RFP FOR PORTFOLIO VERIFICATION SERVICES

Amendment 02

May 1, 2025

Below are the questions and answers received by the WSIB prior to deadline listed in the Schedule included in the RFP. Any capitalized terms used in this Amendment and not defined herein shall have the meaning given to them in the RFP. All other terms and conditions of the RFP remain in full force and effect.

A. RFP PROCEDURES

1. In Exhibit J, *List of Offeror Clients*, is the WSIB requesting Offeror's top five largest clients <u>overall</u>, or just the five largest <u>pension and institutional investors</u> clients?

   a. Exhibit J requests Offerors provide additional information related to their five largest clients (specifically, the percentage of total company revenue driven by those clients). To clarify, we are requesting the top five largest clients overall, not just pension and institutional investors.

2. Could WSIB please clarify the specific process for protecting proprietary information beyond marking pages as "CONFIDENTIAL"? Are there any additional forms or documentation required?

   a. First, Offerors should include two versions of their Proposal: one complete copy for evaluation, and one with confidential passages redacted (labeled "Copy for reproduction") (Section 5.6.2).

      Second, Offerors' summary letter should include a description of the portions of the Proposal claimed as confidential (Sections 5.6.3 and 5.7).

      Other than that, no additional form or document need be provided.

3. Does the WSIB have a standard supplemental confidentiality agreement or NDA that can be executed alongside the RFP submission? If so, could this be provided for review? If not, would the WSIB consider such a document provided by an Offeror?

   a. As a public agency, the WSIB can only keep confidential that which is exempt under Chapter 42.56 RCW, the Public Records Act ("PRA"). We are required to construe the act broadly and apply redactions narrowly. If an Offeror marks material as confidential, the WSIB will review it and withhold or redact it only to the extent it is exempt under the PRA. The Offeror will have an opportunity to weigh in on these redactions, prior to release of any documentation. Additional information on how the WSIB processes

public records requests is available in our policy at: https://www.sib.wa.gov/docs/policies/2_00_250.pdf.

4. Could the WSIB provide examples of what types of information typically qualify for exemption from public disclosure under RCW 42.56.040-.570?

    a. Common exemptions that apply for records of the WSIB are listed in Board Policy 2.00.250, *Public Records*, found here: www.sib.wa.gov/docs/policies/2_00_250.pdf.

5. What ongoing protections are available for confidential information after contract award? How long do these protections remain in effect?

    a. See response to question A.3. Material that is exempt under the PRA may be held so long as the exemption remains applicable to the material.

6. What is the WSIB's process for notifying Offerors if there is a public records request for their Proposal materials? What is the timeline for Offeror's response if we wish to assert protection of specific information?

    a. The WSIB will send an email to the persons listed as primary and secondary (if any) contacts listed in the Proposal. The timeline for response is typically two weeks.

7. Our contractual confidentiality clauses prohibit us from providing client names (Exhibit J) without explicit consent. We can provide client base metrics for indication of size/scale, geographic location, etc. Does this pose an issue in the selection process?

    a. The WSIB strongly encourages Offerors to request consent to disclose this information. At minimum, the WSIB would expect disclosure of Offeror's public fund clients. Understanding an Offeror's client base will be a factor in the WSIB's evaluation process.

B. SCOPE OF SERVICES

1. Is this RFP for outsourced services to completely handle the WSIB's investment accounting and portfolio verification needs? Or is the WSIB looking for a technology provider so that WSIB internal staff can perform these functions?

    a. The WSIB is looking for a full-service provider, and not simply a technology provider for use by WSIB staff. However, WSIB staff will have some role in these services and in using the System. WSIB staff will need to use the software platform for reporting, supporting daily processes like cash sweeps, etc. In other words, the WSIB is looking for a contractor to perform these services and a System that WSIB staff can also use while working closely with that contractor.

2. The RFP lists that the WSIB is seeking current day daily pricing. Is there a specific time of the day that this pricing must be as of?

    a. Prices from the relevant pricing vendor must be extracted as of 4:00PM Eastern Time. Daily pricing and share price calculations are required for the daily valued funds only. Market values are needed for the

Daily Valued Bond and TIPS Fund. The savings pool consists of guaranteed insurance contracts that are valued at cost.

3. When are accounting reports required to be delivered? Same day or T+1? And by what time?

    a. The WSIB assumes this question is related to reporting for the daily valued funds. Reports are to be delivered same day by 2:30PM Pacific Time (PT).

