DAVID Y. IGE
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THOMAS WILLIAMS
EXECUTIVE DIRECTOR

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DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

June 13, 2018

ADDENDUM NO. 3
To
Employees' Retirement System of the State of Hawaii
Global Custody Services and Securities Lending
Request for Expression of Interest 2018

Issued March 20, 2018

OFFERORS:

Please replace the following pages with the attached pages (revised 6/13/2018). All changes are in **BOLD** print.

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All other terms and conditions remain unchanged.

Employees' Retirement System
of the State of Hawaii

organization is willing to perform all services mandated. The letter should be signed by the individual(s) authorized to contractually bind your organization. An unsigned submission will be rejected. The letter should also include the name, address, Email address, telephone and fax numbers of the appropriate contact person within your organization. The cover letter must state that the EOI response is valid for six (6) months subsequent to the final filing date May 3, 2018.

C.   General Evaluation Information
     A committee of ERS personnel will evaluate the EOI responses. The committee reserves the right to modify evaluation criteria prior to the submission date for responses. Written notification of any changes will be provided through the addendum process, as set forth in Section II.H.

     ERS seeks to retain the highest quality organization to provide custody and securities lending? services in a fair and competitive process. ERS reserves the right: (i) to not select any EOI response; (ii) to select any portions of a particular response for further consideration; (iii) to accept a response other than the lowest cost response submitted; or (iv) to reject any and all responses received if such action is considered by ERS in its sole discretion to be in the best interests of ERS. ERS seeks innovative ideas, presented in a complete custody and securities lending service package, which can meet the requirements of the ERS' investment and accounting functions and improve the way in which ERS manages its operations.

D.   Evaluation Process
     The evaluation process will be conducted through the following phases:

     Phase 1: Incomplete and/or "unresponsive" responses may be disqualified;

     Phase 2: Responses which do not meet the minimum requirements will be disqualified;

     Phase 3: The evaluation committee will conduct interviews with offerors in Honolulu on September 10-14, 2018. — ELIMINATED N/A

     Phase 4: Offerors may be requested to submit best and final offers no later than 4:30 p.m., HST, on **August 10, 2018**. If a best and final offer is not submitted, the previous submittal will be deemed to be the best and final offer.

     Phase 4: Following the interviews and receipt of best and final offers, the Evaluation Committee will rank the offerors according to the criteria set forth in Attachment 1.

     Phase 5: A contract will be negotiated including fees, with the first ranked candidate. In no case will the negotiation result in a fee that is higher than the fee contained in the proposal. If a satisfactory contract cannot be negotiated with the first ranked candidate, negotiations with that candidate will be formally terminated and negotiations with the next ranked candidate will commence. Negotiations will be conducted confidentially.

E.   Timetable
     By submitting a response, your organization is committing to comply with the timetable set forth in Section III (Key Action Dates) and to effectuate any agreements necessary to implement and enter into a contract with ERS.

III.   KEY ACTION DATES

Listed below are the important actions and corresponding dates by which the actions may be taken or completed. If ERS decides to change a date for any reason, notification will be given via the addendum process described in Section II.H.

Actions	Dates
Release of the Request for EOI	March 20, 2018
Last date for questions	April 6, 2018
ERS' response to questions	April 17, 2018
Deadline for submission	May 3, 2018
Site Visits (if required)	**July 16-20, 2018**
~~Presentations in Honolulu~~	~~September 10-14, 2018* climated n/a~~
Best and Final	**August 10, 2018**
Final selection and notification	**August 24, 2018**
Service initiation	January 1, 2019

*Best estimates at this time

IV.   MINIMUM QUALIFICATIONS

Contractor must comply with all applicable Hawaii laws. Contractor must be willing to be subject to the laws of the State of Hawaii and the jurisdiction of its court system in the administration of the contracts.

CUSTODY

A.   If submitting a response, the candidate must have at least $300 billion in tax-exempt master trust/master custody assets as of December 31, 2017. This amount must include at least $5 billion in international equity and fixed income.

B.   As of December 31, 2017, the candidate must have provided custody services for a minimum of ten (10) years.

C.   The account manager assigned must have had a minimum of five (5) years experience in the master trust/custody field with at least three (3) years experience at the responding firm. The transition team leader and his/her assistant must have worked together on at least one (1) prior major conversion of an account with market value in excess of $5 billion consisting of multiple asset classes.

D.   ERS investments are required to be in compliance with Section 88-119, Hawaii Revised Statutes, as amended, including guidelines established by the ERS Board of Trustees (refer to Attachment 8).