



**STATE OF TENNESSEE
Department of Treasury**

**REQUEST FOR PROPOSALS
FOR
INVESTMENT MASTER CUSTODY AND RELATED
SERVICES**

RFP # 30901-40619

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1. INTRODUCTION

The State of Tennessee, Department of Treasury, hereinafter referred to as “the State,” issues this Request for Proposals (RFP) to define minimum contract requirements; solicit responses; detail response requirements; and, outline the State’s process for evaluating responses and selecting a contractor to provide the needed goods or services.

Through this RFP, the State seeks to procure necessary goods or services at competitive prices and to give ALL qualified respondents, including those that are owned by minorities, women, service-disabled veterans, persons with disabilities and small business enterprises, an opportunity to do business with the state as contractors, subcontractors or suppliers.

1.1. Statement of Procurement Purpose

The State, as a top-tier pension administrator, intends to secure a contract for investment master custody and related services including but not limited to: –

- Client relationship services, account set-up, maintenance and administration
- Global master custody and safekeeping services
- Trade processing, income and tax reclaim collection and settlement
- Securities litigation services
- Portfolio accounting and reporting service
- Third-party securities lending support services
- Corporate actions and proxy voting services
- Cash investment and foreign exchange services
- Daily valuation and unitization of portfolios
- Technology Consulting

The State is also requesting information management and decision-support tools, including consultation and training on such tools, providing performance measurement, portfolio analytics, compliance and risk reporting for the State’s investment assets.

The State seeks the highest level of service available in the industry. The services the State requests through this RFP support a complicated investment management organization which employs a number of investment management styles which include, but are not limited to: internal management techniques, external managers, internally managed derivatives, and externally managed alternative investments. A number of these activities are generally regarded as functions undertaken by investment management organizations rather than a public pension. The State expects the provider of services to sustain a high level of support for these investment management functions.

The State is requesting services for accounts in which the State Treasurer has investment responsibility, which currently includes the Tennessee Consolidated Retirement System (TCRS), the Tennessee Chairs of Excellence endowment fund (COE), the Tennessee Baccalaureate Education System Trust (BEST), the Tennessee Promise endowment fund, the Tennessee Other Post-Employment Benefit Trust (OPEB) and the Tennessee Qualified School Construction Bond program (QSCB), as well as any future investment programs that may be established and administered by the State. The State expects the successful respondent to provide detailed data at the fund/account level, the portfolio level (i.e., all assets of a specific class within a fund/account) and the sub-account level (i.e., all assets in a portfolio tied to a specific strategy).

The State is requesting unitization and daily valuation services for our managed fund offering to TCRS, plan participants in the State’s defined contribution plan(s) and local governments with closed pension plans. The managed fund option, the Tennessee Retiree Group Trust (TRGT) is the State’s investment trust fund, in which TCRS is the largest single shareholder along with other participants, i.e. the defined contribution plan(s), the City of Alcoa closed retirement plan, the City of Franklin closed retirement plan, and the TCRS Stabilization Reserve plan(s). The managed fund provides a unitized valuation fund environment in which all asset classes are priced daily, along with the provision of associated fund

operations with the State's defined contribution plan record keeper. In the future, likely during the period of this contract, the State intends to provide multiple unitized valuation funds by segmenting portions of the managed fund to offer further investment fund alternatives to those customers.

For more information on these programs, please access the TCRS Comprehensive Annual Financial Report at http://treasury.tn.gov/TCRS_Annual_Reports.html and the Annual Treasurer's Report at http://treasury.tn.gov/Treasurer_Annual_Reports.html

The detailed requirements for the services requested in this RFP can be found in RFP Attachment 6.6, *Pro Forma* Contract.

1.2. **Scope of Service, Contract Period, & Required Terms and Conditions**

The RFP Attachment 6.6., *Pro Forma* Contract details the State's requirements:

- Scope of Services and Deliverables (Section A);
- Contract Period (Section B);
- Payment Terms (Section C);
- Standard Terms and Conditions (Section D); and,
- Special Terms and Conditions (Section E).

The *Pro Forma* contract substantially represents the contract document that the successful Respondent must sign. Respondents should note that any requested changes to the *Pro Forma* Contract must be submitted in question form (not a redline) during one of the question and answer periods specified in the schedule in Section 2.1 of this RFP.

1.3. **Nondiscrimination**

No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a Contract pursuant to this RFP or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The Contractor pursuant to this RFP shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

1.4. **RFP Communications**

1.4.1. The State has assigned the following RFP identification number that must be referenced in all communications regarding this RFP:

RFP # 30901-40619

1.4.2. **Unauthorized contact about this RFP with employees or officials of the State of Tennessee except as detailed below may result in disqualification from consideration under this procurement process.**

1.4.2.1. Prospective Respondents must direct communications concerning this RFP to the following person designated as the Solicitation Coordinator:

Dawn Rochelle
State of Tennessee, Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, TN 37243-0225
Telephone: (615) 253-8770
Email: Dawn.Rochelle@tn.gov

1.4.2.2. Notwithstanding the foregoing, Prospective Respondents may alternatively contact:

- a. staff of the Governor's Office of Diversity Business Enterprise for assistance available to minority-owned, woman-owned, service-disabled veteran-owned, businesses owned by persons with disabilities, and small businesses as well as general, public information relating to this RFP (visit <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/governor-s-office-of-diversity-business-enterprise--godbe--/godbe-general-contacts.html> for contact information); and
- b. the following individual designated by the State to coordinate compliance with the nondiscrimination requirements of the State of Tennessee, Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and associated federal regulations:

LaToya Bailey
State of Tennessee, Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, TN 37243-0225
Telephone: (615) 253-8769
Email: latoya.bailey@tn.gov

- 1.4.3. Only the State's official, written responses and communications with Respondents are binding with regard to this RFP. Oral communications between a State official and one or more Respondents are unofficial and non-binding.
- 1.4.4. Potential Respondents must ensure that the State receives all written questions and comments, including questions and requests for clarification, no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events. Respondents should note that there are two (2) Written Questions and Comments periods for this RFP.
- 1.4.5. Respondents must assume the risk of the method of dispatching any communication or response to the State. The State assumes no responsibility for delays or delivery failures resulting from the Respondent's method of dispatch. Actual or digital "postmarking" of a communication or response to the State by a specified deadline is not a substitute for the State's actual receipt of a communication or response.
- 1.4.6. The State will convey all official responses and communications related to this RFP to the prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to RFP Section 1.8).
- 1.4.7. The State reserves the right to determine, at its sole discretion, the method of conveying official, written responses and communications related to this RFP. Such written communications may be transmitted by mail, hand-delivery, facsimile, electronic mail, Internet posting, or any other means deemed reasonable by the State. For internet posting, please refer to the following website: <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/supplier-information-/request-for-proposals--rfp--opportunities.html>.
- 1.4.8. The State reserves the right to determine, at its sole discretion, the appropriateness and adequacy of responses to written comments, questions, and requests related to this RFP. The State's official, written responses will constitute an amendment of this RFP.
- 1.4.9. Any data or factual information provided by the State (in this RFP, an RFP amendment or any other communication relating to this RFP) is for informational purposes only. The State will make

reasonable efforts to ensure the accuracy of such data or information, however it is the Respondent's obligation to independently verify any data or information provided by the State. The State expressly disclaims the accuracy or adequacy of any information or data that it provides to prospective Respondents.

1.5. **Assistance to Respondents With a Handicap or Disability**

Prospective Respondents with a handicap or disability may receive accommodation relating to the communication of this RFP and participating in the RFP process. Prospective Respondents may contact the Solicitation Coordinator to request such reasonable accommodation no later than the Disability Accommodation Request Deadline detailed in the RFP Section 2, Schedule of Events.

1.6. **Respondent Required Review & Waiver of Objections**

- 1.6.1. Each prospective Respondent must carefully review this RFP, **including but not limited to, attachments, the RFP Attachment 6.6., Pro Forma Contract, and any amendments**, for questions, comments, defects, objections, or any other matter requiring clarification or correction (collectively called "questions and comments").
- 1.6.2. Any prospective Respondent having questions and comments concerning this RFP must provide them in writing to the State no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events. Note that there are two (2) Written Questions & Comments periods in the Schedule of Events.
- 1.6.3. Protests based on any objection to the RFP shall be considered waived and invalid if the objection has not been brought to the attention of the State, in writing, by the Written Questions & Comments Deadline.

1.7. **Pre-Response Teleconference**

A Pre-response Teleconference will be held at the time and date detailed in the RFP Section 2, Schedule of Events. Pre-response Teleconference attendance is not mandatory.

To participate in the teleconference, contact the Solicitation Coordinators, Dawn Rochelle, at (615) 253-8770 or via e-mail at Dawn.Rochelle@tn.gov for further instructions.

The purpose of the teleconference is to discuss the RFP scope of goods or services. The State will entertain questions, however prospective Respondents must understand that the State's oral response to any question at the Pre-response Teleconference shall be unofficial and non-binding. Prospective Respondents must submit all questions, comments, or other concerns regarding the RFP in writing prior to the Written Questions & Comments Deadline date detailed in the RFP Section 2, Schedule of Events. The State will send the official response to these questions and comments to prospective Respondents from whom the State has received a Notice of Intent to respond as indicated in RFP Section 1.8 and on the date detailed in the RFP Section 2, Schedule of Events.

1.8. **Notice of Intent to Respond**

Before the Notice of Intent to Respond Deadline detailed in the RFP Section 2, Schedule of Events, prospective Respondents should submit to the Solicitation Coordinator a Notice of Intent to Respond (in the form of a simple e-mail or other written communication). Such notice should include the following information:

- the business or individual's name (as appropriate);
- a contact person's name and title; and
- the contact person's mailing address, telephone number, facsimile number, and e-mail address.

A Notice of Intent to Respond creates no obligation and is not a prerequisite for submitting a response, however, it is necessary to ensure receipt of any RFP amendments or other notices and communications relating to this RFP.

1.9. Response Deadline

A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events. The State will not accept late responses, and a Respondent's failure to submit a response before the deadline will result in disqualification of the response. It is the responsibility of the Respondent to ascertain any additional security requirements with respect to packaging and delivery to the State of Tennessee. Respondents should be mindful of any potential delays due to security screening procedures, weather, or other filing delays whether foreseeable or unforeseeable.

2. RFP SCHEDULE OF EVENTS

2.1. The following RFP Schedule of Events represents the State's best estimate for this RFP.

EVENT	TIME (central time zone)	DATE
1. RFP Issued		December 10, 2018
2. Disability Accommodation Request Deadline	2:00 p.m.	December 13, 2018
3. Pre-response Teleconference	10:00 a.m.	December 14, 2018
4. Notice of Intent to Respond Deadline	2:00 p.m.	December 17, 2018
5. Written "Questions & Comments" Deadline	2:00 p.m.	January 3, 2019
6. State Response to Written "Questions & Comments"		January 10, 2019
7. Second & Final Written "Questions & Comments" Deadline	2:00 p.m.	January 17, 2019
8. Final State Response to Written "Questions & Comments"		January 23, 2019
9. Response Deadline	2:00 p.m.	February 4, 2019
10. State Completion of Technical Response Evaluations		February 20, 2019
11. State Schedules Respondent Oral Presentations		February 21, 2019
12. Respondent Oral Presentations		March 4-8, 2019
13. State Completion of Oral Presentation Evaluations		March 11, 2019
14. State Opening & Scoring of Cost Proposals		March 12, 2019
15. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection		March 15, 2019
16. End of Open File Period		March 22, 2019
17. State sends contract to Contractor for signature		March 25, 2019
18. Contractor Signature Deadline	2:00 p.m.	March 29, 2019

2.2. **The State reserves the right, at its sole discretion, to adjust the RFP Schedule of Events as it deems necessary.** Any adjustment of the Schedule of Events shall constitute an RFP amendment, and the State will communicate such to prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to section 1.8).

3. RESPONSE REQUIREMENTS

3.1. Response Form

A response to this RFP must consist of two parts, a Technical Response and a Cost Proposal.

- 3.1.1. **Technical Response.** RFP Attachment 6.2., Technical Response & Evaluation Guide provides the specific requirements for submitting a response. This guide includes mandatory requirement items, general qualifications and experience items, and technical qualifications, experience, and approach items all of which must be addressed with a written response and, in some instances, additional documentation.

NOTICE: A technical response must not include any pricing or cost information. If any pricing or cost information amounts of any type (even pricing relating to other projects) is included in any part of the technical response, the state may deem the response to be non-responsive and reject it.

