to meet the performance standards agreed upon.

- 2. Short Term Investment Fund (STIF) Asset Management Fee: 12 basis points applied to daily balances.

- 3. Global Investment Transaction Charges: The following charges will be passed through to the TPSF at direct cost:

Global out-of-pocket expenses including, but not limited to, postage, courier expense, registration fees, stamp duties, telex charges, internal/external taxes, internal/external legal or consulting. Does not include pass through proxy costs or internal/external legal or consulting expenses with respect to the negotiation and drafting of the Contract. All out-of-pocket expenses will be documented at a detail level that sufficiently describes the services rendered and requested for reimbursement.

- 4. Overdraft Fees: Federal Funds Rate applied against the amount of the overdraft.

- 5. Securities Lending Revenue Split:

On an Annual Basis	Texas Permanent School Fund	Contractor
Until \$12 Million in Gross Revenue has been earned	85%	15%
Cumulative Gross Revenue Earned in excess of \$12 Million	90%	10%

In all years subsequent to the first year of the contract, the anniversary date for the revenue split calculation will be September 1st and the split will be based on the \$12 million gross revenue target.

Contractor is TPSF's sole securities lending agent and may lend the entire pool of assets.

Collateral investments will be maintained in a separate account managed to the TPSF guidelines.

There are no additional charges for participating in securities lending.

For purposes hereof, net securities lending revenues shall mean (i) all loan premium fees derived from Contractor's acceptance of non-cash collateral; plus (ii) all income and earnings from the investment and reinvestment of the cash collateral received and held on behalf of the Client minus broker rebate fees paid by the Contractor to the borrower in respect of the loans of the Client's securities. The Contractor is hereby authorized to charge such compensation against and collect and/or retain such compensation from the revenues derived from the securities lending activities conducted on behalf of the Client pursuant to the Securities Lending Authorization Agreement.

- 6. Class Action Claim Filing: No charge (\$0.00) to file claims including using historical data provided to Contractor by TPSF.

7. Proxy Voting Services for TPSF Internally Managed Portfolios: Cost of RiskMetrics (or other TPSF selected provider) custom proxy voting service is paid for by Contractor directly to the vendor on an annual basis. Custom proxy voting services are being billed at \$15,000 per year in addition to regular voting charges.
8. Technology Tools Provided by Contractor. The following shall be provided by Contractor to the Client at no additional cost to the Client:
 - o Workbench Client Portal
 - o MPA and MPU - converted to share ware via software license
 - o SLIM - converted to share ware via software license
 - o Compliance Monitoring - maintained by TPSF or maintained by Contractor, client choice
 - o *Private I*[®] – basic module maintained by Contractor's private equity team. There shall be an opportunity to add additional modules (*Private Informant*[®], *Private Front Office*[®], *Private iQ*[®] and *Private Archivist*[®]) based on current market pricing.

Eagle Pace and Eagle STAR are offered as fully-hosted companion investment accounting and database management software solutions at \$455,000 per year. Loading data will be an additional charge based on current market pricing.

9. Business Process Redesign: Contractor agrees to perform a complete best practices review or business process redesign to include an analysis of both TPSF internal processes and procedures as well as those processes and procedures and interfaces utilized by the Contractor service delivery teams assigned to TPSF and other clients of the Contractor. The product of such a review will be made available to the TPSF no later than March 31, 2012 for discussion and implementation, with the understanding that TPSF and Contractor will work together to prioritize the implementation phase.
10. Out-Sourced Performance Measurement Services for the State Board of Education: Contractor agrees to provide daily, monthly and quarterly performance measurement services to the TPSF staff, including the publication of quarterly performance summary books.

In addition, Contractor agrees to transfer all necessary accounting data on a monthly basis to a third party performance measurement advisor, if such a service provider is selected by the State Board of Education ("SBOE") from RFP 701-09-026.

In the event of selection of a third party provider, Contractor is not required to present performance measurement results to the State Board of Education nor are they required to analyze, interpret or consult on such performance measurement results for the benefit of TPSF management.

For the benefit of TPSF, Contractor has agreed to pay to the third party service provider, the cost of out-sourced performance measurement quarterly reporting and consulting not to exceed \$45,000 per year, terminating effective 08/31/2014. In any month in which a third party service provider is not on retainer for the SBOE, \$3,750.00 will be credited back against the fees incurred on the account.

11. *Private Informant*[®] software: Fees assume that data is received from GP 4 times per year.
 - \$100 per Limited Partnership ("LP") (one time set up fee)
 - \$480 per LP/per year (1-50 LPs)
 - \$460 per LP/per year (51-100 LPs)
 - \$440 per LP/per year (101-200 LPs)
12. *Private iQ*[®]: \$17,250.00 annually for 5 user IDs. Each additional ID above 5 is priced at \$2,500 each/year.
13. *Private iQ*[®] Custom Benchmark: \$1,000 annually for each lagged benchmark and \$250 annually for each non-lagged benchmark.
14. Non-Lagged Performance:
 - \$20,000 annually, up to 150 LPs
 - \$30,000 annually for 150+ LPs

Additional Comments:

All custody, accounting, compliance, technology, reporting, securities lending and performance measurement services outlined in the request for proposal dated to close May 1, 2009 and attached to Appendix 1 to the TEA Standard Contract, and specifically agreed to in *Document E Affirmation of Scope*

of Services Required of the proposal response dated May 1, 2009, submitted by Contractor and attached to Appendix 1 to the TEA Standard Contract, are covered in Contractor's commitment to service delivery.

Service delivery for a daily processing environment will include daily audited security pricing producing daily audited Net Asset Valuations (NAV). A "soft-close" procedure will be utilized to close the books daily, with a monthly hard-close for accounting, reconciliation and reporting purposes.

In addition, daily security level performance, analytics and attribution analysis will be available on all portfolios. Wilshire Analytics and Factor Based Attribution are available for the fixed income assets. Look through risk exposure by GICS country and sector will also be included.

Contractor guarantees the fee schedule through August 31, 2017 for the scope of services currently defined herein and enumerated and detailed in the documents listed in Special Provisions A, Paragraph H.

A separate Service Level Agreement has been negotiated between the parties to encompass the specifics of service delivery including product deliverables, mutually agreed timelines/deadlines, the use of a quarterly "contract performance report card" and appropriate means of communication between the parties.

The Bank of New York Mellon
 TEA Notes to Contract
 As of March 31, 2015

Recap of Appropriated Expenditures Paid/Estimated Over the Life of the Contract
 For TPSF Division of TEA

Description	Dates	# of Years	Amendment #	Amount
Initial Term of Contract	12/01/2009 – 08/31/2011	1.67	1, 2 & 3	\$197,731.55
First Renewal	09/01/2011 – 08/31/2014	3	4 & 5	\$560,932.72
Second Renewal	09/01/2014 – 08/31/2017	3	6	\$900,000.00 (a)
Estimated Total Over Life of Contract				\$1,658,664.27

(a) Amount estimated to include price change from Amendment #6. \$300,000.00 estimated per year for each year remaining on the contract.

Recap of Securities Lending Fees Paid through March 31, 2015 for TPSF Division of TEA

Description	Dates	# of Years	Amount
Initial Term of Contract	12/01/2009 – 08/31/2011	1.67	\$2,835,946.00
First Renewal	09/01/2011 – 08/31/2014	3	\$3,977,056.00
Second Renewal	09/01/2014 – 08/31/2017	3	\$654,107.00
Estimated Total To Date			\$7,467,109.00