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**California Secure Choice Retirement Savings Investment Board**

**Request for Proposals CSCRSIB07-17  
Program Administrator and Investment Manager Services  
Notice to Prospective Bidders**

**May 30, 2018**

You are invited to review and respond to this Request for Proposals No. CSCRSIB07-17 ("RFP") for Program Administrator and Investment Manager Services for the CalSavers Retirement Savings Program as defined in Government Code Section 100000(b), as amended by SB 1207 of 2018 ("CalSavers" or "Program"). The RFP specifically seeks proposals from qualified entities interested in providing the following Program services:

1. Program Administrator (includes compliance, recordkeeping, marketing, custody, and potentially call center customer service); and/or
2. Investment Manager; and/or
3. Program Manager (defined as combined Program Administrator and Investment Manager services).

The California Secure Choice Retirement Savings Investment Board ("Board") seeks the best possible service structure for the Program. To this end, it will determine the ultimate service structure once it has reviewed all the proposals submitted. Upon final review, which shall include interviews, the Board will then choose the most attractive service structure, and the winning Bidder(s) will be named.

Proposals for Program services must comply with the instructions included in the RFP. The RFP includes the Standard Agreement the selected firm will be expected to execute. The Agreement that will be entered into will include by reference the General Terms and Conditions and Contractor Certification Clauses which may be viewed and downloaded online at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>. The General Terms and Conditions and all Exhibits that are a part of the Sample Standard Agreement are not negotiable. By submitting a proposal, your firm agrees to the terms and conditions stated in this RFP. Proposals that do not accept all items included in the Standard Agreement may be deemed non-responsive and excluded from evaluation.

If you do not have Internet access, a hard copy of the RFP can be provided upon request by contacting the person listed below.

All responses to this RFP must be submitted in hard copy and electronic copy (by thumb drive or disc) and received by the Board no later than **4:00 p.m. Pacific Time on July 17, 2018**. Email or faxed submissions will not be accepted. All proposals must be mailed or delivered to:

California Secure Choice Retirement Savings Investment Board  
915 Capitol Mall, Room 105  
Sacramento, California 95814  
Attention: Katie Selenski, Executive Director

In the opinion of the Board, this RFP is complete and without need of explanation. However, if you have questions or should you need any clarifying information, contact Katie Selenski, Executive Director, by email at [calsavers@treasurer.ca.gov](mailto:calsavers@treasurer.ca.gov). See Section 3.2, Questions and Answers, of this RFP. All questions must be submitted by email by **4 p.m. Pacific Time June 18, 2018**. There will be an Optional Pre-Proposal Conference Call on **June 12, 2018 at 10 a.m. Pacific Time**; firms interested in participating may call in to the conference at **877-810-9415, participant code 6535126**.

Please note that no information given will be binding upon the State unless such information is issued in writing as an official addendum to this RFP.

**PLEASE CAREFULLY READ THE RFP AND FOLLOW THE INSTRUCTIONS.**

**MEMBERS**

JOHN CHIANG, CHAIRMAN  
State Treasurer

BETTY T. YEE  
State Controller

MICHAEL COHEN  
Director of Finance

EDWARD J. DE LA ROSA

HEATHER HOOPER

ROBERT PURCELL

WILLIAM SOKOL

YVONNE R. WALKER

DORA WESTERLUND

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REQUIRED ATTACHMENTS

- Attachment 1 - Required Attachment Check List
- Attachment 2 - Proposal/Proposer Certification Sheet
- Attachment 3 - Bidder References
- Attachment 4 - Minimum Qualifications Certification
- Attachment 5 - Securities and Exchange Commission Form ADV or Proof of Exemption
- Attachment 6 - Key Personnel
- Attachment 7 - Payee Data Record (STD. 204)
- Attachment 8 - Contractor Certification Clauses (CCC 04/2017)
- Attachment 9 - Darfur Contracting Certification
- Attachment 10 - Small Business or Microbusiness Preference (if applicable)
- Attachment 11 - CA Disabled Veteran Business Enterprise (DVBE) Program Participation Instructions

- Attachment 12 - Non-Small Business Preference (if applicable)
- Attachment 13 - Target Area Contract Preference Act (TACPA) (if applicable)
- Attachment 14 - Audited Financials, SEC Filings and FINRA Reports
- Attachment 15 - Service Organization Controls Reports
- Attachment 16 - Bidder Declaration (GSPD-05-105)
- Attachment 17 - California Civil Rights Laws Certification
- Attachment 18 - Iran Contracting Act Certification
- Attachment 19 - Bid Indication Form
- Attachment 20 – California Business License

**SAMPLE STANDARD AGREEMENT**

- Standard Agreement (STD. 213 Form)
- Exhibit A – Scope of Work
- Exhibit B – Budget Detail and Payment Provisions
- Exhibit C – General Terms and Conditions
- Exhibit D – Special Terms and Conditions
- Exhibit E – Additional Provisions

## **1. PURPOSE AND DESCRIPTION OF SERVICES**

### **1.1 Scope Overview**

The California Secure Choice Retirement Savings Investment Board is the administrator of the CalSavers Retirement Savings Program as defined in Government Code section 100000(b) (as amended by SB 1207 of 2018), and the State agency responsible for the effective and efficient administration of the California Secure Choice Retirement Savings Trust ("Trust").

The Board is soliciting proposals from qualified firms, organizations, and/or a consortium of allied financial services companies to provide Program services as Program Administrator, as Investment Manager or as Program Manager (defined as combined Program Administrator and Investment Manager services).

A qualified **Program Administrator** will (i) implement and manage a superior CalSavers Program for California employees who lack access to employer-provided, tax-favored retirement plans, (ii) design simple and efficient enrollment and opt-out processes, (iii) offer individual retirement account ("IRA") expertise and resources, (iv) provide a comprehensive marketing strategy to reach employers and employees, (v) provide seamless administration, recordkeeping and compliance, and (vi) provide or otherwise enable the State to provide responsive, accessible, and culturally competent customer service, all at the lowest possible cost to participants.

A qualified **Investment Manager** will provide investment options with attractive investment performance geared to the anticipated needs and investment objectives of participants, at the lowest possible cost to participants.

A qualified **Program Manager** will provide combined Program Administrator and Investment Manager services, and thus will (i) implement and manage a superior CalSavers Program for California employees who lack access to employer-provided, tax-qualified retirement plans, (ii) design simple and efficient enrollment and opt-out processes, (iii) offer IRA expertise and resources, (iv) provide a comprehensive marketing strategy to reach employers and employees, (v) provide seamless administration, recordkeeping and compliance, (vi) provide or otherwise enable the State to provide responsive, accessible, and culturally competent customer service, and (vi) provide investment options with attractive investment performance geared to the anticipated needs and investment objectives of participants, all at the lowest possible cost to participants.

### **1.2 Bidding Options and Selection of Service Structure**

Bidders will be allowed to submit proposals for stand-alone Program Administrator services, stand-alone Investment Manager services, or Program Manager services (a combination of Program Administrator and Investment Manager services). A Bidder submitting a proposal for Program Manager services may also agree to provide stand-alone Program Administrator services and/or Investment Manager services.

While it is the Board's intention to manage the call center ultimately using State employees, that decision will rest upon consideration of cost, liability and other applicable factors. Bidders who are interested in Program Administrator and Program Manager services will be asked to provide responses to three scenarios pertaining to the call center services. The first is a proposal in which the Program Administrator or Program Manager manages the call center until the end of the contract term. The second proposal includes the Program Administrator or Program Manager managing the call center until the first anniversary of the Program launch and then transitioning the call center services to the State during years two and three of

Program operations, unless otherwise directed by the Board. The third proposal will assume the State manages the call center from the inception of the Program.

The Board seeks the best possible structure for the Program. To this end, it will determine the service structure once it has reviewed all the proposals submitted. The evaluation shall include interviews with finalists as described in Section 3.5, and such interviews may be on-site. Upon final review, the Board will choose the most attractive service structure, and the winning Bidder(s) will be named.

To ensure that each proposal submitted is designated properly, each Bidder must submit the Bid Indication Form included as Attachment 19 in Section 8 of this RFP, indicating clearly the services they propose to provide. **A Bidder submitting a proposal for Program Manager services may also agree to provide stand-alone Program Administrator services and/or Investment Manager services but must indicate this on Attachment 19.**

While the winning Bidder(s) (the “Contractor”) will be under the management purview of the Program’s Executive Director, the Contractor will be expected to consult with the Board at the request of the Executive Director or the Board.

### **1.3 Call Center and Customer Services Proposals**

While, it is the Board’s intention to manage the call center ultimately using State employees, that decision will rest upon consideration of cost, liability and other applicable factors. State employees would use the software provided by the administrator to view accounts and provide customer service. Understanding the complexity and timing necessary to launch the Program, this RFP will ask Bidders who are interested in Program Administrator and Program Manager services to provide proposals for three call center scenarios:

- A. The Program Administrator or Program Manager is responsible for all call center services for the duration of the contract term and any extensions thereof.
- B. The Program Administrator or Program Manager is responsible for all call center services until the first anniversary of the Program launch and then transitions the call center services to the State in years two and three of Program operations, unless otherwise directed by the Board.
- C. The Program Administrator or Program Manager will provide start-up and ongoing training assistance to the State, which manages and operates the call center with California public sector employees from the inception of the Program.

### **1.4 Sample Standard Agreement**

All terms and conditions noted in the Standard Agreement are not negotiable. Proposals that do not accept all items included in the Standard Agreement shall be deemed non-responsive and excluded from evaluation. The agreement entered into pursuant to this RFP (the “Agreement”), if any, will become effective upon approval by the Department of General Services (“DGS”).

### **1.5 Background and Program Overview**

**Retirement Security in California:** With each generation on track to retire poorer than the last, the strain on taxpayer funded health and human services has the potential to undermine the long-term financial stability of the State. Nearly half of California workers are on track to retire with incomes below 200 percent of the federal poverty level. At least sixty-five percent of retirees rely on Social Security for more than half of their income. Seventy-five percent of California’s low and moderate-income retirees rely on Social Security leading to significant hardship. Over 7 million Californians work for employers that do not offer an employer-sponsored retirement plan, two thirds of which work for small businesses with less than 100

employees. Two thirds are people of color, almost half of whom are Latino. Fifty-eight percent are women.

**Program Overview:** The CalSavers Retirement Savings Program is a voluntary retirement savings plan that enables employee participation through payroll contributions into a Roth or traditional IRA, with a Roth IRA as the default. The Program is managed by the California Secure Choice Retirement Savings Investment Board – a transparent, nine-member Board chaired by the State Treasurer. The Program was created by Senate Bill number 1234, which was enacted in September 2016 and took effect January 1, 2017. The Program requires that all private sector employers with five or more employees that do not offer a payroll deduction retirement savings vehicle either begin offering one or provide their employees access to the Program. Under the State mandate, employers would be exempt from the Employee Retirement Income Security Act, enabling their employees access to an automatic payroll deduction IRA with limited administrative duties, no financial cost, and no fiduciary responsibility on the part of the employer.

Employees will benefit from the Program's simple, portable, and low-cost retirement savings options. Contributions will be made directly from the employee's payroll into an IRA, with the option to change their contributions, or opt out, at any time. The CalSavers account will follow employees wherever they go, through career and other life changes, allowing them to contribute to the same account through different participating employers. Administrative expenditures for the Program are statutorily capped at 1% of the total Program fund on and after six years from the date the Program is implemented, creating a low-cost mechanism for California workers to save for a secure retirement.

**Program Features:** The Board approved draft regulations at the February 26, 2018 Board meeting<sup>[1]</sup>. The regulations will be submitted to the Office of Administrative Law for review and a public comment period later this year after consultation with the Program Administrator selected as a result of this RFP. While the final regulations are subject to change, substantive changes are not expected. The regulations in current form include the following Program features:

- Default contribution rate of 5% of salary; participants may elect another rate
- Automatic escalation of contributions of 1% per year up to a maximum of 8%; participants may opt-out of automatic escalation or choose another escalation rate
- Roth IRA default setting; Traditional IRA option available
- Default investment election of the first \$1,000 of contributions to be deposited into a Capital Preservation Investment Option, with subsequent contributions to be deposited into a Target Date or Risk-Based Investment Option, pending final selection by the Board
- Self-employed and other individuals may participate in the Program outside of an employer context by directly linking from their bank accounts to the Program account.

**Feasibility Study and Projections:** Legislation enacted in 2012 required a feasibility study be conducted to examine the viability of the Program prior to final passage of the authorizing legislation. In March 2016, Overture Financial completed its [Market Analysis, Program Design, and Financial Feasibility Study](#) ("Feasibility Study")\*. While we acknowledge the underlying data from the Study is outdated given growth in the economy, this summary is provided to convey the estimated scale of the Program. The key findings included:

(1) The Program will be financially viable and self-sustaining even under adverse conditions with poor investment returns and high opt-outs rates.

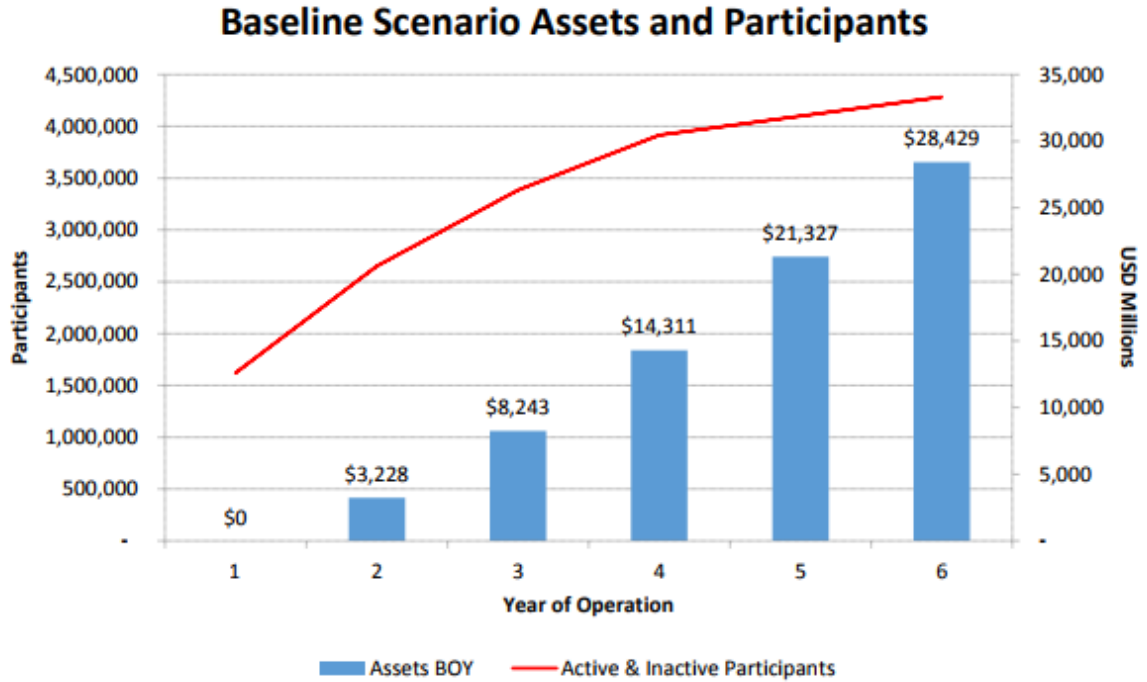
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<sup>[1]</sup> See Program website for the latest information on regulations: <http://www.treasurer.ca.gov/scib/regulations/index.asp>

\* The complete [Study](#) may be found on the CalSavers website at: <http://www.treasurer.ca.gov/scib/report.pdf>

(2) Total fees to participants need not exceed 1% of invested assets and such fees can decline to significantly lower levels after the first 6 years of operation, making the Program very attractive for participants.

(3) Under the conservative assumptions of the Baseline Scenario, with a default contribution rate of 5% and an opt-out rate of 25%, the Program achieves significant scale by the end of the first year of operation with 2.7 million participants and over \$3 billion in assets, as shown in the following chart and associated data table. It also achieves operational breakeven by the fourth year of operation.



The following data table provides supporting data that Overture used for the Feasibility Study:

	BOY Projected Participants	BOY Assets (in \$millions)	Gross Contributions (in \$millions)	Lump Sum Distributions (in \$millions)	Average Assets <sup>†</sup> (in \$millions)	Average Account Balance <sup>‡</sup>
Year 1	1,620,800	\$0	\$3,345	\$66	\$1,614	\$609
Year 2	2,650,668	\$3,228	\$5,336	\$223	\$5,735	\$1,826
Year 3	3,384,948	\$8,243	\$6,611	\$405	\$11,277	\$3,045
Year 4	3,914,733	\$14,311	\$7,404	\$573	\$17,819	\$4,429
Year 5	4,099,996	\$21,327	\$7,493	\$709	\$24,878	\$5,920
Year 6	4,282,794	\$28,429	\$7,633	\$879	\$32,030	\$7,310
Year 7	4,463,275	\$35,630	\$7,806	\$1,039	\$39,304	\$8,680
Year 8	4,582,971	\$42,979	\$7,997	\$1,197	\$46,740	\$10,084
Year 9	4,680,307	\$50,501	\$8,197	\$1,440	\$54,311	\$11,502
Year 10	4,758,900	\$58,121	\$8,402	\$1,647	\$62,002	\$12,947
Year 11	4,816,062	\$65,883	\$8,612	\$1,873	\$69,830	\$14,442
Year 12	4,852,508	\$73,776	\$8,828	\$2,124	\$77,780	\$15,975
Year 13	4,883,474	\$81,783	\$9,048	\$2,286	\$85,891	\$17,541

<sup>†</sup> Assumes Mid-year

<sup>‡</sup> Assumes Mid-year

	BOY Projected Participants	BOY Assets (in \$millions)	Gross Contributions (in \$millions)	Lump Sum Distributions (in \$millions)	Average Assets <sup>†</sup> (in \$millions)	Average Account Balance <sup>‡</sup>
Year 14	4,908,465	\$89,998	\$9,274	\$2,469	\$94,206	\$19,152
Year 15	4,928,517	\$98,413	\$9,506	\$2,682	\$102,709	\$20,840

(4) The sensitivity analyses demonstrated that financing requirements and Program expense ratios are very sensitive to the default contribution rate, but the opt-out rate of less than 50% has a moderate impact on the financials of the program and even an extreme 70% opt-out rate still affords a self-sustaining program with attractive long-term growth.

(5) The analysis of participating employees and employers provides the following projections regarding the phased launch approach. Projections in the table below include supporting data that was used by Overture for the Feasibility Study.

Proposed Launch	Firm Size	Employer		Employee	
		Number of Employers	Estimated Number of Employers Covered by Mandate	Eligible Employees	Estimated Participants (after Opt Out)
2019	1000+	969	339	1,671,847	1,253,885
	500 to 999	1,527	702	268,954	201,715
	100 to 499	20,942	10,680	895,913	671,935
2020	50 to 99	33,180	19,908	660,652	495,489
2021	10 to 49	200,774	146,565	1,777,709	1,333,282
	5 to 9	162,149	139,448	956,707	717,530
--	Total	419,541	317,643	6,231,782	4,673,836

**Investment Options:** The table below represents the passively-managed investment strategies the Board seeks to offer at the inception of the Program. Participants who do not otherwise select an investment option will see their first \$1,000 in contributions invested in the Capital Preservation Investment Option. Contributions made thereafter will be invested in the appropriate Target Date or Risk-Based Investment Options, pending final selection by the Board after review of the responses to this RFP.

Investment Option	Investment Objective	Default Election
Capital Preservation	Investment safety and liquidity	On first \$1,000 Contributed
High Quality Bond	Investment safety and income	--
Global Equity	Growth potential through market exposure	--
Target Date or Risk-Based Suite	Construct a diversified portfolio based on age and or risk profile	On \$1,001 and thereafter
ESG (Equity or Blend of Equity and Bond)	Environmental, social and governance quality of investments	--

The underlying investments included in each Investment Option may be maintained in mutual funds, separately managed accounts, commingled funds, collective investment trusts and/or exchange-traded funds with the only requirement being passively-managed funds ("Index Funds").

Should the Bidder believe there to be alternative investment options, either in addition or in lieu of the above proposed by the Board, the Board encourages investment providers/managers and/or Program Managers to provide alternative recommendations, citing reasons to support their recommended investment options.



## 1.6 Scope of Work

The following Scope of Work details the Board's expectations for the Program Administrator, Investment Manager and the combined services for the Program Manager. The entire range of services include the following:

a) General (Program Administrator and Program Manager)

1. The Contractor will provide all IRA management services for the compliance, administration, recordkeeping, applicable marketing functions and potentially call center customer service of the CalSavers Program in a responsive, accessible, culturally competent and multi-lingual manner, and in accordance with performance standards, which shall be agreed upon by the Board and Contractor. Services shall be performed at the offices of the Contractor, appropriate affiliates, subsidiaries and subcontractors and in compliance with all RFP requirements and the resulting Agreement.
2. The Contractor will administer the Program in compliance with applicable State and federal laws and regulatory requirements.
3. On an ongoing basis, the Contractor will monitor for changes in the legal and regulatory environment that may materially affect the Program, and it will make recommendations for amendments or supplements to the Program processes and offering materials.
4. The Contractor will provide the following services to the Board and must adhere to the Board's applicable standards and policies, as and when adopted by the Board:
  - (a) The Contractor will designate a dedicated key personnel team to serve the Board and it will notify the Board of any changes to the management or compilation of that team in advance of the change to the extent possible or, in any case, as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team;
  - (b) All work to be performed by the Contractor will be reviewed by the Staff or its designee. Such review will not relieve the Contractor of any liability in connection with such work;
  - (c) The Contractor will meet with staff and attend Board meetings (monthly) commencing with the execution of the Agreement, and provide Program-related reports as requested by the Board or its Staff;
  - (d) The Contractor will be responsible for informing the Board of all material activities conducted by it in the operation, administration and monitoring of the Program; and
  - (e) The Contractor must respond to the need for telephone consultation within a 24-hour period and be available to the Board and its staff between the hours of 8 a.m. – 5 p.m. PT.
5. The Contractor's performance will be measured by mutually agreed upon administrative performance criteria ("Administrative Benchmarks"), which will be incorporated by reference into the Agreement.

6. All costs and expenses for administering the Program will be the sole responsibility of the Contractor.

b) Administration (Program Administrator and Program Manager)

1. Administer the Program as a fiduciary for the Board and for Program participants in accordance with all applicable federal securities laws and regulations, State laws and regulations established by the Board governing the Program.
2. The Contractor will provide Program Design assistance and recommendations including information on Program fees and expenses and overall Program financial reporting.
3. The Contractor will provide the following documentation, upon approval from the Program:
  - (a) Program Forms - The Contractor shall develop forms and operating documents necessary to administer the Program;
  - (b) Manuals - There must be a complete and fully documented administration and operations manual that will include current and up-to-date contact information for all parties. It will include documentation and copies of all legally required compliance activities, including those that are investment related;
  - (c) Program Disclosure Statement - Must be included in all employee information packets and shall contain all of the Program rules and material information necessary for participants to make informed decisions regarding their participation in the Program. The Contractor shall prepare any required Supplements to the Program Disclosure Statement and produce and distribute the Program Disclosure Statement and Supplements to the employees/participants in accordance with applicable law;
  - (d) IRA Disclosure Statement and Custodial Agreement - Must be provided to all IRA participants in accordance with applicable Internal Revenue Service ("IRS") regulations and guidance; and
  - (e) Employer Reports – Provide employer-specific reports, if requested by the Program, including information about participants, total contributions/withdrawals, and any other information as permitted under federal IRA rules and state regulations.
4. The Contractor will provide regularly scheduled reports to the Board regarding, but not limited to:
  - (a) The number of accounts and assets in existence and created during the time period;
  - (b) Relevant account activity, and other Program administration information prescribed by the Board; and
  - (c) Reporting at the employer and Program level.
5. Reporting will be requested at least monthly.
6. If required, the Contractor shall provide necessary reports to federal and State entities regarding accounts and account activity.

7. The Contractor will comply with a Program annual audited financial report to be performed by an independent certified public accountant selected by the Board.
8. The Contractor will be required to provide annual SOC1 and SOC2 Type 2 reports. When the Contractor utilizes Subcontractors to perform some or all of the services stipulated in this RFP, the Contractor will be required to provide SOC1 and SOC2 Type 2 reports for the Subcontractors as well.
9. Upon request, the Contractor shall provide the Board access to all files, records, documents and data pertaining to the Program that are in its possession and control, regardless of how that information is stored ("Program Records"). The Program Records shall be provided in a reasonable time and in a form acceptable to the Board.
10. At its expense, the Contractor also shall provide the Board all Program Records in a useable electronic form after notice from the Board that the Agreement will terminate.

c) Recordkeeping (Program Administrator and Program Manager)

1. The Contractor will provide a best-in-class IRA platform and IRA custodial services that incorporate all components that individuals need to accommodate an IRA payroll deduction plan for retirement. This platform should include, but is not limited to, contributions, distributions, earnings, and beneficiary information. The platform must ensure the confidentiality of personal information, including identification numbers or account codes in accordance with industry best practices and all applicable federal and State laws and regulations.
2. The Contractor will provide custodial services necessary to support the Trust portfolios, including, but not limited to, the following: custody, segregation of funds, cash management, banking services, and purchase and sale of underlying investments.
3. The Contractor must perform "know your customer" and Office of Foreign Assets Control screening of each participating employee.
4. The Contractor shall provide all necessary IRA administrative and recordkeeping services, including the following:
  - (a) Provide enrollment online, through a mobile application, and through a central mailing location that can receive express deliveries and deliveries by normal U.S. postal services;
  - (b) Maintain contact information for participants, beneficiaries and authorized third parties, as applicable;
  - (c) Provide separate accounting for each participant including contributions, investment changes and distribution history, on a daily basis;
  - (d) Monitor limitations on IRA contributions and notify participants of excess contributions prior to tax filing deadlines;
  - (e) Generate and distribute IRA confirmation statements and quarterly account statements, which shall be available online and delivered electronically and/or by U.S. postal mail, in accordance with applicable federal and State

laws. The IRA quarterly account statements should include contributions, distributions and earnings and be easy to understand with simple descriptions of the investment options. IRA confirmation statements and quarterly account statements should display information specific to the Program;

- (f) Generate annual account statements, which shall provide current account information and be delivered by U.S. postal mail and/or provided via electronic delivery, in accordance with applicable federal and State laws. Annual account statements should display information specific to the Program;
  - (g) Generate and distribute IRS Forms (e.g., 1099-R and 5498);
  - (h) Provide 24/7 secure online and mobile application account access and account maintenance;
  - (i) Process IRA rollovers to/from qualified retirement plans;
  - (j) Accept contributions into and process distributions from the Program via ACH, payroll direct deposit and physical checks via the U.S. postal service; and
  - (k) Process requests for Program literature and forms and any other reasonably-related administrative services necessary to operate the Program.
5. The Contractor will maintain industry best-practice quality control procedures to minimize errors during enrollment, contribution remittance, data transfers, and reporting, and take all actions necessary to ensure the confidentiality and privacy of information and data for all employers, employees, participants, and beneficiaries, as applicable.
6. The Contractor will provide a web-based employer platform that will serve as the employer's primary source of information and assistance in fulfilling their Program responsibilities. The platform must include necessary transactional capabilities and pertinent instructions for the employer.
7. The self-service employer platform should allow the employer to:
- (a) Create and manage their roster of employed individuals;
  - (b) Manage the submission, correction and funding of all periodic payroll contributions for employees;
  - (c) Enter, remit and fund payroll contribution files; and
  - (d) Provide access to employer delegates as needed.
8. In addition, the employer platform should include alerts and notifications to support the employer as well as Program-related information including Program forms.
9. The Contractor should provide a secure website and mobile application, which provide account access to participants, and allow for self-service account

maintenance. This website and mobile applications should utilize state-of-the-art security and password protocols.