- 3.1.1.1. A Respondent must use the RFP Attachment 6.2., Technical Response & Evaluation Guide to organize, reference, and draft the Technical Response by duplicating the attachment, adding appropriate page numbers as required, and using the guide as a table of contents covering the Technical Response.
- 3.1.1.2. A response should be economically prepared, with emphasis on completeness and clarity. A response, as well as any reference material presented, must be written in English and must be written on standard 8 ½" x 11" pages (although oversize exhibits are permissible) and use a 12 point font for text. All response pages must be numbered.
- 3.1.1.3. All information and documentation included in a Technical Response should correspond to or address a specific requirement detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide. All information must be incorporated into a response to a specific requirement and clearly referenced. Any information not meeting these criteria will be deemed extraneous and will not contribute to evaluations.
- 3.1.1.4. The State may determine a response to be non-responsive and reject it if:
- a. the Respondent fails to organize and properly reference the Technical Response as required by this RFP and the RFP Attachment 6.2., Technical Response & Evaluation Guide; or
 - b. the Technical Response document does not appropriately respond to, address, or meet all of the requirements and response items detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 3.1.2. **Cost Proposal.** A Cost Proposal must be recorded on an exact duplicate of the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

NOTICE: If a Respondent fails to submit a cost proposal exactly as required, the State may deem the response to be non-responsive and reject it.

- 3.1.2.1. A Respondent must only record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal & Scoring Guide and must NOT record any other rates, amounts, or information.

- 3.1.2.2. The proposed cost shall incorporate ALL costs for services under the contract for the total contract period, including any renewals or extensions.
- 3.1.2.3. A Respondent must sign and date the Cost Proposal.
- 3.1.2.4. A Respondent must submit the Cost Proposal to the State in a sealed package separate from the Technical Response (as detailed in RFP Sections 3.2.3., *et seq.*).

3.2. Response Delivery

3.2.1. A Respondent must ensure that both the original Technical Response and Cost Proposal documents meet all form and content requirements, including all required signatures, as detailed within this RFP, as may be amended.

3.2.2. A Respondent must submit original Technical Response and Cost Proposal documents and copies as specified below.

3.2.2.1. One (1) original Technical Response paper document labeled:

“RFP # 30901-40619 TECHNICAL RESPONSE ORIGINAL”

and seven (7) digital copies of the Technical Response each in the form of one (1) digital document in “PDF” format properly recorded on its own otherwise blank, standard CD-R recordable disc or USB flash drive labeled:

“RFP # 30901-40619 TECHNICAL RESPONSE COPY”

The digital copies should not include copies of sealed customer references, however any other discrepancy between the paper Technical Response document and any digital copies may result in the State rejecting the proposal as non-responsive.

3.2.2.2. One (1) original Cost Proposal paper document labeled:

“RFP # 30901-40619 COST PROPOSAL ORIGINAL”

and one (1) copy in the form of a digital document in “PDF/XLS” format properly recorded on separate, blank, standard CD-R recordable disc or USB flash drive labeled:

“RFP # 30901-40619 COST PROPOSAL COPY”

In the event of a discrepancy between the original Cost Proposal document and the digital copy, the original, signed document will take precedence.

3.2.3. A Respondent must separate, seal, package, and label the documents and copies for delivery as follows:

3.2.3.1. The Technical Response original document and digital copies must be placed in a sealed package that is clearly labeled:

“DO NOT OPEN... RFP # 30901-40619 TECHNICAL RESPONSE FROM [RESPONDENT LEGAL ENTITY NAME]”

3.2.3.2. The Cost Proposal original document and digital copy must be placed in a separate, sealed package that is clearly labeled:

“DO NOT OPEN... RFP # 30901-40619 COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”

- 3.2.3.3. The separately, sealed Technical Response and Cost Proposal components may be enclosed in a larger package for mailing or delivery, provided that the outermost package is clearly labeled:

“RFP # 30901-40619 SEALED TECHNICAL RESPONSE & SEALED COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”

- 3.2.4. A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events at the following address:

Dawn Rochelle
State of Tennessee, Treasury Department
13th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, TN 37243-0225

3.3. Response & Respondent Prohibitions

- 3.3.1. A response must not include alternate contract terms and conditions. If a response contains such terms and conditions, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.2. A response must not restrict the rights of the State or otherwise qualify either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal. If a response restricts the rights of the State or otherwise qualifies either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.3. A response must not propose alternative goods or services (*i.e.*, offer services different from those requested and required by this RFP) unless expressly requested in this RFP. The State may consider a response of alternative goods or services to be non-responsive and reject it.
- 3.3.4. A Cost Proposal must be prepared and arrived at independently and must not involve any collusion between Respondents. The State will reject any Cost Proposal that involves collusion, consultation, communication, or agreement between Respondents. Regardless of the time of detection, the State will consider any such actions to be grounds for response rejection or contract termination.
- 3.3.5. A Respondent must not provide, for consideration in this RFP process, any information that the Respondent knew or should have known was materially incorrect. If the State determines that a Respondent has provided such incorrect information, the State will deem the Response as non-responsive and reject it.
- 3.3.6. A Respondent must not submit more than one Technical Response and one Cost Proposal in response to this RFP. If a Respondent submits more than one Technical Response or more than one Cost Proposal, the State will deem all of the Responses as non-responsive and reject them.
- 3.3.7. A Respondent must not submit a response as a prime contractor while also permitting one or more other Respondents to offer the Respondent as a subcontractor in their own responses. Such may result in the disqualification of all Respondents knowingly involved. This restriction does not, however, prohibit different Respondents from offering the same subcontractor as a part of their responses (provided that the subcontractor does not also submit a response as a prime contractor).

3.3.8. The State shall not consider a response from an individual who is, or within the past six (6) months has been, a State employee. For purposes of this RFP:

3.3.8.1. An individual shall be deemed a State employee until such time as all compensation for salary, termination pay, and annual leave has been paid;

3.3.8.2. A contract with or a response from a company, corporation, or any other contracting entity in which a controlling interest is held by any State employee shall be considered to be a contract with or proposal from the employee; and

3.3.8.3. A contract with or a response from a company, corporation, or any other contracting entity that employs an individual who is, or within the past six (6) months has been, a State employee shall not be considered a contract with or a proposal from the employee and shall not constitute a prohibited conflict of interest.

3.4. **Response Errors & Revisions**

A Respondent is responsible for any and all response errors or omissions. A Respondent will not be allowed to alter or revise response documents after the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events unless such is formally requested, in writing, by the State.

3.5. **Response Withdrawal**

A Respondent may withdraw a submitted response at any time before the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events by submitting a written request signed by an authorized Respondent representative. After withdrawing a response, a Respondent may submit another response at any time before the Response Deadline. After the Response Deadline, a Respondent may only withdraw all or a portion of a response where the enforcement of the response would impose an unconscionable hardship on the Respondent.

3.6. **Additional Services**

If a response offers goods or services in addition to those required by and described in this RFP, the State, at its sole discretion, may add such services to the contract awarded as a result of this RFP. Notwithstanding the foregoing, a Respondent must not propose any additional cost amounts or rates for additional goods or services. Regardless of any additional services offered in a response, the Respondent's Cost Proposal must only record the proposed cost as required in this RFP and must not record any other rates, amounts, or information.

NOTICE: If a Respondent fails to submit a Cost Proposal exactly as required, the State may deem the response non-responsive and reject it.

3.7. **Response Preparation Costs**

The State will not pay any costs associated with the preparation, submittal, or presentation of any response.

4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS

4.1. RFP Amendment

The State at its sole discretion may amend this RFP, in writing, at any time prior to contract award. However, prior to any such amendment, the State will consider whether it would negatively impact the ability of potential Respondents to meet the response deadline and revise the RFP Schedule of Events if deemed appropriate. If an RFP amendment is issued, the State will convey it to potential Respondents who submitted a Notice of Intent to Respond (refer to RFP Section 1.8). A response must address the final RFP (including its attachments) as amended.

4.2. RFP Cancellation

The State reserves the right, at its sole discretion, to cancel the RFP or to cancel and reissue this RFP in accordance with applicable laws and regulations.

4.3. State Right of Rejection

4.3.1. Subject to applicable laws and regulations, the State reserves the right to reject, at its sole discretion, any and all responses.

4.3.2. The State may deem as non-responsive and reject any response that does not comply with all terms, conditions, and performance requirements of this RFP. Notwithstanding the foregoing, the State reserves the right to waive, at its sole discretion, minor variances from full compliance with this RFP. If the State waives variances in a response, such waiver shall not modify the RFP requirements or excuse the Respondent from full compliance, and the State may hold any resulting Contractor to strict compliance with this RFP.

4.4. Assignment & Subcontracting

4.4.1. The Contractor may not subcontract, transfer, or assign any portion of the Contract awarded as a result of this RFP without prior approval of the State. The State reserves the right to refuse approval, at its sole discretion, of any subcontract, transfer, or assignment.

4.4.2. If a Respondent intends to use subcontractors, the response to this RFP must specifically identify the scope and portions of the work each subcontractor will perform (refer to RFP Attachment 6.2., Section B, General Qualifications & Experience Item B.14.).

4.4.3. Subcontractors identified within a response to this RFP will be deemed as approved by the State unless the State expressly disapproves one or more of the proposed subcontractors prior to signing the Contract.

4.4.4. After contract award, a Contractor may only substitute an approved subcontractor at the discretion of the State and with the State's prior, written approval.

4.4.5. Notwithstanding any State approval relating to subcontracts, the Respondent who is awarded a contract pursuant to this RFP will be the prime contractor and will be responsible for all work under the Contract.

4.5. Right to Refuse Personnel or Subcontractors

The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any personnel of the prime contractor or a subcontractor providing goods or services in the performance of a contract resulting from this RFP. The State will document in writing the reason(s) for any rejection of personnel.

4.6. **Insurance**

The State will require the awarded Contractor to provide a Certificate of Insurance issued by an insurance company licensed or authorized to provide insurance in the State of Tennessee. Each Certificate of Insurance shall indicate current insurance coverages meeting minimum requirements as may be specified by this RFP. A failure to provide a current, Certificate of Insurance will be considered a material breach and grounds for contract termination.

4.7. **Professional Licensure and Department of Revenue Registration**

- 4.7.1. All persons, agencies, firms, or other entities that provide legal or financial opinions, which a Respondent provides for consideration and evaluation by the State as a part of a response to this RFP, shall be properly licensed to render such opinions.
- 4.7.2. Before the Contract resulting from this RFP is signed, the apparent successful Respondent (and Respondent employees and subcontractors, as applicable) must hold all necessary or appropriate business or professional licenses to provide the goods or services as required by the contract. The State may require any Respondent to submit evidence of proper licensure.
- 4.7.3. Before the Contract resulting from this RFP is signed, the apparent successful Respondent must be registered with the Tennessee Department of Revenue for the collection of Tennessee sales and use tax. The State shall not award a contract unless the Respondent provides proof of such registration or provides documentation from the Department of Revenue that the Contractor is exempt from this registration requirement. The foregoing is a mandatory requirement of an award of a contract pursuant to this solicitation. For purposes of this registration requirement, the Department of Revenue may be contacted at: TN.Revenue@tn.gov.

4.8. **Disclosure of Response Contents**

- 4.8.1. All materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Selection or rejection of a response does not affect this right. By submitting a response, a Respondent acknowledges and accepts that the full response contents and associated documents will become open to public inspection in accordance with the laws of the State of Tennessee.
- 4.8.2. The State will hold all response information, including both technical and cost information, in confidence during the evaluation process.
- 4.8.3. Upon completion of response evaluations, indicated by public release of a Notice of Intent to Award, the responses and associated materials will be open for review by the public in accordance with Tenn. Code Ann. § 10-7-504(a)(7).

4.9. **Contract Approval and Contract Payments**

- 4.9.1. After contract award, the Contractor who is awarded the contract must submit appropriate documentation with the Department of Finance and Administration, Division of Accounts.
- 4.9.2. This RFP and its contractor selection processes do not obligate the State and do not create rights, interests, or claims of entitlement in either the Respondent with the apparent best-evaluated response or any other Respondent. State obligations pursuant to a contract award shall commence only after the Contract is signed by the State agency head and the Contractor and after the Contract is approved by all other state officials as required by applicable laws and regulations.
- 4.9.3. No payment will be obligated or made until the relevant Contract is approved as required by applicable statutes and rules of the State of Tennessee.

