

**Ohio Deferred Compensation Program ("Ohio DC or the "Program")
Requests for Clarification and Responses
Custodian & Related Services Provider RFP
Responses as of March 19, 2020**

#	Question	Response
1	Is Ohio willing to contract separately with a TA (and one that we currently have an established relationship with) and take on any and all liability associated with the TA.	<p>Reference is made to information stated in Section III (Scope of Services) – 3 (Daily Valuation, Unitization, Investment Option Trading, and Transfer Agency-Related Services): Custodian must be able to provide the below Transfer Agent services, either internally or through an integrated partnership approach with an external Transfer Agent.</p> <p>Ohio DC currently maintains a separately contracted relationship for many of the listed functions (although not covering the assets that are currently not held in custody such as the mutual funds) within this section with Northeast Retirement Services (NRS) which was proposed as an integrated partnership with the incumbent custodian. Ohio DC observes three potential options for potential respondents. Although Ohio DC observes a potential opportunity for integration and value added within Options #1 and Options #2, it is willing to consider Option #3.</p> <p>Option #1: If Respondent wishes to propose that Ohio DC continue its partnership with NRS and can clearly identify its integration with NRS as an external Transfer Agent, this may be considered an acceptable solution.</p> <p>Option #2: Alternatively, Respondent can identify an alternative external transfer agent to NRS and provide associated documentation, experience, technical integrations, and either discretely propose or provide inclusive economics for such a solution. Additional documentation for such relationship continuation and integration, if any, should be provided in the Technical Questionnaire response with sufficient detail to permit evaluation of the integration of the relationship and the proposed economics for such services that custodian can bring to the relationship through such an integrated partnership.</p> <p>Option #3: As a further alternative, Respondent can identify limitations to its ability to provide Transfer Agency services or inclusive Transfer Agency integrations through clear exclusions to scope of services for Transfer Agency services and clearly indicate such within its response. Respondent should identify what services (such as daily trading, rebalances, etc.) that it can provide directly under this option as well. If Respondent is willing to work with one or more Transfer Agency firms contracted separately by Ohio DC, it should provide the names of firms with existing integrations with its response.</p> <p>In direct response to the question posed: Yes - Ohio DC is willing to contract separately with a Transfer Agent or to contract with your firm to provide services that achieve the same outcomes, as outlined in Option #3.</p>
2	Generally speaking, we are uncomfortable with the risk associated with NSCC settlement, when trading is done by the Transfer Agent directly with the NSCC. We can settle trades through NSCC but only when the Transfer Agent sends our firm the trades and we route these to the NSCC.	In terms of direct trading with NSCC, if the Respondent can place trades directly without the use of a Transfer Agent, direct trading by the Respondent can be proposed.
3	Is Ohio DC comfortable with us not having any experience or established relationship with NRS?	Yes, Ohio DC is willing to consider alternatives to the use of NRS for daily trading activity, and routing directly by the custodian through the NSCC or as required.
4	Would Ohio DC be willing to absorb some or all costs associated with setting up data links?	Yes, Ohio DC is willing to consider absorbing some or all costs associated with setting up data links with NRS, although Ohio DC requests that Respondent provide a rough order of magnitude and/or cost drivers within its proposal so that these factors can be evaluated.
5	Is Ohio DC willing to absorb losses incurred as a result of NRS errors or ensure NRS allows our firm to place the trading activity?	<p>Yes, under an Option #3 scenario (as per the response to Question 1 above) Ohio DC would either:</p> <p>1) be willing to allow the Custodian to place all trading activity or, 2) in the instance of an Option #1 scenario with a potential Ohio DC requirement that the Custodian allow NRS to place the trading activity. In this instance Ohio DC anticipates negotiating contractual language with the selected respondent but would not look to the Custodian for errors or losses incurred by such NRS trading activity.</p> <p>Respondents are encouraged to provide additional details within their response on expectations and/or requirements.</p>
6	Contract Terms: Is Ohio DC expecting the selected custodian to act in the capacity of a directed trustee?	Ohio DC is seeking a provider of custodial banking and related services. Ohio DC does not expect the selected custodian to act in the capacity of a directed trustee.