10. The Contractor should also provide a public website that describes the Program, clearly explains the benefits of retirement saving and provides information on IRA accounts (including tax implications). The public website also should include retirement savings education and modelling tools and be functional on mobile devices.
11. The Contractor must comply with the unclaimed property laws and any other laws regarding abandoned property as applied to IRA accounts.
12. The Contractor must provide a voice response unit and online servicing access during hours that the call center is not staffed.

d) Call Center and Customer Service (Program Administrator and Program Manager).

With respect to call center scenarios A and B described in Section 1.3 above:

1. Contractor must provide all call center and customer service support for employers, employees, participants, beneficiaries, and authorized third parties to ensure effective operation of CalSavers. All telephone calls must be recorded for training and quality control purposes.
2. The Contractor must provide live customer service representatives from 8:00 a.m. to 7:00 p.m. PT, Monday through Friday, except holidays. A reasonable number of these customer service representatives must be multi-lingual.
3. The Contractor's customer service representatives must be knowledgeable about CalSavers and alternative retirement savings plans and trained to ensure necessary consumer protections.
4. The Contractor must provide a customer service record that will identify, track, and report on all calls with employers, employees, participants, beneficiaries or authorized third parties. The customer service record must include how the matter was resolved.
5. The Contractor must provide a quarterly report outlining customer service inquiries and results, the number and types of complaints and the manner in which they were resolved, and such other information as the Board requests, including prior year comparisons on requested information.

With respect to call center scenario B described in Section 1.3 above:

6. The Contractor must facilitate the orderly transition of the call center to the State in accordance with the terms of the Agreement.
7. The Contractor will provide State employees access to its software to view and make changes to accounts and to provide customer service.
8. The Contractor will be responsible for the initial and ongoing software training.

With respect to call center scenario C described in Section 1.3 above:

9. The Contractor will provide State employees access to its software to view and make changes to accounts and to provide customer service.
10. The Contractor will assist the State in recommending the acquisition and setup of the technology infrastructure necessary for the State to provide call center services.
11. The Contractor will be responsible for the initial system, IRA compliance and general call center training of all employees in accordance with all applicable rules and regulations.
12. The Contractor will be responsible for establishing or advising upon the necessary compliance, risk and oversight policies and procedures for a large call center operation related to a securities product.
13. The Contractor will advise upon disaster recovery / business resiliency services.

e) Marketing and Outreach (Program Administrator and Program Manager)

1. The Contractor must develop CalSavers marketing materials that provide retirement savings education, investor education and Program awareness across California, including materials in foreign languages in accordance with any applicable State law. The materials and messaging will be culturally appropriate for the Program's audiences. The Contractor will support the Board's efforts to reach all possible eligible employers and their employees. Contact information for employers will be provided to the Contractor from State sources.
2. The Contractor shall provide all necessary marketing services including, but not limited to, the following:
  - (a) Create and produce educational materials, including materials for use prior to the launch of the Program, for employers in multiple mediums;
  - (b) Create and produce educational materials, including financial literacy materials, for employees in multiple mediums;
  - (c) Develop and maintain a Program website for the general public; and
  - (d) Create, produce and initiate communications with employers and employees.
3. The Contractor will present an annual marketing plan to the Board for review and approval. The marketing plan should include all strategies and mechanisms anticipated to reach the broadest audience of eligible employers and employees in California. The annual marketing plan will be based upon the Contractor's annual marketing commitment to be used for marketing and promotional expenditures, excluding overhead charges. All marketing plans will be subject to the Board's approval.
4. The Contractor will provide regularly scheduled reports on marketing expenditures and will be expected to provide an analysis of the effectiveness of its marketing strategies.
5. The Contractor will work with any additional marketing firms the Board retains to support brand, public relations, or other marketing services.

f) Investments (Investment Manager and Program Manager)

1. Manage underlying investments in accordance with State law and all applicable federal securities laws and regulations.
2. Manage Investment Option(s) as a fiduciary for the Board and for Program participants in accordance with the Board's Investment Policy Statement, and other Program investment objectives established by the Board, in accordance with all applicable federal securities laws and regulations.
3. Provide the following investment design and investment option services:
  - (i) Based upon the sample Investment Options included in Section 1.5, provide IRA-compliant investment options that would appeal to a wide range of participants with various risk tolerance levels and contribution levels.
  - (ii) Ensure that each proposed investment option may, at the direction of the Board, be removed, or replaced with an alternative investment option. The Board may consider recommendations for additional investment options at a future point after inception of the Program.
  - (iii) In order to achieve the lowest possible expense ratios, utilize institutional type share classes, separately managed accounts, collective investment trusts, exchange-traded funds and/or commingled funds.
4. Cooperate and communicate with the Board, staff and the Board's Investment Consultant (Meketa Investment Group) in all evaluations of the investment options and periodic audits.
5. Designate a dedicated key personnel team to serve the Board and notify the Board of any changes to the management or composition of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team.
6. Respond to the need for telephone consultation within a 24-hour period and be available to the Board and its staff between the hours of 8 a.m. – 5 p.m. PT.

**1.7 Term of Agreement**

The term of the Agreement will be seven (7) years from the date of the first eligible employee enrollment with three (3) one-year extension options, if desired by the Board, for a possible total term not to exceed ten (10) years.

**2. MINIMUM QUALIFICATIONS****Bidder must complete Attachment 4 certifying that the Bidder meets the following minimum qualifications.**

Bidders must establish each of the following minimum qualifications. If the Bidder is a consortium or includes subcontractors, all partners/subcontractors must also establish compliance with each of the following minimum qualifications:

**2.1 For Program Administrator and Program Manager:**

- a) Bidder(s) must hold and maintain all licenses and registrations required by or otherwise needed to comply with applicable federal and state laws for businesses offering municipal securities, investments, and retirement services, as applicable, including among others,

satisfaction of criteria established by the IRS to act as a custodian or trustee of each IRA established under the Program. All licenses and registrations must be current and in good standing.

- b) Must be qualified to do business in the State of California. If awarded the contract, Bidder must be able to provide, at the State's request, evidence of qualification to do business in the State of California from the California Secretary of State, including the qualification of any subcontractors.
- c) Bidder(s) may not currently or during the term of the Agreement executed pursuant to this RFP have a contractual relationship with the Board's Program Consultant (AKF Consulting) or with its Investment Consultant (Meketa Investment Group).
- d) The Respondent must have a minimum of five (5) years' experience managing or administering IRAs or similar defined contribution retirement plans, or with programs that require the same or similar services to those described in Section 1.6 of this RFP.
- e) As of March 31, 2018, the firm must: administer at least five defined contribution plans with more than 5,000 participants or administer 250,000 Individual Retirement Accounts or similar vehicles.
- f) As of March 31, 2018, the firm must have a minimum of \$5 billion across all defined contribution plan or Individual Retirement Account assets under administration.
- g) The senior professionals in charge of providing the Services must each have at least five (5) years relevant experience.
- h) As of the final date for proposal submission, the firm has been in operation for at least five (5) continuous years as evidenced by submission of Attachment 14, Audited financial statements for the last five (5) years.

## **2.2 For Investment Manager:**

- a) Bidder(s) must hold and maintain all licenses and registrations required by or otherwise comply with applicable federal and state laws for businesses offering securities, investment and retirement products. All licenses and registrations must be current and in good standing.
- b) Must be qualified to do business in the State of California. If awarded the contract, Bidder must be able to provide, at the State's request, evidence of qualification to do business in the State of California from the California Secretary of State, including the qualification of any subcontractor.
- c) Bidder(s) may not currently or during the term of the Agreement executed pursuant to this RFP have a contractual or other business relationship with the Board's Program Consultant (AKF Consulting) or with its Investment Consultant (Meketa Investment Group).
- d) As of March 31, 2018, the firm must have a minimum of \$2 billion in assets under management.
- e) As of the final date for proposal submission, the firm has been in operation for at least five (5) continuous years as evidenced by submission of Attachment 14, SEC filings for the last five (5) years.



### **3. PROPOSAL REQUIREMENTS AND INFORMATION**

#### **3.1 Schedule (Key Action Dates)**

All Bidders are hereby advised of the following schedule and will be expected to adhere to the required dates and times—all times are Pacific Time (“PT”).

<b>Date</b>	<b>Action</b>
May 30, 2018	RFP Available to Prospective Bidders
June 12, 2018, 10am PT	Optional Pre-Proposal Conference
June 18, 2018, 4pm PT	<b>Deadline for Written Question Submission</b>
June 22, 2018, 4pm PT	Bidder Contact Information Provided Answers to Written Questions Distributed
July 17, 2018, 4pm PT	<b>Deadline for Proposal Submission</b>
August 6 - 10, 2018	Interviews
August 20, 2018	Notice of Intent to Award
Week of August 27, 2018	Contract Award
September 2018	Effective Date of Contract (upon DGS approval)

The Board reserves the right to change the above dates and times, and, if so, an addendum to the RFP will be issued and made available online at <https://caleprocure.ca.gov/>. Potential Bidders that submit contact information in accordance with Section 3.4(o) of this RFP also will be notified via email. The Board also reserves the right to reject all bids and not to award an Agreement at all.

#### **3.2 Questions and Answers**

In the opinion of the Board, this RFP is complete and needs no further explanation. However, if you have questions, or should you need any clarifying information, you may submit written questions no later than **4pm PT on June 18, 2018** by email to [calsavers@treasurer.ca.gov](mailto:calsavers@treasurer.ca.gov).

Answers to all written questions received by **4pm PT on June 18, 2018** will be available online at <https://caleprocure.ca.gov/> by **4pm PT on June 22, 2018**.

#### **3.3 Optional Pre-Proposal Conference Call**

- a) An optional pre-proposal conference call is scheduled for **June 12, 2018 at 10am PT** via conference call by calling **877-810-9415, participant 6535126** for the purpose of discussing this RFP.
- b) For Bidders who need assistance due to a physical impairment, a reasonable accommodation will be provided by the awarding agency, upon request for the pre-proposal conference call. The Bidder must notify Katie Selenski at [calsavers@treasurer.ca.gov](mailto:calsavers@treasurer.ca.gov) no later than **June 10, 2018** to arrange for a reasonable accommodation.

#### **3.4 Submission of Proposal**

- a) Proposals should provide straightforward and concise descriptions of the Bidder’s ability to satisfy the requirements of this RFP. The proposal must be complete and accurate. Omissions, inaccuracies, or misstatements may be cause for rejection of a proposal.

- b) In preparing proposals, Bidders must:
- (i) Include a cover letter stating:
    - A. The name, address, email, phone and fax numbers of the principal contact responsible for the oversight of the engagement. Indicate the availability of this person for meetings with Board and Board staff.
    - B. The name, address, email, phone and fax numbers of the project representative who will be available to the Board and its staff on a day-to-day basis during the term of the Agreement.
    - C. The name, address, email, phone, fax number and name of a key contact at each partner, if a consortium, and subcontractor, and what the person would be responsible for under the Agreement.
  - (ii) List responses to each Question in Sections 4 and 5 in the same order as listed in this RFP.
- c) All proposals must be submitted in hard copy and electronic copy (by thumb drive or disc) under **sealed** cover and received by the Board by **4pm PT on July 17, 2018**, unless the Board provides notice that the date has been changed. **Proposals received after this date and time will not be considered.** Proposals received by fax or email will be rejected.
- d) One (1) original including Required Attachments and nine (9) copies of the proposal and an electronic version of the proposal (by thumb drive or disc), along with one (1) copy of the Required Attachments as described in Section 8 of this RFP, shall be mailed or delivered to the Board at the following address for U.S. Postal Service or hand deliveries (UPS, Express Mail, Federal Express, etc.):

California Secure Choice Retirement Savings Investment Board  
915 Capitol Mall, Room 105  
Sacramento, California 95814  
Attention: Katie Selenski, Executive Director

- e) The original proposal must be marked "**ORIGINAL COPY**". All documents contained in the original proposal package must have **original signatures** and must be signed by a person who is authorized to bind the proposing firm. All additional proposal sets may contain photocopies of the original package.
- f) The proposal envelopes must be plainly marked with the RFP number and title, your firm name and address, and must be marked with "**DO NOT OPEN**", as shown in the following example:

**Request for Proposals No. CSCRSIB07-17**  
**Program Administrator and Investment Manager Services**  
**Firm Name**  
**Firm Address**  
**Contact Person and Phone Number**  
**"DO NOT OPEN"**

Proposals may not be made under a fictitious name or business title. The actual legal name of Bidder must be provided.

Proposals not submitted under sealed cover and marked as indicated may be rejected.

- g) **Proposals that omit the Minimum Qualifications Certification that is included in Attachment 4 of Section 8 will not be considered.** Proposals shall include each of the required attachments on the Required Attachment Check List. Proposals that do not comply with the requirements of the RFP shall be deemed non-responsive. This includes not meeting the minimum qualifications outlined in Section 2 of this RFP and failure to submit all of the Required Attachments outlined in Section 8 of this RFP. A proposal deemed non-responsive will be rejected.
- h) The Board reserves the right to reject all bids and not to award an Agreement.
- i) Proposals must be submitted for the performance of all the services selected on the Bid Indication Form included as Attachment 19 in Section 8 of the RFP. Any deviation from the selected services will not be considered and will cause a proposal to be rejected.
- j) A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. The Board may reject any or all proposals and may waive any immaterial deviation in a proposal. The Board's waiver of immaterial defects shall in no way modify the RFP document or excuse the Bidder from full compliance with all requirements if awarded the Agreement.
- k) The Bidder is solely responsible for the costs of developing proposals and costs incurred in anticipation of award of the Agreement. Such costs shall not be charged to the Board.
- l) An individual who is authorized to bind the Bidder contractually shall sign Required Attachment 2 in Section 8, the Proposal/Proposer Certification Sheet. The signature must indicate the title or position that the individual holds in the firm. An unsigned proposal may be rejected.
- m) A Bidder may modify a proposal after its submission by withdrawing its original proposal and resubmitting a new proposal prior to the proposal submission deadline as set forth in the Schedule (Key Action Dates) in Section 3.1 of this RFP. The submission of a new proposal must comply with the requirements in this Section. Proposal modifications offered in any other manner, oral or written, will not be considered.
- n) A Bidder may withdraw its proposal by submitting a written withdrawal request to the Board, signed by the Bidder or an agent authorized in accordance with Subsection m) immediately above. A Bidder may thereafter submit a new proposal prior to the proposal submission deadline. Proposals may not be withdrawn without cause subsequent to the proposal submission deadline.
- o) The Board may modify this RFP prior to the date fixed for submission of proposals by the issuance of an addendum to all interested Bidders providing contact information, including an email address and phone number. The contact information must be provided to Katie Selenski at [calsavers@treasurer.ca.gov](mailto:calsavers@treasurer.ca.gov) by **June 22, 2018**, when the Board will provide answers to any questions submitted in accordance with Section 3.2 of this RFP. The Board will also provide updates by email to all Bidders who have expressed interest and provided contact information.
- p) Upon announcement and release of this RFP and until selection of the winning Bidder (and Notice of Intent to Award the Agreement), Bidders (or potential Bidders) are not permitted to communicate with the Board, its staff or its Program and Investment Consultants with respect to the RFP except in connection with process and procedures related to the RFP. Any communication must be directed to Katie Selenski at [calsavers@treasurer.ca.gov](mailto:calsavers@treasurer.ca.gov).

- q) Bidders are cautioned to not rely on the Board or Staff to discover and report to the Bidder any defects and errors in the submitted documents. Before submitting their proposals, Bidders should carefully review them, correct all errors, and confirm compliance with all of the RFP requirements.
- r) More than one proposal from any firm, under the same or different names, for individual Program Administrator or Investment Manager services, will not be considered. A Bidder is eligible to participate in multiple proposals if the Bidder is submitting a single proposal for Program Administrator or Investment Manager services and is a party to a proposal(s) for Program Manager services. Reasonable grounds for believing that any Bidder has submitted more than one proposal for the work contemplated herein will cause the rejection of all proposals submitted by that Bidder. If there is reason for believing that collusion exists among the Bidders, none of the participants in such collusion will be considered in this or future procurements.
- s) Where applicable, Bidder should carefully examine work sites and specifications. No additions or increases to the Agreement amount will be made due to a lack of careful examination of work sites and specifications.
- t) No oral understanding or agreement shall be binding on either party.

### **3.5 Evaluation Process**

All proposals will be reviewed by an Evaluation Committee and the final selection will be made and approved by the Board. The initial review of the proposals will confirm that all information has been submitted in conformity with the requirements of this RFP. The absence of required information will cause a proposal to be deemed nonresponsive and may result in the proposal's disqualification. Responsive proposals will then be scored according to criteria herein. Proposals that do not accept the Terms and Conditions contained in the Standard Agreement may be considered non-responsive and rejected by the Board.

The Board's Program Administrator and Investment Manager Services procurement is being issued as a single RFP. Bidders will be allowed to submit proposals for stand-alone Program Administrator services, stand-alone Investment Manager services or for Program Manager services (a combination of Program Administrator and Investment Manager services). A Bidder submitting a proposal for the Program Manager services may also agree to provide stand-alone Program Administrator services and/or Investment Manager services.

The evaluation process will include three phases:

#### **Phase 1. *Peer evaluation of Bidders.***

Finalists from each category may be asked to participate in Phase 2. For example, all stand-alone Program Administrator proposals will be scored and ranked. The same will be true for stand-alone Investment Manager proposals and Program Manager proposals, respectively. The Evaluation Committee will allot points within each bid category for each component of the RFP, as shown in the following chart:

Category	Program Administrator	Investment Manager	Program Manager
Firm Background and Organization	10	10	7.5
Administration	10	0	7.5
Recordkeeping	10	0	7.5
Call Center and Customer Service	10	0	7.5
Marketing and Outreach	30	0	20
Investment Structure and Experience	0	60	20
Fees	30	30	30
<b>Phase 1 Total Score</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Phase 2. Individual interviews by the Evaluation Committee.**

The Evaluation Committee will request interviews with the Phase 1 finalists. The interviews may take place in the offices of the Bidder. If necessary, the Evaluation Committee will provide finalists from Phase 1 with a common list of questions it deems necessary to clarify the written proposals. In Phase 2, Fees will be adjusted to represent 30 percent of the new total score. The Evaluation Committee will allot points for each component of the RFP, as shown in the following chart:

Category	Program Administrator	Investment Manager	Program Manager
Firm Background and Organization	10	10	7.5
Administration	10	0	7.5
Recordkeeping	10	0	7.5
Call Center and Customer Service	10	0	7.5
Marketing and Outreach	30	0	20
Investment Structure and Experience	0	60	20
Fees ( <i>Adjusted for Interviews</i> )	36	36	36
<b>Phase 1 Total Score</b>	<b>106</b>	<b>106</b>	<b>106</b>
<b>Phase 2 Interview</b>	<b>20</b>	<b>20</b>	<b>20</b>
<b>Phase 2 Total Score</b>	<b>126</b>	<b>126</b>	<b>126</b>

**Phase 3. Analysis of the best structure for the Program between the two categories: (i) combined Program Administrator and Investment Manager and (ii) Program Manager.**

Based upon the Phase 2 scoring, the totality of information provided in written submissions and interviews, as well as an analysis of the most effective and efficient structure for the Program and its Participants in terms of total cost, program administration, complexity and efficiency, and services to the Employer and Employee communities, the Evaluation Committee will determine whether to proceed with a single Bidder or multiple Bidders.

To ensure that each proposal submitted is designated properly, each Bidder must complete and submit the Bid Indication Form included as Attachment 19 in Section 8 of the RFP, indicating clearly the services that they propose to provide.

- a) The following point scale will be used to score the responses to each scored category except with regard to fees.

Points Awarded	Interpretation	General Basis for Point Assignment
100%	Exceptional	Category is addressed with the highest degree of confidence in the bidder's response. The response exceeds the Board's needs, requirements or expectations with superior background/experience/expertise
80%	Excellent	Response fully meets the Board's needs, requirements or expectations with a high degree of confidence in the bidder's response. Bidder offers one or more enhancing feature, method, or approach exceeding basic expectations.
60%	Good	Response fully addresses category being scored. Good degree of confidence in the bidder's response. Minimal weaknesses are acceptable.
40%	Adequate	Response (i.e. content and/or explanation offered) is adequate to meet the Board's needs, requirements or expectations. Any omission(s), flaw(s), or defect(s), are inconsequential and acceptable.
20%	Minimally adequate	Minimally addresses the category being scored, but one or more major considerations of the category are not addressed or are addressed in such a limited way that it results in a low degree of confidence in the bidder's response.
0%	Inadequate	Fails to address any portion of the category being scored. The omission(s), flaw(s), or defect(s) are significant and unacceptable.

- b) Proposals that contain false or misleading statements or provide references that do not support an attribute or condition claimed by the Bidder, may be rejected. If, in the opinion of the Board, such information was intended to mislead the Board in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, it will be the basis for rejection of the proposal.
- c) The Evaluation Committee will review all proposals for the quality of the written proposal, including clarity and thoroughness of the responses.
- d) The Agreement will be awarded to the responsible and responsive Bidder or combined Bidders with the highest total score.
- e) The Board is not required to award an Agreement.

**3.6 Award and Protest**

- a) Notice of the proposed award shall be posted in a public place at the Office of the Board, 915 Capitol Mall, Room 105, Sacramento, CA 95814 and online at [www.treasurer.ca.gov/scib](http://www.treasurer.ca.gov/scib) for five (5) working days prior to awarding the Agreement.
- b) If any Bidder, prior to the award of the Agreement, files a protest with the Board and the DGS Office of Legal Services, 707 Third Street, 7<sup>th</sup> Floor, Suite 7-330, West Sacramento, CA 95605, on the grounds provided under Public Contract Code Section 10345(b), the Agreement shall not be awarded until either the protest has been withdrawn or DGS has decided the matter. It is suggested that any protest be submitted by certified or registered mail.
- c) Within five (5) days after filing the initial protest, the protesting Bidder shall file with the Board and the DGS Office of Legal Services a detailed written statement specifying the grounds for the protest. It is suggested that this detailed written statement be submitted by certified or registered mail.

- d) Upon resolution of the protest and award of the Agreement, Contractor must complete and submit to the Board the Payee Data Record (STD 204), to determine if the Contractor is subject to state income tax withholding pursuant to California Revenue and Taxation Code Sections 18662 and 26131. This form can be found on the Internet at <https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>. No payment shall be made unless a completed STD 204 has been returned to the Board.
- e) Upon resolution of the protest and award of the Agreement, Contractor must sign and submit to the Board, page one (1) of the Contractor Certification Clauses (CCC 04/2017), which can be found on the Internet at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

### **3.7 Disposition of Proposals**

- a) Upon proposal opening, all documents submitted in response to this RFP will become the property of the Board and the State and will be regarded as public records under the California Public Records Act (Government Code Section 6250 et seq.), subject to review by the public.
- b) The Board has the right to use any or all ideas or concepts presented in any proposal. Selection or rejection of the proposal does not affect this right.
- c) Proposal packages may be returned only at the Bidder's expense, unless such expense is waived by the Board.

### **3.8 Agreement Execution and Performance**

- a) Performance shall start on the Agreement start date, or on the express date set by the Board and the Contractor, after all approvals have been obtained and the Agreement is fully executed. If the Contractor fails to commence work at the agreed upon time, the Board, upon five (5) days written notice to the Contractor, reserves the right to terminate the Agreement. In addition, the Contractor shall be liable to the State for the difference between Contractor's proposal price and the actual cost of performing work by another contractor.
- b) All performance under the Agreement shall be completed on or before the termination date of the Agreement.
- c) The Standard Agreement contains the language that the Board expects to utilize for this engagement. Once this RFP has been issued, the terms of the Standard Agreement are non-negotiable. The Agreement, if any, will become effective upon approval by DGS. The term of the Agreement will be seven (7) years from the date of the first eligible employee enrollment with three (3) one-year extension options, at the Board's sole discretion, for a possible total term not to exceed ten (10) years. The Agreement shall require approval by DGS. In no event shall services be performed prior to approval by the DGS Office of Legal Services.

**4. QUALIFICATIONS AND EXPERIENCE**

Questions in Section 4 are intended to demonstrate the Bidder's qualifications. Points will be awarded for the Bidder's response(s) to each question. The allocation of points is defined in Section 3.5 of this RFP entitled "Evaluation Process." Questions should also be answered for each relevant partner or subcontractor. Each Subsection of questions will identify the need to respond based on Program Administrator services, Investment Manager services, Program Manager services or all Bidders. In preparing proposals, the Bidder must list each question and then provide the Bidder's response to that question in the same order listed in this RFP.