- 4.9.3.1. The State shall not be liable for payment of any type associated with the Contract resulting from this RFP (or any amendment thereof) or responsible for any goods delivered or services rendered by the Contractor, even goods delivered or services rendered in good faith and even if the Contractor is orally directed to proceed with the delivery of goods or the rendering of services, if it occurs before the Contract Effective Date or after the Contract Term.
- 4.9.3.2. All payments relating to this procurement will be made in accordance with the Payment Terms and Conditions of the Contract resulting from this RFP (refer to RFP Attachment 6.6., *Pro Forma* Contract, Section C).
- 4.9.3.3. If any provision of the Contract provides direct funding or reimbursement for the competitive purchase of goods or services as a component of contract performance or otherwise provides for the reimbursement of specified, actual costs, the State will employ all reasonable means and will require all such documentation that it deems necessary to ensure that such purchases were competitive and costs were reasonable, necessary, and actual. The Contractor shall provide reasonable assistance and access related to such review. Further, the State shall not remit, as funding or reimbursement pursuant to such provisions, any amounts that it determines do not represent reasonable, necessary, and actual costs.

4.10. **Contractor Performance**

The Contractor who is awarded a contract will be responsible for the delivery of all acceptable goods or the satisfactory completion of all services set out in this RFP (including attachments) as may be amended. All goods or services are subject to inspection and evaluation by the State. The State will employ all reasonable means to ensure that goods delivered or services rendered are in compliance with the Contract, and the Contractor must cooperate with such efforts.

The Contractor resulting from this RFP shall, in conjunction with the State, develop mutually agreed upon Operating Procedures detailing both the State's and the Contractor's performance objectives for each of the services in the RFP, in accordance to the Contractor's Proposal and in accordance with the Contract.

4.11. **Contract Amendment**

After Contract award, the State may request the Contractor to deliver additional goods or perform additional services within the general scope of the Contract and this RFP, but beyond the specified Scope, and for which the Contractor may be compensated. In such instances, the State will provide the Contractor a written description of the additional goods or services. The Contractor must respond to the State with a time schedule for delivering the additional goods or accomplishing the additional services based on the compensable units included in the Contractor's response to this RFP. If the State and the Contractor reach an agreement regarding the goods or services and associated compensation, such agreement must be effected by means of a contract amendment. Further, any such amendment requiring additional goods or services must be signed by both the State agency head and the Contractor and must be approved by other state officials as required by applicable statutes, rules, policies and procedures of the State of Tennessee. The Contractor must not provide additional goods or render additional services until the State has issued a written contract amendment with all required approvals.

4.12. **Severability**

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, said decision will not affect the validity of the remaining RFP terms and provisions, and the rights and obligations of the State and Respondents will be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

4.13. **Next Ranked Respondent**

The State reserves the right to initiate negotiations with the next ranked Respondent should the State cease doing business with any Respondent selected via this RFP process.

5. EVALUATION & CONTRACT AWARD

5.1. Evaluation Categories & Maximum Points

The State will consider qualifications, experience, technical approach, and cost in the evaluation of responses and award points in each of the categories detailed below (up to the maximum evaluation points indicated) to each response deemed by the State to be responsive.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
General Qualifications & Experience (refer to RFP Attachment 6.2., Section B)	10
Technical Qualifications, Experience & Approach (refer to RFP Attachment 6.2., Section C)	60
Oral Presentation (refer to RFP Attachment 6.2., Section D)	10
Cost Proposal (refer to RFP Attachment 6.3.)	20

5.2. Evaluation Process

The evaluation process is designed to award the contract resulting from this RFP not necessarily to the Respondent offering the lowest cost, but rather to the Respondent deemed by the State to be responsive and responsible who offers the best combination of attributes based upon the evaluation criteria. ("Responsive Respondent" is defined as a Respondent that has submitted a response that conforms in all material respects to the RFP. "Responsible Respondent" is defined as a Respondent that has the capacity in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.)

5.2.1. **Technical Response Evaluation.** The Solicitation Coordinator and the Proposal Evaluation Team (consisting of three (3) or more State employees) will use the RFP Attachment 6.2., Technical Response & Evaluation Guide to manage the Technical Response Evaluation and maintain evaluation records.

5.2.1.1. The State reserves the right, at its sole discretion, to request Respondent clarification of a Technical Response or to conduct clarification discussions with any or all Respondents. Any such clarification or discussion will be limited to specific sections of the response identified by the State. The subject Respondent must put any resulting clarification in writing as may be required and in accordance with any deadline imposed by the State.

5.2.1.2. The Solicitation Coordinator will review each Technical Response to determine compliance with RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A—Mandatory Requirements. If the Solicitation Coordinator determines that a response failed to meet one or more of the mandatory requirements, the Proposal Evaluation Team will review the response and document the team's determination of whether:

- a. the response adequately meets RFP requirements for further evaluation;
- b. the State will request clarifications or corrections for consideration prior to further evaluation; or,
- c. the State will determine the response to be non-responsive to the RFP and reject it.

- 5.2.1.3. Proposal Evaluation Team members will independently evaluate each Technical Response (that is responsive to the RFP) against the evaluation criteria in this RFP, and will score each in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 5.2.1.4. For each response evaluated, the Solicitation Coordinator will calculate the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, and record each average as the response score for the respective Technical Response section.
- 5.2.1.5. Before Cost Proposals are opened, the Proposal Evaluation Team will review the Technical Response Evaluation record and any other available information pertinent to whether or not each Respondent is responsive and responsible. If the Proposal Evaluation Team identifies any Respondent that does not meet the responsive and responsible thresholds such that the team would not recommend the Respondent for Cost Proposal Evaluation and potential contract award, the team members will fully document the determination.
- 5.2.1.6. The Solicitation Coordinator will invite each apparently responsive and responsible Respondent to make an oral presentation.
 - 5.2.1.6.1. The oral presentations are mandatory. The Solicitation Coordinator will schedule Respondent presentations during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each Respondent's schedules. When the Respondent presentation schedule has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.
 - 5.2.1.6.2. Respondent presentations are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.
 - 5.2.1.6.3. Oral presentations provide an opportunity for Respondents to explain and clarify their responses. Respondents must not materially alter their responses and presentations will be limited to addressing the items detailed in RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed during oral presentations.
 - 5.2.1.6.4. The State will maintain an accurate record of each Respondent's oral presentation session. The record of the Respondent's oral presentation shall be available for review when the State opens the procurement files for public inspection.
 - 5.2.1.6.5. Proposal Evaluation Team members will independently evaluate each oral presentation in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D.
- 5.2.2. **Cost Proposal Evaluation.** The Solicitation Coordinator will open for evaluation the Cost Proposal of each Respondent deemed by the State to be responsive and responsible and calculate and record each Cost Proposal score in accordance with the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

- 5.2.3. **Total Response Score.** The Solicitation Coordinator will calculate the sum of the Technical Response section scores and the Cost Proposal score and record the resulting number as the total score for the subject Response (refer to RFP Attachment 6.5., Score Summary Matrix).

5.3. **Contract Award Process**

- 5.3.1 The Solicitation Coordinator will submit the Proposal Evaluation Team determinations and scores to the head of the procuring agency for consideration along with any other relevant information that might be available and pertinent to contract award.
- 5.3.2. The procuring agency head will determine the apparent best-evaluated Response. To effect a contract award to a Respondent other than the one receiving the highest evaluation process score, the head of the procuring agency must provide written justification and obtain the written approval of the Chief Procurement Officer and the Comptroller of the Treasury.
- 5.3.3. The State will issue a Notice of Intent to Award identifying the apparent best-evaluated response and make the RFP files available for public inspection at the time and date specified in the RFP Section 2, Schedule of Events.

NOTICE: The Notice of Intent to Award shall not create rights, interests, or claims of entitlement in either the apparent best-evaluated Respondent or any other Respondent.

- 5.3.4. The Respondent identified as offering the apparent best-evaluated response must sign a contract drawn by the State pursuant to this RFP. The Contract shall be substantially the same as the RFP Attachment 6.6., *Pro Forma* Contract. The Respondent must sign the contract by the Contractor Signature Deadline detailed in the RFP Section 2, Schedule of Events. If the Respondent fails to provide the signed Contract by this deadline, the State may determine that the Respondent is non-responsive to this RFP and reject the response.
- 5.3.5. Notwithstanding the foregoing, the State may, at its sole discretion, entertain limited negotiation prior to Contract signing and, as a result, revise the *pro forma* contract terms and conditions or performance requirements in the State's best interests, PROVIDED THAT such revision of terms and conditions or performance requirements shall NOT materially affect the basis of response evaluations or negatively impact the competitive nature of the RFP and contractor selection process.
- 5.3.6. If the State determines that a response is non-responsive and rejects it after opening Cost Proposals, the Solicitation Coordinator will re-calculate scores for each remaining responsive Cost Proposal to determine (or re-determine) the apparent best-evaluated response.

RFP # 30901-40619 STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.).

The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of the RFP Attachment 6.6., *Pro Forma* Contract for the total Contract Term.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., *Pro Forma* Contract.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the Contract.
5. The Respondent will comply with:
 - (a) the laws of the State of Tennessee;
 - (b) Title VI of the federal Civil Rights Act of 1964;
 - (c) Title IX of the federal Education Amendments Act of 1972;
 - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
 - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
10. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to §12-12-106." For reference purposes, the list is currently available online at: <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/library-/public-information-library.html>.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the Respondent.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT

SIGNATURE:

PRINTED NAME & TITLE:

DATE:

**RESPONDENT LEGAL ENTITY
NAME:**

RFP ATTACHMENT 6.2. — Section A

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION A: MANDATORY REQUIREMENTS. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

The Solicitation Coordinator will review the response to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Proposal Evaluation Team must review the response and attach a written determination. In addition to the Mandatory Requirement Items, the Solicitation Coordinator will review each response for compliance with all RFP requirements.

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		The Response must be delivered to the State no later than the Response Deadline specified in the RFP Section 2, Schedule of Events.	
		The Technical Response and the Cost Proposal documentation must be packaged separately as required (refer to RFP Section 3.2., <i>et. seq.</i>).	
		The Technical Response must NOT contain cost or pricing information of any type.	
		The Technical Response must NOT contain any restrictions of the rights of the State or other qualification of the response.	
		A Respondent must NOT submit alternate responses (refer to RFP Section 3.3.).	
		A Respondent must NOT submit multiple responses in different forms (as a prime and a subcontractor) (refer to RFP Section 3.3.).	
	A.1.	Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.	
	A.2.	Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest (<i>e.g.</i> , employment by the State of Tennessee) and, if so, the nature of that conflict. NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.	
	A.3.	Provide two current positive credit references from vendors with which the Respondent has done business written in the form of standard business letters, signed, and dated within the past three (3) months.	
	A.4.	Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a positive credit rating for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will <u>not</u> be considered responsive.)	
	A.5.	Provide a statement that the Respondent has, for a minimum of five (5) years, provided master custody and accounting services for at least three	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		U.S.-based pension fund clients, each with international marketable security assets having a market value of over \$1 billion.	
	A.6.	Provide a statement that the Respondent had at least \$5 trillion in tax-exempt master custody assets at June 30, 2018.	
	A.7.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, operate as a direct participant in, and utilize the services of the Depository Trust Company of New York (DTC), the Federal Reserve Bank (FRB) and the Mortgage-Backed Securities Clearing Corporation (MBSCC) as described in Section A.2.c of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.8.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, the Respondent agrees to perform trade date accounting for all securities and full accrual accounting for all assets as required in Section A.4.a of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.9.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide web-based user access to both portfolio accounting, custody and performance information reporting as provided in Section A.5 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.10.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide for the settlement of domestic trades on a contractual basis, and international trades as provided in Section A.3.b of the <i>Pro Forma</i> Contract (RFP Attachment 6.6), except trades in emerging markets requiring actual settlement.	
	A.11.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide monthly trade data and activity to the State's designated investment consultant as provided in Section A.5.c of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.12.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, receive and process electronic transmissions of the State's trades from the Order Management System (OMS) utilized by the State as provided in Section A.3.a of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.13.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide the State with the daily transaction detail for viewing, printing and downloading by 7:00 a.m. (CST) the following business day as provided in Section A.5.b of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.14.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide the State with the ability to inquire, download and print all information regarding the State's holdings and transactions as provided in Section A.5.b of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.15.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, maintain the ability for the State to access all transactions through the web-based information reporting system for a period of at least two years following the State's fiscal year as required in Section A.5.e of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
	A.16.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide the State with a Type II Independent Service Auditor's report as required in Section A.5.f of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.17.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, will permit the State, or its duly authorized agent, to conduct audits of the accounting records and other records pertaining to the State's accounts at any reasonable time as provided in Section A.5.d of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.18.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, will maintain the ability to report various information by individual portfolio manager (internal or external manager), as well as consolidated by program as provided in Section A.5.a of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.19.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, perform electronic trade affirmations and exception follow-up as provided in Section A.3 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.20.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide monthly electronic transmission of general ledger accounting entries to the State as provided in Section A.5.a of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.21.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide Third Party Securities Lending support as described in Section A.12 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.22.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide Daily Net Asset Value calculation, by account as determined by the State, to the State and its third party recordkeeper as provided in Section A.4.b of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.23.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, as required in Section A.13 of the <i>Pro Forma</i> Contract (RFP Attachment 6.6), provide the State with at least one staff person who 1) is available to the State full time (Key team members be available on-site at the state's request) to serve as a direct liaison between the State and the Respondent during a conversion-in and contract services implementation period; 2) is knowledgeable and experienced in determining and obtaining appropriate and adequate Respondent resources to address the various issues and matters arising during this period; and 3) will remain available to the State in such capacity until assets are converted and reconciled, and daily operations stabilize.	
	A.24.	Provide a statement that the Respondent will, if awarded a contract pursuant to this RFP, provide daily linked performance reporting as provided in Section A.5.a of the <i>Pro Forma</i> Contract (RFP Attachment 6.6).	
	A.25.	Provide a statement indicating that, if awarded the Contract pursuant to this RFP, the Contractor, as of the beginning of the term of the Contract, will provide a minimum of two (2) full time staff dedicated solely to the State's account and responsible for coordinating and/or delivering the services	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		sought under this RFP for the duration of the Contract.	
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>			

RFP ATTACHMENT 6.2. — SECTION B

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION B: GENERAL QUALIFICATIONS & EXPERIENCE. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below. Proposal Evaluation Team members will independently evaluate and assign one score for all responses to Section B— General Qualifications & Experience Items.