4. Please verify whether NAV strikes are required for internal _and_ external funds. Please also confirm frequency of NAVs required for each.

    a. Daily NAVs and unit prices are required for WSIB's three daily valued funds. Monthly NAVs are required for all funds.

5. The Questionnaire lists NAV delivery timelines in section 14.A.i. for 2:30PM PT. What is the existing cutoff time for subscription/redemption transactions to be transmitted to determine if they are included in the daily NAV strike?

    b. As long as subscription/redemption transactions from participants (submitted to the WSIB by the record-keeper and the target date fund manager) are received by the WSIB by 8:00AM PT the following day, those subscriptions/redemptions will be applied the daily NAV/price that were struck the previous day.

6. What are all sources the WSIB is expecting the Contractor to ingest data from? As well as a list of where the Contractor will be expected to send data. It appears that such list would include at least: the Custodian, WSIB's order management system, external managers, and independent third-party market data. Are there others?

    a. To our knowledge, that is a comprehensive list. Noting for clarity that ingesting data from external managers would _not_ apply to Offerors bidding solely on Option 1.

7. Question 16.B in the Questionnaire asks about the Offeror's capabilities to produce data feeds. Can you provide any examples of what kinds of data feeds the WSIB might want in the future?

    a. Given the potential duration of this contract, this is intended to be a more exploratory question. The WSIB recognizes this data has the potential to be used for broader purposes internally. Although we have no immediate plans to expand the ways in which we use this data, we are interested in exploring

whether an Offeror has the capability to support (or plans to develop functionality to support) a data feed in the future.

8. Are there any management/incentive fee calculations required?

    a. Not in private markets. Public market accruals and validation checks on management fees would be a nice feature if available.

9. Is there a requirement for underlying fund management fee verification?

    a. None for private markets. See question 8 for public markets.

10. Do you have any integration requirements?

    a. It is assumed this question is referring to IT integrations. For technology compatibility requirements, please refer to section 2.2.6.1 in the RFP.

11. Do you have any custom reporting requirements not shared in the RFP? Are there any other specific reporting requirements? If yes, can you share samples and let us know the frequency required?

    a. The WSIB is interested in flexible reporting solutions to meet the stated requirements, and we encourage Offerors to propose creative solutions where feasible.

12. Do you require document management services that assist with collection, classification and storage/delivery?

    a. No.

13. Do you need any assistance with regulatory reporting? If yes, please provide details of what is required.

    a. No.

14. Please confirm your cost basis calculation requirements. Is average cost basis required for all investments? Are alternative cost basis methodologies possible?

    a. The WSIB currently uses average cost for all investments; however, we are potentially open to discussions about using other methodologies.

15. Does the WSIB require any other middle office services? Does the WSIB require trade communications, confirmations, and settlements? Does it require collateral management? If so, how many collateralized accounts does the WSIB have?

    a. No, these services are out of scope for the WSIB at this time. If an Offeror wants to share information about their provision of these services, they may provide *brief* supplemental information in an appendix

to their RFP submittal; however, this information will _not_ be considered as part of the evaluation process.

16. What is the WSIB's current process regarding voluntary corporate actions?

    a. For voluntary corporate actions, the WSIB works with the Custodian on elections and processing, and the details are then provided to the Portfolio Verification System's accounting team for system entry and cash flow reconciliation.

C. WSIB, FUND, AND BACKGROUND INFORMATION

1. Can you provide figures for the following?

   • # of custody banks: 1

   • # of custody accounts: 124, which includes 10 trading accounts and 52 cash accounts (as of 3/31/2025; see Exhibit H)

   • # of fixed income and/or public equity managers: 11 (as of 3/31/2025)

   • # of private market holdings: 383 (as of 6/30/2024; see Exhibit I)

   • # of private markets partners: 113 (as of 6/30/2024)

2. Please provide a list of service providers that the Contractor would interact with outside of the Custodian.

   a. A Contractor providing Option 2 services will need to interact with the WSIB's external managers (accounts identified in Exhibit H).

3. Will the WSIB require any other reconciliations outside of the Custodian? Who are your current custodians/prime brokers?

   a. The WSIB's current custodian is State Street Bank and Trust Company (see section 1.1 of the RFP). Automated reconciliations between external managers and WSIB's back-office service provider, if available, are also in scope.

      Although Contractor(s) will receive trade feeds from Bloomberg listing the relevant broker, they will not interact directly with brokers.