**4.1 Firm Background and Organization (All Bidders)**

1. Provide an overview of your firm, and any subcontractor(s), including organizational and corporate structure. Please describe any potential or recently completed changes in ownership structure, if any.
2. Explicitly identify the entity that will serve as the Agreement party, as well as all affiliates, subsidiaries, subcontractors and other entities that will provide services, including IRA custodial services, to meet the requirements of this engagement. Disclose primary location, as well as the location of any facility located outside of the primary location that will be used to provide the services.
3. If the Agreement party is not a parent entity, indicate your willingness to provide a parent guarantee or propose a suitable alternative (e.g., letter of credit, surety bond or an alternative) to ensure performance of the services to be provided pursuant to the Agreement.
4. Complete the table in Attachment 6 of Section 8 identifying all key personnel who will be responsible for performing services pursuant to this RFP. This should include all applicable personnel: the executive with overall responsibility for the firm's engagement to the Board, the day-to-day manager, the investment professional responsible for the overall investment management (if applicable), the senior-most marketing professional, and the senior-most professional(s) responsible for administration, recordkeeping and customer service (hereafter referred to as Key Personnel). Provide professional resumes for each of these individuals in Attachment 6.
5. Please indicate in the following table whether your firm currently manages or otherwise provides services similar to those sought by this RFP to IRAs, defined contribution plans or similar plans. If so, list the details, including type of program, number of participants, assets and accounts (as applicable to the services you're proposing), services provided (specify if acting as a subcontractor), and the start and expiration dates of your current contract(s).

Plan Type	3/31/2018			Services Provided	Length of Service
	Participants	Assets	Accounts		

6. Is your firm registered or exempt from registration under the Investment Advisors Act of 1940 (the "40 Act"), the Securities Exchange Act of 1934, as amended (the "34 Act"), any State regulatory agency, or any U.S. Government department or agency? With respect



to the 40 Act, please provide FORM ADV or Proof of Exemption in Attachment 5 of Section 8. Please also provide your firm's Securities and Exchange Commission ("SEC") file number.

7. Is your firm registered as a broker-dealer under the 34 Act? If so, is your firm a current member in good standing with the Financial Industry Regulatory Authority ("FINRA")? If your firm also required to file Financial and Operational Combined Uniform Single Reports ("FOCUS Reports")? If so, please provide a copy of or a link to your most recent FOCUS Report in Attachment 14 of Section 8. Please also provide your firm's Central Registration Depository number.
8. Are you current on all required SEC and other regulatory filings? If yes, please provide links to filings for the last five years ending December 31, 2017 and any quarterly filings as of March 31, 2018 in Attachment 14. If no, please explain.
9. Does your firm have an active current registration as a broker-dealer with the California Department of Corporations?
10. Are you a member of SIPC, FDIC, or NCUA? If SIPC, state the amount of SIPC protection.
11. Attach a copy of or provide an online link to your most recent audited financial statements and the immediately preceding four years in Attachment 14. If audited financial statements are not available, provide a copy of or access to your most recent unaudited financial statements or annual report and the immediately preceding two years as compiled, reviewed and attested by an independent certified public accountant or certified as accurate by your Chief Financial Officer.
12. Identify the independent accounting firm that provides audit and other attestation services to your firm, as well as your affiliates, including to funds sponsored by your organization, if applicable. In addition, provide copies of the most recent SOC1 and SOC2, Type 2 reports covering the activities of your organization that will provide the applicable services to the Program under your proposal (Attachment 15 in Section 8). If your proposal includes sub-service providers, indicate if the SOC1 report is performed under SSAE16 or SSAE18. If SSAE 16, describe your oversight and risk management procedures to ensure the operating effectiveness of your sub-service providers. To the extent your organization does not have either of the SOC1 or SOC2 reports, describe your organization's plans and timing to provide such reports in the future.

#### **4.2 Administration (Program Administrator and Program Manager)**

1. Describe how your firm is best suited to meet the needs of the Program with particular emphasis on program design, implementation, and ongoing IRA plan administration.
2. Provide a Project Plan for a pilot launch (eligible for participant contributions) in the fall of 2018 and a full Program launch (eligible for participant contributions) in early 2019. Specify circumstances that could cause a delay to the launch of either the pilot or the full Program.
3. Describe the enrollment processes you would offer in light of State law governing the Program, including the employer and participant responsibilities.
4. Provide samples of documentation your firm has produced including IRA enrollment and beneficiary designation forms, Operational Manuals, Program Disclosure Statement, IRA Disclosure Statement and employer Reports. If your firm has not created these documents in the past, please describe how you will provide these documents.

5. Describe your firm's policies and procedures for complying with applicable federal tax and securities laws, SEC, IRS and Municipal Securities Rulemaking Board ("MSRB") rules and regulations, California statutes and regulations, and industry best practices for IRA administrators.
6. What additional reporting, if any, would your firm and subcontractor(s) provide that is not requested in the Scope of Work, Section 1.6?
7. Summarize your IRA compliance practices and procedures. Describe the IRA compliance resources your firm will make available to the Program. Provide examples or written materials that are pertinent to the Program.
8. How would your firm provide the Board with real time, electronic access to all account information?

#### **4.3 Recordkeeping (Program Administrator and Program Manager)**

1. Describe the IRA custodian's recordkeeping systems that would be used for CalSavers. Do you currently use the system, and if so, how long have you used it?
2. Describe your technical environment, including hardware, application and database software. Include the security features of your operating systems, including daily back-up procedures, disaster recovery plans, and business continuity plans. Indicate when a disaster recovery test was last performed. Confirm that your disaster recovery location is off-site in a secure location.
3. What experience does your firm have with registering, onboarding, and servicing multiple employers into an IRA, payroll deduction IRA or similar retirement savings program? What modifications to your recordkeeping/IRA custodial platform will be needed to support this Program?
4. Fully describe the online platform services your firm would recommend providing employers as they self-register and facilitate employee participation, including written materials, instructions, processing of disclosure receipt acknowledgement, webinars/videos, training materials, and customer service. In what formats would the employer platform export data?
5. Fully describe your firm's process for accepting and remitting payroll contributions, including data verification methods, error correction support services, timely remission of contributions, adherence to IRA contribution limits, and methods for returning contributions made in excess of IRA limits.
6. How would you ensure that participants contributing through multiple employers have a single IRA account in the Program?
7. Provide your firm's recommendations for how to best provide notice to employees about the Program and their right to opt-out. Describe in detail what opt-out methods you would recommend.
8. Describe your online account and mobile application services for use by participants for account inquiry and maintenance, including any transactional capabilities. Would you provide a "live chat" interface in terms of communicating with customer service?

9. Describe your firm's process for allowing participants to make changes to their contribution levels or investment option selections, including how employers would be notified when a payroll contribution needs to be changed and the length of time necessary for such a change.
10. What online security protocols would your firm use to protect employers, employees and participants when they access their respective websites and mobile applications?
11. Does your firm have the ability to offer access to websites via a mobile application? When accessing the website from a standard phone internet browser, would the content be optimized for mobile devices?
12. Please provide access to a demonstration site that accurately represents the employer, employee and participant online experience. Please include test passwords and log-in information.
13. Provide any transaction-related or other fees that could be charged to the participants. Any transaction-related fees not included in this question will not be eligible to be charged. Please note that your fee proposal(s) with respect to serving as Program Administrator, Investment Manager or Program Manager will be provided separately in Section 4.7.

#### **4.4 Potential Call Center and Customer Service (Program Administrator and Program Manager)**

Bidders for Program Administrator and Program Manager services will provide fee proposals for the three call center scenarios described as A, B and C in Section 1.3.

1. Describe the number of dedicated customer service representatives that will be assigned to the Program. Where is the customer service staff located?
2. Describe your procedures for monitoring participant satisfaction, including your process for tracking, monitoring, and handling customer complaints.
3. Is the customer service you provide under other contracts evaluated or audited by any third-parties? If permissible, provide the last three audits or evaluations.
4. Provide the following call center statistics for plans that are similar in size to the Program, for the year ended December 31, 2017. Identify the plan(s) to which call center statistics are related:
  - (a) Number of calls
  - (b) Number of calls answered
  - (c) Number of calls abandoned
  - (d) Average wait time
  - (e) Average talk time
  - (f) Average hold time
5. Indicate any additional staffing, including customer service representatives, your firm would add if you are awarded the Agreement.
6. Describe the credentials and training of your customer service representatives, including IRA-specific requirements.
7. Specify how customer service representatives would provide multi-lingual call routing and tracking, live representative selection and functionality, the ability to leave voicemails for return calls, and under what circumstances a caller would be asked to leave a voice mail.

8. Describe your methodology for handling peak volume call center periods.
9. What additional resources would you consider providing to support enrollment meetings, Program education and employer platform assistance to eligible employers participating in the Program?
10. In addition to providing the information requested above, please provide a detailed plan explaining how and over what time period the call center transition contemplated by scenario B would take place.
11. In addition to providing the information requested above, please provide the following information regarding the call center structure contemplated by scenario C:
  - (a) Describe how you would mitigate any delays in build and ramp-up periods and support the call center service operations initially to avoid a delay of the Program launch.
  - (b) Provide details on how you would advise upon or support disaster recovery / business resiliency services.
  - (c) Provide any other information you deem relevant to implementing scenario C.

#### **4.5 Marketing and Outreach (Program Administrator and Program Manager)**

1. Describe your experience marketing defined contribution retirement plans to employers and IRA programs or other similar products to employees. Please give specific examples of marketing initiatives that have proven successful.
2. Describe your experience marketing and messaging to:
  - (a) Business associations and other providers of employer services regarding the benefits of tax-favored retirement plans;
  - (b) Non-English speaking individuals with an emphasis on the Spanish language; and
  - (c) Low-to-moderate income workers, workers with volatile income, and workers with non-traditional employment circumstances, and provide samples of such materials.
3. Describe in detail your proposed marketing strategy for the Program, including multi-lingual tactics. Discuss how you will engage eligible employers and explain the benefit of the Program to them and their employees. Please include the technologies and/or methods, and all marketing channels that you propose to reach eligible employees to promote Program awareness and participation. What additional outreach do you recommend to employees who initially opt-out of the Program?
4. What financial literacy materials and tools would your firm utilize to engage and to educate eligible employees and participants? How would you explain investment option choices to eligible employees?
5. Describe how your firm ensures compliance with all legal requirements related to the marketing and sale of securities, including accuracy of representations, adequacy of disclosures, and accountability for accuracy and adequacy of disclosures in Program documents, brochures and other promotional media and with respect to oral information.
6. Are you currently under contract to provide services for another state-run retirement program? If so, how would you distinguish marketing materials for CalSavers?

7. Complete the following table showing your annual marketing commitment for the Program. The Board expects the entire marketing commitment to be spent in each year for actual marketing and outreach, but not general overhead. Unspent dollars at the end of any year will roll forward to the following year.

Year	Marketing Commitment
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
Total	

8. Describe how you will use the Internet (and specifically social media) to market the Program. What information or tools will you provide online?
9. Will your firm offer broad-based financial planning resources to participants? Would there be an additional cost to the participant?

**4.6 Investment Structure and Experience (Investment Manager and Program Manager)**

1. Identify the team(s)/personnel who will be responsible for managing each Investment Option described in Section 1.5 as applicable to your proposal, including the asset-allocation team responsible for the proposed Target Date or Risk-Based Options, if applicable. Are they part of a larger team of professionals that handles all retirement products? Finally, identify the investment professional responsible for the Program and who will serve as the point of contact for the Board and staff.
2. Describe your firm's risk management governance and integration of risk management across your organization. Detail your investment risk management policies and procedures, including the reporting chain for the risk team when issues are identified.
3. List the clients and assets your firm has gained and lost since January 1, 2013 in each Investment Option you are proposing to manage for the Program, along with total assets currently managed at the firm level, ending March 31, 2018.
4. The Board is interested in providing an open architecture investment platform consisting primarily of passively-managed indexed funds to fulfill the sample Investment Option lineup included in Section 1.5. If your firm believes other investment options or active management would be better suited for the Program, please provide your evidence and recommendation here.
5. Describe the fee transparency that you will provide to the Program and its participants. In particular, include information about revenue sharing arrangements, if any, that you would

intend to establish or any similar arrangements that currently exist. The Board expects to be informed of any such arrangements currently in place or to be implemented in the future.

6. What is your philosophy on a Target Date Fund suite versus a Risk-Based Fund suite and what role do you see either fitting into the Program as the default investment option after the minimum asset threshold is met? Does your firm believe that a “to” retirement or “through” retirement strategy is most effective to ensure retirement safety for Program participants? Please explain.
7. For each investment option your firm is proposing to manage, please complete the following table showing the name of the underlying investments in each option (add as many rows as needed). If the underlying investment is not a registered mutual or exchange-traded fund, please identify the strategy, manager, total annual fees and March 31, 2018 AUMs.

Underlying Investment	Investment Option Included in:	Ticker	Share Class	Total Annual Fees (bps)	Revenue Sharing (bps)	AUMs as of 3/31/2018

8. If any of the underlying investments identified in the preceding question are not a registered mutual fund or exchange-traded fund, please provide an Excel spreadsheet with net of fee historical performance showing the Quarter, 1-, 3-, 5-, 7- and 10-year results as of March 31, 2018. Include comparable market-oriented benchmark returns. Also, please describe why you believe a non-mutual or non-exchange-traded fund structure would be beneficial to the Program at launch.
9. Describe how and when any proposed Target Date or Risk-Based Investment Option would rebalance. How would you manage cash inflows and outflows?
10. Describe the internal procedures your firm uses to monitor the performance of funds and fund managers. What analytical tools are used in the monitoring process? Please note and describe the rationale for any changes to asset class recommendations within Target Date or Risk-Based funds being proposed you have made since January 1, 2013.
11. If your proposal includes proprietary underlying investments and the Board wants to change an underlying investment, describe any limitations surrounding utilizing non-proprietary investment managers (as recommended by the Investment Consultant), whether there is a minimum amount of proprietary investments required, and additional restrictions you would apply, if any.
12. If you propose or if the Board should desire to include a bank product or other FDIC-insured investment options as part of the Capital Preservation portfolio, please indicate your willingness to work with a California-based financial institution to offer federally-insured investment options.

13. Describe how you would provide a timely review and analysis of key events that could potentially affect investment options, the underlying investments, and your organization.
14. Describe in detail the data, information, and advice you will provide the Board on at least a quarterly basis to analyze and interpret the investment results of the Program. Provide at least one recent client report, similar to what you would provide to the Board.
15. Investment decisions can be intimidating to people. What steps will you take to make that decision less daunting? How can your firm utilize the Investment selection process as a way to provide financial literacy and education to participants?

**4.7 Administration and Investment Fees (All Bidders)**

Please complete the applicable tables below to show all administration or investment fees for the Bidder’s proposed services. If you are proposing additional or alternative fee components, add additional rows, and specify how the fee will be charged. Note that any administration or investment fees not included in your responses to this Section 4.7 **will not** be eligible to be charged. Transaction-related or other fees, if any, must be provided in your response to Section 4.3, Question 13.

Program Administrator		
Program Administration Fee	Program Administrator	Program Manager
Assumes Call Center Scenario A (basis points or dollar fee)		
Assumes Call Center Scenario B (basis points or dollar fee)		
Assumes Call Center Scenario C (basis points or dollar fee)		

In addition to the initial fee schedule above, please complete the breakpoint schedule, below, demonstrating reduced pricing based on asset and/or account growth over the initial seven-year term of the Agreement. Explain in detail the parameters of how and when the reduced pricing will be initiated. The breakpoint schedule for Program Administration will be included in the evaluation of Fees. Please provide breakpoint schedules for each Call Center scenario.

Breakpoint Schedule	
Asset or Account Level	Total Annual Fee

Investment Manager		
Investment Option	Underlying Investment	Total Annual Fee (basis points)
Capital Preservation		
High Quality Bond		
Global Equity		
Target Date or Risk-Based Suite		
ESG (Equity or Blend of Equity and Bond)		

Applicable Program Administrator fees, Investment Manager fees or Program Manager fees will be considered in determining the average overall fee score for each Bidder. We will utilize the data from the Feasibility Study as shown in Section 1.5 of this RFP to equitably compare the initial fees and the fees as adjusted by the breakpoints proposed by each Bidder. If your bid includes dollar-based Program Administrator fees (initially and as adjusted by breakpoints), an overall asset-based fee will be similarly calculated.

The proposal with the lowest average overall fee will be awarded the maximum points (30 points if no interviews are held; 36 points if interviews are held) for each category of services. Other proposals shall be awarded overall points based on the following calculation:

- $(\text{Lowest Bidder's Average Overall Fees}) / (\text{Other Bidder's Average Overall Fees}) = (\text{Factor})$
- $\text{Fee Points awarded to Other Bidder} = (\text{Factor}) \times (\text{Maximum Points})$

EXAMPLE:

- The Bidder with the lowest Average Overall Fees receives the maximum points.
- Lowest Bidder's Average Overall Fees = 25 bps
- Other Bidder's Average Overall Fees = 50 bps
- $(\text{Lowest Average Overall Fees proposal} / \text{Other Average Overall Fees proposal}) = 25 \text{ bps} / 50 \text{ bps} = \frac{1}{2}$
- $\text{Points awarded to Other Bidder} = \frac{1}{2} \times 30 \text{ maximum points} = 15 \text{ points}$

## **5. LEGAL, DISCIPLINARY, AND CONFLICTS OF INTEREST DISCLOSURES**

For purposes of the following Questions, and for this RFP generally, the term "related entity" means any partnership, joint venture, sub-contractual relationship, and all other direct or indirect affiliations of the Bidder, entities that own the Bidder, and subsidiaries of the Bidder that could, in any reasonable capacity, affect the Program or impact the Program investment portfolio.

The Board may reject a proposal due to any disclosure or conflict of interest (potential or actual) that is material in the sole opinion of the Board.

1. Since January 1, 2013, advise if your firm or any related entity, any partner, officer, principal, investment officer, portfolio manager, research analyst, trader, or management level employee of your firm has (i) been subject to criminal action under either federal or state law or (ii) been convicted or pleaded no contest in a case stemming from a felony indictment under federal or state law. Any such action, conviction, or plea must be disclosed and must be accompanied by a full explanation of the circumstances surrounding it.
2. Since January 1, 2013, advise if your firm or any related entity was or is a defendant in litigation relating to any services which it proposes to provide to the Board, including without limitation where there was an allegation of violation of fiduciary responsibility. Any final settlement, administrative decision, or judgment made in connection with this litigation must be disclosed and must be accompanied by a full explanation of the circumstances surrounding it.



3. Advise if your firm or any related entity has ever been terminated for cause from any contract. If the answer is yes, cite the background of the contract, reason for the termination, and what your firm has done to change operations or personnel to preclude the circumstances regarding the termination from re-occurring.
4. Disclose any business relationships, that may be construed to be potential or actual conflicts of interest. The Contractor will have a continuing requirement to disclose any business relationships that may be construed to be a potential or actual conflict. The disclosure must be sufficiently detailed to inform the Board of the nature, implications and potential consequences of each conflict and must include an explanation of how the Contractor addresses, or intends to manage or mitigate, each conflict.
5. Since January 1, 2013 has (i) your firm or any related entity, (ii) any affiliated mutual fund, separate account, commingled fund, or other investment vehicle, or (iii) any owner, partner, principal, director, officer, investment officer, portfolio manager, research analyst, trader, or management level employee of your firm, been a defendant in a litigation or subject to any enforcement or disciplinary action or investigation by, or entered into settlements or is party to litigation with, or in arbitration before, or been subject to any audits or regulatory or investigative inquiries (collectively "Proceedings") by the IRS, the SEC, the New York Stock Exchange, FINRA or any other self-regulatory organization, the California Department of Corporations, or any other governmental, state regulatory or investigative agency, in connection with your firm's business(es) that apply to the services proposed in this RFP (e.g., mutual fund, investment management, underwriting, third-party administration, custody, college savings, ABLE, retirement, or state run retirement businesses)? The response should include any such Proceedings arising from such businesses, including without limitation, underwriting, underwriting practices or management, the purchase, sale or distribution of taxable or tax-exempt municipal securities or other municipal securities obligations, market timing, late trading, collusion with third parties, preferential fund family treatment, directed brokerage payments or other sales practices, or a failure to supervise sales professionals. If yes, explain in detail.
6. Has your firm ever filed for protection under federal or state bankruptcy laws?

## **6. CALIFORNIA DISABLED VETERAN BUSINESS ENTERPRISE**

The Disabled Veteran Business Enterprise (DVBE) participation requirement for this RFP has been waived. A DVBE incentive will still be applied if applicable, see Attachment 11 for details.

## **7. PREFERENCE PROGRAMS**

### **7.1 Small Business or Microbusiness Preference (if applicable)**

(If there are any inconsistencies herein with the applicable statutes, regulations, and State Contracting Manual, the statutes, regulations, and State Contracting Manual shall supersede.)

A five percent (5%) preference will be applied to certified small businesses submitting proposals for this RFP. To obtain the preference, Proposer must either be certified as a small business and submit a copy of their certification approval letter from DGS/Office of Small Business and DVBE Services (OSDS) or submit a complete application for certification to DGS/OSDS by 5:00 p.m. PT on the proposal due date. However, the proposed winning Proposer must be a certified small business at the time of contract award. The 5% preference is used only for computation purposes to determine the winning Proposer and does not alter the amounts of the resulting contract.

Once each proposal has been scored, if the highest scored proposal is from a non-certified small business, then 5% of the highest scoring proposal is added to the total "earned" points

for each proposal submitted by a certified small business. These final numbers, with the 5% included, are then used to determine the highest scoring proposal.

Questions regarding the small business certification or preference approval should be directed to the OSDS at (916) 375-4940 or can be found online at <http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>.

## **7.2 Non-Small Business Preference (if applicable)**

(If there are any inconsistencies herein with the applicable statutes, regulations, and State Contracting Manual, the statutes, regulations, and State Contracting Manual shall supersede.)

A five percent (5%) preference is available to a non-small business claiming twenty-five percent (25%) California certified small business subcontractor participation. If claiming the non-small business subcontractor preference, the proposal must include a list of the small business(es) with which the Proposer commits to subcontract in an amount of at least 25% of the net proposal price with one or more California certified small businesses. Each listed certified small business must perform a “commercially useful function” in the performance of the contract as defined in Government Code Section 14837(d)(4).

The required list of California certified small business subcontractors must be attached to the proposal and must include the following: 1) subcontractor name, 2) address, 3) phone number, 4) a description of the work to be performed and/or products supplied, 5) and the dollar amount or percentage of the net proposal price (as specified in the solicitation) per subcontractor.

Proposers claiming the 5% preference must commit to subcontract for at least 25% of the net proposal price with one or more California certified small businesses. Completed certification applications and required support documents must be submitted to the OSDS no later than 5:00 pm PT on the proposal due date. Questions regarding certification should be directed to the OSDS at (916) 375- 4940 or can be found online at <http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>.

The preference to a non-small business firm that commits to California certified small business subcontractor participation of 25% of its net proposal price shall be 5% of the highest scoring proposal. A non-small business, which qualifies for this preference, may not take an award away from a certified small business.

## **7.3 Target Area Contract Preference Act (TACPA) (if applicable)**

(If there are any inconsistencies herein with the applicable statutes, regulations, and State Contracting Manual, the statutes, regulations, and State Contracting Manual shall supersede.)

The TACPA preference will be granted for this procurement. Proposers wishing to take advantage of the TACPA preference will need to review the following website and submit the appropriate response with the proposal:

<http://www.dgs.ca.gov/pd/Programs/DisputeResolution.aspx>

Proposers wishing to take advantage of the TACPA preference are required to submit the following applications/forms:

- TACPA (STD. 830)
- Bidder's Summary of Contract Activities and Labor Hours (DGS/PD 525)

- Manufacturer Summary of Contract Activities and Labor Hours (DGS/PD 526)

**8. REQUIRED ATTACHMENTS**

Refer to the following pages for additional Required Attachments.

## ATTACHMENT 1

### REQUIRED ATTACHMENT CHECK LIST

Complete this checklist to confirm the inclusion of attachments listed below. Place a check mark or "X" next to each item that you are submitting to the Board. **For your proposal to be responsive, all required attachments must be included in a binder separate from the rest of the written proposal. One (1) copy of this binder must be submitted to the Board. RETURN THIS CHECKLIST WITH YOUR PROPOSAL PACKAGE.**

<u>ATTACHMENT</u>	<u>ATTACHMENT NAME/DESCRIPTION</u>
<input type="checkbox"/> Attachment 1	Required Attachment Check List
<input type="checkbox"/> Attachment 2	Proposal/Proposer Certification Sheet
<input type="checkbox"/> Attachment 3	Bidder References
<input type="checkbox"/> Attachment 4	Minimum Qualifications Certification
<input type="checkbox"/> Attachment 5	Securities and Exchange Commission Form ADV or Proof of Exemption from Registration
<input type="checkbox"/> Attachment 6	Key Personnel
<input type="checkbox"/> Attachment 7	Payee Data Record (STD. 204)
<input type="checkbox"/> Attachment 8	Contractor Certification Clauses (CCC 04/2017)
<input type="checkbox"/> Attachment 9	Darfur Contracting Act Certification Form
<input type="checkbox"/> Attachment 10	Small Business or Microbusiness Preference (if applicable). Additional information about this preference can be found online at <a href="http://www.dgs.ca.gov/pd/Programs/OSDS.aspx">www.dgs.ca.gov/pd/Programs/OSDS.aspx</a> .
<input type="checkbox"/> Attachment 11	CA Disabled Veteran Business Enterprise (DVBE) Program Participation Instructions. Additional information about this preference can be found online at <a href="http://www.dgs.ca.gov/pd/Programs/OSDS.aspx">http://www.dgs.ca.gov/pd/Programs/OSDS.aspx</a> .
<input type="checkbox"/> Attachment 12	Non-Small Business Preference (if applicable). Additional information about this preference can be found online at <a href="http://www.dgs.ca.gov/pd/Programs/OSDS.aspx">www.dgs.ca.gov/pd/Programs/OSDS.aspx</a> .
<input type="checkbox"/> Attachment 13	Target Area Contract Preference Act (if applicable) The forms and additional information about these preference programs can be found online at <a href="http://www.dgs.ca.gov/pd/Programs/DisputeResolution.aspx">www.dgs.ca.gov/pd/Programs/DisputeResolution.aspx</a>
<input type="checkbox"/> Attachment 14	Audited Financials, SEC Filings for Bidder (5 years) or Subcontractors (1 year) and FINRA Reports
<input type="checkbox"/> Attachment 15	Service Organization Controls Reports
<input type="checkbox"/> Attachment 16	Bidder Declaration (GSPD-05-105)
<input type="checkbox"/> Attachment 17	California Civil Rights Laws Certification
<input type="checkbox"/> Attachment 18	Iran Contracting Act Certification
<input type="checkbox"/> Attachment 19	Bid Indication Form
<input type="checkbox"/> Attachment 20	California Business License

**ATTACHMENT 2**

**PROPOSAL/PROPOSER CERTIFICATION SHEET**

This Proposal/Proposer Certification Sheet must be signed and returned along with all the "required attachments" as an entire package in duplicate with original signatures. The proposal must be transmitted in a sealed envelope in accordance with RFP instructions.