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
	B.1.	Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the person the State should contact regarding the response.
	B.2.	Describe the Respondent's form of business (<i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).
	B.3.	Detail the number of years the Respondent has been in business.
	B.4.	Briefly describe how long the Respondent has been providing the goods or services required by this RFP.
	B.5.	Describe the Respondent's number of employees, client base, and location of offices related to the services requested in this RFP
	B.6.	Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.
	B.7.	Provide a statement of whether the Respondent or, to the Respondent's knowledge, any of the Respondent's employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony. If so, include an explanation providing relevant details.
	B.8.	Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.
	B.9.	Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent's performance in a contract pursuant to this RFP. NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	B.10.	Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent's performance in a contract pursuant to this RFP.

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	B.11.	Provide a brief, descriptive statement detailing evidence of the Respondent's ability to deliver the goods or services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).
	B.12.	Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods or services required by this RFP. Indicate the number of full-time personnel that will be solely dedicated to the State's account. Per section A.16. of the <i>Pro Forma</i> Contract, the State will require at least two (2).
	B.13.	Provide a personnel roster listing the names of key people who the Respondent will assign to meet the Respondent's requirements under this RFP, including during the implementation phase, along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual's title, education, current position with the Respondent, and employment history.
	B.14.	Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent's requirements of any contract awarded pursuant to this RFP, and if so, detail: <ul style="list-style-type: none"> (a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each; (b) a description of the scope and portions of the goods each subcontractor involved in the delivery of goods or performance of the services each subcontractor will perform; <u>and</u> (c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Respondent's response to this RFP.
	B.15.	Provide documentation of the Respondent's commitment to diversity as represented by the following: <ul style="list-style-type: none"> (a) <u>Business Strategy</u>. Provide a description of the Respondent's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises. Please also include a list of the Respondent's certifications as a diversity business, if applicable. (b) <u>Business Relationships</u>. Provide a listing of the Respondent's current contracts with business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises. Please include the following information: <ul style="list-style-type: none"> (i) contract description; (ii) contractor name and ownership characteristics (i.e., ethnicity, gender, service-disabled veteran-owned or persons with disabilities); (iii) contractor contact name and telephone number. (c) <u>Estimated Participation</u>. Provide an estimated level of participation by business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities and small business enterprises if a contract is awarded to the Respondent pursuant to this RFP. Please include the following information: <ul style="list-style-type: none"> (i) a percentage (%) indicating the participation estimate. (Express the estimated participation number as a percentage of the total estimated contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics only and DO NOT INCLUDE DOLLAR AMOUNTS); (ii) anticipated goods or services contract descriptions;

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>(iii) names and ownership characteristics (i.e., ethnicity, gender, service-disabled veterans, or disability) of anticipated subcontractors and supply contractors.</p> <p>NOTE: In order to claim status as a Diversity Business Enterprise under this contract, businesses must be certified by the Governor's Office of Diversity Business Enterprise (Go-DBE). Please visit the Go-DBE website at https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9810 for more information.</p> <p>(d) <u>Workforce</u>. Provide the percentage of the Respondent's total current employees by ethnicity and gender.</p> <p>NOTE: Respondents that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and subcontractors. Response evaluations will recognize the positive qualifications and experience of a Respondent that does business with enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises and who offer a diverse workforce.</p>
	B.16.	<p>Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts:</p> <p>(a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract;</p> <p>(b) the procuring State agency name;</p> <p>(c) a brief description of the contract's scope of services;</p> <p>(d) the contract period; and</p> <p>(e) the contract number.</p> <p>NOTES:</p> <ul style="list-style-type: none"> ▪ Current or prior contracts with the State are <u>not</u> a prerequisite and are <u>not</u> required for the maximum evaluation score, and the existence of such contracts with the State will <u>not</u> automatically result in the addition or deduction of evaluation points. ▪ Each evaluator will generally consider the results of inquiries by the State regarding all contracts noted.
	B.17.	<p>Provide customer references from individuals who are <u>not</u> current or former State employees for projects similar to the goods or services sought under this RFP and which represent:</p> <ul style="list-style-type: none"> ▪ two (2) accounts the Respondent currently services that are similar in size to the State; <u>and</u> ▪ three (3) completed projects. <p>References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The standard reference questionnaire, which <u>must</u> be used and completed, is provided at RFP Attachment 6.4. References that are not completed as required may be deemed non-responsive and may not be considered.</p> <p>The Respondent will be <u>solely</u> responsible for obtaining fully completed reference questionnaires and including them in the sealed Technical Response. In order to obtain and submit the completed reference questionnaires follow the process below.</p> <p>(a) Add the Respondent's name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference.</p> <p>(b) Send a reference questionnaire and new, standard #10 envelope to each reference.</p> <p>(c) Instruct the reference to:</p> <ol style="list-style-type: none"> (i) complete the reference questionnaire; (ii) sign and date the completed reference questionnaire;

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>(iii) seal the completed, signed, and dated reference questionnaire within the envelope provided;</p> <p>(iv) sign his or her name in ink across the sealed portion of the envelope; and</p> <p>(v) return the sealed envelope directly to the Respondent (the Respondent may wish to give each reference a deadline, such that the Respondent will be able to collect all required references in time to include them within the sealed Technical Response).</p> <p>(d) <u>Do NOT open the sealed references upon receipt.</u></p> <p>(e) Enclose all <u>sealed</u> reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required.</p> <p>NOTES:</p> <ul style="list-style-type: none"> ▪ The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required. ▪ The State will not review more than the number of required references indicated above. ▪ While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references. ▪ The State is under <u>no</u> obligation to clarify any reference information.
	B.18.	<p>Provide a statement and any relevant details addressing whether the Respondent is any of the following:</p> <p>(a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency;</p> <p>(b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;</p> <p>(c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and</p> <p>(d) has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.</p>
		<p>SCORE (for <u>all</u> Section B—Qualifications & Experience Items above): (maximum possible score = 10)</p>
State Use – Evaluator Identification:		

RFP ATTACHMENT 6.2. — SECTION C

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH. The Respondent must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

0 = little value 1 = poor 2 = fair 3 = satisfactory 4 = good 5 = excellent

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's Raw Weighted Score for purposes of calculating the section score as indicated.