7	Contract Terms: Regarding the ERISA language noted on page 17, is Ohio DC only referring to the standard of care or does the Program expect certain ERISA-specific services from the selected custodian? If so, which ones?	<p>Ohio DC seeks to negotiate, as possible, appropriate and reasonable fiduciary standards of care and contractual expectations.</p> <p>Ohio DC has identified a proposed and preferred set of language under Section V - Contract Terms, wherein a response of yes or no is sought to questions on contract terms. Please refer to this section for the program expectations related to ERISA.</p> <p>Should a Respondent deem it necessary to make an exception to contract terms, please consider the following instruction as noted, "IF NO IS ENTERED PLEASE FULLY DESCRIBE EXCEPTIONS, IF ANY, WITH REDLINE EDITS IN THE SPACE BELOW. PLEASE NOTE: SUCH EXCEPTIONS MAY FORM THE BASIS FOR FURTHER NEGOTIATION OR MAY BE CONSIDERED AS AN EVALUATION SUB-FACTOR."</p>
8	<p>Cash / Foreign Exchange: With respect to the STIF average balances, the STIF with the largest allocation is: "Short Term Investment Fund / Wrap Provider".</p> <p>Can Ohio DC provide details on what this fund is? Is it internally or externally managed and what type of instruments does it invest in?</p>	This fund represents the liquidity buffer for Ohio DC's custom Stable Value Option (SVO), which currently invests in a governmental collective STIF fund provided by the incumbent custodian. The fund also holds the wrap contracts for the SVO as line items. Goldman Sachs Asset Management, the SVO Program Manager, is responsible for maintaining an appropriate allocation to cash within this fund in accordance with the SVO Investment Policy Statement.
9	Cash / Foreign Exchange: Is there a specific benchmark Ohio DC follows for short-term cash management?	Short-term cash management does not currently have a specific benchmark. A reasonable prospective benchmark would be the BofA Merrill Lynch 3 Month T-Bill Index.
10	Cash / Foreign Exchange: Does Ohio DC require cash held with custodian to be collateralized?	Cash held within the Program's investment options does not currently have a specific collateralization requirement.
11	Cash / Foreign Exchange: With respect to Ohio DC's short-term cash strategy, is the primary driver yield or capital preservation to assist with operational requirements?	<p>The liquidity buffer of the Ohio DC Stable Value Option accepts ongoing contributions and transfers remitted to the Stable Value Option and provides the first source of liquidity for all Stable Value Option withdrawals. Accordingly, the focus is on liquidity and capital preservation with a secondary focus on yield.</p> <p>For all other short-term cash, the purpose is subject to the investment manager's guidelines, which is generally focused on liquidity and capital preservation with a secondary focus on yield.</p>
12	Cash / Foreign Exchange: Are there any unique features of Ohio DC's cash management solutions we should be aware of?	No, Ohio DC does not believe that there are any unique features of the Program's cash management solutions.

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13	Cash / Foreign Exchange: What is Ohio DC's method of instruction for cash movements (e.g. SWIFT, fax)?	Ohio DC's method of instruction currently varies based on the investment option provider. Ohio DC is looking to implement a best practice process with uniform / automated instruction for cash movements as part of the RFP process. Manual instructions for the payment of fees are currently performed with invoice review and instruction to pay sent to the incument. Ohio DC may opt to continue such manual processes although is open to discussion. All processes and degrees of flexibility within such processes should be proposed with sufficient detail to allow Ohio DC to assess opportunities for enhancements and potential constraints.
14	Cash / Foreign Exchange: In order to provide the basis point spread for custody executed FX transactions, please share Ohio DC's annualized FX spot volumes by market, broken down between custodian flow and third party flow. Please include notional amounts in US dollar (\$) terms	The Ohio DC Program's structure does not currently require Foreign Exchange unless they are in a restructure event. In that case the Transition Manager is allowed to trade within or outside of the Custodian Foreign Exchange desk. Please provide proposed FX rates for freely convertible and "restricted" market currencies (or as otherwise classified) that could be used should Ohio DC determine that FX transaction support is needed.
15	Cash / Foreign Exchange: Does Ohio DC manage any international active funds in-house? If so, what percentage of the international AUC is managed internally versus external?	No, Ohio DC does not invest in the International Markets via separately managed accounts. The Program gains its exposure to those markets using mutual funds and/or commingled funds. The only time global markets are anticipated to be used for Ohio DC is during transition events to handle in-kind distribution of securities in those markets. During normal course of business, Ohio DC does not have a global custody framework in place. Under a Unit Price Approach within your fee proposal, please provide proposed rates for global custody that could be used should Ohio DC determine it necessary to implement a separate account global custody structure.
16	Cash / Foreign Exchange: Does Ohio DC plan to use the custodian FX process for FX or third party FX dealers?	Please see response to Question 13 above.
17	Cash / Foreign Exchange: Are there any special pricing arrangements in place with the incumbent custodian? If so, please describe.	No.
18	Core Custodial Services: Please define sink payments and inflation adjustments.	Sink payments represent postings to reduce shares based on the sink schedule of a sinkable bond. Inflation adjustments are adjustments done to the current face of bonds to tied inflation indexes where a posting is done to get the face in line with based on the current rate.
19	Core Custodial Services: Are SWIFT Transactions a subset of the Buy/Sell Transactions volume, i.e. 4,721 of the 8,521 buy/sell transactions were instructed via SWIFT?	These represent additional transaction fees charged for SWIFT transactions. These transactions represent a subset of the buy/sell transactions volume.