- A. Place all required attachments behind this certification sheet.
- B. The signature affixed hereon and dated certifies compliance with all the requirements of this proposal document. The signature below authorizes the verification of this certification.
- C. The signature below certifies to the best of your knowledge that the information provided on this document is true and complete.

**An Unsigned Proposal/Proposer Certification Sheet May Be Cause For Rejection**

1. Company Name	2. Telephone Number (    )	2a. Fax Number (    )
3. Address		
Indicate your organization type:		
4. <input type="checkbox"/> Sole Proprietorship	5. <input type="checkbox"/> Partnership	6. <input type="checkbox"/> Corporation
Indicate the applicable employee and/or corporation number:		
7. Federal Employee ID No. (FEIN)	8. California Corporation No.	
9. Indicate applicable license and/or certification information:		
10. Proposer's Name (Print)	11. Title	
12. <b>Signature</b>	13. Date	
14. Are you certified with the Department of General Services, Office of Small Business Certification and Resources (OSBCR) as:		
a. California Small Business Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, enter certification number: _____	b. Disabled Veteran Business Enterprise Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, enter your service code below: _____	
<b>NOTE:</b> A copy of your Certification is required to be included if either of the above items is checked "Yes".		
Date application was submitted to OSBCR, if an application is pending:		

### Completion Instructions for Proposal/Proposer Certification Sheet

Complete the numbered items on the Proposal/Proposer Certification Sheet by following the instructions below.

Item Numbers	Instructions
<b>1, 2, 2a, 3</b>	Must be completed. These items are self-explanatory.
<b>4</b>	Check if your firm is a sole proprietorship. A sole proprietorship is a form of business in which one person owns all the assets of the business in contrast to a partnership and corporation. The sole proprietor is solely liable for all the debts of the business.
<b>5</b>	Check if your firm is a partnership. A partnership is a voluntary agreement between two or more competent persons to place their money, effects, labor, and skill, or some or all of them in lawful commerce or business, with the understanding that there shall be a proportional sharing of the profits and losses between them. An association of two or more persons to carry on, as co-owners, a business for profit.
<b>6</b>	Check if your firm is a corporation. A corporation is an artificial person or legal entity created by or under the authority of the laws of a state or nation, composed, in some rare instances, of a single person and his successors, being the incumbents of a particular office, but ordinarily consisting of an association of numerous individuals.
<b>7</b>	Enter your federal employee tax identification number.
<b>8</b>	Enter your corporation number assigned by the California Secretary of State's Office. This information is used for checking if a corporation is in good standing and qualified to conduct business in California.
<b>9</b>	Complete, if applicable, by indicating the type of license and/or certification that your firm possesses and that is required for the type of services being procured.
<b>10, 11, 12, 13</b>	Must be completed. These items are self-explanatory.
<b>14</b>	If certified as a California Small Business, place a check in the "yes" box, and enter your certification number on the line. If certified as a Disabled Veterans Business Enterprise, place a check in the "Yes" box and enter your service code on the line. If you are not certified to one or both, place a check in the "No" box. If your certification is pending, enter the date your application was submitted to OSBCR.

**ATTACHMENT 3**

**BIDDER REFERENCES**

Submission of this attachment is mandatory. Failure to complete and return this attachment with your proposal will cause your proposal to be rejected and deemed nonresponsive.

Bidder must submit at least five (5) references (if a Bidder is a consortium or will use subcontractors, it should submit three (3) references for each member of the consortium, partner or subcontractor) for services performed within the last five (5) years, which are similar to the scope of work to be performed in this contract. If the Bidder (or any of its subcontractors) manages or otherwise is engaged by one or more state run retirement programs, then it must provide references for each engagement. Other references should include governmental agencies, preferably State of California agencies or agencies located in California, which are charged with overseeing the investment of funds held in trust for others.

<b>REFERENCE 1</b>			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			

<b>REFERENCE 2</b>			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			

<b>REFERENCE 3</b>			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			

<b>REFERENCE 4</b>			
Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	
Brief Description of Service Provided			

\*Optional

---

**REFERENCE 5**

---

Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	

---

Brief Description of Service Provided

---

SUBCONTRACTOR REFERENCES (if applicable)

List below three (3) references for services performed by your subcontractor(s) within the last five (5) years, which are similar to the scope of work to be performed in this contract. If three (3) references cannot be provided, provide an explanation on an attached sheet of paper.

---

**REFERENCE 1**

---

Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	

---

Brief Description of Service Provided

---

---

**REFERENCE 2**

---

Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	

---

Brief Description of Service Provided

---

---

**REFERENCE 3**

---

Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service*	

---

Brief Description of Service Provided

---

\*Optional



**ATTACHMENT 4**

**MINIMUM QUALIFICATIONS CERTIFICATION**

The Bidder certifies that it fulfills all the minimum qualifications outlined in Section 2 of this Request for Proposals No. CSCRSIB07-17 ("RFP"). By signing this attachment, the Bidder also agrees that if selected as the Program Manager for CalSavers, it will notify the Board immediately upon its failure to continue to meet the minimum qualifications.

On behalf of \_\_\_\_\_, I certify that said firm,  
(Bidder Name)

including any and all partners (if a consortium) and subcontractors, complies with the Minimum Qualifications set forth in Section 2 of the RFP.

\_\_\_\_\_  
(Authorized Signature of Firm)

\_\_\_\_\_  
(Firm Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Title)

**ATTACHMENT 5**

**SECURITIES AND EXCHANGE COMMISSION FORM ADV OR PROOF OF EXEMPTION**

Attach the Securities and Exchange Commission Form ADV or Proof of Exemption from Registration



**ATTACHMENT 7**

**PAYEE DATA RECORD**

<https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>

**ATTACHMENT 8**

**CCC 04/2017**

**CERTIFICATION**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of</i>	

**CONTRACTOR CERTIFICATION CLAUSES**

1. **STATEMENT OF COMPLIANCE**: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

2. **DRUG-FREE WORKPLACE REQUIREMENTS**: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,

2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT: Contractor hereby certifies that Contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lessor of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov), and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.35.

### **DOING BUSINESS WITH THE STATE OF CALIFORNIA**

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.



**ATTACHMENT 9**

**DARFUR CONTRACTING ACT CERTIFICATION**

Pursuant to Public Contract Code section 10478, if a bidder or proposer currently or within the previous three years has had business activities or other operations outside of the United States, it must certify that it is not a "scrutinized" company as defined in Public Contract Code section 10476.

**Therefore, to be eligible to submit a bid or proposal, please insert your company name and Federal ID Number and complete only one of the following three paragraphs (via initials for Paragraph # 1 or Paragraph # 2, or via initials and certification for Paragraph # 3):**

<i>Company/Vendor Name (Printed)</i>	<i>Federal ID Number</i>
<i>Printed Name and Title of Person Initialing (for Options 1 or 2)</i>	

1. \_\_\_\_\_ We do not currently have, or we have not had within the previous  
Initials three years, business activities or other operations outside of the United States.

**OR**

2. \_\_\_\_\_ We are a scrutinized company as defined in Public Contract Code  
Initials section 10476, but we have received written permission from the Department of General Services (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

**OR**

3. \_\_\_\_\_ We currently have, or we have had within the previous three years,  
Initials business activities or other operations outside of the United States,  
+ certification but we certify below that we are not a scrutinized company

**CERTIFICATION For # 3.**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer/bidder to the clause listed above in # 3. This certification is made under the laws of the State of California.

<i>By (Authorized Signature)</i>	
<i>Printed Name and Title of Person Signing</i>	
<i>Date Executed</i>	<i>Executed in the County and State of</i>

**ATTACHMENTS 10, 11, 12 & 13**

**PREFERENCE PROGRAMS (IF APPLICABLE)**

Attach proof in claiming Small Business or Microbusiness Preference, Non-Small Business Preference, or Target Area Contract Preference Act, if applicable.

**Small Business or Microbusiness Preference**

[www.dgs.ca.gov/pd/Programs/OSDS.aspx](http://www.dgs.ca.gov/pd/Programs/OSDS.aspx)

**CA Disabled Veteran Business Enterprise (DVBE) Program Participation Instructions**

<http://www.dgs.ca.gov/pd/Programs/OSDS.aspx>

**Non-Small Business Preference**

[www.dgs.ca.gov/pd/Programs/OSDS.aspx](http://www.dgs.ca.gov/pd/Programs/OSDS.aspx)

**Target Area Contract Preference Act Program**

[www.dgs.ca.gov/pd/Programs/DisputeResolution.aspx](http://www.dgs.ca.gov/pd/Programs/DisputeResolution.aspx)

**ATTACHMENT 14**

**AUDITED FINANCIALS, SEC FILINGS and FINRA REPORTS**

Attach a copy of or provide an online link to the audited financials, SEC filings and FOCUS reports, as applicable for the Bidder or Subcontractor(s).

**ATTACHMENT 15**

Service Organization Controls Reports

Attach copies of the most recent SOC1 and SOC2, Type 2 reports covering the activities of your organization that will provide the applicable services to the Program under your proposal.

**ATTACHMENT 16**

**Bidder Declaration (GSPD-05-105)**

<https://www.documents.dgs.ca.gov/pd/poliproc/MASTER-biddeclarverbal08-09.pdf>

**ATTACHMENT 17**

**CALIFORNIA CIVIL RIGHTS LAWS CERTIFICATION**

Pursuant to Public Contract Code section 2010, if a bidder or proposer executes or renews a contract over \$100,000 on or after January 1, 2017, the bidder or proposer hereby certifies compliance with the following:

1. **CALIFORNIA CIVIL RIGHTS LAWS**: For contracts over \$100,000 executed or renewed after January 1, 2017, the contractor certifies compliance with the Unruh Civil Rights Act (Section 51 of the Civil Code) and the Fair Employment and Housing Act (Section 12960 of the Government Code); and
  
2. **EMPLOYER DISCRIMINATORY POLICIES**: For contracts over \$100,000 executed or renewed after January 1, 2017, if a Contractor has an internal policy against a sovereign nation or peoples recognized by the United States government, the Contractor certifies that such policies are not used in violation of the Unruh Civil Rights Act (Section 51 of the Civil Code) or the Fair Employment and Housing Act (Section 12960 of the Government Code).

**CERTIFICATION**

I, the official named below, certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. <i>Proposer/Bidder Firm Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County and State of</i>	

**ATTACHMENT 18**

**IRAN CONTRACTING ACT CERTIFICATION**  
(Public Contract Code sections 2202-2008)

Prior to bidding on, submitting a proposal or executing a contract or renewal for a State of California contract for goods or services of \$1,000,000 or more, a vendor must either: a) certify it is **not** on the current list of persons engaged in investment activities in Iran created by the California Department of General Services (“DGS”) pursuant to Public Contract Code section 2203(b) and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that other person will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS; or b) demonstrate it has been exempted from the certification requirement for that solicitation or contract pursuant to Public Contract Code section 2203(c) or (d).

To comply with this requirement, please insert your vendor or financial institution name and Federal ID Number (if available) and complete **one** of the options below. Please note: California law establishes penalties for providing false certifications, including civil penalties equal to the greater of \$250,000 or twice the amount of the contract for which the false certification was made; contract termination; and three-year ineligibility to bid on contracts. (Public Contract Code section 2205.)

**OPTION #1 - CERTIFICATION**

I, the official named below, certify I am duly authorized to execute this certification on behalf of the vendor/financial institution identified below, and the vendor/financial institution identified below is **not** on the current list of persons engaged in investment activities in Iran created by DGS and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person/vendor, for 45 days or more, if that other person/vendor will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS.

<i>Vendor Name/Financial Institution (Printed)</i>	<i>Federal ID Number (or n/a)</i>
<i>By (Authorized Signature)</i>	
<i>Printed Name and Title of Person Signing</i>	
<i>Date Executed</i>	<i>Executed in</i>

**OPTION #2 – EXEMPTION**

Pursuant to Public Contract Code sections 2203(c) and (d), a public entity may permit a vendor/financial institution engaged in investment activities in Iran, on a case-by-case basis, to be eligible for, or to bid on, submit a proposal for, or enters into or renews, a contract for goods and services.

If you have obtained an exemption from the certification requirement under the Iran Contracting Act, please fill out the information below, and attach documentation demonstrating the exemption approval.

<i>Vendor Name/Financial Institution (Printed)</i>	<i>Federal ID Number (or n/a)</i>
<i>By (Authorized Signature)</i>	
<i>Printed Name and Title of Person Signing</i>	<i>Date Executed</i>

**ATTACHMENT 19**

**BID INDICATION FORM**

Indicate below if you are bidding on (1) Program Administrator services, (2) Investment Manager services, or (3) Program Manager services, including both Program Administrator and Investment Manager.

If you are submitting a bid for Program Manager services, but would agree to provide stand-alone Program Administrator services and/or Investment Manager services, you must check all applicable options below. If you do not check additional options, your bid will be considered for Program Manager services alone.

\_\_\_\_\_ Program Administrator

\_\_\_\_\_ Investment Manager

\_\_\_\_\_ Program Manager (including both Program Administrator and Investment Manager services)

The Evaluation Committee will review the proposals based on the scoring results of Phases 1 and 2, as applicable. Based upon the Phase 2 scoring, the totality of information provided in written submissions and interviews, as well as an analysis of the most effective and efficient structure for the Program and its Participants in terms of total cost, program administration, complexity and efficiency, and services to the Employer and Employee communities, the Evaluation Committee will determine whether to proceed with a single Bidder or multiple Bidders. Each Bidder is advised to consider carefully the services for which it is submitting this proposal.



**ATTACHMENT 20**

**California Business License**

Include a copy of the bidder's California business license here.

AGREEMENT NUMBER

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

California Secure Choice Retirement Savings Investment Board

CONTRACTOR'S NAME

2. The term of this Agreement is: **To come through To come**  
The Agreement will be effective upon DGS approval. The term of the agreement will be seven (7) years from the date of the first eligible employee enrollment with three (3) one-year extension options at the option of the Board.

3. The maximum amount of this Agreement is: **\$ Zero-dollar contract**

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	7 pages
Exhibit B – Budget Detail and Payment Provisions	1 page
Exhibit C* – General Terms and Conditions	GTC 04/2017

Check mark one item below as Exhibit D:

Exhibit - D Special Terms and Conditions (Attached hereto as part of this agreement) 1 page

Exhibit - D\* Special Terms and Conditions

Exhibit E – Additional Provisions 40 pages

Resumes

**RFP No. CSCRSIB07-17 and Contractor's Response to this RFP are hereby incorporated by reference and deemed to be part of this Agreement.**

Items shown with an Asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

**CONTRACTOR**

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature)

DATE SIGNED(Do not type)



PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

**STATE OF CALIFORNIA**

AGENCY NAME

California Secure Choice Retirement Savings Investment Board

BY (Authorized Signature)

DATE SIGNED(Do not type)



PRINTED NAME AND TITLE OF PERSON SIGNING

Katie Selenski, Executive Director

ADDRESS

915 Capitol Mall, Room 105, Sacramento, CA 95814

**California Department of General Services Use Only** Exempt per:

**EXHIBIT A  
(Standard Agreement)**

**SCOPE OF WORK**

1. Contractor agrees to provide to the California Secure Choice Retirement Savings Investment Board (the “Board” or “State”) Program Administrator, Investment Manager or Program Manager services as described in Section 1.6 of Request for Proposals No. CSCRSIB07-17 (“RFP”) and as restated herein:
2. The following Scope of Work details the Board’s expectations for the Program Administrator, Investment Manager and the combined services for the Program Manager. The Scope of Work is comprised of this Section of Exhibit A, the Contractor’s Proposal submitted in response to the RFP, and Exhibit E to this Agreement. The entire range of services include the following:
  - a) General (Program Administrator and Program Manager)
    1. The Contractor will provide all IRA management services for the compliance, administration, recordkeeping, applicable marketing functions and potentially call center customer service of the CalSavers Program in a responsive, accessible, culturally competent and multi-lingual manner, and in accordance with performance standards, which shall be agreed upon by the Board and Contractor. Services shall be performed at the offices of the Contractor, appropriate affiliates, subsidiaries and subcontractors and in compliance with all RFP requirements and the resulting Agreement.
    2. The Contractor will administer the Program in compliance with applicable State and federal laws and regulatory requirements.
    3. On an ongoing basis, the Contractor will monitor for changes in the legal and regulatory environment that may materially affect the Program, and it will make recommendations for amendments or supplements to the Program processes and offering materials.
    4. The Contractor will provide the following services to the Board and must adhere to the Board’s applicable standards and policies, as and when adopted by the Board:
      - (a) The Contractor will designate a dedicated key personnel team to serve the Board and it will notify the Board of any changes to the management or composition of that team in advance of the change to the extent possible or, in any case, as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team;
      - (b) All work to be performed by the Contractor will be reviewed by the Staff or its designee. Such review will not relieve the Contractor of any liability in connection with such work;
      - (c) The Contractor will meet with staff and attend Board meetings (monthly) commencing with the execution of the Agreement, and provide Program-related reports as requested by the Board or its Staff;
      - (d) The Contractor will be responsible for informing the Board of all material activities conducted by it in the operation, administration and monitoring of the Program; and
      - (e) The Contractor must respond to the need for telephone consultation within a 24-hour period and be available to the Board and its staff between the hours of 8 a.m. – 5 p.m. PT.
    5. The Contractor’s performance will be measured by mutually agreed upon administrative performance criteria (“Administrative Benchmarks”), which will be incorporated by reference into the Agreement.

**EXHIBIT A  
(Standard Agreement)**

6. All costs and expenses for administering the Program will be the sole responsibility of the Contractor.

b) Administration (Program Administrator and Program Manager)

1. Administer the Program as a fiduciary for the Board and for Program participants in accordance with all applicable federal securities laws and regulations, State laws and regulations established by the Board governing the Program.
2. The Contractor will provide Program Design assistance and recommendations including information on Program fees and expenses and overall Program financial reporting.
3. The Contractor will provide the following documentation, upon approval from the Program:
  - (a) Program Forms - The Contractor shall develop forms and operating documents necessary to administer the Program;
  - (b) Manuals - There must be a complete and fully documented administration and operations manual that will include current and up-to-date contact information for all parties. It will include documentation and copies of all legally required compliance activities, including those that are investment related;
  - (c) Program Disclosure Statement - Must be included in all employee information packets and shall contain all of the Program rules and material information necessary for participants to make informed decisions regarding their participation in the Program. The Contractor shall prepare any required Supplements to the Program Disclosure Statement and produce and distribute the Program Disclosure Statement and Supplements to the employees/participants in accordance with applicable law;
  - (d) IRA Disclosure Statement and Custodial Agreement - Must be provided to all IRA participants in accordance with applicable Internal Revenue Service ("IRS") regulations and guidance; and
  - (e) Employer Reports – Provide employer-specific reports, if requested by the Program, including information about participants, total contributions/withdrawals, and any other information as permitted under federal IRA rules and state regulations.
4. The Contractor will provide regularly scheduled reports to the Board regarding, but not limited to:
  - (a) The number of accounts and assets in existence and created during the time period;
  - (b) Relevant account activity, and other Program administration information prescribed by the Board; and
  - (c) Reporting at the employer and Program level.
5. Reporting will be requested at least monthly.
6. If required, the Contractor shall provide necessary reports to federal and State entities regarding accounts and account activity.
7. The Contractor will comply with a Program annual audited financial report to be performed by an independent certified public accountant selected by the Board.

**EXHIBIT A**  
**(Standard Agreement)**

8. The Contractor will be required to provide annual SOC1 and SOC2 Type 2 reports. When the Contractor utilizes Subcontractors to perform some or all of the services stipulated in this RFP, the Contractor will be required to provide SOC1 and SOC2 Type 2 reports for the Subcontractors as well.
  9. Upon request, the Contractor shall provide the Board access to all files, records, documents and data pertaining to the Program that are in its possession and control, regardless of how that information is stored ("Program Records"). The Program Records shall be provided in a reasonable time and in a form acceptable to the Board.
  10. At its expense, the Contractor also shall provide the Board all Program Records in a useable electronic form after notice from the Board that the Agreement will terminate.
- c) Recordkeeping (Program Administrator and Program Manager)
1. The Contractor will provide a best-in-class IRA platform and IRA custodial services that incorporate all components that individuals need to accommodate an IRA payroll deduction plan for retirement. This platform should include, but is not limited to, contributions, distributions, earnings, and beneficiary information. The platform must ensure the confidentiality of personal information, including identification numbers or account codes in accordance with industry best practices and all applicable federal and State laws and regulations.
  2. The Contractor will provide custodial services necessary to support the Trust portfolios, including, but not limited to, the following: custody, segregation of funds, cash management, banking services, and purchase and sale of underlying investments.
  3. The Contractor must perform "know your customer" and Office of Foreign Assets Control screening of each participating employee.
  4. The Contractor shall provide all necessary IRA administrative and recordkeeping services, including the following:
    - (a) Provide enrollment online, through a mobile application, and through a central mailing location that can receive express deliveries and deliveries by normal U.S. postal services;
    - (b) Maintain contact information for participants, beneficiaries and authorized third parties, as applicable;
    - (c) Provide separate accounting for each participant including contributions, investment changes and distribution history, on a daily basis;
    - (d) Monitor limitations on IRA contributions and notify participants of excess contributions prior to tax filing deadlines;
    - (e) Generate and distribute IRA confirmation statements and quarterly account statements, which shall be available online and delivered electronically and/or by U.S. postal mail, in accordance with applicable federal and State laws. The IRA quarterly account statements should include contributions, distributions and earnings and be easy to understand with simple descriptions of the investment options. IRA confirmation statements and quarterly account statements should display information specific to the Program;
    - (f) Generate annual account statements, which shall provide current account information and be delivered by U.S. postal mail and/or provided via electronic delivery, in accordance with

**EXHIBIT A**  
**(Standard Agreement)**

applicable federal and State laws. Annual account statements should display information specific to the Program;

- (g) Generate and distribute IRS Forms (e.g., 1099-R and 5498);
  - (h) Provide 24/7 secure online and mobile application account access and account maintenance;
  - (i) Process IRA rollovers to/from qualified retirement plans;
  - (j) Accept contributions into and process distributions from the Program via ACH, payroll direct deposit and physical checks via the U.S. postal service; and
  - (k) Process requests for Program literature and forms and any other reasonably-related administrative services necessary to operate the Program.
5. The Contractor will maintain industry best-practice quality control procedures to minimize errors during enrollment, contribution remittance, data transfers, and reporting, and take all actions necessary to ensure the confidentiality and privacy of information and data for all employers, employees, participants, and beneficiaries, as applicable.
  6. The Contractor will provide a web-based employer platform that will serve as the employer's primary source of information and assistance in fulfilling their Program responsibilities. The platform must include necessary transactional capabilities and pertinent instructions for the employer.
  7. The self-service employer platform should allow the employer to:
    - (a) Create and manage their roster of employed individuals;
    - (b) Manage the submission, correction and funding of all periodic payroll contributions for employees;
    - (c) Enter, remit and fund payroll contribution files; and
    - (d) Provide access to employer delegates as needed.
  8. In addition, the employer platform should include alerts and notifications to support the employer as well as Program-related information including Program forms.
  9. The Contractor should provide a secure website and mobile application, which provide account access to participants, and allow for self-service account maintenance. This website and mobile applications should utilize state-of-the-art security and password protocols.
  10. The Contractor should also provide a public website that describes the Program, clearly explains the benefits of retirement saving and provides information on IRA accounts (including tax implications). The public website also should include retirement savings education and modelling tools and be functional on mobile devices.
  11. The Contractor must comply with the unclaimed property laws and any other laws regarding abandoned property as applied to IRA accounts.

**EXHIBIT A**  
**(Standard Agreement)**

12. The Contractor must provide a voice response unit and online servicing access during hours that the call center is not staffed.

d) Call Center and Customer Service (Program Administrator and Program Manager).

With respect to call center scenarios A and B described in Section 1.3 above:

1. Contractor must provide all call center and customer service support for employers, employees, participants, beneficiaries, and authorized third parties to ensure effective operation of CalSavers. All telephone calls must be recorded for training and quality control purposes.
2. The Contractor must provide live customer service representatives from 8:00 a.m. to 7:00 p.m. PT, Monday through Friday, except holidays. A reasonable number of these customer service representatives must be multi-lingual.
3. The Contractor's customer service representatives must be knowledgeable about CalSavers and alternative retirement savings plans and trained to ensure necessary consumer protections.
4. The Contractor must provide a customer service record that will identify, track, and report on all calls with employers, employees, participants, beneficiaries or authorized third parties. The customer service record must include how the matter was resolved.
5. The Contractor must provide a quarterly report outlining customer service inquiries and results, the number and types of complaints and the manner in which they were resolved, and such other information as the Board requests, including prior year comparisons on requested information.

With respect to call center scenario B described in Section 1.3 above:

1. The Contractor must facilitate the orderly transition of the call center to the State in accordance with the terms of the Agreement.
2. The Contractor will provide State employees access to its software to view and make changes to accounts and to provide customer service.
3. The Contractor will be responsible for the initial and ongoing software training.

With respect to call center scenario C described in Section 1.3 above:

1. The Contractor will provide State employees access to its software to view and make changes to accounts and to provide customer service.
2. The Contractor will assist the State in recommending the acquisition and setup of the technology infrastructure necessary for the State to provide call center services.
3. The Contractor will be responsible for the initial system, IRA compliance and general call center training of all employees in accordance with all applicable rules and regulations.
4. The Contractor will be responsible for establishing or advising upon the necessary compliance, risk and oversight policies and procedures for a large call center operation related to a securities product.
5. The Contractor will advise upon disaster recovery / business resiliency services.