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.1.1.	Provide a narrative that illustrates the Respondent's understanding of the State's requirements and project schedule.		2	
	C.1.2.	The State's current operating procedures are attached as Attachment 6.7 to this RFP. Please describe the Respondent's ability to meet the requirements of those operating procedures and any revisions that the Respondent would propose.		5	
	C.2	Domestic Custody Services			
	C.2.1	Explain how custody operations are structured. Are domestic and global custody operations integrated or separate units?		5	
	C.2.2.	Describe the Respondent's system for registration and custody of assets, including depositories used.		8	
	C.2.3.	Describe the Respondent's policy and procedures for assuring that each client's assets are properly held and positions are accurately maintained in the Respondent's accounting records.		8	
	C.2.4.	Describe and explain the Respondent's method and timing of recording and reporting corporate actions. Specifically address each different type (i.e. stock split, takeover, buyout, spinoff, merger, exchange, etc.) and the timeline for the corporate actions to appear on the Respondent's records of the State and for crediting the State's account. Explain which corporate actions, if any, would necessitate a delay in either settlement or updating the State's records.		5	
	C.2.5.	Describe in detail how the Respondent will provide proxy notifications and delivery of statements for voting instructions. Can you support proxy voting by investment managers, third party vendors as well as the client?		5	
	C.2.6.	Describe the Respondent's services related to securities litigation, including how the Respondent tracks class action activity in the client's interest, how the client is kept informed of any class action activity, follow-up actions taken by the Respondent and client reporting procedures. How quickly is		7	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		class action information updated in your system? Describe the types of claims (if any) the Respondent would not file on the State's behalf and the Respondent's policy with respect to those claims. Describe the Respondent's methodology for attributing any income derived back to the original portfolio(s) and the effects on performance.			
	C.2.7.	Does the Respondent have the ability to load 10 years of transaction and holdings history to support class action suits? Are you willing to file all claims with class periods that predate the conversion using data supplied by a third party service provider? Explain how the Respondent would provide information to the State and the State's then-current custodian relative to securities litigation claims arising after the expiration or earlier termination of a contract with the Respondent.		3	
	C.3.	Global Custody Services			
	C.3.1.	Discuss the Respondent's global custody capabilities. Include in this discussion a description of the global custody infrastructure, trade, settlement and income collection processing and the Respondent's approach for providing related client support features including tax reclaim services, proxy voting services, corporate action processing, cash forecasting and information delivery.		10	
	C.3.2.	For each country in which the State invests, provide the Respondent's custodial agent banks and their applicable depositories or clearing agents, and the year the Respondent began to offer custody services in that market. The international markets in which the State is currently authorized to invest are of those countries included in the Morgan Stanley Capital International (MSCI) EAFE IMI Index for developed markets and emerging market countries are those countries in the MSCI Emerging Markets Index.		8	
	C.3.3.	Describe the Respondent's foreign exchange transaction and currency hedging capabilities. What assurances does the State have to guarantee the correct exchange rate is being used?		8	
	C.4.	Trade Processing			
	C.4.1.	Describe the procedures for trade instruction and foreign exchange transaction processing from the Order Management System utilized by the State. Describe the trade validation procedures.		8	
	C.4.2.	Provide the Respondent's trade instruction deadlines.		7	
	C.4.3.	The State currently has twelve international equity external managers who work directly with the custodian bank to record trades. Discuss the Respondent's procedures for processing these trades and delivering trade information to the State.		8	
	C.4.4.	Describe the Respondent's processes for handling the collateralization/margining of forward-settling, agency		7	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		mortgage-back securities (“MBS”), as recommended by the Treasury Market Practices Group (“TMPG”). Does your organization currently support tri-party control agreements?			
	C.5.	Settlement			
	C.5.1.	Discuss the Respondent’s operational procedures for settlement of investment purchases and sales.		7	
	C.5.2.	Discuss the Respondent’s procedures for tracking failed trades and reporting failed trades to the client.		7	
	C.5.3.	Discuss the Respondent’s trade affirmation processing, including exception follow-up prior to settlement date and timeliness for reporting failed trades to the client.		8	
	C.5.4.	Describe the Respondent’s capabilities for settling domestic and global trades in one account within the TCRS Fund Composite. For example, how would the Respondent be able to settle and report a TCRS Fixed Income Account trading in both the domestic and authorized global markets?		3	
	C.5.5.	Describe your process for transfers between accounts			
	C.6.	Income processing			
	C.6.1.	Describe the Respondent’s procedures for income processing in both domestic and global markets.		8	
	C.7.	Portfolio Accounting			
	C.7.1	Provide a complete description of the Respondent’s multi-currency accounting system. Include in the description, how the accounting system integrates with the other Respondent systems and the client reporting tools.		15	
	C.7.2.	For all asset classes, provide information on the Respondent’s primary and supplementary pricing sources, frequency, and the mode of receipt and input of security prices. Describe the Respondent’s process for validating prices and using information from the supplemental sources. Describe the Respondent’s process for identifying and reporting ‘stale’ pricing.		7	
	C.7.3.	List the Respondent’s sources of exchange rates. Describe the Respondent’s procedures for accessing and applying exchange rates for all types of activity and position valuations; identify choices available to clients.		7	
	C.7.4.	Explain how the Respondent’s accounting system accounts for any pledged securities at third parties from futures transactions or security lending transactions.		7	
	C.7.5.	Explain how errors are corrected and reported to the client in a timely manner.		5	
	C.7.6.	Describe the Respondent’s capabilities and approach for providing information to assist clients with financial reporting in accordance with GASB reporting requirements. Specify the frequency, timing and method of delivering this		4	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		information to the client.			
	C.8.	Unitization and Daily Valuation			
	C.8.1.	Respondent will be required to supply a net asset value on any unitized funds as required by the recordkeeper. Do you have the ability to price and unitize a specified portfolio including accrual items on a daily basis? Please describe the process and controls for meeting any deadline as required by recordkeeper.		15	
	C.8.2.	Describe the process you would use to reconcile data and resolve discrepancies with our external equity managers and transmit data timely to our third party record-keeper to support DC participants daily investment option. What internal tolerances does your firm use to investigate and challenge pricing with your external sources?		10	
	C.8.3.	For how many pension clients, both defined contribution & defined benefit, are you providing daily unitization reporting? Provide a list of the funds for which you provide daily unitization reporting. What challenges have you encountered in implementing daily unitization reporting for those clients? Please give some examples of challenges encountered and how they were overcome.		10	
	C.9.	Alternative Investments			
	C.9.1.	Describe any services or procedures that would be available to the State to support the processing, valuing, and reporting of alternative investments, such as real estate and private equity.		10	
	C.9.2.	Describe your capabilities for gathering reports, handling the daily/monthly cash calls/distributions and accounting & recordkeeping for real estate properties and private equity fund investments. What are the different functions that make up the package of services that is available for each of these asset classes?		7	
	C.9.3.	Describe your process for recording accounting entries from monthly alternative investment reports that will be provided to you for private equity and real estate by third parties. Please elaborate on the timing and delay in receiving reports and how those transactions are recorded in the monthly accounting reports.		7	
	C.9.4.	Can you record and report cash activity on a daily basis for these assets?		5	
	C.9.5.	How many business days will it take you to complete accounting entries after receiving the monthly reports from third party administrators?		5	
	C.10.	Derivative Instruments			
	C.10.1.	Describe your organization's derivative reporting and pricing capabilities.		10	
	C.10.2.	What are your primary sources for pricing publicly traded		8	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		stock, bonds, options and future contracts? Describe your capabilities for pricing OTC derivatives, to be announced mortgage backed securities, and other non-exchange traded instruments?			
	C.10.3.	Is the processing of derivative instruments such as futures, swaps, and options done within the main accounting system? Is there a separate module or system dedicated to handling such securities? Are any of the processes manual? Describe the Respondent's processes for handling collateralization.		8	
	C.10.4	Describe the Respondent's interaction with counterparties, clearing agents. How does the Respondent ensure compliance with the Dodd-Frank Act?		8	
	C.11.	Compliance			
	C.11.1.	Does your organization have a guideline and compliance-monitoring system? Describe the different compliance monitoring services provided to clients? How long has your organization offered these tools to clients? How many clients, with AUM in excess of \$10 Billion, utilize this service?		15	
	C.11.2.	Does the compliance monitoring system track changes made to the rule matrix by user, date, and change? Does it have an audit trail for breaches and resolution of the breaches that occur? Does it provide reporting for historical time periods requested? Can you download information to PDF or Excel?		10	
	C.11.3.	Please describe your rule programming process. How do you work with new clients to adapt your system to their unique requirements? Do you have an ability to set differing investment restrictions/rules/guidelines by account? How long does it usually take to implement a new client of similar size and scope?		8	
	C.11.4.	Please provide an example of what a monthly summary compliance exception report would look like. Please provide screen shots of your on-line compliance system.		7	
	C.11.5.	Describe the information that is available in your compliance information reports. What securities would not be included in information? How timely is the information that is used to prepare these reports?		7	
	C.12.	Securities Lending			
	C.12.1.	Please provide a list of all third-party lending agents with whom your organization is currently working and indicate the length of the working relationship.		8	
	C.12.2.	Describe the coordination and reconciliation process between your organization as custodian and third party agents.		8	
	C.12.3.	Please list and provide samples of reports related to security lending activity.		8	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.13.	Information Reporting and Delivery			
	C.13.1.	The State is requesting the highest tier client platform(s) available. Please provide a complete description of that (those) platform(s) information reporting package the Respondent will deliver at the fee included in the cost proposal, including any unique features of the Respondent's standard and custom reporting package. Describe the information provided on-line on a daily as well as monthly basis. Include a discussion of general ledger level accounts maintained and reported by the Respondent for the State's investment assets, liabilities, income and expenses as well as the trade and asset holdings reporting provided within the reporting package. Provide sample copies of the various reports available to clients. However, do not include any cost information.		15	
	C.13.2.	Discuss the timeliness of delivery of monthly audited statements and reporting.		10	
	C.13.3.	Describe the lag time between trade execution and/or correction, availability of on-line transaction data to the client, and the posting of the transactions to the Respondent's accounting system.		8	
	C.13.4.	Discuss the features and timing of data available by electronic delivery including: --online view --online download of data --report writer access --online data archiving		10	
	C.13.5.	Specify any additional equipment or software needed for the State to obtain online services and whether the additional equipment and software will be provided to the State as part of the Respondent's proposal.		7	
	C.13.6.	State the hours of operation/availability (CST) for the Respondent's online systems.		5	
	C.13.7.	Describe the length of time that historical data is available online. Describe any data not available online.		7	
	C.13.8.	Describe the performance measurement, attribution analysis and risk measurement package to be delivered at the fee included in the cost proposal. At what level is this information available? portfolio, fund or account level? Are these products available for only certain investments? Is this reporting audited or unaudited?		10	
	C.13.9.	Discuss the options available for the State's authorized third parties to either access holdings data or receive holdings data from the Respondent. Provide an indication of the Respondent's experience in providing similar data to Factset, Glass-Lewis, Yieldbook, Aladin, Intex, etc.		7	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.13.10.	The State prefers to manage cash in a given portfolio through a single account or short term investment fund (STIF). Describe the process you would propose for handling this and include methods for handling performance on this and other accounts in the portfolio.		5	
	C.14.	System's Capabilities – General & Security			
	C.14.1.	Describe the Respondent's computer systems capabilities, including, in detail, the hardware and application software that serve the Respondent's operations and indicate how long current hardware systems have been in place.		15	
	C.14.2.	Describe the Respondent's computer system security, including secured physical access procedures.		15	
	C.14.3.	Describe your disaster recovery plan and procedure. Specifically, what back-up and recovery capabilities are in place in case of a catastrophic systemic malfunction and/or serious non-systemic emergencies (e.g. fire, floods, etc.)? Has this plan been tested, and if so, when? What have been the results of any such tests?		15	
	C.14.4.	What are your security procedures that protect customer information, especially with respect to unauthorized access to data? Please describe in detail all security measures.		15	
	C.14.5.	Describe the options available to the State for securely accessing the Respondent's information systems, specifically describe methods available for multi-factor authentication and secure file transfer.		3	
	C.15.	Audit Controls			
	C.15.1.	Provide copies of any Internal Control opinions issued by the Respondent's independent auditors specifically related to the Respondent's custody services within the last three years.		10	
	C.15.2.	Explain how the Respondent ensures that master custody services are provided in accordance with proper standards of care, regulatory requirements and the executed agreement for service.		7	
	C.15.3.	Describe the Respondent's audit process associated with the client's daily and monthly portfolio reports and statements.		7	
	C.15.4.	Identify the entities (internal & external) that audit and review the Respondent's organization and how often they perform audits on the master custody division:		5	
	C.16.	Transition/Conversion Process			
	C.16.1.	Provide a detailed task listing and schedule on how the Respondent approaches a conversion process, including actions required on the part of the client and the time frame to complete each task involved with both conversion-in and		15	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		conversion-out. Clearly describe the conversion process – who is responsible for coordination activities, who must participate, what activities must occur, etc. Detail the type and amount of resources required from the client.			
	C.16.2.	Describe the dedicated resources (personnel, equipment, training, consultants, etc), procedures, and controls the Respondent provides or recommends in a transition/conversion period to ensure that the conversion process is completed successfully in a timely and accurate manner.		10	
	C.16.3.	Provide detailed descriptions of the Respondent's last conversion-in and conversion-out, including the details of specific problems that occurred and the solutions instituted.		7	
	C.16.4.	Describe how the Respondent processes transactions that are pending during the transition/conversion period. How will cash flows from prior custodian be recorded in the general ledger?		5	
	C.16.5.	Respondents must provide a comprehensive narrative, captioned "Project Management," that illustrates how the Respondent will manage the contracted services, ensure completion of the scope of services, and accomplish required objectives within this RFP. Include in this discussion, client-training and annual user conferences or other periodic client meetings available to assist the State in obtaining maximum benefit from the services provided.		5	
	C.17.	Other Services			
	C.17.1.	Describe the short-term investment options that would be available to the State for any additional funds received by the Respondent after the daily settlement wire and held overnight for the various programs.		7	
	C.17.2.	Describe the proposed method for training client users on the information delivery system.		7	
	C.17.3.	The state is requiring the vendor to place a staff member in our office to assist with conversion & service implementation. Please describe how this staff person will support Treasury staff and third party vendors.		7	
The Solicitation Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.				Total Raw Weighted Score: (sum of Raw Weighted Scores above)	
Total Raw Weighted Score		X 60 (maximum possible score)		= SCORE:	
Maximum Possible Raw Weighted Score (i.e., 5 x the sum of item weights above)					
State Use – Evaluator Identification:					

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>					

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION D: ORAL PRESENTATION. The Respondent must address ALL Oral Presentation Items (below).

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the presentation response to each item. Each evaluator will use the following whole-number, raw point scale for scoring each item:

0 = little value 1 = poor 2 = fair 3 = satisfactory 4 = good 5 = excellent

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's raw, weighted score for purposes of calculating the section score as indicated.

RESPONDENT LEGAL ENTITY NAME:				
Oral Presentation Items		Item Score	Evaluation Factor	Raw Weighted Score
D.1.	Describe how the Respondent can meet the State's needs as described in this RFP and demonstrate the platform the Respondent will use.		1	
Total Raw Weighted Score (<i>sum of Raw Weighted Scores above</i>): The Solicitation Coordinator will use this sum and the formula below to calculate the score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.				
total raw weighted score				
maximum possible raw weighted score (<i>i.e., 5 x the sum of item weights above</i>)		X 10 (<i>maximum section score</i>)	= SCORE:	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:	
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<i>State Use – Evaluator Identification:</i>
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<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>

RFP ATTACHMENT 6.3.

COST PROPOSAL & SCORING GUIDE

NOTICE: THIS COST PROPOSAL MUST BE COMPLETED EXACTLY AS REQUIRED

COST PROPOSAL SCHEDULE— The Cost Proposal, detailed below, shall indicate the proposed price for goods or services defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma* Contract and for the entire contract period. The Cost Proposal shall remain valid for at least one hundred twenty (120) days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract resulting from this RFP. All monetary amounts shall be in U.S. currency and limited to two (2) places to the right of the decimal point.

NOTICE: The Evaluation Factor associated with each cost item is for evaluation purposes only. The evaluation factors do NOT and should NOT be construed as any type of volume guarantee or minimum purchase quantity. The evaluation factors shall NOT create rights, interests, or claims of entitlement in the Respondent.

Notwithstanding the cost items herein, pursuant to the second paragraph of the *Pro Forma* Contract section C.1. (refer to RFP Attachment 6.6.), "The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

This Cost Proposal must be signed, in the space below, by an individual empowered to bind the Respondent to the provisions of this RFP and any contract awarded pursuant to it. If said individual is not the *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to legally bind the Respondent.

RESPONDENT SIGNATURE:	
PRINTED NAME & TITLE:	
DATE:	
RESPONDENT LEGAL ENTITY NAME:	

Cost Item Description	Proposed Cost					State Use ONLY		
	Year 1	Year 2	Year 3	Year 4	Year 5	Sum	Evaluation Factor	Evaluation Cost (sum x factor)
All services as described in Section A of the <i>Pro Forma</i> Contract, RFP Attachment 6.6., EXCEPT the Optional Services described in Section A.14.	\$ _____ _____ (flat amount per month)	\$ _____ _____ (flat amount per month)	\$ _____ _____ (flat amount per month)	\$ _____ _____ (flat amount per month)	\$ _____ _____ (flat amount per month)		12	

RFP ATTACHMENT 6.3. (continued)

Cost Item Description	Proposed Cost					State Use ONLY		
	Year 1	Year 2	Year 3	Year 4	Year 5	Sum	Evaluation Factor	Evaluation Cost (sum x factor)
Optional Services as described in Section A.14. of the <i>Pro Forma</i> Contract, RFP Attachment 6.6	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)		1000	
<p align="center">EVALUATION COST AMOUNT (sum of evaluation costs above):</p> <p>The RFP Coordinator will use this sum and the formula below to calculate the Cost Proposal Score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.</p>								
<p>lowest evaluation cost amount from <u>all</u> proposals</p> <hr/> <p>evaluation cost amount being evaluated</p>							<p align="center">x 20 (maximum section score)</p>	<p align="center">= SCORE:</p>
<p><i>State Use – RFP Coordinator Signature, Printed Name & Date:</i></p>								

REFERENCE QUESTIONNAIRE

The standard reference questionnaire provided on the following pages of this attachment MUST be completed by all individuals offering a reference for the Respondent.