4. What is the fund/investment structure of the entities in this scope of work? Can you share a structure chart/diagram?

   a. The WSIB is one entity, which manages funds on behalf of eight separate stakeholders. The WSIB produces a separate set of annual financial statements for each stakeholder, which we recommend reviewing on our website (www.sib.wa.gov/reports.html).

5. How many trading vehicles or legal entities belong to each structure?

   a. The WSIB is a single legal entity. We manage funds on behalf of eight legally distinct stakeholders.

6. What are the entity types (Trusts, LPs, Holding Companies)? How are the entities related to each other, and do any consolidate into others? Please provide details of any consolidated reporting required.

a. The WSIB is one legal entity. Exhibit H identifies by account the stakeholders for whom WSIB manages investments (see column E "Level 1 Financial Statement"). The one exception is the daily valued funds; these are investment products available to eligible participants (state agencies and retirement fund participants) and are represented, where appropriate, in their financial statements.

7. How many internally managed funds, internally managed Daily Value Funds and externally managed funds are there? Please provide a table to show the type, number of and volume of trades per entity. Also, please include whether funds are open ended, closed ended, the volume of distributions and capital calls, and average monthly open positions.

   a. Please refer to Exhibit H for identification of internally managed funds, internally managed daily valued funds, and externally managed funds by account.

   Note: All commingled funds managed by the WSIB operate as open-ended structures for accounting purposes, but these are not registered investment products. External equity managers are either separately managed accounts or open-ended CIT vehicles.

			Fiscal Year 2024 (7/1/2023 - 6/30/2024)				
			Trading Volume		Open Positions	Capital Calls/ Distributions	
	Fund Type	Fund Count*	$ (in Billions)	Trade Count	Avg Monthly Count	$ (in Billions)	Transaction Count
Option 1	**Internally Managed**	94	$18.0	1,218	14	$19.2	1,649
	Internally Managed Daily Valued	3	$0.9	151	2	N/A	N/A
Option 2	**Externally Managed**	27	*Activity not monitored as part of periodic verifications/reconciliations*		468	N/A	N/A

* As of 3/31/2025. See Exhibit H.

8. What types of investments are classified as "tangible assets" in your portfolio? Can you please provide details on these assets?

   a. These are all private market investments or co-investments. There is one publicly traded security which is held in a separate tangible asset account. Please review Board Policy 2.10.900, *Tangible Assets Investment Policy*, which can be found here: www.sib.wa.gov/docs/policies/2_10_900.pdf.

9. Which sources are used to value the current portfolio?

   a. The Custodian's primary pricing sources are Bloomberg BVAL 4PM for fixed income securities and Thomson Reuters/Refinitiv for publicly traded securities. Private equity is valued monthly from reporting provided by our back-office service provider, Hamilton Lane. CITs are also valued monthly from the share price supplied by the equity manager.

   Independent pricing sources from our current portfolio verification provider for the daily valued funds (Daily Valued Bond and TIPs funds) are from ICE Data Services.

D. IT & SUPPORT REQUIREMENTS

1. For question 25, would the WSIB please clarify whether it is seeking a response on an organization-wide level or specifically related to the proposed product development team.

    a. The WSIB is seeking information about the level of depth and resilience within your IT support organization, which should generally include information about how the teams are structured, their breadth of responsibilities, and how robust your staffing is. Offerors may focus their response as they deem reasonable.

2. Can the WSIB share any documentation around the existing workflows to help define any process(-es) that may require an Offeror to customize its solution?

    a. The WSIB does not necessarily intend to duplicate its current processes. We are open to evolving our operational processes and workflows to accommodate new approaches.

E. CONVERSION

1. Please specify the scope and granularity of historical data that needs to be migrated from the incumbent system, including:

    - Types of data required
    - Level of transaction detail needed
    - Required historical time period for data migration.

    a. The WSIB is not planning to load historical data beyond that which is required for implementation. Conversion is expected to include only point-in-time data necessary to support accurate beginning balances.

2. Would this be a point-in-time conversion, or would there be further requirements? If further requirements are needed, please provide the details.

    a. We anticipate this will be a point-in-time conversion. The conversion process will focus on on-boarding, testing, and parallel processing. Post implementation, WSIB does not expect any additional conversion requirements.

3. Are there any specific data elements that are considered critical for the conversion process?

    a. Point-in-time data will be necessary to ensure beginning balances are accurate, which will be essential for testing/parallel processing.

4. What is the expected format and quality of the data from the incumbent system?

    a. Data formatting details will be determined at a future date. Given that fully reconciled data from a given point in time will be used in a conversion, data quality is anticipated to be very high.