**EXHIBIT A**  
**(Standard Agreement)**

e) Marketing and Outreach (Program Administrator and Program Manager)

1. The Contractor must develop CalSavers marketing materials that provide retirement savings education, investor education and Program awareness across California, including materials in foreign languages in accordance with any applicable State law. The materials and messaging will be culturally appropriate for the Program's audiences. The Contractor will support the Board's efforts to reach all possible eligible employers and their employees. Contact information for employers will be provided to the Contractor from State sources.
2. The Contractor shall provide all necessary marketing services including, but not limited to, the following:
  - (a) Create and produce educational materials, including materials for use prior to the launch of the Program, for employers in multiple mediums;
  - (b) Create and produce educational materials, including financial literacy materials, for employees in multiple mediums;
  - (c) Develop and maintain a Program website for the general public; and
  - (d) Create, produce and initiate communications with employers and employees.
3. The Contractor will present an annual marketing plan to the Board for review and approval. The marketing plan should include all strategies and mechanisms anticipated to reach the broadest audience of eligible employers and employees in California. The annual marketing plan will be based upon the Contractor's annual marketing commitment to be used for marketing and promotional expenditures, excluding overhead charges. All marketing plans will be subject to the Board's approval.
4. The Contractor will provide regularly scheduled reports on marketing expenditures and will be expected to provide an analysis of the effectiveness of its marketing strategies.
5. The Contractor will work with any additional marketing firms the Board retains to support brand, public relations, or other marketing services.

f) Investments (Investment Manager and Program Manager)

1. Manage underlying investments in accordance with State law and all applicable federal securities laws and regulations.
2. Manage Investment Option(s) as a fiduciary for the Board and for Program participants in accordance with the Board's Investment Policy Statement, and other Program investment objectives established by the Board, in accordance with all applicable federal securities laws and regulations.
3. Provide the following investment design and investment option services:
  - a) Based upon the sample Investment Options included in Section 1.5, provide IRA-compliant investment options that would appeal to a wide range of participants with various risk tolerance levels and contribution levels.
  - b) Ensure that each proposed investment option may, at the direction of the Board, be removed, or replaced with an alternative investment option. The Board may consider



**EXHIBIT A  
(Standard Agreement)**

recommendations for additional investment options at a future point after inception of the Program.

- c) In order to achieve the lowest possible expense ratios, utilize institutional type share classes, separately managed accounts, collective investment trusts, exchange-traded funds and/or commingled funds.
- 4. Cooperate and communicate with the Board, staff and the Board’s Investment Consultant (Meketa Investment Group) in all evaluations of the investment options and periodic audits.
- 5. Designate a dedicated key personnel team to serve the Board and notify the Board of any changes to the management or compilation of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team.
- 6. Respond to the need for telephone consultation within a 24-hour period and be available to the Board and its staff between the hours of 8 a.m. – 5 p.m. PT.
- 3. Customer services for the Program will be provided at a minimum from 8:00 a.m. to 7:00 p.m. Pacific Time (PT), Monday through Friday, except for holidays. All other services will be provided continuously as necessary to fulfill the services required under the RFP.
- 4. The term of the Agreement will be seven (7) years from the date of the first eligible employee enrollment with three (3) one-year extension options, if desired by the Board, for a possible total term not to exceed ten (10) years.
- 5. The project representatives during the term of this agreement will be:

State Agency: California Secure Choice Retirement Savings Investment Board	Contractor:
Name: Katie Selenski	Name:
Phone: 916-653-1744	Phone:
Fax: 916-653-3125	Fax:

Direct all inquiries to:

State Agency: California Secure Choice Retirement Savings Investment Board	Contractor:
Attention: Katie Selenski	Attention:
Address: 915 Capitol Mall, Room 105 Sacramento, CA 95814	Address:
Phone: 916-653-1744	Phone:
Fax: 916-653-3125	Fax:

**EXHIBIT B  
(Standard Agreement)**

**BUDGET DETAIL AND PAYMENT PROVISIONS**

**1. Invoicing and Payment**

The Contractor shall not invoice the State for any fees or expenses since such amounts will be deducted from contributions to or otherwise charged against assets in the California Secure Choice Retirement Savings Trust. The Contractor shall only be entitled to such amounts as disclosed to participants and as set forth in Exhibit E to this Agreement.

In the event that a material default or breach occurs pursuant to the terms of this Agreement, the Board may require that certain fees and expenses be placed in escrow for the benefit of the Program until such default or breach is cured.

**2. Budget Contingency Clause**

(a) As set forth in Section 9.3 of Exhibit E to this Agreement, the Services provided pursuant to this Agreement are not contingent upon the Budget Act of the current year and/or any subsequent years. At no time will moneys be appropriated under the Budget Act for payments to the Contractor under the Program.

(b) Notwithstanding subsection (a), above, it is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

(c) Notwithstanding subsection (a), above, if funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

**3. Prompt Payment Clause**

The payment provisions contained in Government Code Chapter 4.5 do not apply to this Agreement as allowable fees and expenses will be deducted from contributions to or charged against assets in the California Secure Choice Retirement Savings Trust. Allowable fees and expenses are only those set forth in Exhibit E to this Agreement, as approved by the Board and as are subject to future alteration based on industry norms and national trends.

**4. Fees to Contractor**

The Contractor shall be entitled to receive a monthly program administration or program management fee, as applicable, for the CalSavers Program as set forth in Section 9.1 of Exhibit E to this Agreement.

**5. Fees to the Board**

The Board shall be entitled to receive a monthly administrative fee as set forth in Section 9.4 of Exhibit E to this Agreement.

**EXHIBIT C**  
**(Standard Agreement)**

**GENERAL TERMS AND CONDITIONS**

Exhibit C to this Agreement, the General Terms and Conditions (GTC 04/2017), is hereby incorporated by reference and made part of this agreement as if attached hereto. The General Terms and Conditions can be viewed at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

**EXHIBIT D**  
**(Standard Agreement)**

**SPECIAL TERMS AND CONDITIONS**

Special Terms and Conditions are included in Exhibit E, Additional Provisions.

**EXHIBIT E**  
**(Standard Agreement)**

**NOTE: If Program Administration and Investment Management Services are awarded to different Bidders the final executed Agreement will include only those provisions set forth below that the Board deems relevant to the Services being rendered.**

**ADDITIONAL PROVISIONS**

**1. DEFINITIONS.**

"*Account*" means an individual retirement account or individual retirement annuity under Section 408(a), 408(b), or 408A of Title 26 of the United States Code established with the Program.

"*Account Balance*" shall mean, with respect to an Account, the total cash contribution plus net earnings less (a) net losses attributable to such Account, (b) any Withdrawals directed by the Account Owner, (c) any fees withdrawn from such Account in accordance with this Agreement, and (d) any federal or state tax withholding, if applicable.

"*Account Owner*" shall be the Eligible Employee for whose benefit the Account has been established.

"*Act*" shall mean the California Secure Choice Retirement Savings Trust Act Government Code section 100000 et seq. and related provisions, as amended from time to time.

"*Administrative Performance Criteria*" shall mean the performance standards applicable to the Administrative Services as may be approved by the Board.

"*Administrative Services*" shall mean the Program implementation, customer service, platform and records administration and other general administrative services to be performed by the Contractor in connection with the Program in accordance with this Agreement.

"*Agreement*" shall mean this Agreement, Exhibit C, and Exhibit D entered into between the Board and the Contractor and any other documents incorporated by reference herein.

"*Applicable Law*" shall mean all applicable laws, regulations, judgments, decrees, injunctions, writs and orders of any court, tribunal, arbitrator or Governmental Authority and rules, regulations, orders, licenses and permits of any Governmental Authority or Regulatory Body, including without limitation, all IRA Requirements, and all proposed and existing regulations, and Securities Exchange Commission ("SEC") requirements applicable to the Contractor or the Program. Any references to federal or state statutes or regulations shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

"*Award*" shall mean the award of the Agreement.

"*Beneficiary*" shall mean the person or persons entitled to receive all or a portion of the Account in the event of the Account Owner's death.

"*Board*" shall mean the California Secure Choice Retirement Savings Investment Board established pursuant to the Act.

"*Business Day*" shall mean a day on which the New York Stock Exchange is open for trading.

**EXHIBIT E**  
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"Code" shall mean the United States Internal Revenue Code, as amended from time to time.

"Contractor's Proposal" shall mean the Contractor's response to the RFP and any additional materials supplied to the Board prior to the Award.

"Covered Employer" means an Employer that has five or more employees, as determined under the methodology described in Section 10003(b) of these regulations; that does not maintain a Tax-Qualified Retirement Plan for at least one Eligible Employee; and that is not the federal government or any state, county, municipal corporation, foreign government, or other government entity, unit, or instrumentality.

"Eligible Employee" means any employee of a Covered Employer who: is at least eighteen years of age; has the status of an employee under Unemployment Insurance Code Sections 621 et seq; and who receives a W-2 with California wages.

"Employee" shall mean any individual who is a resident of California, or a non-resident with California source income, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee under Unemployment Insurance Code Sections 621 et seq and who receives an IRS Form W-2 with California wages from an Covered Employer.

"Employer" means a sole proprietor, partnership, corporation, or other entity, whether for profit or not for profit, that is an employer under common law rules.

"ERISA" shall mean The Employee Retirement Income Security Act of 1974, as amended.

"Executive Director" shall mean the Executive Director, or designee, of the Board.

"FINRA" shall mean the Financial Industry Regulatory Authority.

"Governmental Authority" shall mean any federal, state, local, municipal or other governmental department, commission, district, board, bureau, agency, regulatory body, court, tribunal or other instrumentality (or any officer or representative thereof) with jurisdiction over the Program.

"Investment Options" shall mean the options for investment of Accounts in the Trust, to be made available in accordance with the Contractor's Proposal and this Agreement. Each Investment Option shall be a segregated investment portfolio of the Trust.

"Investment Performance Criteria" shall mean the performance standards to be set forth in the Monitoring Procedures to be adopted by the Board and attached as Appendix 3 to this Agreement.

**EXHIBIT E**  
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"*Investment Policy Statement*" shall mean the Statement of Portfolio Investment Policy to be established for the Program by the Board, as such Policy Statement may be revised by Board from time to time and included as Appendix 2 to this Agreement.

"*Investment Services*" shall mean the Investment Services and related services to be provided by the Contractor in connection with the Program as provided in this Agreement.

"*IRA Custodian*" shall mean the Contractor or an affiliate subcontracted hereunder that satisfies criteria established by the Internal Revenue Service ("IRS") to act as trustee or custodian of each IRA established under the Program, and performs the duties required under IRA Requirements including without limitation processing Account Owner instructions as directed, issuing Account statements, fulfilling the IRS reporting requirements, and other responsibilities.

"*IRA Requirements*" shall mean all federal tax laws, regulations, court decisions, and IRS guidance applicable to IRAs, including without limitation the regulations and guidance applicable to payroll deduction IRAs.

"*IRS*" shall mean the Internal Revenue Service.

"*Marketing Performance Criteria*" shall mean the performance standards applicable to the Marketing Services as may be approved by the Board.

"*Marketing Plan*" shall mean the annual plan for marketing and promotion of the Program approved by the Board.

"*Marketing Services*" shall mean the marketing services to be provided by the Contractor in connection with the Program as provided in this Agreement.

"*Monitoring Procedures*" shall mean Monitoring Procedures and Investment Performance Criteria to be adopted by the Board and, when adopted, will be included as Appendix 3 to this Agreement, as may be modified from time to time.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board.

"*Net Asset Value*" or "*NAV*" shall mean the value of each unit of each Underlying Investment and each Investment Option at the close of trading on every Business Day.

"*Participation Agreement*" shall mean the agreement to be entered into by the Board and a prospective Account Owner with respect to an Account, as amended from time to time.

"*Person*" shall mean a natural person or any entity.

"*Program*" shall mean the California Secure Choice Retirement Savings Program" offered by the California Secure Choice Retirement Savings Trust and shall include any pilot program as defined in the California regulations, as amended, which are adopted for this Program.

"*Program Lists*" shall mean all lists, compilations and summaries of Account Owners, Beneficiaries, Eligible Employees, Covered Employers, and/or Prospects.

"*Program Management Fee*" shall mean the monthly management fee payable to the Contractor for all Services under this Agreement as set forth in Section 9.1 of this Exhibit E.

**EXHIBIT E**  
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"*Program Materials*" shall mean all promotional materials (including press releases), media materials and other documents and materials in hard copy or electronic form used in connection with management and administration of the Program, including the Marketing Plan, the Program Disclosure Booklet, the Participation Agreement, the Program websites maintained by the Contractor, and any marketing materials, the application used to establish an Account, and other materials deemed necessary for the implementation of the Program.

"*Program Records*" shall mean the Program Materials, Program Lists, logos, slogans, trademarks, copyrighted materials and website content and marketing specific to the Program all as set forth in Section 15.1 of this Exhibit E.

"*Program Start Date*" shall mean a date to be determined based on the date contract is awarded, but likely a date during the [third quarter of 2018].

"*Program Year*" shall mean the twelve (12) month period commencing each January 1 and ending each December 31.

"*Prospects*" shall mean Persons requesting information or making inquiries as to the Trust or the Program.

"*Regulatory Body*" shall mean the MSRB, FINRA and any other State or federal entity or association that regulates the activities of the Contractor.

"*Request for Proposals*" or "RFP" shall mean Request for Proposals No. CSCRSIB07-17, for Program Administrator and Investment Management Services for the California Secure Choice Retirement Savings Program.

"*SEC*" shall mean the United States Securities and Exchange Commission.

"*Secure Choice Administrative Fee*" shall mean the monthly administrative fee payable to the Board from the Trust, included in Section 9.4 of this Exhibit E.

"*Securities Law Requirements*" shall mean at the time of determination, with respect to the Services or the administration of any underlying investment: (i) all requirements of any applicable federal or state securities law; and (ii) any judicial judgment, decree, injunction, writ, settlement, order or administrative ruling, order or determination by any Governmental Authority or Regulatory Body enforcing or interpreting any federal or state securities law.

"*Services*" shall mean, collectively, the Investment Services, the Marketing Services and the Administrative Services, in each case provided with respect to the Program in accordance with this Agreement.

"*State*" shall mean the State of California and, in certain instances, the Board acting on behalf of the State.

"*Subcontractor*" shall mean the subcontractor to whom the Contractor has assigned its rights and obligations to perform Services as approved by the Board in accordance with the provisions of Section 3.3 of this Exhibit E.

"*Tax-Qualified Retirement Plan*" means a retirement plan that qualifies for favorable federal income tax treatment under Internal Revenue Code Sections 401(a), 401(k), 403(a), 403(b), 408(k), or 408(p), including a multiemployer plan, Simplified Employee Pension, Savings Incentive Match Plan for Employees IRA, and an Employer-provided automatic enrollment payroll deduction IRA.



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"Term" shall mean the Initial Term together with any Extension Term or Terms as applicable in accordance with Section 13.1 of this Exhibit E.

"Trust" shall mean the California Secure Choice Retirement Savings Trust established by the Act.

"Underlying Investments" shall mean those funds or other investment vehicles in which the assets of the Investment Options are invested.

"Withdrawal" shall mean a distribution from an Account without regard to how the proceeds of such distribution will be used.

**2. INCORPORATION OF ADDITIONAL DOCUMENTS; RULES OF CONSTRUCTION.**

- (a) The RFP, the Contractor's Proposal, and the terms of the Award are hereby incorporated by reference into and made a part of this Agreement.
- (b) This Agreement, including documents that have been incorporated herein by reference, contains all representations and the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement.
- (c) In the event there are any inconsistencies or ambiguities among the terms of this Agreement and incorporated documents, the following order of precedence shall be used: (i) Applicable Law; (ii) the terms and conditions of Exhibits A through E of this Agreement, including attachments; (iii) the RFP; (iv) Contractor's Proposal; and (v) any other provisions, terms, or materials incorporated herein. In the event of an inconsistency between a specific term of this Agreement and Applicable Law, Applicable Law will control.
- (d) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:
  - i. Singular words shall connote the plural as well as the singular, and vice versa (except as indicated), as may be appropriate.
  - ii. References within this Agreement to articles, sections, paragraphs or clauses are references to articles, sections, paragraphs or clauses in or to this Agreement.
  - iii. The words "herein," "hereof" and "hereunder" and other words of similar import used in this Agreement refer to this Agreement as a whole and not to any particular article, section, paragraph or clause.
  - iv. References to any Person shall include such Person, the Person's successors and permitted assigns.

**3. APPOINTMENT OF CONTRACTOR TO PROVIDE SERVICES.**

**3.1 Appointment and Acceptance**

The Board hereby appoints the Contractor to provide the Administrative, Marketing and Investment Services, all as described herein. The Contractor accepts this appointment and agrees to perform the Services in accordance with this Agreement. The Contractor agrees that it shall cooperate with the Board, the Executive Director, and employees of the State, and any consultants, advisors, auditors or legal counsel designated by the Board to review, evaluate or otherwise advise regarding the Trust or the Program.

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**3.2 General Duties.**

- (a) The Contractor will serve as IRA Custodian and provide overall management services for the compliance, investment, marketing, administration, recordkeeping and customer service functions of the Program in compliance with all RFP requirements and this Agreement.
- (b) The Contractor will manage the Program in compliance with all Applicable Law, including without limitation, the IRA Requirements and Securities Law Requirements.
- (c) In the event Applicable Law changes during the Term, the Contractor will comply with final rules and regulations once issued to the satisfaction of the Board.
- (d) On an ongoing basis, the Contractor will monitor for changes in the legal and regulatory environment that may materially affect Account Owners or the Program, and it will make recommendations for amendments or supplements to the Program processes and offering materials.
- (e) The Contractor must adhere to the Board's applicable standards and policies, as and when adopted by the Board. The Contractor must comply with the Americans with Disabilities Act ("ADA") and Section 508 of the Rehabilitation Act for any disclosures, plan descriptions, participation agreements and Program forms, and website.
- (f) Services shall be performed at the offices of the Contractor, appropriate affiliates, subsidiaries and subcontractors. The Contractor, affiliates, subsidiaries and subcontractors must provide services in compliance with all Applicable Law.
- (g) The Contractor will designate a dedicated Key Personnel (as defined in Section 3.6 below) team to serve the Board and it will notify the Board of any changes to the management or compilation of that team as they occur. Such changes include re-assignments, resignations, terminations, additions or other changes to the employment status or composition of the professionals assigned to the team.
- (h) All work to be performed by the Contractor will be reviewed by the Board or its designee. Such review will not relieve the Contractor of any liability in connection with such work.
- (i) The Contractor may not engage an affiliate or a third party (including an approved subcontractor) to do anything on its behalf that the Contractor is prohibited from doing directly under this Agreement.
- (j) The Contractor must assist the Board with launching the Program by third quarter of 2018.

**3.3 Delegation and Assignment of Responsibilities. [IF APPLICABLE TO CONTRACTOR'S PROPOSAL]**

- (a) The Board approves the delegation and assignment by subcontract to the specific entities of the particular Services under this Agreement by the Contractor as set forth in the Contractor's Proposal, subject to the terms of a written subcontract approved in writing by the Board. The Contractor may propose additional subcontractors to perform certain Services at any time, subject to the written approval of such additional subcontractors and of the applicable subcontract by the Board, which consent shall not be unreasonably withheld or delayed. The Contractor shall not delegate or subcontract the performance of Services for which it is responsible to any affiliate or third party except in accordance with this Section 3.3.
- (b) No delegation or subcontract by the Contractor pursuant to this Section 3.3 shall relieve it of its responsibilities hereunder, and the Contractor shall be responsible for the performance of Services by its respective delegates and subcontractors and shall remain obligated hereunder as if no delegation or assignment by subcontract had been made.

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(c) Each subcontract shall be a written agreement providing, in form satisfactory to the Board, unless waived in whole or in part by the Board, that:

- (i) the subcontractor agrees to discharge the Services and perform the obligations of the Contractor to which such subcontract applies in accordance with the applicable provisions of this Agreement;
- (ii) the Board is a third-party beneficiary of such subcontract with the right to enforce such subcontract directly against the subcontractor;
- (iii) the subcontractor shall in no event have (A) any right to payment from or to impose a lien on the Trust or (B) any right to payment from any other asset of the Board;
- (iv) that the subcontract may not be assigned without the prior written consent of the Board; and
- (v) such other requirements as the Board may reasonably request.

(d) The Contractor warrants that all delegates and subcontractors engaged in performing the Services shall be properly licensed and otherwise authorized to do so under Applicable Law, and the Contractor agrees that it shall enforce the Service performance obligations of each respective subcontractor or, at the option of the Board, shall assist the Board in enforcing such obligations and provisions.

**3.4 Standard of Care.**

(a) The Contractor acknowledges that it has fiduciary duties to the Board, the Program, the Trust, the Account Owners through Applicable Law for Services it provides (or causes to be provided) pursuant to this Agreement; provided, however, that the Board acknowledges that the Contractor does not provide investment advisory services directly to the Account Owners.

(b) The Contractor acknowledges that it shall hold the assets of the Trust and administer the Accounts and amounts deposited therein on behalf of the Board and the Account Owners thereof and that it is subject to the requirement to use prudence and care in its respective dealings with the Trust, the Underlying Investments, and other assets held within the Trust, in accordance with Applicable Law and such other fiduciary requirements to which it is subject, if any.

(c) The Contractor specifically agrees that in performing its duties and obligations under the Agreement it will act not in regard to speculation, but with the care, skill, prudence and diligence under the circumstances then prevailing, specifically including, but not by way of limitation, the general economic conditions, the anticipated needs of the Trust, the Underlying Investments and other assets held within the Trust, the Accounts and Account Owners, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims to seek to attain the goals of the Program as determined from the Act and the Investment Policy Statement.

(d) The Contractor agrees to discharge its duties with respect to the Program and the Trust solely in the interest of the Board and the Account Owners.

**3.5 Employees of Contractor**

The Contractor shall utilize its personnel to perform Services pursuant to this Agreement, and such personnel shall at all times remain employees or consultants of the Contractor, subject solely to the Contractor's direction and control. The Contractor shall alone retain full liability to its employees and consultants in all respects, including for their welfare, salaries, fringe benefits, legally required employer contributions and tax obligations. No facility of the Contractor used in performing Services shall be deemed to be transferred, assigned, conveyed or leased to the Board or the Program by such performance or use pursuant to this Agreement. The Contractor warrants that all employees

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engaged in the Services shall be qualified to perform the Services, shall be properly licensed and otherwise authorized to do so under all Applicable Law.

**3.6 Contractor's Key Personnel**

(a) The key members of the Contractor's staff will be identified in Attachment 6 of the Contractor's Proposal according to the key role each staff member will provide. "Key Personnel" individually and collectively must include the overall business head responsible for the Contractor's engagement with the Board, the day-to-day manager, the investment professional responsible for the overall investment structure, the senior-most marketing professional, and the senior-most professional(s) responsible for operations, record keeping and customer service.

**3.7 Changes in Control, Organization or Key Personnel**

(a) The Contractor shall promptly, and in any case within five (5) calendar days, notify the Board in writing: (i) of any change in the majority ownership, control, or business structure of the Contractor; (ii) of any other material change in the Contractor's business, partnership or corporate organization; or (iii) of any changes to Key Personnel. All written notices from the Contractor under this provision shall contain sufficient information, including resumes, to permit the Board to evaluate the changes within Contractor's organization under the same criteria as was used by the Board in its Award of this Agreement to Contractor. The Contractor agrees to promptly provide the Board with such additional information as requested by the Board.

(b) During the Term of this Agreement, the Contractor shall notify the Board of any proposed changes to the Key Personnel due to reassignments, resignations, terminations, or changes to the employment status of any Key Personnel prior to implementing such changes, or, if it is not feasible for Contractor to give prior notice of such event to the Board, then promptly after such a change.

(c) In the event of any changes to Key Personnel, the Contractor will immediately designate interim Key Personnel and, within six (6) months, permanent Key Personnel in conjunction with the notice provided pursuant to Section 3.7(a).

(d) The Board shall have the right to request removal of any Key Personnel that it deems to be providing unsatisfactory or inadequate work. The Contractor shall comply with such a request in a timely manner and shall provide notice of interim or permanent Key Personnel pursuant to Section 3.7(a).

(e) The Agreement may be terminated immediately, in the sole discretion of the Board and upon written notice from the Board to the Contractor, due to any change in or departure of any Key Personnel, which shall be considered a material breach by the Contractor and constitute cause of termination pursuant to paragraph 7 of Exhibit C, if Contractor is in the Board's sole judgment unable to provide equal, or substantially comparable, permanent substitute personnel in experience, education, and other qualifications.

**4. PROGRAM START DATE**

The Contractor and the Board shall take all action necessary for the Program Start Date to be in third quarter of 2018.

**5. CONDITIONS TO THE PROGRAM START DATE**

At or before the Program Start Date, each of the following conditions shall be met (all or any of which conditions to the Program Start Date may be waived in whole or in part in writing by the Board and the Contractor):

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(a) Representations and Warranties. Each of the representations and warranties made by the Board and the Contractor, respectively, in this Agreement shall be true and correct in all material respects on and as of the Program Start Date as though such representation or warranty was made on and as of the Program Start Date.

(b) Program Disclosure Booklet.

(i) Completion. The Program Disclosure Booklet shall have been prepared by the Contractor in such form and substance as shall be mutually acceptable to the Board and the Contractor.

(ii) Certificate of the Board. The Board shall have delivered to the Contractor a certificate, dated the Program Start Date, to the effect that all portions of the Program Disclosure Booklet describing the Board and the Board's duties and responsibilities with respect to the Program are complete and accurate and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Nothing in this Section 5(b) shall require the Board to make any representations as to the portions of the Program Disclosure Booklet describing the Contractor, and the investment risks associated with the Program or the Contractor's or any other Persons' duties and responsibilities with respect to the Program.

(iii) Certificate of the Contractor. The Contractor shall have delivered to the Board a certificate, dated the Program Start Date, to the effect that all portions of the Program Disclosure Booklet describing the Contractor's duties and responsibilities with respect to the Program (including such duties and responsibilities which have been delegated or subcontracted pursuant to Section 3.3 of this Exhibit E) are complete and accurate and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Contractor shall immediately notify the Executive Director in the event the representations in Contractor's certificate delivered pursuant to this Section 5(b) are no longer true or accurate. As soon as reasonably practicable following the delivery of such notice, the Contractor and the Executive Director shall consult as to whether modifications to the Program Disclosure Booklet are necessary or appropriate. The Contractor shall provide all reasonable assistance in connection with any revisions to the Program Disclosure Booklet resulting from such consultations. Nothing in this Section 5(b) shall require the Contractor to make any representations as to the portions of the Program Disclosure Booklet describing the duties and responsibilities with respect to the Program of the Board or any other Persons (other than any Person to whom duties are delegated or subcontracted by the Contractor in accordance with Section 3.3 of this Exhibit E).

(c) Structuring of the Program. The Board and the Contractor shall have developed and agreed to the terms of the Program with the intent that the Program comply with all Applicable Law.

(d) Opinion of Contractor's Counsel. An opinion of counsel shall have been provided by the Contractor addressed to the Board, and addressing the matters to which the Contractor has delivered its certificate pursuant to Section 5(b)(iii) of this Exhibit E and with respect to its representations and warranties set forth in Section 10 of this Exhibit E.

(e) Insurance Coverage. The Contractor shall have provided proof of insurance coverage of the types and at the levels as set forth in Section 12.10 of this Exhibit E.