The Respondent will be solely responsible for obtaining completed reference questionnaires as required (refer to RFP Attachment 6.2., Technical Response & Evaluation Guide, Section B, Item B.17.), and for enclosing the sealed reference envelopes within the Respondent's Technical Response.

RFP # 30901-40619 REFERENCE QUESTIONNAIRE**REFERENCE SUBJECT:** RESPONDENT NAME (completed by Respondent before reference is requested)

The "reference subject" specified above, intends to submit a response to the State of Tennessee in response to the Request for Proposals (RFP) indicated. As a part of such response, the reference subject must include a number of completed and sealed reference questionnaires (using this form).

Each individual responding to this reference questionnaire is asked to follow these instructions:

- complete this questionnaire (either using the form provided or an exact duplicate of this document);
- sign and date the completed questionnaire;
- seal the completed, signed, and dated questionnaire in a new standard #10 envelope;
- sign in ink across the sealed portion of the envelope; and
- return the sealed envelope containing the completed questionnaire directly to the reference subject.

(1) **What is the name of the individual, company, organization, or entity responding to this reference questionnaire?**

(2) **Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.**

NAME:	
TITLE:	
TELEPHONE #	
E-MAIL ADDRESS:	

(3) **What goods or services does/did the reference subject provide to your company or organization?**

(4) **What is the level of your overall satisfaction with the reference subject as a vendor of the goods or services described above?**

Please respond by circling the appropriate number on the scale below.

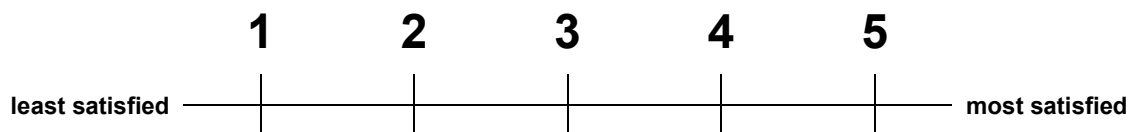
	1	2	3	4	5	
least satisfied						most satisfied

RFP # 30901-40619 REFERENCE QUESTIONNAIRE — PAGE 2

If you circled 3 or less above, what could the reference subject have done to improve that rating?

- (5) If the goods or services that the reference subject provided to your company or organization are completed, were the goods or services provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (6) If the reference subject is still providing goods or services to your company or organization, are these goods or services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (7) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?
- (8) In what areas of goods or service delivery does/did the reference subject excel?
- (9) In what areas of goods or service delivery does/did the reference subject fall short?
- (10) What is the level of your satisfaction with the reference subject's project management structures, processes, and personnel?

Please respond by circling the appropriate number on the scale below.

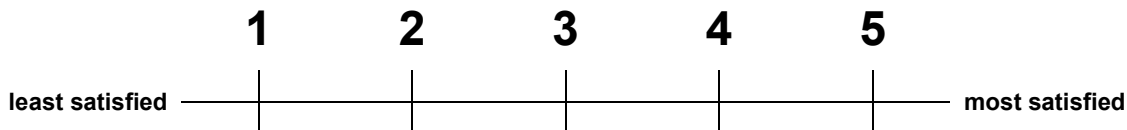


What, if any, comments do you have regarding the score selected above?

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(11) **Considering the staff assigned by the reference subject to deliver the goods or services described in response to question 3 above, how satisfied are you with the technical abilities, professionalism, and interpersonal skills of the individuals assigned?**

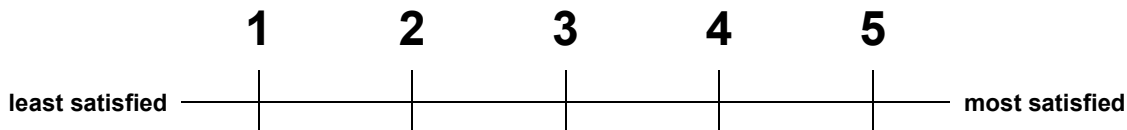
Please respond by circling the appropriate number on the scale below.



What, if any, comments do you have regarding the score selected above?

(12) **Would you contract again with the reference subject for the same or similar goods or services?**

Please respond by circling the appropriate number on the scale below.



What, if any, comments do you have regarding the score selected above?

REFERENCE SIGNATURE:

(by the individual completing this request for reference information)

(must be the same as the signature across the envelope seal)

DATE:

RFP ATTACHMENT 6.5.

SCORE SUMMARY MATRIX

	<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>	
GENERAL QUALIFICATIONS & EXPERIENCE (maximum: 10)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	AVERAGE:		AVERAGE:		AVERAGE:	
TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH (maximum: 60)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	AVERAGE:		AVERAGE:		AVERAGE:	
ORAL PRESENTATIONS (maximum: 10)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	AVERAGE:		AVERAGE:		AVERAGE:	
COST PROPOSAL (maximum: 20)	SCORE:		SCORE:		SCORE:	
TOTAL RESPONSE EVALUATION SCORE: (maximum: 100)						
<i>Solicitation Coordinator Signature, Printed Name & Date:</i>						

RFP ATTACHMENT 6.6.

RFP # 30901-40619 *PRO FORMA* CONTRACT

The *Pro Forma* Contract detailed in following pages of this exhibit contains some “blanks” (signified by descriptions in capital letters) that will be completed with appropriate information in the final contract resulting from the RFP.

**CONTRACT BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
CONTRACTOR NAME**

This Contract, by and between the State of Tennessee, Department of Treasury ("State") and Contractor Legal Entity Name ("Contractor"), is for the provision of master custody services to the State as further defined in the "SCOPE." State and Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is a/an Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation Or Association, Partnership, Joint Venture, Or Limited Liability Company.

Contractor Place of Incorporation or Organization: Location

Contractor Edison Registration ID # Number

A. SCOPE:

A.1. The Contractor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Contract.

A.2. Custody Services.

- a. Accounts. The Contractor agrees to initially establish and maintain six (6) separate custody accounts in the name of the State (collectively, "Accounts" or "Custody Accounts"). One such Account shall contain exclusively the Securities and cash owned by the Tennessee Consolidated Retirement System; the second Account shall contain exclusively the Securities and cash owned by the Tennessee Chairs of Excellence Endowment Fund; the third Account shall contain exclusively the Securities and cash owned by the College Savings Trust Fund Program, Educational Services Plan; the fourth Account shall contain exclusively the Securities and cash owned by the Tennessee Promise Endowment fund; the fifth Account shall contain exclusively the Securities and cash owned by the Tennessee Other Post-Employment Benefit Trust; and the sixth Account shall contain exclusively the Securities and cash owned by the Tennessee Qualified School Construction Bond program. At the State's request, the Contractor shall establish and maintain such other Accounts in the name of the State as may be necessary or desirable for any future investment programs that may be administered by the State. For purposes of this Contract, "Securities" shall mean stocks, bonds, notes, mortgages or other obligations for the payment of money and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same or evidencing or representing any other rights or interests therein or other similar property from time to time received by the Contractor or its subcustodians in accordance herewith. The parties acknowledge and agree that any real property or private partnership interest which may be owned by the Account holders may not be included in said Accounts.

Within each Account are portfolios containing assets for specific classes of assets (collectively, "Portfolios"). Within each Portfolio are sub-accounts tied to specific strategies ("Sub-Accounts").

- b. Responsibility. The Contractor shall not make any other use or disposition or take any action with respect to Securities and cash received hereunder except in accordance with the terms of this Contract.
- c. Maintenance of Accounts. Except as provided in this Paragraph and in Paragraph d of this Section, the Contractor shall hold all Securities and cash at its premises at [ADDRESS]; or at such other affiliate of the Contractor as may be authorized by the State in writing. The Contractor shall operate as a direct participant in the Depository Trust Company of New York (DTC), the Federal Reserve Bank (FRB) and the Mortgage-Backed Securities Clearing Corporation (MBSCC), and utilize the services of DTC, FRB AND MBSCC to the fullest

extent possible to fulfill its responsibilities under this Contract. The Contractor's use of DTC, FRB and MBSCC shall not relieve it of any liability under this Contract.

d. Subcustodians for International Securities.

- (1) In General. Upon direction by the State and in accordance with the terms of this Paragraph d, the Contractor is authorized to hold International Securities in the country or other jurisdiction in which the principal trading market for such Securities is located or in which such Securities are to be presented for payment, and to cause the cash in the Custody Accounts to be credited to an account in the jurisdiction where such cash is the legal currency for the payment of public or private debts. Such Securities and cash shall be so held only in such accounts which have been established by the Contractor with one of its branches, one of its affiliates, a foreign bank selected by the Contractor to act as its subcustodian, or a foreign securities depository in which the Contractor may participate.
- (2) Selection. Subject to Subparagraph d.(4) of this Section, the Contractor shall select in its sole discretion the bank or securities depository to which the physical possession of such Securities will be entrusted and with which such cash may be deposited. The Contractor shall notify the State in writing of the name and address of such bank or securities depository and the name and address of the foreign regulatory agency or authority responsible therefor.
- (3) Identification of Ownership. The Contractor shall identify on its books as belonging to the State any Securities and/or cash held by such foreign bank or foreign securities depository as subcustodian of the Contractor. In the event any of the Securities or cash is to be held by such bank or securities depository, such bank or depository shall be required by its agreement with the Contractor to identify on its books such Securities and cash as being held for the account of the Contractor for its customers. The Contractor shall only deposit Securities or cash in an account with such bank or depository which includes exclusively the assets held by the Contractor for its customers, and the Contractor shall cause such account to be designated by such bank or depository as a special custody account for the exclusive benefit of customers of the Contractor.
- (4) Foreign Bank. If a foreign bank is selected to act as the Contractor's subcustodian to hold such Securities, the bank is authorized to hold the Securities in any foreign securities depository in which it participates and to hold any cash received with respect to those Securities in its account with such foreign securities depository. In the event that a foreign bank permits any of the Securities and cash entrusted to its care to be held in a foreign securities depository, such foreign bank will be required by its agreement with the Contractor to identify on its books such Securities and cash as being held for the account of the Contractor for its customers.
- (5) Contractor Responsibility. The Contractor shall be liable to the State for any losses incurred through any entity or entities to which possession of Securities or cash are entrusted to the same extent that it would be liable to the State if the Contractor had retained possession of the same; provided, that the standard of care applicable under such circumstances shall be the standard of care applicable to a prudent, professional custodian for hire in the jurisdiction where the services are provided.
- (6) Instructions. Any Securities in the Custody Accounts held by a foreign bank or foreign securities depository as a subcustodian of the Contractor will be subject only to the instructions of the Contractor, and any Securities held in a foreign securities depository for the account of a foreign bank acting as a subcustodian for the Contractor will be subject only to the instructions of such foreign bank.
- (7) Conditions. The Contractor will authorize the holding of Securities and/or cash by a foreign bank or foreign securities depository (in which Securities are held for the account of either the Contractor or a foreign bank acting as its subcustodian) only (i) to the extent that Securities and cash are not subject to any right, charge, security interest, lien or

claim of any kind in favor of such bank or securities depository and (ii) to the extent that beneficial ownership of such Securities and cash is freely transferable without the payment of money or value. Any costs, fees or expenses associated with the safekeeping and servicing of the Securities and/or cash by a foreign bank or foreign securities depository, other than those expenses specifically set forth in Section C.5 below, shall be the responsibility of the Contractor.