20	Core Custodial Services / Daily Valuation: In the "Core Custodial Services" section of the RFP document, it states "daily best-available accounting for the purpose of reporting ..." (pg. 10) but in Appendix A, it states that the Stable Value Option component accounts are monthly-valued. Please clarify as to whether Ohio DC require daily best-available accounting for the Stable Value Option component accounts.	Daily-valued hard-close accounting is not required for the Stable Value Option component accounts, as they receive a monthly audited valuation. However, Ohio DC requires access to daily best-available priced holdings and transactions for these accounts.
21	Transfer Agency-Related Services: Would Ohio DC be willing to select its own Transfer Agent and directly contract with them under a separate agreement or is it a requirement that the custodian have its own internal solution or that the custodian select and partner with an external Transfer Agent to provide the transfer agency related services requested?	Please see response to question 1 above. Ohio DC is willing to consider multiple options for Transfer Agency and daily valuation services and discuss the specifics of approaches with Finalist(s) Respondents. Yes, Ohio can, does, and will directly contract with a Transfer Agent. The current agreement with Northeast Retirement Services (NRS) is a direct contract with no specific integration or contractual involvement with the incumbent Custodian. If the Respondent can satisfy the objectives (trading and rebalancing, for instance) identified without the use of a Transfer Agent, a proposal that clearly modifies such scope is acceptable. If there are aspects of the Transfer Agent services that your firm can't directly perform, and a Transfer Agent is required, particularly if you have preferred Transfer Agent partnerships, Ohio DC requires that you specify those existing integrations. This specification can take the form of a statement of "Although not recommending any specific transfer agent, these are the Transfer Agents that we can work with and have existing relationships with."
22	Based on our review of the Scope of Service, Section 3 on pages 12 & 13 it appears that these functions can be supported as part of our normal daily valued custody and valuation services. Please provide additional clarification on the approach to daily trade activity including details on the role of Ohio Deferred Compensation, the Transfer Agent and the custodian.	Please see response to questions above. Ohio DC is willing to consider multiple options (including those provided internally) for Transfer Agency and daily valuation services and discuss the specifics of approaches with Finalist(s) Respondents.
23	Does the custodian receive detailed fund transactions (e.g., contributions, transfers, etc.) or just net buys and sells per option?	Currently, the custodian just receives net buy/sell transactions per investment option. Ohio DC is willing to consider alternative approaches to implement a best practice master custody structure. Please provide details on your best practice approach within your response.
24	Are the liquidity vehicles of the multi-manager pools tied to the custodian?	Passive equity and fixed income investment vehicles used as liquidity buffers for the daily-valued multi-manager pools (as opposed to custodial STIF) are out of scope for this RFP. Respondents should not make contingent proposals based on the potential use of an investment management affiliate for such passive equity and fixed income investment vehicles
25	Does the responsibility for maintaining liquidity of the multi-manager pools fall to the custodian per a standing letter of direction?	For the daily-valued multi-manager pools, this function is currently performed by Northeast Retirement Services (NRS) based on stated liquidity targets within a standing policy direction. Respondents are welcome to propose an alternative approach to satisfying these requirements internally and/or using a third-party.
26	If the liquidity portion of the multi-manager pools needs to be replenished or invested due to cash flows, is the allocation based upon rebalancing to target or is it just at policy weights?	For the daily-valued multi-manager pools, this function is currently performed by Northeast Retirement Services (NRS) based on stated liquidity targets within a standing policy direction, which uses policy weights rather than a dynamic rebalancing with cash flows.
27	Does the responsibility for rebalancing of the multi-manager pools, including manager notification, fall to the custodian per a standing letter of direction?	For the daily-valued multi-manager pools, this function is currently performed by Northeast Retirement Services (NRS) based on stated allocation targets within a standing policy direction. Respondents are welcome to propose an alternative approach to satisfying these requirements internally and/or using a third-party.
28	If the decision is made to move the mutual funds to the custodian, will they then be white-labeled?	At this time, Ohio DC does not anticipate converting the mutual funds to white label funds.
29	Due to the current situation around the coronavirus (COVID-19), can you clarify if the hard copy submission will be required or if the electronic submission will suffice?	Given the current situation, Ohio DC is willing to waive the requirement for initial hard copy submission and will rely upon electronic submission. As normal business operations resume, Ohio DC will require that respondents submit the requested hard copies for procedural and documentation purposes.
30	Scope of Services #28: Can you clarify in which reporting would Ohio DC need to have categorization and characteristics provided?	This requirement intends for Ohio DC to have flexibility in the means by which asset categorization and characteristics reporting is made available via standard and ad hoc reporting tools. No specific customization is defined as an initial requirement although flexibility and capability of reporting is necessary.
31	Scope of Services section 3: Is there an expectation that you may continue the partnership you have with the current Transfer Agent or should we provide responses from our Transfer Agent to service your requested needs?	Please see response to questions above regarding options for the provision of Transfer Agency services.