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(f) Initial Marketing Plan. The Executive Director of the Board shall have reviewed and approved the initial Marketing Plan required to commence the marketing and selling of the interests in the Trust.

(g) Program Materials. All Program Materials necessary to offer and implement participation in the Program shall have been prepared by the Contractor and approved in form and substance by the Board and shall be finalized by the Contractor and available for such use.

(h) Administrative Systems. The Contractor shall have demonstrated to the satisfaction of the Board its ability to accept Program applications for, to receive contributions and to establish Accounts in accordance with the Program requirements.

(i) Performance Guarantee. Unless otherwise agreed upon, the Contractor shall have delivered a performance guarantee, an irrevocable letter of credit or a contract bond, as described in Section 12.10 of this Exhibit E.

**6. INVESTMENT SERVICES**

**6.1 Creation of the Trust**

(a) The Contractor shall manage the Program in accordance with all Applicable Law (including without limitation the Code and the Act), this Agreement, the RFP, and the Contractor's Proposal. The assets of the Trust's Investment Options shall be maintained in accounts registered in the name of the Trust (the "Trust Accounts"). The Trust shall consist of a program fund and an administrative fund. All assets will be deposited in the program fund until such time as the Contractor transfers funds to the administrative fund in accordance with Section 9.4 herein.

(b) The Contractor shall provide Investment Services as set forth in this Agreement. All monies received as contributions to the Accounts shall be deposited by the Contractor into the program fund of the Trust and invested in the Investment Option or Options designated by the Account Owner. The assets of the Trust shall be preserved, invested and expended by the Contractor solely pursuant to and for the purposes of the Program and shall not be loaned or otherwise transferred or used by the Contractor for any other purposes. Unless the prior written approval of the Board is received, the Contractor shall not withdraw or permit to be withdrawn any assets from the Trust except (i) to process a Withdrawal at the direction of the Account Owner; (ii) to pay the fees chargeable against the assets of the Trust provided in and in accordance with the provisions of Section 9 of this Exhibit E, or (iii) withhold taxes if required by Applicable Law.

**6.2 Investment Policies**

(a) The Contractor must develop and recommend investment options, underlying investments and fee structures to appeal to retirement savers with various risk tolerances and varying contribution levels. Investments should be simple yet offer maximum flexibility to satisfy various Account Owner objectives and needs.

(b) The Contractor may recommend a proprietary line-up of Underlying Investments, investments from a single investment manager, or investments from multiple investment managers. In either case, the Contractor must support its recommendations to the Board, demonstrating the superiority of the recommendation over other possible investment line-ups.

(c) The Board must approve any and all recommended investment options. Per statute, the Board will establish a Statement of Investment Policy ("Investment Policy Statement") for the Program upon engagement of an investment consultant. The Contractor shall comply with the terms of the Investment Policy Statement, which shall be developed in cooperation with the Board and the Board's consultants.

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- (d) The Contractor shall invest and manage the assets of the Trust in a manner to ensure that the Investment Options and the Underlying Investments shall be in compliance with Section 6.3 of this Exhibit E and the Investment Policy Statement to be adopted at all times. Each Underlying Investment shall be invested in assets described in the Investment Policy Statement. Upon engagement of an investment consultant, the Board will establish Monitoring Procedures and Investment Performance Criteria with which the Contractor will comply and by which the Contractor's performance will be measured. The Contractor must also demonstrate that it (and any investment management subcontractor) has rigorous internal monitoring procedures in place for all funds and other investment vehicles proposed as Underlying Investments. The Contractor shall provide regularly scheduled investment performance reports compared to agreed-upon benchmarks.
- (e) On at least a quarterly basis, and more frequently as requested or as necessitated by its fiduciary duty, the Contractor must inform the Board about significant changes in the investment climate, market conditions or investment philosophies that could affect Program investments.
- (f) The Contractor will provide to the Board a quarterly report describing the Contractor's compliance with the Investment Policy Statement in addition to the information set forth in Section 6.7 of this Exhibit E.

**6.3 Investment Performance and Benchmarks**

- (a) Except as otherwise agreed to by the Board and the Contractor, the Contractor shall at all times seek to provide performance consistent with Investment Performance Criteria for each Investment Option managed on behalf of the Board. The Contractor shall at all times adhere to all policies, procedures, and criteria as set forth in the Investment Policy Statement and the Monitoring Procedures. The Contractor does not guarantee that investment performance or attainment of any particular investment return will be achieved.
- (b) The Board shall assess the Contractor's overall performance in providing investment management services with consideration of, but not limited to, the following: level of the Board's confidence; material organizational changes pertaining to investment management operations; turnover of Key Personnel; adherence to investment mandates as determined by the Board; modifications to the Trust's active/passive allocation structure (due to performance related issues); relative performance of Investment Options; its compliance with Applicable Law, and the quality and speed of investment reporting functions.
- (c) Based on the performance of an Underlying Investment, the Contractor shall consider whether it is appropriate to recommend a change in any Underlying Investment and the Board may require a change in any Underlying Investment if the new investment satisfies the requirements in the Monitoring Procedures and the Investment Policy. In the event that the Contractor determines or the Board directs that a change in an Underlying Investment is appropriate or required, the Contractor shall be responsible for making a recommendation to the Board as to a suitable alternative investment. Such recommended investments shall be reviewed by the Board and its investment consultant to determine if the investments satisfy the criteria for selection of Underlying Investments set forth in the Monitoring Procedures. Any such recommendation made by the Contractor must be approved by the Board in writing prior to its implementation.
- (d) The Board shall have the right to require the Contractor to replace an existing Underlying Investment managed by it with an alternative Underlying Investment managed by an entity that is not affiliated with the Contractor if (i) all similar alternative funds managed by the Contractor or an affiliate do not satisfy the criteria for selection of Underlying Investments set forth in the Monitoring Procedures, or (ii) the Board reasonably determines that such a change is in the best interests of the Account Owners.

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**6.4 Allocation Guidelines**

The Contractor shall invest the assets in each of the Underlying Investments so that such assets are allocated as established by the Contractor and approved by the Board from time to time (the "Allocation Guidelines"). The initial Allocation Guidelines shall be the allocation guidelines established by the Contractor and approved by the Board as set forth in the Investment Policy Statement.

**6.5 Contributions; Accounts**

The Contractor shall establish an individual Account in the Trust as it relates to the Program, with the Investment Option(s) and for the Account Owner as designated in the Participation Agreement or Account applications, for the receipt of contributions made on behalf of the Account Owner by any third party in accordance with Applicable Law. The Contractor shall receive contributions and shall credit each such contribution received in good order to the Account to which such contribution is made, and to the Trust as it relates to the Program, (a) on the day of receipt of the contribution by the Contractor if received before the close of trading on the New York Stock Exchange or such earlier time as may be reflected in administrative procedures agreed to from time to time by the Contractor and the Board, or as otherwise may be required by Applicable Law, on any Business Day; or (b) on the next Business Day following receipt of the contribution by the Contractor if received on a day other than a Business Day or if received after the close of trading on the New York Stock Exchange or such earlier time as may be reflected in administrative procedures agreed to from time to time by the Contractor and the Board. Amounts credited to an Account as a result of contributions shall purchase units or shares of an Investment Option without delay. For purposes of Withdrawals from an Account, changes in the Beneficiary and for all other Account-related purposes, only the Account Owner (or his or her legally authorized designee) may give directions to the Contractor regarding the Account.

**6.6 Contributions at Default and Alternative Rates; Rollover Contribution Levels**

Contractor shall accept payroll deduction contributions from Employers on behalf of Account Owners at (i) a default rate established from time to time by the Board subject to automatic escalation, or (ii) an alternative rate and/or alternative automatic escalation rate selected by the Account Owner. The minimum alternative contribution rate shall be 1% of the Account Owner's compensation per pay period. There shall be no minimum for rollover contributions into the Program. The minimum Rollover contribution out of the Program shall be as mutually agreed upon by the Board and the Contractor.

**6.7 Determination of Net Asset Value.**

(a) The Net Asset Value of each unit of each Investment Option shall be calculated by the Contractor based on, and reflective of, the following:

- (i) the net asset value per share or unit of the Underlying Investments as of the market close on that Business Day;
- (ii) adjustments, if any, to the net asset value per share of any Underlying Investment made after the market close;
- (iii) net purchase orders and net redemption orders for each Investment Option received by the Contractor each Business Day;



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- (iv) the Contractor's deduction and payment of fees from the Investment Options in accordance with Section 9 of this Exhibit E; and
  - (v) the Contractor's reinvestment, into any Underlying Investment, of any income, dividends and/or capital gain distributions paid by such Investments.
- (b) The value of any particular Account for each Investment Option in which the Account is invested shall be determined by multiplying the NAV of the unit of the Investment Option by the number of units of the Investment Option held in the particular Account.
- (c) The assets of the Trust and each Investment Option shall be valued as of the close of each Business Day.

**6.8 Reports and Financial Information.**

- (a) The Contractor shall keep adequate records of the Account Balance with respect to each Account, and it shall compile, prepare and deliver to the Board and Account Owners on a timely basis the financial information, reports and statements required of the Contractor under Applicable Law (including without limitation the Act, and the Code) and by this Agreement. In particular, the Contractor shall prepare and deliver to the Board, within thirty (30) calendar days immediately following the end of each calendar quarter, reports in a form satisfactory to the Board including: (i) the type of investment, name of the issuer, the dollar amount invested, and, to the extent applicable, the date of maturity and par value of each security, investment and money within the Trust; (ii) to the extent applicable, the weighted average maturity of the investments in the Trust; (iii) any amounts in the Trust that are under the management of an investment manager; (iv) the market value as of the date of the report and the source of this valuation for any security within the Trust; (v) its compliance with the Investment Policy Statement, and (vi) any other information mandated by the Act or reasonably requested by the Board.
- (b) The Contractor shall provide oral or written progress reports and attend meetings as requested by the Executive Director to determine if the Contractor is performing to expectations, is on schedule, or present findings, conclusions, and recommendations, or to afford occasions for discussing and resolving problems encountered. At a minimum the Contractor shall provide quarterly reports that include information on accounts, assets, contributions, investment trends, investment results, compliance with the Investment Policy Statement, and such other matters as may be specified by the Executive Director.

**6.9 Proxy Voting**

Decisions on voting of shares of all Underlying Investments held by the Program will be made by the Board on behalf of all Account Owners.

**7. MARKETING SERVICES.**

**7.1 Marketing Services.**

- (a) The Contractor shall provide support for Marketing Services to the Board in support of the Marketing Plan for the Program, in a manner which is commercially reasonable and in compliance with this Agreement and all Applicable Law. The Contractor must coordinate with employers, participants, payroll providers, and retirement savings advocates to aggressively support the promotion of the Program. The Contractor will support the Board's efforts to reach all possible eligible individuals through initiatives directed specifically toward Eligible Employees and Covered Employers. The Contractor must provide or enable investor education for and outreach across California to its diverse population, including marketing materials in languages other than English, including Spanish.

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(b) The Contractor will provide an annual marketing commitment to enable the Board to create an annual marketing plan. The marketing commitment will be sufficient to implement a marketing plan that will reach the broadest audience of eligible individuals in California. The marketing plan will be based upon the Contractor's annual marketing commitment, to be used for marketing and promotional expenditures, excluding overhead charges. The annual marketing commitment will cover costs directly allocable to the marketing and promotion of the Program, including all marketing and disclosure materials used in the acquisition of new accounts but not including the Program Materials used for existing Accounts.

(c) No later than October 1 of each current Program Year, the Contractor working with any firms retained by the Board for marketing or public relations services will present to the Board for its review and approval a marketing plan for the following Program Year. The marketing plan should include all strategies and mechanisms anticipated to reach the broadest audience of Covered Employers and Eligible Employees in California. The marketing plan will be based upon the Contractor's annual marketing commitment, to be used for marketing and promotional expenditures, excluding overhead charges. All marketing plans will be subject to the Board's approval. The allocation of the annual marketing commitment will also be subject to the Board's approval, and it will include the Board's discretion over the annual marketing commitment to proposed marketing concepts and promotional activities for the Program.

**7.2 Marketing Performance Criteria.**

(a) The Marketing Performance Criteria will be agreed upon and used to evaluate the Contractor's marketing performance under the Agreement. The Contractor may propose modifications to the Marketing Performance Criteria, which the Board may accept or reject, or it may request further modifications taking into consideration industry norms and national trends.

**7.3 Development and Approval of Program Materials.**

(a) The Contractor shall only use Board-approved Program Materials in any marketing or outreach on behalf of the Program.

(b) The Contractor shall submit all Program Materials to the Board for written approval by the Executive Director prior to finalizing such Program Materials. The Executive Director shall promptly review all Program Materials so submitted, and approval of such Program Materials by the Executive Director shall not be unreasonably withheld or delayed to the extent consistent with the purposes of the Program. The Contractor shall not finalize, distribute or otherwise use any Program Materials until such Program Materials have been approved in writing by the Board. It is agreed that normal turnaround time for review and approval of Program Materials submitted by the Contractor to the Board for approval will be ten (10) Business Days that the State is opened for business in the first Program Year, and five (5) Business Days that the State is opened for business in subsequent Program Years during the Term.

**7.4 Branding of Program Materials; the Contractor Promotions**

(a) All Program Materials shall display the "California Secure Choice " brand, and any "Plan brand" which may be developed, in a manner and at a level of prominence acceptable to the Board.

(b) The Contractor may advertise to the general public, and develop marketing materials for distribution to third parties unrelated to the Program or the Trust, regarding the Contractor's status with respect to the Program and the Trust after prior approval of the Board of such advertisements or marketing materials.

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(c) The Contractor shall display the "California Secure Choice "brand, and any "Plan brand" in a manner and at a level of prominence acceptable to the Board in connection with any California-specific promotions using the Contractor's brand.

**7.5 Promotional Materials**

If applicable, the Contractor agrees that all Program promotional materials shall comply with all Applicable Law regarding disclosures for IRAs and state-administered retirement programs, including generalized disclosure on (a) the investment objectives, risks, charges and expenses associated with the Program, (b) availability of and the need to read carefully the Program Disclosure Booklet, and (c) the provision that neither the principal deposited nor the investment return, if any, of the Program is guaranteed by the State, the Board, the Contractor or any of its affiliates, the federal government or any agency thereof, or any other Person. All Program Materials also must refer to the Trust as the issuer of any securities offered in connection with the Program.

**7.6 Non-Program Communications**

During the Term and following any termination or expiration of this Agreement, the Contractor shall not direct non-Program communications of any kind to Covered Employers, Eligible Employees, Account Owners, or Prospects without the prior written consent of the Board. Notwithstanding the foregoing, the Contractor may direct non-Program communications to any Covered Employer, Eligible Employee, Account Owner, or Prospect that either (a) expressly consents to receive solicitations from the Contractor; (b) requests information about or opens non- Program accounts with a Contractor; (c) at any time was or becomes the owner of a product of the Contractor other than pursuant to an Account application; or (d) has been contacted based upon information obtained through a source independent of the Program.

**7.7 Other State-administered Retirement Programs**

The Contractor shall not actively market other state's retirement programs that are similar to the Program (e.g., OregonSaves) to eligible California employees. Notwithstanding the foregoing, nothing in this Agreement shall prevent the Contractor from responding to unsolicited requests from California residents for information concerning other state-administered retirement programs.

**7.8 Marketing Reports**

The Contractor shall compile, prepare and provide to the Executive Director, within twenty (20) Business Days immediately following the end of each calendar quarter, a report containing a list of the Contractor's completed marketing activities during the preceding month, which report shall be in form and substance as approved by the Board. The Contractor also shall provide a written report of ongoing and completed marketing efforts and expenditures including an analysis of the effectiveness of its marketing strategies in form and substance as approved by the Board within thirty (30) Business Days of each calendar quarter end.

**8. ADMINISTRATIVE SERVICES.**

**8.1 Records Administration and Customer Service**

During the Term of the Agreement, the Contractor shall perform all necessary Administrative Services for the Program, including but not limited to the following:

(a) Develop rules and procedures for all processes related to the Program operations and implement a fraud protection program and provide a copy of such rules, procedures, and program to the Board on or before the Program Start Date, and as such rules, procedures, and fraud protection program is updated or otherwise modified;

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(b) The Contractor will administer the Program, maintain all records, and comply with all Applicable Law and reporting requirements set forth under Applicable Law (including without limitation under the Code, the California Franchise Tax Board (“FTB”), federal and state tax, securities, and benefits regulatory requirements and guidance), and the Board-imposed Administrative Performance Criteria. The Contractor’s reporting requirements include the annual report and audit of the Program required by section 100038 of the Government Code.

(c) Facilitate compliance with maximum contribution limits on IRAs and other IRS requirements affecting the Program and IRAs generally;

(d) Calculate daily NAVs and implement a fraud prevention program.

(e) Create and distribute appropriate training materials to agents, customer service representatives, and other interested parties;

(f) Accept Prospect calls and inquiries, and maintain a database of such inquiries if the Prospect provides contact information;

(g) Accept and process Account applications from any Eligible Employees under the Act received in good order online and through a central mailing location that can receive express deliveries and deliveries by normal US postal services;

(h) Maintain contact information for Account Owners and any duly authorized representatives, as applicable;

(i) Maintain separate accounting for each Account and Account Owner; and Account payment and distribution history;

(j) Create or designate a customer call center in accordance with the RFP and the terms of the Award to respond to Account Owner inquiries from 8:00 a.m. to 7:00 p.m. Pacific Time (PT), Monday through Friday, except holidays. These customer service representatives must be available live on the phone and through an online/website interface. A reasonable number of these customer service representatives must be multi-lingual. There also must be a voice response unit and online servicing access in all other hours. The Contractor’s customer service representatives must be knowledgeable about the Program, provide information about the Program, the Program Disclosure Booklet, the Program Materials, and Program policies and procedures, and engage in responsive conversation.

(k) Accept and process Withdrawals and rollovers for Accounts, including transactions via payroll deduction, ACH, direct deposits; and any other reasonably-related administrative services necessary to operate the Program;

(l) Prepare and provide all required monthly reports to federal and state entities regarding Accounts and account activity including without limitation, State and federal tax reporting documents (e.g., IRS forms 1099-Rs and 5498). The Contractor will also provide regularly scheduled reports to the Board regarding the number of new Accounts and assets, any relevant Account activity, and other Program administration information prescribed by the Board.

(m) The Contractor will also provide a quarterly report outlining customer service inquiries and results, the number and types of complaints and the manner in which they were resolved, and such other information as the Board requests, including prior year comparisons on requested information.

(n) Maintain a secure 24/7 online account access and account maintenance on a “.com” California Secure Choice ADA-compliant website and create or establish a web address with its own URL separate and unique to the Program, which provides access to Account information, including enabling users (i.e., prospective and existing Account Owners, as applicable) to:

(i) receive information about the Trust and the Program;

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- (ii) enroll online;
  - (iii) download an Application to establish an Account with the Trust;
  - (iv) access all Account information;
  - (v) process Withdrawals online; and
  - (vi) make certain Account changes online
- (o) Accept direct deposits from Covered Employers on behalf of Account Owners by payroll deduction and automatic checking/savings account Withdrawals;
- (p) Provide accurate quarterly and annual statements to Account Owners including opening and closing asset balances and units held as well as Account activity during the quarter or year as applicable, and such other matters as the Board reasonably requests;
- (q) Provide a way for Account Owners to make changes to their Accounts, including but not limited to, address changes, telephone number changes, and change of Beneficiaries, while still maintaining the confidentiality of information as required by Section 16 of this Exhibit E;
- (r) Provide a means for Account Owners to view or retrieve Account activity, and to express concerns, comments or complaints on a daily basis through a voice response unit and a secure website;
- (u) Provide timely fulfillment of Program Materials, including but not limited to the Program Disclosure Booklet, and other promotional materials and forms, and maintain a systematic history of fulfillment activity at the customer service center established by the Contractor for each Prospect and Account Owner; and
- (v) Maintain a systematic history of Prospect and Account Owner comments, calls, and other communications and inquiries at the customer service center established by the Contractor.
- (w) The Contractor must attend or be represented at all Board meetings (monthly) unless otherwise notified by the Board Chair or his or her designee, and provide Program-related reports as requested by the Board or its staff.
- (x) The Contractor must also respond to the need for telephone consultation within a 24-hour period and be available at minimum to the Board and the staff between the hours of 8 a.m. – 5 p.m. PT.
- (y) Upon request, the Contractor shall provide the Board access to all Program Records. The Program Records shall be provided in a reasonable time and in a form acceptable to the Board. At its expense, the Contractor also shall provide the Board all Program Records in a useable electronic form after notice from the Board that the Agreement will terminate.
- (z) The Contractor's performance will be measured by mutually agreed upon Administrative Performance Criteria ("Administrative Benchmarks"), and which will be incorporated by reference into this Agreement. The Board and/or the Contractor may review and recommend modifications to the Administrative Benchmarks on an annual basis based on industry norms and national trends; any modifications will require approval by the Board.

**8.2 Administrative Performance Criteria**

The Contractor will provide Administrative Services under this Agreement in accordance with Administrative Performance Criteria approved by the Board. Contractor may review and recommend to the Board modifications to such Criteria annually based on industry norms and national trends. Modifications shall be approved by the Board.

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**8.3 Withdrawals**

The Contractor shall process requests by Account Owners for Withdrawals from the Accounts in accordance with the written withdrawal procedures which are developed by the Contractor and provided in writing to and subject to the approval of the Board (the "Withdrawal Procedures"). The Contractor shall transfer all or a portion of the Account Balance pursuant to a Withdrawal request in accordance with the Withdrawal Procedures.

**8.4 Administrative and Other Reports**

The Contractor shall compile, prepare and provide to the Board a report or reports of records administration and customer service activities of the Contractor during the preceding period, which reports shall be in form and substance as approved by the Board. The reports of activity shall include, among other things, the items set forth by the Board. The Contractor shall provide such reports in electronic and hard copy form to the Board fifteen (15) Business Days immediately following the end of each calendar month or quarter as applicable, and shall use commercially reasonable efforts to provide such reports within such shorter period following the end of each calendar month or quarter as applicable in the case of the accounting reports as necessary to meet the Board's needs for such reports.

**9. CONTRACTOR'S FEES AND CHARGES; SECURE CHOICE ADMINISTRATIVE FEE.**

**9.1 Contractor's Fees and Charges**

(a) The Contractor shall bear all of its own respective direct and indirect costs and expenses associated with this Agreement, the Trust, the Program and the Services and its other obligations and responsibilities under this Agreement (including but not limited to, as applicable, the annual marketing commitment, preparation of all offering materials for the Program, including the Program Disclosure Booklet, and broker-dealer, investment advisor, transactional and other fees associated with investment of the Underlying Investments other than as acknowledged or set forth in Section 9.1(b), Section 9.2, Section 9.2(a) or Section 9.7 of this Exhibit E). No such costs or expenses shall be paid from or reimbursed out of the Trust or by the Board or the State.

(b) The Contractor shall be entitled to accrue daily and withdraw monthly a Program Management Fee from the Trust as described in Section 9.2 of this Exhibit E, which Fee shall be inclusive of the fees and expenses (including transaction costs) for each Underlying Investment as described in the most recent prospectus for each Underlying Investment. The Program Management Fee will be calculated by multiplying the applicable annual rate by the daily market value of the Trust assets based on a 365/366 calendar year during the applicable period. The Program Management Fee and other fees permitted under Sections 9.2(a), 9.6, and 9.7 of this Exhibit E shall be the Contractor's sole compensation for performing all of the Services hereunder.

(c) [If applicable: The Contractor shall be entitled to charge an annual Account Maintenance Fee. The Fee will be deducted from each Account on [the first day of each calendar year]].

(d) The Board and the Contractor may review fees annually based on industry norms and national trends. In the event of a change in Applicable Law during the Term of this Agreement, which change materially impacts the duties of the Contractor hereunder (as mutually agreed upon by the Board and the Contractor), the Board and the Contractor shall consider a change to the application of the annual marketing commitment detailed in Section 7.2 of this Exhibit E, and then a change to allowable fees.

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**9.2 Computation and Withdrawal of the Program Management Fee: Audit by the Board**

(a) The Contractor shall deliver to the Board a report setting forth the procedures it proposes for determining its Program Management Fee and the format for reporting such Program Management Fee in accordance with this Agreement, which procedures and format shall be subject to review and approval by the Board.

(b) On or before the fifteenth (15) day of each month following the Program Start Date, the Contractor shall deliver to the Board, by electronic or other such means requested by the Board, a summary report of its calculation of the Program Management Fee for the preceding month, based on the procedures and in the format approved by the Board as required by Section 9.2(a) of this Exhibit E. Such report shall set forth, at a minimum, the average assets of the Trust invested for each day of the preceding month.

(c) If, within seven calendar days following receipt of the report delivered pursuant to Section 9.2(b), the Board does not advise the Contractor that it objects to or wishes to confirm such report, the Contractor may at that time withdraw the amount of the Program Management Fee from the Trust. If within such seven-day period, the Board advises the Contractor that it objects to or wishes to confirm such calculation, the Board and the Contractor shall, in good faith, attempt to resolve such objection or complete such confirmation as soon as reasonably practicable. If the Board objects to a portion of such calculation, the Contractor may withdraw such portion of the Program Management Fee that is not in dispute. The calculation and collection of the Program Management Fee shall remain subject to post-audit adjustment, and neither the Board's failure to advise the Contractor with respect to any monthly calculation, nor any transfer by the Contractor in payment of a prior amount calculated and submitted but not objected to by the Board, shall prevent the Board from adjusting the Program Management Fee to reflect the Board's identification of improper prior payments during the course of a post-audit, or requiring repayment by the Contractor of any overage to the Trust.

(d) To collect the Program Management Fee to which it is entitled in accordance with the foregoing provisions of this Section 9.2, the Board on behalf of the Trust hereby authorizes the Contractor to deduct the Program Management Fee, directly from the assets of each Investment Option and at the time periods as provided in this Section 9.2, the pro rata portion of the Program Management Fee accrued during the previous month as calculated in accordance herewith.

(e) In the event of a material default or breach under the Agreement, the Board may require certain fees and expenses to be placed in escrow, pending cure of the breach or default. At such time as the breach or default is cured, moneys in escrow not otherwise applied for services shall be transferred to the Contractor.

**9.3 No Board or State Obligation for Fees**

(a) The Board and the State shall have no liability to the Contractor for fees or compensation for the Services. The only compensation for the Services received by the Contractor shall be the Program Management Fee, which shall be payable only from amounts available in and withdrawn from the Trust[, and the Account Maintenance Fee], and payments, if any, received from insurance companies issuing funding agreements to the Trust or third-party mutual funds or their advisers, as described in Section 9.7 of this Exhibit E, unless the Board approves specific account charges as set forth in Section 9.6 of this Exhibit E.

