DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

August 9, 2016

Issue: Amendment to the Northern Trust Custody Agreement Fee Schedule

Attachment: Amendment Number 3 to Master Custody Agreement

Discussion: Northern Trust has amended the Master Custody Agreement to reflect the Enhanced Compliance Analyst service fee rate of $1,500 per sub-account per annum ($27,000 in total for 18 ERF sub-accounts). Previous fee was a flat rate of $25,000 per annum.

Recommendation: Approve the amendment to reflect the Enhanced Compliance Analyst Service Level. Suggested motion for the approval is as follows: Move to approve the fee changes as noted and authorize the Board Chair to sign.

AMENDMENT NUMBER 3
TO
MASTER CUSTODY AGREEMENT
Between
EMPLOYEES' RETIREMENT FUND
And
THE NORTHERN TRUST COMPANY

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

WHEREAS, reference is made to the Amended and Restated Master Custody Agreement between the Employees' Retirement Fund of the City of Dallas ("Fund") and The Northern Trust Company ("Northern"), effective May 1, 2008, as amended from time to time, (the "Agreement").

WHEREAS, in accordance with Section 33.18 of the Agreement, Northern and the Fund wish to amend the Agreement as set forth below:

1. Exhibit 2 (Fee Schedule) of the Agreement, which was effective as of May 1, 2008, is hereby deleted and replaced with the attached Exhibit 2 (Fee Schedule), which shall be effective as of March 1, 2016.

NOW, THEREFORE, all other provisions of the Agreement remain in full force and effect.

APPROVED AS TO FORM:

Rafael Stone
Foster Pepper PLLC

By _____
ERF Attorney

EMPLOYEES' RETIREMENT FUND OF THE CITY OF DALLAS

_____
Chair, Board of Trustees

THE NORTHERN TRUST COMPANY

By _____

Title _____

EXHIBIT 2

FEE SCHEDULE

DOMESTIC AND GLOBAL CUSTODY

$125,000 annually

Third Party Foreign Exchange $35

Global market-associated and execution costs such as stamp duty, re-registration and delivery and receipt charges will be passed through at cost, if and as applicable. These Charges are part of the normal and customary cost of doing business in global markets and do not apply to domestic accounts or transactions. These costs, as well as the third party charges listed above, are recorded monthly, by manager, as a transaction and are not separately invoiced.

INVESTMENT RISK AND ANALYTICAL SERVICES

Included in Custody Fees

COMPLIANCE ANALYST – ENHANCED SERVICE LEVEL

An amount equal to; $1,500 per Sub-Account per annum; prorated on the basis of the actual number of days in the period during which such Sub-Account was receiving Enhanced Compliance Analyst services.

The Fund will continue to be charged at the Core Compliance Analyst services rate of $25,000/annually, prorated until such time as the implementation to Enhanced Compliance Analyst Services is complete for all participating Sub-Accounts.

SECURITIES LENDING (pursuant to separate agreement)

20%

COLLECTIVE STIF

8 basis points

TREASURY MANAGEMENT (per separate schedule)

The fee schedule reflects the accounts established at the time this schedule was prepared. The Schedule will be applicable to all accounts that may be added from time to time and without modification of the Schedule, unless warranted by the nature of the new accounts.

Employees' Retirement Fund of the City of Dallas and The Northern Trust Company established this Fee Schedule with the assumption that there will be no substantive changes in the account structure, composition of assets, reporting requirements or in the mix of services delivered by Northern Trust. Further, the Schedule is predicated on the expectation that the client will use the products and services

anticipated during its negotiation. Should there be any significant changes or the client elects not to use one of the anticipated products or services, Northern Trust reserves the right to re-evaluate the fees.

This Fee Schedule is guaranteed through April 30, 2017.