- e. Purchases. Upon instructions from the State, the Contractor shall accept delivery of Securities purchased by the State "in good delivery form" and make payment for such Securities upon receipt or upon such time as prescribed by market practice, unless otherwise instructed by the State or, if applicable, an Investment Manager (as defined in Section A.2.q below). With respect to any directions to receive Securities, the Contractor shall advise the State of non-receipt of such Securities but shall have no duty or responsibility to take any steps to obtain delivery of Securities from brokers or others either against payment or free of payment. For the purpose of settling purchases of Securities, the State shall provide the Contractor with sufficient immediately available funds for all such transactions by such time and date as conditions in the relevant market dictate.
- f. Sales and Withdrawals.
- (1) Delivery. Upon the instructions of the State, the Contractor shall deliver Securities as the State shall direct.
- (2) Payments. Payment from the purchase or sale of Securities shall be promptly credited by the Contractor to the Custody Accounts on contractual settlement date of the applicable jurisdiction, except in markets requiring actual settlement, provided timely trade instruction notification has been actually received by the Contractor. All such credits (whether related to domestic or international securities) shall be conditional until the Contractor's actual receipt of final payment and may be reversed by the Contractor to the extent that final payment is not received. Any direct loss to the State including, but not limited to, penalties paid by the State, currency transaction costs and interest earnings lost by the State caused by the Contractor's failure or delay in collecting or crediting payments shall be reimbursed to the State by the Contractor to the extent such failure or delay could have been avoided by the Contractor's exercise of due care.
- (3) Withdrawals. The State may withdraw, at any time, any Securities and cash being held by the Contractor for the State. The Contractor acknowledges the State may withdraw all cash in the Custody Accounts by drawing down the same on a daily basis. This process shall be accomplished through the use of a daily net wire at approximately 11:00 a.m. CS(D)T. The net investable balance which will be held in the Custody Accounts on any given day shall be confirmed with the State by the Contractor at approximately 9:00 a.m. CS(D)T on such day. Based upon such balance, the State shall determine the value of a net wire to be received from or sent to the Contractor.
- g. Short-term Overnight Investment Vehicle. Any funds remaining in the Custody Accounts overnight shall be swept into a short-term investment vehicle that is mutually agreed to by the parties.
- h. Daily Cash Account Balances. The Contractor agrees the State shall receive a credit monthly for its daily account balances in the Custody Accounts which are in excess of applicable reserve requirements based on the rates applicable to the investment vehicles that are mutually agreed to in writing by the State and the Contractor from time to time. The State acknowledges that the rates associated with the investment vehicles may fluctuate on a daily basis, but the earnings credit shall be posted to the Custody Accounts on a monthly basis.
- i. Dividends and Interest. The Contractor shall collect and receive all dividends, interest and other income from the Securities held in the Custody Accounts. Interest and dividends from Securities shall be credited to the Custody Accounts on payable date of the appropriate jurisdiction, provided that adequate rate information is available. The Contractor shall

- promptly notify the State of any default in the payment of dividends or interest. The Contractor is authorized, as the State's agent, to sign any declarations, affidavits, certificates of ownership or other documents which are now or may hereafter be required with respect to all coupons, registered interest, dividends, or other income on Securities now or hereafter held or received for the State.
- j. Collection of Principal. The Contractor is authorized to collect and receive the principal of all Securities which may from time to time be within its custody when and as such Securities may mature, be redeemed, or be sold upon the instructions of the State. In the event the Contractor is unable to effect collection, the Contractor shall promptly notify the State. Unless otherwise instructed by the State, any principal monies received shall be promptly credited to the account of the State on the books of the Contractor.
 - k. Correction of Errors. In the event an error is made by the Contractor in crediting monies to the Custody Accounts to which the State is not entitled, the State will return such monies to the Contractor within a reasonable period of time upon notification of the error.
 - l. Proxies. The Contractor shall forward or otherwise make available to the State all proxies, financial statements or other literature received by it in connection with or relating to Securities held by the Contractor for the State within forty-eight (48) hours of receipt by the Contractor. Any proxies respecting Securities held in the name of the Contractor's nominee shall be signed by such nominee and forwarded to the State. All proxies and voting rights shall be exercised by the State, or if applicable, an Investment Manager (as defined in Section A.2.8).
 - m. Fractional Interest. The Contractor shall sell any fractional interest resulting from any stock dividend or split that may exist with respect to any Securities held by the Contractor for the State unless otherwise instructed or otherwise prohibited by market practice.
 - n. Stock Dividends, Subscription Rights, etc. The Contractor shall notify the State of any right to receive stock dividends, to purchase warrants, or to subscribe to additional shares of Securities, any call for or right of redemption, any offer of exchange of Securities or any plans for reorganization or for recapitalization of which the Contractor, or any of its subcustodians or agents have knowledge. Notwithstanding the foregoing, without actual receipt by the Contractor in its capacity as custodian, the Contractor shall have no liability for failing to so notify the State.

Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken by reason of the State's ownership of Securities, the State or its designee shall be responsible for making any decisions relating thereto and for directing the Contractor to act. In order for the Contractor to act, it must receive Authorized Instructions using the Contractor generated form or clearly marked as instructions, addressed as the Contractor may from time to time request, by such reasonable time as the Contractor shall advise the State or its designee. If the Contractor does not receive Authorized Instructions by such deadline, the Contractor shall not be liable for failure to take any action relating to or to exercise any rights conferred by such Securities. The Contractor shall promptly advise the State or its designee upon its notification of a partial redemption, partial payment or other action with respect to a Security affecting fewer than all such Securities held within the Account.

- o. Registration.
 - (1) Manner of Registration. All Securities necessitating registration are to be registered in the name of the State, or in a nominee name of the Contractor, or in a nominee name of one of the Contractor's affiliates, agents, or depositories selected pursuant to Section A.2.d hereof. The Contractor shall notify the State in writing of the names in which each Security may be registered.

- (2) Transfers. In transferring Securities to or from the name of a nominee of the Contractor, the Contractor is authorized to certify that the State is the owner of the Securities and to claim, to the extent allowed, exemption from transfer taxes, unless otherwise notified by the State.
- p. Exchanges. The Contractor is authorized to make routine exchanges of Securities. The exchanges contemplated hereunder include exchanges of Securities in temporary form for definitive Securities, exchanges in order to reflect changes in names of the issuers and, in the case of shares of stock, exchanges in order to reflect changes in the par or stated value thereof and other exchanges of similar nature. The Contractor shall make such further exchanges of Securities as the State shall direct including, without limitation, exchanges of Securities in book-entry form for definitive Securities, provided such definitive Securities are available.
- q. External Investment Managers.
- (1) In General. The State has separately contracted with external investment managers (each, an "Investment Manager" or "Manager"). Attachment 2, which is attached hereto and incorporated into this Contract as though fully set forth herein, are the Investment Managers engaged by the State. The State shall notify the Contractor in writing of any change to Attachment 2 at least five (5) business days before the change becomes effective. In the event of the removal of an Investment Manager, such Manager shall have no authority following such change to act with respect to those assets and the Contractor shall not accept any further instructions from the Manager with respect to such assets.
- (2) Account Asset Procedures. Neither the Manager nor any parent, subsidiary or related firm of the Manager shall be permitted by the Contractor to take possession of any cash, Securities or other indicia of ownership of the assets in the Custody Accounts. It is the intention of the parties that the sole responsibility for safekeeping of the assets and the consummation of all purchases, sales and deliveries of investments made pursuant to the Manager's direction shall rest with the Contractor. Title to all assets in the Custody Accounts shall be held in the name of the State except that, for convenience in buying, selling and exchanging the assets, title may be in the name of a nominee designated by the Contractor. To the extent possible, all indicia of ownership of the assets shall be maintained by the Contractor.
- (3) Trade Instructions. The Contractor is hereby authorized by the State to accept trade instructions of an Investment Manager, provided, however, that such instructions comply with the terms and conditions of this Contract. If more than one Investment Manager is appointed with respect to the Custody Accounts, the State shall notify the Contractor as to the portion of the Custody Accounts to be managed by each Investment Manager. The Investment Manager shall furnish the Contractor with a written list of the names and signatures of the person or persons who are authorized to represent the Investment Manager in dealings with the Contractor. The Contractor shall be entitled to deal with any person or entity so identified by the State or the Investment Manager until otherwise notified in writing by the Investment Manager or the State pursuant to Section A.2.q.1. hereof. The Contractor shall not be liable for any action it takes or any action it fails to take in good faith upon instructions given pursuant to this subsection, and may rely on the genuineness of any such documents which it may in good faith believe to have been executed by persons or entities authorized pursuant to this subsection to act for the State. The Contractor shall give the State and the Investment Manager timely notice of dishonor or default of instruments or Securities received or held hereunder and shall timely transmit such notices with respect thereto as instructed by written instructions. Except as specifically outlined herein, the Contractor shall have no authority to perform any functions requested by the Managers which would impose any cost upon the State, unless the Manager obtains the prior written approval of the State and submits the same to the Contractor.

- (4) Proxies. The State has delegated to each Manager the right and authority to vote and act upon all proxies and corporate actions for Securities under management by the respective Manager. Therefore, notwithstanding Section A.2.1 to the contrary, the Contractor shall forward to the applicable Manager any such proxy received by it in connection with or relating to the Securities under management by the Manager as well as all financial statements or other literature received by it in connection with such Securities.

A.3. Transaction Services.

- a. Processing of Trades. The Contractor shall receive and record trade instructions from the State via an electronic file transmission from the State's use of an electronic Order Management System, or by manual entries if such system is inoperable. The acceptance of such instructions and the processing of the transactions by the Contractor shall be in the format agreed upon by the State and the Contractor, and as otherwise provided in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.4 of RFP ATTACHMENT 6.2] of the Contractor's Proposal.
- b. Settlement. The Contractor shall further perform settlement processing services on behalf of the State in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.5 of RFP ATTACHMENT 6.2] of the Contractor's Proposal including, but not limited to, correction or reversal of erroneous entries, and the tracking of failed trades and the reporting of the same to the State. Settlement of Securities shall be on the contractual settlement basis of the applicable jurisdiction except in markets requiring actual settlement, provided that the Contractor may reverse any such provisional credit in the event of its assessment of nonpayment by the trade's counterparty.
- c. Income Processing. The Contractor shall perform income processing services on behalf of the State. The services shall include establishing entitlements and accruals for dividends and interest, calculating and posting amortization and accretion, and posting dividends and interest to the Custody Accounts. Such services shall be performed in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.6 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Posting of dividends and interest from Securities to the Custody Accounts will be on a contractual settlement basis provided that the Contractor may reverse any such provisional credit in the event of its assessment of nonpayment by the payor.

A.4. Accounting and Valuation Services.

- a. Accounting System. The Contractor shall provide on behalf of the State the accounting services set forth in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.7, C.9 AND C.10 OF RFP ATTACHMENT 6.2] of the Contractor's Proposal via the Contractor's Institutional Accounting System as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.14 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. This system shall operate online (web-based or otherwise) and support all types of assets and currencies in either a single or multi-currency mode. The System shall provide on a daily basis trade date accounting for all Securities and full accrual accounting for all assets on the Account, Portfolio and Sub-Account levels, and report the same to the State daily. The system will provide accounting and reporting information at the detailed trade and security level for each asset class on a daily basis.
- b. Daily Valuation Services. The Contractor agrees to provide, for each day on which the New York Stock Exchange is open for trading ("Valuation Date"), a net asset value calculation service for each Account designated by the State. Net asset value ("NAV") calculation services shall be provided in accordance with generally recognized valuation procedures, and as set forth in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.8 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. The

Contractor shall transmit or otherwise make available to the State or its service provider or agent for each Valuation Date the NAV for each Account, and the units outstanding as of such Valuation Date. The State shall provide the Contractor with additional information necessary for the Contractor to perform daily fund valuations, including information on real properties, alternative investments, and other investment assets not held at the Contractor, as mutually agreed upon by the State and the Contractor. In the event that the Contractor receives information from the State or its Authorized Representatives, service providers or agents, the Contractor shall be entitled to rely upon, and shall be fully protected when relying upon and acting in accordance with, any such information (including, but not limited to, underlying investment vehicle values and information concerning purchases and sales or other information necessary for the Contractor to calculate any such NAV). Daily reconciliations, audits, reviews, accounting controls, exception resolution, NAV calculations, maintenance of participant accounts in such funds for reporting purposes, daily reporting to the State's designated recordkeeper(s), and other processes associated with the accounting and operations of the State's daily valuation Account(s) shall be conducted in accordance with the methods, formats and timeframes described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.8 of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Processes and timeframes relative to daily valuation accounting may be revised as necessary and as mutually agreed upon by the State, the Contractor, and the State's designated recordkeeper(s).

A.5. Reporting Services.