(b) The Services provided pursuant to this Agreement are not contingent upon the Budget Act of the current year and/or any subsequent years. At no time will moneys be appropriated under the Budget Act for payments to the Contractor under the Program.

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**9.4 Secure Choice Administrative Fee**

The Board will receive from the Contractor a monthly administrative fee (the "Secure Choice Administrative Fee" accrued and computed daily against the market value of the net assets of the Trust (based on a calendar year of 365/366 days) during the applicable period. The Secure Choice Administrative Fee shall remain in effect until such time as the Board changes this Fee, which it may do at any time in its sole discretion in order to provide funds for marketing, consumer outreach and/or other programs, or to maintain the competitiveness of the Program. The Contractor will distribute the Secure Choice Administrative Fee to the Board on a monthly basis according to a payment schedule and procedures to be agreed upon by the Contractor and the Board.

**9.5 Withdrawal and Payment of Secure Choice Administrative Fee**

On or before the fifteenth (15th) Business Day of each month following the Program Start Date, the Contractor shall withdraw from the program fund of the Trust the Secure Choice Administrative Fee accrued in accordance with the provisions of Section 9.4 of this Exhibit E and shall transfer such amount to the administrative fund or as further directed by the Board by the thirtieth (30th) day of such month. To pay the Secure Choice Administrative Fee to the Board as provided herein, the Board on behalf of the Trust hereby authorizes the Contractor to deduct, directly from the assets of each Investment Option, the pro rata portion of the Secure Choice Administrative Fee accrued during the previous month as calculated in accordance herewith.

**9.6 Penalties or Charges.**

(a) Except for the penalties and charges described in (b) below and the Annual Account Fees no fee, charge or penalty shall be imposed in connection with the establishment or maintenance of any Account or transaction therein, Withdrawals therefrom, or transfers thereof. Nothing in this Agreement shall prevent the Contractor from charging Account Owners for services not required by this Agreement (e.g., electronic funds wire charges and overnight delivery charges) provided such amounts are approved in writing in advance by the Board.

(b) If required by Applicable Law, or by prior agreement between the State and Contractor, the Contractor may collect federal or State penalties on behalf of the Program.

**9.7 Acknowledgment of Payments from Third-Party Funds**

The Board acknowledges that: (i) the Contractor may receive fees on assets invested in insurance company funding agreements or third-party mutual funds (i.e., funds advised by a Person unaffiliated with the Contractor receiving the fee) from such funds or the advisers thereof in consideration of performing bona fide services in connection with the Trust's investment in such funds, (ii) unless otherwise agreed to, such fees will not be paid or credited to the Trust, and (iii) such fees will be in addition to the Program Management Fee payable to Contractor hereunder. The Contractor shall specifically disclose the amount of such fees to the Board at the time it proposes such insurance company funding agreements or third-party funds as Underlying Investments.

**9.7 Payment of Taxes**

The Board is exempt from federal excise taxes and shall not make any payment for any personal property taxes levied on Contractor or any taxes levied on employee wages. The Board will pay any applicable State or local sales or use taxes on the Services rendered pursuant to this Agreement. The State also may pay any applicable sales and use taxes imposed by another state.

**10. REPRESENTATIONS AND WARRANTIES OF THE CONTRACTOR.**

(a) Organization. [Note: This representation will be modified for the Contractor selected pursuant to the RFP.] The Contractor is a [TBD] company, duly organized, validly existing and in good



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standing under the laws of the State of [TBD]. The Contractor is duly qualified and in good standing under the laws of each jurisdiction (including California) where its ownership or lease of property or the conduct of its business requires such qualification. The Contractor has been and is in material compliance with, all governmental approvals, consents, licenses, permits, certificates, franchises and requirements under Applicable Law, that are necessary for such Contractor to conduct its business generally and in the State of California and to enter into and perform its obligations under this Agreement and the other documents relating to the Program and the Trust. The Contractor has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The Contractor's or approved subcontractor's personnel responsible for performing any Services will have all necessary licenses under Applicable Law. The Contractor meets and will continue to meet the minimum qualifications of the RFP, and as certified in Contractor's Proposal (Attachment 4, Minimum Qualifications Certification), throughout the Term of the Agreement.

(b) Enforceability. The execution and delivery by the Contractor of this Agreement, and the performance by the Contractor of its obligations hereunder, have been duly and validly authorized, with no other corporate action on the part of the Contractor or its stockholders being necessary. The Contractor has the full legal right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by the Contractor and constitutes a legal, valid and binding obligation of the Contractor enforceable against the Contractor in accordance with its terms.

(c) No Conflicts. The execution and delivery by the Contractor of this Agreement, the performance by the Contractor of its duties and obligations hereunder and the consummation of the transactions contemplated hereby do not conflict with or result in a violation, default or breach of: (i) any term or provision of any law, rule, regulation, judgment, decree, order or injunction applicable to the Contractor or any of its assets and properties, (ii) any contractual restriction of any kind binding on or affecting the Contractor or any of its properties; (iii) any of the terms, conditions or provisions of the charter or by-laws of the Contractor; or (iv) any material agreement to which the Contractor is a party, or any material obligation or responsibility which the Contractor has to any third party (with or without notice or lapse of time or both). No contract to which the Contractor is a party requires the Contractor to actively promote interests in a state-sponsored retirement plan in California or to California residents or otherwise take action in conflict with the agreements and covenants of the Contractor in this Agreement. Contractor will amend its contracts with other states for which it provides services related to state-sponsored retirement plans, before the Program Start Date, so as to eliminate all provisions that are in conflict with the provisions of this Agreement.

(d) No Relationships. The Contractor shall not have a contractual or other business relationship with the Board's program consultant (AKF Consulting) or with its investment consultant (Meketa Investment Group).

(e) Approvals and Filings. Except as noted in subparagraph (c), no consent, approval (except for the approval of the Board) or action of, or filing with or notice to, any governmental or regulatory authority is required on the part of the Contractor in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby. In addition, all consents or approvals of any other Person, including the holders of any indebtedness or obligations of the Contractor, required in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, have been obtained by the Contractor.

(f) No Litigation. There is no action, suit, investigation or proceeding pending or, to the best knowledge of the Contractor, threatened against the Contractor before any court, arbitrator or administrative or governmental body which might result in any material, adverse change in the

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operations of the Contractor or which might materially and adversely affect the ability of the Contractor to perform the respective Services or otherwise comply with its obligations under this Agreement.

(g) Investment Advisers Act. The Contractor is a registered investment adviser under the Investment Advisers Act of 1940, or it will engage an approved subcontractor that is, a registered investment adviser under the Investment Advisers Act of 1940, as amended, to perform Investment Services. The Contractor's or approved subcontractor's personnel responsible for performing Investment Services will have the necessary licenses under applicable federal and state securities law and regulatory requirements.

(h) Duty to Notify. The Contractor shall promptly, and in any case within five (5) calendar days, notify the Board in writing if any of the Contractor's representations and warranties, as set forth in this Agreement, ceases to be true at any time during the Term of this Agreement.

(i) No Finder's Fees. The Contractor warrants by execution of this Agreement, that no Person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees employed by the Contractor for the purpose of securing business. For breach or violation of this warranty, the Board shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

**11. REPRESENTATIONS AND WARRANTIES OF CALIFORNIA SECURE CHOICE**

(a) State Agency. The Board is an agency of the State of California created to administer the Trust and oversee the Program by, among other things, (i) contracting with private financial institutions, other financial and service providers, consultants, actuaries, counsel, auditors, third-party administrators, and other professionals, as necessary, (ii) adopting regulations for administration of the Program, and (iii) establishing an investment policy for the Program.

(b) Authority; Enforceability. The execution and delivery by the Board of this Agreement and the performance by the Board of its obligations hereunder, have been duly and validly authorized. The Board has the full legal right, power and authority to execute and deliver this Agreement and perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by the Board and constitutes a legal, valid and binding obligation of the Board, enforceable against it in accordance with its terms. Nevertheless, this Agreement is subject to the approval of DGS and this Agreement shall not be effective until and unless such approval is given by DGS.

(c) No Conflicts. The execution and delivery by the Board of this Agreement, the performance by the Board of its obligations hereunder, the offer and sale of interests by the Board in the Trust and the consummation of the transactions contemplated hereby do not: (i) conflict with or result in a violation or breach of any term or provision of any law, rule, regulation, judgment, decree, or injunction applicable to the Board or the Trust or (ii) conflict with or result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default under any agreement or other instrument to which the Board is a party, or any material obligation of the Board to a third party.

(d) Governmental Approvals and Filings. Except for the approval of DGS, all consents, approvals and actions of, and filing with or notice to, any agency or instrumentality of the State in connection with the execution, delivery and performance of this Agreement by the Board and the consummation of the transactions contemplated hereby by the Board have been obtained.

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(e) Compliance with Act. The Act establishes and creates the Trust pursuant to which the Program has been created. The Board shall not knowingly take any action that would jeopardize the compliance of the Program and the Trust with the requirements of the Act.

**12. COVENANTS OF THE CONTRACTOR**

12.1 Compliance with Requirements of Applicable Law. The Contractor and any approved subcontractor(s) shall provide the Services and perform its duties and obligations under this Agreement in compliance with the requirements of all Applicable Law, including but not limited to the following:

(a) The Contractor shall not knowingly take any action that would (i) violate the IRS Requirements or Securities Law Requirements (ii) cause the Program, the Trust, or any portion thereof to be treated as a pension plan under ERISA, or (iii) jeopardize the exemption from registration under or compliance with the federal or state securities law of the Participation Agreements or the Trust. The Contractor also shall not take any action in connection with federal or State legislative or regulatory proposals which may directly or indirectly have a material adverse effect on the Program.

(b) The Contractor's performance of the Services under this Agreement shall be performed in material compliance with all requirements of the SEC, the IRS, FINRA, the MSRB and any other Governmental Authority or Regulatory Body to the extent such requirements may be or become applicable to the Contractor.

(c) The Contractor shall promptly provide to the Board copies of all regulatory filings and reports made by the Contractor in connection with the Program during the Term or while it is holding any Trust assets, other than confidential filings or reports that will not become part of the Trust. The Contractor shall make available for review by the Board the results of any periodic examination by any Governmental Authority or Regulatory Body relating to the Program, except to the extent that such report or reports may not be disclosed under Applicable Law or the rules of such authority.

(d) The Contractor shall provide the Program Disclosure Booklet to Covered Employers and Eligible Employees only so long as the certificate delivered by the Contractor to the Board pursuant to Sections 5(b)(iii) of this Exhibit E remains true and correct at the time of such offer and sale.

(e) The Board may seek such federal and State administrative rulings concerning the status of the Program and the Trust as it deems advisable. The Board may direct the Contractor to provide a draft of any such ruling request for comment and written approval by the Board. The Contractor, shall not disclose the existence or content of any such draft ruling request, submitted ruling request, correspondence relating thereto or response thereto prior to the public release thereof without the written consent of the Board. The Contractor shall, at the request of the Board, render reasonable assistance to the Board in the preparation of any such ruling request. The costs and expenses of the Board in connection with any such administrative ruling shall be paid by the Board, and any costs and expenses of the Contractor in connection therewith shall be paid by the Contractor. At no time during the Term shall the Contractor seek, or permit a subcontractor to seek, an IRS Letter Ruling, SEC No-Action Letter, or any other interpretation of Applicable Law by any Governmental Authority or Regulatory Body specifically relating to the Trust or the Program or relating to state-administered retirement savings programs generally, or seek review by any Governmental Authority or Regulatory Body of the Program Disclosure Booklet, independent of the efforts of the Board to obtain such interpretation and without the express written consent of the Board. The Contractor will not oppose the Board in any effort to obtain an interpretation of Applicable Law.

(f) In the event that the Trust or objectives of the Trust are adversely affected due to interpretations of Applicable Law, including without limitation, ERISA, federal tax law (including, if a Private IRS Letter Ruling negatively impacts the Trust or the IRS refuses to issue a Private Letter Ruling), State tax law, or federal or State securities laws, (i) the Board may terminate the Agreement pursuant to Section 13.5, or if the Board deems it to be in the best interests of the Account Owners

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it may use commercially reasonable efforts to restructure the Trust and require that the Contractor use commercially reasonable efforts to restructure the Services hereunder within the constraints of Applicable Law to address such adverse consequences, and (ii) each of the parties hereto shall pay its own expenses in connection with such efforts through the date of such restructuring.

**12.2 Further Cooperation**

The Contractor shall cooperate with the Board in a commercially reasonable manner in order that the conditions to the Program Start Date contained in Section 5 of this Exhibit E are satisfied and the duties and obligations of the parties hereunder may be effectively, efficiently and promptly discharged. The Contractor shall, at its expense, execute and deliver to the Board such further instruments and documents, and shall take such further action, as the Board may from time to time reasonably request in order to carry out the intent and purpose of this Agreement, including development of procedures for communications regarding the Trust as it relates to the Program. To that end, the Contractor shall, at all reasonable times during normal business hours and as reasonably necessary, make available for discussion with the Board properly authorized personnel.

**12.3 Compliance with Applicable Securities Law Requirements**

The Contractor currently complies, and during the Term of this Agreement, the Contractor shall comply, in all material respects with all Securities Law Requirements applicable to all Services to be rendered hereunder, including without limitation, any investment services or to the administration of any Investment Options or proprietary Underlying Investments to which contributions to the Program are invested.

**12.4 Covenant to Notify**

The Contractor will notify the Board as soon as practicable, but in any event within fifteen (15) Business Days, of any of the following involving the Contractor, its affiliates, any subcontractor or its affiliates, or any Key Personnel:

- (a) Receipt or actual knowledge of any subpoena, summons, complaint, order instituting proceedings, notice of investigation, indictment, criminal information or other legal process, involving any Governmental Authority or Regulatory Body with jurisdiction over ERISA, federal or state tax or securities laws, with respect to any alleged violation of laws applicable to Services provided by the Contractor, its affiliates, related entities or any subcontractor;
- (b) Entry into a settlement agreement by the Contractor or by any affiliate, related entity or subcontractor in any proceeding described in clause (a), or the issuance by any Governmental Authority or Regulatory Body of any "consent order", "cease and desist order" or similar order or sanction applicable to the Contractor, any affiliate, related entity or subcontractor with respect to any alleged law violation(s) described in clause (a); or
- (c) Any admission by the Contractor, any affiliate, related entity or subcontractor in any proceeding described in (a) that the Contractor, affiliate, or related entity or subcontractor has violated any Applicable Law; and
- (d) Any administrative determination or entry of judgment in any proceeding described in subparagraph (a), above, that the Contractor, affiliate, related entity or subcontractor has violated any Applicable Law.

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**12.5 Legal Update**

The Contractor shall update the Board quarterly (no later than 30 days after March 31, June 30, September 30, and December 31) regarding any changes to its Licensing, Registration, Disciplinary Action and Litigation disclosure or the Legal Disclosure Certification information. This also includes disclosure of any new actions that have been brought against Contractor subsequent to its initial disclosure at the time of the execution of this Agreement. If no changes or new actions have occurred, the Contractor will state so in its quarterly report to the Board. Required back-up documentation for the quarterly update include copies of the Contractor's most recent 10-K and 10-Q (Legal Proceedings sections only) if such filings are required of the firm with the SEC; an updated copy of any Contractor's Schedule to its Form BD of FINRA regarding regulatory actions, and an updated copy of any Contractor's Item 11 Disclosure Information to its Form-ADV and any related Disclosure Reporting Page.

**12.6 Tax Reports**

As required by the Act, the Contractor shall:

- (a) report to the IRS, the California Franchise Tax Board (the "FTB"), an Account Owner, Beneficiary or any other Person to the extent required by Applicable Law, if there are any Withdrawals from the Trust by any individual or for the benefit of any individual during a calendar year and generally comply with all tax law reporting as is or may be required under Applicable Law, including without limitation the IRA Requirements, or by the FTB;
- b) provide an annual listing to the FTB on magnetic tape or in other suitable electronic form, and in a manner agreed upon by the FTB and the Trust, of all Withdrawals, including payment of benefits and refunds, to any individual with respect to an interest in an Account; and
- (c) prepare and file statements and information relating to the Trust and the Accounts to the extent required by federal and State tax law, with written confirmation of such filing provided to the Board.

**12.7 Audits**

(a) Financial and Related Audits. The Board shall select a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State to prepare annual audited financial statements for the Program. The Contractor shall, and shall cause its affiliates, related entities, subsidiaries, and subcontractors to cooperate fully, at its expense, with the preparation of the financial statements and to provide complete access to all Program Records necessary to facilitate the preparation of the financial statements. Contractor shall provide the Board with any SOC 1 and SOC2 Type 2 or similar audit reports received in connection with the Program.

(b) Performance Audit. No more than once annually, the Board or the Executive Director may arrange, or may require the Contractor to arrange for a performance audit of any or all of the services under this Agreement. The Board shall select the auditor for such a performance audit and it shall pay the reasonable expenses of such auditor. The Contractor shall, and shall cause its affiliates, related entities, subsidiaries, and subcontractors to cooperate fully with the designated auditor performing and to provide complete access to all Program Records in order to conduct such an audit.

(c) Required Access to Information and Audit. In accordance with Section 4 of Exhibit C, the Contractor agrees that the Board, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any books and records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment,

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unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement.

(d) Other Audits. The Board shall be entitled to conduct other audits with respect to the Trust from time to time, and shall give the Contractor reasonable notice of its intent to conduct any such audit. The Contractor shall, and shall cause its affiliates, related entities, subsidiaries, and subcontractors, as applicable, to cooperate fully and to provide complete access to all Program Records in order to conduct such an audit.

**12.8 Amendments to Program Disclosure Booklet**. The Contractor shall amend or supplement the Program Disclosure Booklet to take into consideration material developments subsequent to the preparation and delivery of the initial Program Disclosure Booklet. The Board and the Contractor shall cooperate in the determination of whether a particular development warrants an amendment or supplement to the Program Disclosure Booklet. At the request of the Board, on each date that the Program Disclosure Booklet is amended or supplemented, the Contractor shall confirm in writing that the representations and statements contained in its certificate delivered pursuant to Section 5(b)(iii) of this Exhibit E remain true and correct as of such date.

**12.9 Insurance Coverage**.

(a) The Contractor shall, during the Term of this Agreement and as applicable, maintain insurance coverage of the types and at the levels as set forth below:

(i) Errors & Omissions Insurance. With respect to the Investment Services provided by the Contractor hereunder, Investment Advisors' Errors & Omissions insurance coverage, provided by an insurance carrier with an AM Best's rating of A- or better unless otherwise approved by the Board, shall be maintained by the Contractor in the amount of not less than ten million dollars (\$10,000,000.00). The Contractor agrees to maintain Errors & Omissions insurance coverage in accordance with this Section 12.10(a)(i) for at least five years beyond the termination of this Agreement.

(ii) General Liability Insurance. The Contractor agrees to maintain General Liability insurance coverage in an amount not less than ten million dollars (\$10,000,000.00), with a policy which contains, or is endorsed to contain, the following provisions:

(A) The State, the Board, its officers, officials, employees and volunteers are to be covered as additional insureds.

(B) For any claims related to the Services to be performed pursuant to this Agreement, the insurance coverage shall be primary insurance as respects the Board, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the Board, its officers, officials, employees, agents or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

(b) Each insurance policy required by this Section 12.10 shall be endorsed to state that coverage shall not be canceled by the Insurer except after thirty (30) days prior written notice has been given to the Executive Director.

(c) Any deductibles or self-insured retentions must be disclosed to and approved by the Board.

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(d) If the General Liability Insurance coverage to be provided under subsection (a)(ii) hereof is written on a Claims Made form, the Contractor agrees that:

- (i) The "Retro Date" must be shown and must be before the date of the Agreement or the beginning of Agreement Services.
- (ii) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Term of this Agreement. Insurance carrier must have an AM Best's rating of "A-" or better.

**12.10. Performance Guarantees**

Unless otherwise agreed upon, the Contractor will provide an unconditional performance guarantee issued by an entity that evidences sufficient financial strength to ensure performance of the Contractor and all affiliates, related entities, subsidiaries and subcontractors engaged to provide services pursuant to the Agreement. In lieu of a performance guarantee, the Contractor may provide either:

- (a) an irrevocable Letter of Credit in an amount sufficient to meet the Contractor's obligations hereunder (including any dollars committed to marketing) pursuant to the Agreement for a period of one year. Such Letter of Credit shall be issued by a bank doing business in California and insured by the Federal Deposit Insurance Corporation. The Contractor shall further provide for honor of a draft or demand for payment presented with the Board's written statement certifying that there has been loss, damage, or liability resulting from the Contractor's performance or non-performance of duties and obligations under the Agreement, or from the negligence or act of omission by the Contractor or its agents, servants, and employees, and that the amount of the demand or draft is, therefore, now due and payable;
- (b) a Surety Bond payable to the Board in an amount sufficient to meet the Contractor's obligations hereunder (including any dollars committed to marketing) pursuant to the Agreement for a period of one year. The Surety Bond must be maintained in current status at all times throughout the Term of the Agreement. If the term of the Bond is less than the Term of the Agreement, the Board will require that evidence of renewal be submitted to the Board no less than 60 days prior to the expiration date of the Bond; or
- (c) other alternative means to reasonably ensure performance by the Contractor that is mutually agreeable to the parties.

**12.11 Keeping of Records and Books of Account**

The Contractor shall keep accurate books and records connected with the performance of this Agreement. The Contractor shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure off-site storage facility, with a copy at a secure back-up recovery facility as described in Section 20 of this Exhibit E, and shall be available for inspection and copying by the Board and its representatives at any time.

**12.12 Protection of Trademark**

The Contractor shall take all commercially reasonable steps to assist the Board in protecting the name, slogan and logo for, and any other trademarks or service marks associated with, the Program from infringement by third parties.

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**13. TERM OF AGREEMENT; TERMINATION.**

**13.1 Term of Agreement**

The Term of this Agreement shall become effective upon approval by the Department of General Services. The Term of the Agreement will be seven (7) years from the date of the first Eligible Employee enrollment unless terminated earlier in accordance with the terms of this Section 13. At the pleasure of the Board, this Agreement may be extended for three (3) one-year terms (the "Extension Term" or "Extension Terms") for a possible total term not to exceed ten (10) years. An Extension Term of this Agreement, and any amendments to this Agreement in connection with such Extension Term, shall be affected through a written amendment executed by the Contractor and the Board, subject to approval by the California Department of General Services.

**13.2 Termination by the Board for Deficient Performance.**

(a) The Board will continually monitor the performance of work pursuant to this Agreement as described in the Marketing, Administrative and Investment Performance Criteria or as otherwise incorporated by reference. Each portion of the Agreement will be evaluated separately on an annual basis.

- (i) If at any time the Board finds that the Contractor's marketing or administrative performance is not adequate as determined by comparison to the Marketing or Administrative Performance Criteria, and if the performance would be curable but it remains uncured for more than sixty (60) days after the Board has given written notice thereof to the Contractor (unless the Board reasonably determines such deficient performance would be curable over a longer period of time), then the Board may treat such deficient performance as a material breach and it may terminate this Agreement.
- (ii) If at any time the Board finds the Contractor in material breach of its obligations under Section 6.2(d) herein, then the Board may terminate this Agreement.
- (iii) If at any time the Board finds the Contractor's investment performance is otherwise deemed inadequate as set forth in Section 6.3(c) herein, and such performance remains uncured for more than a one (1) year period after the Board has given written notice thereof to the Contractor, then the Board may treat such inadequate performance as a material breach and it may terminate this Agreement.

(b) Without waiving any of its rights with respect to a finding of material breach, the Board in its sole discretion may allow the Contractor to continue to perform work under the Agreement, but it may require that up to the full amount of the Program Management Fees or other available fees otherwise due to the Contractor be placed in escrow until all identified deficiencies are cured. During the pending default, the Board may apply the escrowed fees to actual costs incurred as a result of the default. Once the default is cured or the Contractor's performance has improved to the Board's satisfaction, any amounts remaining in the escrow will be transferred to the Contractor.

(c) Deficient performance, including any material breach of this Agreement, shall constitute cause of termination pursuant to paragraph 7 of Exhibit C.

**13.3 Termination for Insolvency**

The Contractor shall notify the Board immediately in writing in the event that it, any parent, affiliate, related entity, subsidiary or subcontractor files any federal bankruptcy action or state receivership action, any federal bankruptcy or state receivership action is commenced against any of these parties, or any of these parties is adjudged bankrupt, or a receiver is appointed and qualifies. In the event of any of the foregoing events, or if the Board determines, based on reliable information, that there is a substantial probability that the Contractor, parent, affiliate, related entity, subsidiary,



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or subcontractor will be financially unable to continue performance under this Agreement, the Board may terminate this Agreement and all further rights and obligations immediately by giving five (5) days' notice in writing to the Contractor. Insolvency shall constitute cause for purpose of termination pursuant to paragraph 7 of Exhibit C.

**13.4 Termination for Expatriation**

The Contractor shall notify the Board immediately in writing in the event that it [or its parent] files any notice with the SEC that Contractor intends to reincorporate offshore, or if no such notice is required that it [or its parent] intends to reincorporate offshore. In the event of such notice or reincorporation, the Board may terminate this Agreement and all further rights and obligations immediately by giving five (5) days' written notice to the Contractor. In this instance, the Board may require the Contractor to continue to provide Services under this Agreement until a replacement contractor can assume management of the Program.

**13.5 Termination Upon Adverse Interpretation of Applicable Law**

In the event that the Trust or objectives of the Trust are adversely affected due to interpretations of Applicable Law and Board deems it in the best interests of the Account Owners to transfer assets and records of the Trust to a Person other than the Contractor, the Board may terminate this Agreement and all further rights and obligations immediately by giving five (5) days' written notice to the Contractor. In this instance, the Board may require the Contractor to continue to provide Services under this Agreement until such transfer of assets and records of the Trust is complete.

**13.6 Transition upon Termination.**

(a) When the Contractor ceases to perform any portion or all of the work contemplated in this Agreement, whether such cessation is pursuant to the terms of this Agreement, at the direction of the Board, or due to termination of the Agreement, the Contractor shall do everything in its power to facilitate the orderly transfer of such work from the Contractor to any workforce, agency, contractor, or other entity designated by the Board. The Contractor, its employees, agents, and subcontractors shall provide the Board, its staff, and whoever the Board selects to perform future work for the Program, complete, immediate, and unimpeded access to all records, data, files, and information pertinent to performing the work which the Contractor will be ceasing to perform. The Contractor shall continue to perform all work under this Agreement during a transition of up to one year as determined by the Board to ensure an orderly transition of services provided pursuant to a new agreement, except that the Contractor and the Board must mutually agree upon any longer transition period.

(b) The Contractor shall take all steps necessary to ensure that all system materials, including documentation, are current and adequate to facilitate the orderly transition of work hereunder, including the transfer of all files, data, information, and assets of or relating to the Trust in a reasonable and sortable electronic form within a medium mutually agreed upon by the Contractor and the Board.

(c) When work is transferred from the Contractor, the Contractor shall take all steps necessary to ensure that its employees, agents, and subcontractors do not impede or delay the orderly transfer of work. In the event of a transfer of work from the Contractor, if there is any delay in the transfer which is the direct or indirect result of actions of the Contractor, its employees, agents, or subcontractors which impedes the transfer of work, the Board may, at its discretion, require the Contractor to pay to escrow fees otherwise allowable under the terms of this Agreement until such time as the transition is complete.

(d) Collection by the Board of the amount authorized in this provision does not limit the Board's ability to collect any other amounts that the Board is authorized to pursue and collect pursuant to other provisions of this Agreement or Applicable Law.

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**13.7 Collection of Fees**

In addition to giving written notice of breach to the Contractor under Section 13.2, if such breach is not cured within the applicable time periods set forth in Section 13.2, the Board may order that the portion of the Contractor's Program Management Fee which would otherwise accrue during the period from the date of such notice until such time as the Board has determined that the Contractor has not cured the breach shall be withdrawn by the Contractor as otherwise permitted by Section 9.1(b) and transferred to the Board to be held in escrow during such period and may be used by the Board to pay its expenses in enforcing the terms of this Agreement. In the event that the Contractor shall cure such breach, the escrowed fees (net of any amounts payable to the Board) will be transferred to the Contractor. Nothing in this Section 13.7 or any other provision of this Agreement shall limit the Board's right or ability to pursue any other remedy available to it at law or in equity or both.

**13.8 Additional Termination at Board's Option**

Unless otherwise specified by the provisions of Paragraph 7 of Exhibit C, this Agreement may not be terminated by the Board except "for cause" during the first seven years of its Term. For avoidance of doubt, a termination under Section 13.2, Section 13.3, Section 13.4, or Section 13.5 shall be deemed a termination "for cause" within the meaning of the immediately preceding sentence. Upon completion of the Initial Term, this Agreement may be terminated in whole or in part at any time upon 180 calendar days' written notice by the Board, for any reason. Upon receipt of a termination notice, the Contractor shall promptly discontinue all services affected unless the notice specifies otherwise.

**13.9 Termination upon Expiration of the Initial Term Without Cause**

This Agreement shall be terminated upon expiration of the Initial Term unless at least ninety (90) days prior to the expiration date the Board has provided written notice to the Contractor of extension of an Extension Term pursuant to Section 13.1.

**13.10 Contractor Rights upon Termination**

In the event of termination of this Agreement for any reason set forth in this Section 13, the Contractor will be entitled to withdraw its Program Management Fee in accordance with Section 9 for satisfactory services performed prior to the termination, net of any amounts transferred to the Board in accordance with Section 13.6 above. The Contractor shall not be entitled to additional compensation.

**13.11 Software and Other Program Records to be Available to Trust**

At the termination of this Agreement, the Contractor will cooperate with the Board to effect an efficient transition of Program Records and data to a new contractor, including the granting of nonexclusive, royalty free, nontransferable limited use licenses for all software which permits participants and/or beneficiaries to participate in and interact with the Program. These limited use licenses will be used to effect the transition of data, including testing and reconciliation, and will expire upon successful transition of Program Records and data to a new contractor. All Program Records and data shall be readily accessible to the Board and a successor contractor, at the Contractor's expense, in a reasonable and sortable electronic form within a medium mutually agreed upon by the Contractor and the Board.

**13.12 Post-Term Restrictions**

Upon termination or expiration of this Agreement, the Contractor agrees that it shall not make any direct solicitation of any Account Owner, Beneficiary, and/or Prospect except to the extent permitted by and in accordance with Section 7.7 of this Exhibit E. The Contractor further agrees

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that it shall not use the Program Records after termination or expiration of this Agreement for any purpose other than as may be required in connection with on-going Services to Accounts, or regulatory and compliance requirements, if any.

**14. CONTACT PERSONS; MEETINGS.**

**14.1 Contact Persons**

The Contractor shall appoint an individual who shall serve as a contact person for the purpose of carrying out this Agreement and who shall be authorized to act on behalf of his/her party as to the matters pertaining to this Agreement. Effective upon execution of this Agreement, the initial contact persons for the Contractor and the Board shall be those set forth in Section 4 of Exhibit A to this Agreement. Each party shall notify the other, in writing, as to the name, address and telephone number of any replacement for any such designated contact persons or any additional contact person or replacement thereof.

**14.2 Meetings**

Appropriate Key Personnel shall attend all formal Board meetings unless otherwise notified by the Board Chair, Chair's designee, or the Executive Director that participation via telephonic connection is acceptable. The Contractor must prepare a report on the Trust's investments and other Program related updates for the Board's review at these meetings.

**15. OWNERSHIP AND CUSTODY OF PROGRAM RECORDS AND MEDIA MATERIALS; RELATED INFORMATION.**

**15.1 Program Records**

The following shall constitute the Program Records:

- (a) all written and electronic records, books, data, documents, reports, analyses, designs, drawings, correspondence, papers and files for or relating solely or primarily to the Program, including all Program Materials, regardless of by whom created and whether or not in the Board's or the Contractor's possession and control or how that information is stored, and including, without limitation, all Program Lists;
- (b) any logo, slogan developed for and any trade names, trademarks and service marks developed in connection with the Program;
- (c) any copyrighted materials relating solely or primarily to the Program; and
- (d) the website content and marketing, advertising and public relations materials that are specific to the Program.

**15.2 Ownership of Program Records; Contractor's Internal Information**

The Board shall own, and as such shall have all right, title, interest in and beneficial ownership of, the Program Records. Although the Contractor shall not own the Program Records, the Contractor shall be and remain the sole owner of all of its respective internal records, books, documents, files, know-how and other intellectual property developed and utilized by the Contractor to perform the Services under this Agreement (including without limitation investment allocation methodologies and know-how, and any software and analytical tools as are otherwise owned by the Contractor and utilized and developed by or for the management, marketing and administration of the Program) (the "Contractor Intellectual Property"); provided, however, that the Board shall not be restricted in any manner in connection with the continuation of the Program after the Term of this Agreement in using the same or substantially the same structure of the Program or portions thereof (including the investment and allocation guidelines components) as have been in effect prior to termination or expiration of this Agreement, and the Contractor shall be deemed to have

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granted the Board a non-exclusive, perpetual, royalty-free, non-transferable license to so use the same or substantially the same structure of the Program or portions thereof (including the investment and allocation guidelines components) as have been in effect prior to termination or expiration of this Agreement.

**15.2 Use and Custody of Program Records**

The Board shall be deemed to have granted to the Contractor during the Term of this Agreement, and after termination or expiration of this Agreement only to the extent set forth in Section 13.9 of this Exhibit E, a non-exclusive, royalty-free non-transferable license to use Program Records in connection with its Services under this Agreement. Program Records reflecting aggregate Program and Account data (but excluding Program Lists and transaction and Account Owner specific data) shall be made available to the Board, upon its request, at the Contractor's expense, in a reasonable and sortable electronic form within a medium mutually agreed upon by the Contractor and the Board. Program Records reflecting Program Lists and transaction and Account specific data shall be made available to the Board upon its request, provided that the Board protects and safeguards such information consistent with the Board's privacy policy and the provisions set forth in Section 16. During the Term of this Agreement and so long as the Contractor is providing services to the Board in accordance with this Agreement, the Contractor shall at its sole discretion either transfer ownership to the Board, or obtain adequate license rights for the Board to use in Program Records copyrighted or patented materials that (i) are owned by the Contractor, or by a third party that has granted such Contractor the right to sublicense relevant use rights to the Board, and (ii) were incorporated by the Contractor into any Program Records. The form and substance of any such licenses to use such materials shall be subject to prior approval by the Board. The Contractor shall not use the Program Records during the Term of this Agreement or after termination hereof other than as may be required in connection with the Services.

**15.4 Ownership and Use of Names and Property by Contractor**

(a) The Board shall own and have all right, title, interest in and exclusive beneficial ownership of, any logo, any slogan developed for and any trade names, trademarks or service marks in connection with the Program during and after the Term of this Agreement, including ownership of, any website or toll-free phone number used for servicing and promotion of the Program. The Board will be deemed to grant the Contractor a royalty-free and non-transferable (other than to a subcontractor) license to use the name, the logo, any slogans, trademarks, service marks, trade names, the websites and the toll-free numbers throughout the Term of the Agreement.

(b) The Contractor shall not use the names of the Program, the State or the Board, or material relating to the Program in any manner other than in a manner approved prior thereto by the Executive Director; provided, however, the Executive Director shall not withhold approval of such use when the use merely refers to such names in accurate terms (and in type no larger or bolder than in the textual material in the document in which its name appears) and is in connection with a description of the appointment of the Contractor hereunder or is required by the SEC, a state securities commission, or any federal or state bank regulatory authority.

**16. CONFIDENTIALITY**

The requirements of confidentiality under this Agreement apply to the Contractor, its employees and agents, and to all affiliates, related parties, subsidiaries, and subcontractors, and to their employees and agents.

(a) All financial, statistical, personnel, technical and other data or information relating to the Board's operation and personal information (including identification numbers or Account codes) which is considered confidential as defined by law or is designated as confidential by the Board and is made available to the Contractor in order to carry out this Agreement, shall be protected by the Contractor from unauthorized use, disclosure or destruction through the observance of all applicable federal and California State information security and confidentiality laws and procedural requirements.

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(b) The Contractor shall implement and maintain a Confidentiality Program and Privacy Policy, which collectively establish policies and procedures designed to prevent the unauthorized disclosure of confidential data, and define what is considered confidential data and what is considered public data. The Board shall respond to questions by the Contractor regarding the classification of data. The Board shall have the opportunity, if desired, to review all related policies and procedures. Confidentiality Program and Privacy Policy policies and procedures must include, but are not limited to:

- (i) Secure systems development practices utilizing industry standards.
- (ii) Software testing program utilizing industry best practices prior to production to ensure system and data integrity.
- (iii) Operating system security patches, upgrades, and anti-virus software.
- (iv) Access controls to Program data with no generic account access.
- (v) Disaster recovery plan to protect Program data in the event of data loss or destruction.
- (vi) Standards for the transmission and storage of data. At a minimum, confidential information must be encrypted in transit, and at rest on portable storage devices.

(c) The Confidentiality Program and Privacy Policy shall be implemented and maintained in accordance with all applicable federal, State, and the State Treasurer's Office requirements, including but not limited to:

- (i) Section I of Article I of the State of California Constitution;
- (ii) Information Practices Act of 1977 (Civil Code Sections 1798 – 1798.78);
- (iii) Customer Records (Civil Code Sections 1798.80 – 1798.84);
- (iv) California Financial Information Privacy Act (Fin. Code 4050 – 4060)
- (v) Financial Information Privacy Act (Financial Code Sections 4050 – 4060);
- (vi) California Public Records Act (Government Code Sections 6250 – 6268); and
- (vii) Online Privacy Protection Act of 2003 (Business and Professions Code Sections 22575 – 22579).
- (viii) State Administrative Manual Section 5300 Information Security.

(d) The Contractor shall not disclose any information classified as confidential or private without advance authorization from the Executive Director or as required by law.

(e) The Contractor shall not be required to keep confidential any data or information which is or becomes publicly available, is independently developed by the Contractor, or is rightfully obtained from third parties.

(f) The Contractor certifies that it understands and is in conformance with all applicable federal and State information security and confidentiality laws and requirements.

(g) The Contractor represents, warrants and covenants that it has implemented and will maintain, as part of its Confidentiality Program and Privacy Policy an information security program reasonably designed to protect confidential data, which program includes administrative, technical and physical safeguards to ensure the security of such confidential data, to protect against anticipated threats or hazards to the security or integrity of such confidential data and to protect against unauthorized access to or use of such confidential data.

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(h) The Contractor specifically agrees that it shall not, and shall cause its affiliates, related parties, subsidiaries, or subcontractors not to, sell, provide or otherwise disclose information from, any Program List to any third party unless otherwise directed to or approved by the Board or required by Applicable Law.

(i) Contractor will arrange for its relevant subject matter experts to meet with the relevant subject matter experts of the Board once annually to review Contractor's security controls. The Board may view Contractor's security-related policies and procedures, however, no documentation may be copied, shared, transmitted or removed from Contractor's premises, except as mutually agreed. The parties shall mutually agree upon a convenient time and place for such meeting. Not more than once each year, and subject to Contractor's reasonable security requirements and availability of personnel, Contractor will at the Board's request arrange a tour of Contractor's data processing facilities for the Board's subject matter experts. Contractor will also, subject to its reasonable security requirements, permit site visits of its data processing facilities by governmental agencies with regulatory authority over the Board.

(j) The Contractor shall promptly notify the Board and the State Treasurer's Office Chief Information Security Officer promptly upon learning of a security incident involving the Board or Program's data such as breach or loss of data. Notification to the Board and the State Treasurer's Office Chief Information Security Officer must occur no more than twenty-four hours after a confirmed security incident.

**17. LIABILITY AND INDEMNIFICATION.**

**17.1 Indemnification by the Contractor**

Notwithstanding paragraph 5 of the General Terms and Conditions, Contractor shall indemnify, defend and save harmless the State of California, the State Treasurer's Office, the Board and all of the members, officers, trustees, agents and employees of the foregoing, from and against any and all losses (including but not limited to lost investment earnings or diminished gains), costs, liabilities, damages or deficiencies, including interest, penalties and attorney's fees, (collectively, "Losses"), which (a) arise out of or are due to a breach by Contractor or any subcontractor of any of its representations, warranties, covenants or other obligations contained in this Agreement, or (b) are caused by or resulting from Contractor's or any subcontractor's acts or omissions constituting bad faith, willful misfeasance, negligence, gross negligence, or reckless disregard of its duties under this Agreement. If a conflict arises between the provisions of this paragraph and paragraph 5 of the General Terms and Conditions, the provisions of this paragraph shall prevail.

**17.2 Payment of Costs**

The Contractor or any subcontractor shall pay its own costs associated with the defense of actions brought against the Contractor, any subcontractor, or their respective employees for actions or inactions which are within the Contractor's or any subcontractor's scope of responsibility. The Board shall pay its own costs associated with the defense of actions brought against the Board arising out of actions or inactions which are within the Board's scope of responsibility.

**17.3 LIMITATION ON LIABILITY**

IN NO EVENT WILL THE CONTRACTOR (ITS DIRECT OR INDIRECT SUBSIDIARIES, CONTROLLED AFFILIATES) BE LIABLE HEREUNDER TO THE INDEMNIFIED PARTIES FOR SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT UNLESS THE CONTRACTOR'S ACTS OR OMISSIONS CONSTITUTE BAD FAITH, WILLFUL MISFEASANCE, GROSS NEGLIGENCE, OR RECKLESS DISREGARD OF DUTIES UNDER THIS AGREEMENT.

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**18. DOCUMENT REVIEW.** In accordance with the terms of Section 4 of Exhibit C and as provided under Section 12.7 of this Exhibit E, upon request of the Board, the Contractor shall make all of its audit, accounting or other work papers, notes or other documentation received or prepared by it in connection with the services provided under this Agreement available for review by the Board or its representatives. Any such review by the Board shall be performed during normal working hours and otherwise in a manner so as to not unreasonably interfere with or disrupt the Contractor's normal business operations in any material respect. All materials available for review by the Board under this Section 18 shall be subject to the provisions of Section 16 of this Exhibit E.

**19. NOTICES.** All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed duly given upon delivery if personally delivered, upon confirmation of transmission if sent by facsimile transmission, upon the third Business Day that the State is opened for business after mailing if sent by registered or certified mail, postage prepaid, and upon receipt if sent by reputable courier, as follows, or to such other address or Persons any party may hereafter designate by notice to the other parties hereunder:

If to the Board:

Katie Selenski, Executive Director  
California Secure Choice Retirement Savings Investment Board  
915 Capitol Mall, Suite 105  
Sacramento, CA 95814  
Phone: (916) 653-1744  
Fax: (916) 653-3125

If to the Contractor: [TBD]

Either party may, from time to time by notice in writing served upon the other, designate a different mailing address or a different or additional Person to which all such notices or demands thereafter are to be addressed.

**20. CONTINGENCY PROGRAM.** The Contractor at all times must have a Contingency Program to ensure that Program operations will continue in the event of a variety of possible business disruptions due to natural disasters, technical disasters, and internal and external malicious activity (including cyber-attacks that affect systems and / or business networks).

The Contingency Program must identify all resources that require backup and the priority of such backup, and it must address or provide for:

- (a) Personnel responsibilities in the event of business disruption;
- (b) Back-up recovery facilities that, at a minimum, provide for adequate hardware/software compatibility between the backup facility and the operations facility, and adequate workspace and equipment to conduct on-going business;
- (c) Back-up strategies for data files and system files, including the frequency of back-up and the storage of back-up media;
- (d) Environmentally controlled and secure off-site storage (i) located an adequate distance from the operations facility to avoid both facilities being impaired by the same event and (ii) which will contain at a minimum storage of procedures and user manuals, backup operating instructions, reference and data files, system documentation and software files, and operational files;
- (e) Access to multiple communication modes as needed to continue full operations;
- (f) A quarterly test of the backup facility's ability to assume full operations; and
- (g) Review of the Contingency Program at least annually and in connection with any significant changes to the Contractor's business operations and environment.

At the Board's discretion, it or its designees may observe any or all backup and recovery tests.

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**21. DISPUTES.**

- (a) In the event of a dispute, the Contractor shall file a "Notice of Dispute" with a Deputy Treasurer of the State Treasurer's Office within ten (10) days of discovery of the problem. Within ten (10) days, the Deputy Treasurer shall meet with the representatives of the Contractor and the Board identified in Paragraph 4 of Exhibit A for purposes of resolving the dispute. The decision of the Deputy Treasurer shall be final. In the event of a dispute, the language contained within this Agreement shall prevail over any other language including that of the RFP or the Contractor's Proposal. Contractor shall continue with the responsibilities under this Agreement during any dispute.
- (b) As provided in Section 14 of Exhibit C, this Agreement is governed by and shall be interpreted in accordance with the laws of the State of California (without regard to any conflict of laws provisions).
- (c) Any suit brought under this Agreement (including any action to compel arbitration or to enforce any award or judgment rendered thereby) shall be brought in State court sitting in Sacramento, California, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by State law.
- (d) The rights and remedies provided herein are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity.



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**22. MISCELLANEOUS.**

22.1 Waiver

The terms and conditions hereof may be waived only by a written instrument signed by the party waiving compliance. The failure of the Board or the Contractor to insist on strict compliance with this Agreement, or to exercise any right or remedy under this Agreement, shall not constitute a waiver of any rights provided under this Agreement, nor stop either party from thereafter demanding full and complete compliance nor prevent any party from exercising such a right or remedy in the future.

22.2 No Third-Party Beneficiaries

Except as otherwise specifically provided for herein, nothing in this Agreement is intended or shall be construed to give any Person, other than the parties hereto, their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein, provided that the foregoing shall not deprive any Account Owner or Beneficiary of any right, remedy or claim which such Person may have under Applicable Law, independent of this Agreement.

22.3 No Partnership; Independent Contractor

As set forth in Section 8 of Exhibit C, the Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State. Furthermore, the Contractor shall have no authority to bind the Board.

22.4 Headings; Appendices and Schedules

Headings and subheadings of provisions of this Agreement and the Table of Contents are solely for the convenience of reference and are not a part of this Agreement and shall not affect the meaning, construction, operation or effect hereof. All attached Appendices and Schedules are a part of this Agreement.

22.5 Entire Agreement

This Agreement (including documents incorporated herein in Section 2 of this Exhibit E and in Exhibits A through D) incorporates, merges and supersedes any and all prior understandings and communications, whether written or oral, with respect to such subject matter.

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**22.6 Survival**

Any provision of this Agreement which, either by its terms or to give effect to its meaning, must survive, including Sections 9.2(c), 13.5, 13.9, 13.10, 13.11, 15, 16, 17, 19 and 22.6 of this Exhibit E, shall survive the termination or expiration of this Agreement.

**22.7 Continuing Representations, Warranties and Covenants**

Each of the representations, warranties and covenants made by the parties in this Agreement is true and correct as of the date hereof and shall be true and correct on and as of the Program Start Date and each of the representations, warranties and covenants made by the parties shall be true and correct at all times thereafter through the termination or expiration of this Agreement.

**22.8 Amendment**

As set forth in Section 2 of Exhibit C, no amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties. The Contractor and the Board may agree to execute such additional documents, and perform such further acts, as may be reasonable and necessary to carry out the provisions of this Agreement.

**22.9 Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**22.10 Force Majeure**

Except for payment obligations hereunder, neither party shall be liable to the other for any failure to comply with the terms of this Agreement, for any delays in the performance thereof or for failure to perform under the terms and provisions of this Agreement, where such failure or delay is due to causes beyond such party's reasonable control including, but not limited to, acts of God, acts of civil or military authority, acts of the State in its sovereign capacity, fires, floods, power failures, suspension of trading, epidemics, quarantine restrictions, wars, terrorism, riots, strikes, delays in transportation and freight embargoes.

**22.11 Expenses**

Except for costs and expenses specifically assumed by a party under this Agreement, each party hereto shall pay its own expenses incident to this Agreement and the transactions contemplated hereunder, including all legal and accounting fees and disbursements.

**22.12 Successors and Assigns**

As set forth in Section 3 of Exhibit C, this Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the Board in the form of a formal written amendment. Furthermore, this Agreement, any instrument or agreement executed pursuant to this Agreement, and the rights, covenants, conditions and obligations of Contractor and the Board contained therein, shall be binding upon the parties and their successors, assigns and legal representatives.

**22.13. Reports**

The parties may at any time following the execution of this Agreement mutually agree to change the due dates of any reports to be delivered hereunder.

**22.14 Political Reform Act**

Contractor acknowledges that the Board is subject to the provisions of the California Political Reform Act (Government Code Sections 81000 et seq., and all regulations adopted thereunder,

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including, but not limited to, California Code of Regulations, Sections 18700 et seq.) and Contractor shall comply promptly with any requirement thereunder. If required by law, the Contractor shall require its personnel, including without limitation, its Key Personnel and all later substitutions thereof, to file Statements of Economic Interests in compliance with the Conflict of Interest Code for the Office of the State Treasurer and the various boards, authorities, commissions, and committees chaired by the State Treasurer, including the Board (California Code of Regulations, Title 2, Division 2, Chapter 4, Section 1897). All such reports shall be filed simultaneously with the Board.

**22.15 No Publicity**

No publicity release or announcement concerning this Agreement or the transactions contemplated herein shall be issued by Contractor without advance written approval by the Board.

**22.16 No Additional Services or Procurements**

Neither the Contractor, nor any of its affiliates, related entities, subsidiaries, officers or directors, may submit a bid or be awarded a contract for the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed to be an outgrowth of the advice or recommendations that the Contractor provides under this Agreement.

**22.17 Darfur Contracting Act**

Effective January 1, 2009, all Invitations for Bids (IFB) or Requests for Proposals (RFP) for goods or services must address the requirements of the Darfur Contracting Act of 2008 (Act). (Public Contract Code section 10475 et seq.) The Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with "scrutinized" companies that do business in the African nation of Sudan of which the Darfur region is a part, for the reasons described in Public Contract Code section 10475.

A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476. Scrutinized companies are ineligible to, and cannot, bid on or submit a proposal for a contract with a State agency for goods or services. (Public Contract Code section 10477(a).)

Therefore, Public Contract Code section 10478(a) requires a company that currently has (or within the previous three years has had) business activities or other operations outside of the United States to certify that it is not a "scrutinized" company when it submits a bid or proposal to a State agency. A scrutinized company may still, however, submit a bid or proposal for a contract with a State agency for goods or services if the company first obtains permission from DGS according to the criteria set forth in Public Contract Code section 10477(b).

**22.18 Iran Contracting Act**

Effective June 1, 2011, Contractor must address the requirements of the Iran Contracting Act of 2010 (the Iran Contracting Act). The Iran Contracting Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with companies that engage in investment activities in Iran as defined in Public Contract Code section 2202.5.

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Effective June 1, 2011, Contractor engaged in investment activities in Iran is ineligible to, and shall not, bid on, submit a proposal for, or enter into or renew, a contract with a State agency for goods or services. (Public Contract Code section 2203).

Contractor must certify that it is not engaged in investment activities in Iran as defined in Public Contract Code section 2202.5. Contractor engaged in investment activities in Iran, however, may submit a bid or proposal for a contract with a State agency for goods or services if it has been granted permission by the State Treasurer's Office pursuant to the criteria set forth in Public Contract Code sections 2203(c) and/or 2203(d). Note that additional findings by the State Treasurer's Office are required and will be made solely at the discretion of the State Treasurer's Office.

**22.19 Evaluation of Contractor**

Pursuant to Public Contract Code sections 10367 and 10369 within sixty (60) days after the completion of this Agreement, the State shall complete a written evaluation of Contractor's performance under this Agreement. If this Agreement is a contract for consultant services and if Contractor did not satisfactorily perform the work, a copy of the evaluation will be sent to the Department of General Services (DGS), Office of Legal Services, and to the Contractor within fifteen (15) working days of the completion of the evaluation in accordance with Public Contract Code section 10371.

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**SAMPLE AGREEMENT - SCHEDULE 8.4**

**ADMINISTRATIVE AND OTHER REPORTS**

Performance

- Report on Investment Performance, Marketing Performance and Administrative Performance (due quarterly and annually)
- Report on Accounts, Assets, Contributions, Investment Results, Administration (due monthly and quarterly)

Investments

- Report on Compliance with Investment Policy (due monthly)
- Report on Investments as required by the Act (due monthly)

Marketing

- Report on Marketing Activities (due monthly)
- Report on Ongoing and Completed Marketing Efforts (due quarterly)

Administration

- Report on Records Administration and Customer Service (due monthly and/or quarterly)
- Annual Audited Financial Reports (due annually)
- Annual Report to Account Owners/Beneficiaries (due annually)
- Tax Reports to Internal Revenue Service, Franchise Tax Board, Account Owners/ Beneficiaries (due annually)