- a. Accounting, Custody and Performance Reports. The Contractor shall furnish to the State the accounting, custody and performance reports described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.13 of RFP ATTACHMENT 6.2] of the Contractor's Proposal in the manner and at the frequencies set forth therein, unless otherwise modified in writing by the parties. The Contractor shall further provide monthly electronic transmission of general ledger accounting entries to the State by Account, Portfolio and Sub-Account. The entries should be provided at the summary level for entry into the State's General Ledger, but readily traceable to the detailed entries. For performance reporting purposes, the Contractor shall maintain transaction information by Account, Portfolio and Sub-Account, and provide daily linked performance reporting. For accounting reporting purposes, the Contractor shall track the respective Portfolios and Sub-Accounts of the Tennessee Consolidated Retirement System, the Tennessee Chairs of Excellence Endowment Fund, the College Savings Trust Fund Program, the Tennessee Promise Endowment Fund, the Tennessee Qualified School Construction Bond program, and the Portfolios of such other investment programs as may be administered by the State in the future.
- b. Daily Transaction Detail. Daily transaction activity detail shall be available for viewing, printing and downloading by the State by 7:00 a.m. (Central Time) on the following business day. The State shall have access to the data twenty-four (24) hours a day, seven days a week via the Contractor's electronic information delivery vehicle as described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.13.1 of RFP ATTACHMENT 6.2] of the Contractor's Proposal, which shall allow the State to view, download to commonly used spreadsheet and data management software applications, and print information from all of the Contractor's databases used in performance of this Contract.
- c. Remittance or User Access to Third Parties. The Contractor shall further transmit transaction activity of the State's various portfolios to the State's designated consultant(s) as requested by the State. The specific data to be submitted, the format in which it is to be transmitted, and the manner in which it will be transmitted and the required timeframe for delivery shall be in accordance with the State's reasonable instructions. The Contractor shall further provide third party access to the State's investment transaction and holdings records as requested and authorized by the State.

- d. Accounting Record Audits. The Contractor shall permit the State, or the State's duly authorized agents, to perform audits of the accounting records maintained by the Contractor for the State at any reasonable time and upon reasonable notice.
 - e. Record Maintenance. The Contractor shall maintain the ability for the State to access all transaction activity of the State through the online or web-based information reporting system described in Section A.5.b. for a period of at least two (2) years after the close of the State's fiscal year.
 - f. Service Organization Control (SOC) Report. On an annual basis, the Contractor shall provide the State with a Type II Independent Service Auditor's report prepared for the service organization's controls relevant to the services provided under this Contract, such as, but not limited to, security, system availability, transaction processing, confidentiality and privacy, in accordance with Statement on Standards for Attestation Engagements (SSAE 18), or equivalent standard issued by the AICPA.
 - g. Governmental Accounting Standards Board (GASB) Statements. The Contractor shall provide the State with the information necessary to facilitate the State's financial reporting in accordance with GASB statements, including but not limited to, Statement Number 28 (Accounting and Financial Reporting for Securities Lending Transactions), Statement Number 40 (Deposit and Investment Risk Disclosures), Statement Number 53 (Derivative Instruments), Statement Number 67 (Financial Reporting for Pension Plans), Statement Number 72 (Fair Value Measurement). The frequency, timing and method of delivering such information to the State shall be made in accordance with the State's reasonable instructions and pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.7.6 of RFP ATTACHMENT 6.2] of the Contractor's Proposal.
- A.6. Performance Measurement and Risk Reporting and Analysis Services. The Contractor shall provide to the State the performance measurement, attribution analysis and risk measurement package(s) described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.13.8. of RFP ATTACHMENT 6.2] of the Contractor's Proposal. Such package shall provide daily performance calculations on all Accounts, Portfolios and Sub-Accounts, and shall be viewable by the State electronically with benchmark comparison data. The package(s) shall also provide the State with monthly audited performance reports on-line and in hardcopy with attribution analysis and drill-down capabilities.
- A.7. Compliance Reporting Services. The Contractor shall provide to the State compliance reporting services described in [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.13.8. OF RFP ATTACHMENT 6.2] of the Contractor's Proposal. Such services shall be provided for all Accounts, Portfolios and Sub-Accounts under this Contract. The services shall, at a minimum, include daily reporting (as of the prior business day) for specified fund's asset allocations and investment guideline testing provided by 4 PM CS(D)T each business day by the Contractor, daily notifications of any item determined to be a valid alert, including details related to such alert, and quarterly reconciliations and guideline reviews to assess current and potential compliance coverage.
- A.8. Collateral Management Services. The Contractor shall provide to the State collateral management services described in [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.4. and C.10 OF THE RFP ATTACHMENT 6.2] of the Contractor's Proposal. Such services shall include evaluation, reconciliation, communication and management of collateral with each Counterparty on a daily basis. The State will instruct, based on the evaluation of the Contractor, the proper collateral management action.
- A.9. Tax Reclaim Services. The Contractor shall provide to the State tax reclaim services described in [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.3.1 OF THE RFP ATTACHMENT 6.2] of the Contractor's Proposal. The Contractor shall pay, or cause to be paid, all legally applicable taxes and levies in the nature of taxes imposed on the property in the Custody Accounts by any governmental authority. The Contractor shall monitor tax liability and actively manage tax exemption and collection processing, including taking all

steps necessary to obtain all tax exemptions, privileges or other benefits, including reclaiming and recovering any withholding tax, as soon as possible following the reclamation date and shall, unless otherwise directed by the State, execute any tax reclaim forms, declarations, affidavits, or certificates of ownership which may be necessary in connection therewith. The Contractor will support tax reclaim receivable reporting on a daily basis.

A.10. Class Action Filing Services.

- a. During the Term. The Contractor shall provide the State class action filing services described in [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.2.6 and C.2.7 OF THE RFP ATTACHMENT 6.2] of the Contractor's Proposal. The Contractor shall monitor the Securities in order to identify applicable United States class action claims; file proofs of claim on behalf of the State before the filing deadlines; review and respond to rejection and deficiency notices prior to applicable deadlines and take appropriate actions to credit appropriate accounts, reconcile filed claims and report the status of all pending claims on a daily basis. Upon the State's request and at no additional cost to the State, the Contractor shall perform the services described in this section for class action claims that predate the Term, using transaction and holdings data supplied by a third party service provider. The State reserves the right to direct the Contractor in writing not to make filings on behalf of the State for particular class actions on a case by case basis. Absent such written direction, the Contractor shall make such filing. Cash class action proceeds received by the Contractor on the State's behalf will be forwarded to the State within a reasonable period of time to the address indicated in this Contract for invoices. The Contractor shall contact the State for specific instructions for how to deliver non-cash class action proceeds. In the event the Contractor for any reason (including, but not limited to, in cases of litigation outside the United States) does not make a class action filing for the State under this section, at no additional cost to the State, the Contractor shall provide to the State upon request information in the Contractor's possession necessary for the State to file claims related to Securities held by the State during the Term.
- b. After the Term. After the expiration or earlier termination of this Contract, the Contractor shall continue to make filings on behalf of the State as may be required to receive proceeds from settled and adjudicated class action lawsuits filed in the United States. Such authorization covers only those Securities that were under the Contractor's custody during the class period. The Contractor shall continue to earn compensation for such services in accordance with the Contractor's then current rates for similar services provided to other public pension plans. Such compensation shall be deducted from the class action proceeds received by the Contractor on the State's behalf. The State reserves the right to direct the Contractor in writing not to make filings on behalf of the State for particular class actions on a case by case basis. Absent such written direction, the Contractor shall make such filing. Cash class action proceeds received by the Contractor on the State's behalf will be forwarded to the State within a reasonable period of time to the address indicated in this Contract for invoices. The Contractor shall contact the State for specific instructions for how to deliver non-cash class action proceeds. The Contractor shall provide to the State copies of all documents filed or received pursuant to this section. The State may terminate the Contractor's authority under this section at any time by written notice to the Contractor. The Contractor may terminate its obligation to make class action filings on the State's behalf at any time upon 120 days' written notice to the State. In the event the Contractor for any reason (including, but not limited to, in cases of litigation outside the United States) does not make a class action filing for the State under this section, at no additional cost to the State, the Contractor shall provide to the State upon request information in the Contractor's possession necessary for the State to file claims related to Securities held by the State during the Term. This section A.10.b. shall survive the expiration or earlier termination of this Contract.
- A.11. State's Technical Architecture. The Contractor shall provide all services under this Contract within the context of the technical environment described by the State's Technical Architecture, which is attached hereto as Attachment 3. The Contractor shall use secure connection technologies (as determined by the State) to access its information systems.

A.12. Securities Lending.

- a. Appointment of Lending Agent. The Contractor acknowledges and agrees that the State may choose at any time to use the services of a third-party securities lending agent ("Agent") to lend Securities for any custody account maintained by the Contractor on behalf of the State. In such event and notwithstanding any other provision of this Contract, the Agent shall have sole custody of and custodial responsibility for all such Securities on loan in accordance with this Section.
- b. Notification of Appointment and Operational Procedures. The State shall notify the Contractor in writing of the name and address of any such Agent so engaged. Third Party Lending Operational Procedures ("Operational Procedures") governing the responsibilities of the State, the Contractor and the Agent in connection with the securities lending transactions contemplated herein, including without limitation, the Contractor's deadlines for receipt of instructions, shall be developed by the parties. The Contractor shall, as directed by the Agent and without duty of inquiry, transfer Securities of the custody account to the Agent for further delivery to a borrower pursuant to the Operational Procedures.
- c. Termination of Securities Lending. The State reserves the right to terminate securities lending services at any time during the term of this Contract, and to otherwise rescind the authority granted to the Agent at any time upon two (2) business day's prior written notice to the Contractor. In such event, the Agent shall have no authority thereafter to act as the State's Agent and the Contractor shall not accept any further instructions from the Agent hereunder.
- d. Collateral Management. It is understood and agreed that the Contractor shall not have any responsibility for collateral management in connection with securities loan transactions hereunder. The Agent will be solely responsible for collecting collateral in connection with transactions initiated by the Agent. Notwithstanding, the Contractor shall maintain a record of the market value of the loaned Securities, but shall have no obligation to monitor the collateral levels.
- e. Lending Agent Instructions. The State shall cause the Agent to furnish to the Contractor a Certificate of Authorized Persons identifying all of the Agent's officers and employees authorized to give instructions with respect to the Account. Upon the Contractor's receipt of such Certificate, the Agent and all such officers and employees shall be deemed to be authorized persons. The State hereby authorizes and directs the Contractor, and it shall be the Contractor's responsibility, to follow the Agent's instructions concerning the transfer of Securities to or from the custody account in accordance with the Operational Procedures. The Contractor shall comply with the Agent's instructions on the business day such instructions are received; provided the instructions are received prior to the Contractor's deadlines for the same-day processing of such instructions, which deadlines shall be included in the Operational Procedures. The Contractor shall be entitled to rely upon any instructions from the Agent given in accordance herewith and in accordance with the Operational Procedures. The Contractor shall have no responsibility or liability for the acts or omissions of the Agent, or for losses to the custody account or the State resulting therefrom, including losses as a result of the occurrence of any failed transaction due to a failure by the Agent to comply with the Contractor's trade instruction requirements as shall be set forth in the Operational Procedures, unless such failure was due to the Contractor's failure to act in the ordinary course of business or as otherwise provided in this Section A.12.
- f. Securities Lending Reports. The Contractor shall furnish to the Agent on each business day a report listing all Securities then held in the custody account that are available for loan, and such other reports as the State and the Contractor shall agree. All reports sent to the Agent shall be in such format as the Agent and the Contractor shall agree. The State shall be solely responsible for instructing the Agent to recall any Security on loan if required in order to settle a trade. The State understands and agrees that if it wishes to vote on a loaned position, it must instruct the Agent to recall the specific Securities from loan prior to the record date. Notwithstanding anything in this Contract to the contrary, the right to vote securities out on

loan on record date passes to the borrower, or to a transferee of the borrower, as a consequence of the transfer of title to the Securities.

- A.13. Conversion and Implementation. During the asset conversion and services implementation period, the Contractor shall provide at least one staff person who is available to the State full time (of which at least 3 business days each week are on-site at the State's offices if requested by the State) to serve as a direct liaison between the State and the Contractor, who is knowledgeable and experienced in determining and obtaining the appropriate and adequate Contractor resources as needed to address the various issues and matters arising during this period, and who will remain available to the State in such capacity until assets are converted and reconciled, and daily operations stabilize, in accordance with pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION B.13 of RFP ATTACHMENT 6.2] of the Contractor's Response. The Contractor shall not be paid during the implementation period. The fees described in Section C.3. shall be payable beginning the month the State acknowledges in writing to the Contractor that implementation is complete and authorizes the Contractor to begin performing the services contemplated under this Contract.
- A.14. Optional Services. The State may at any time, with written notice to the Contractor, request that the Contractor perform additional custody or related services on behalf of the State relative to the State's investment programs; technology use and evaluation services; technology implementation services; project management; or other services related to the State's use of existing or emerging technologies in the finance or investment services arena (each, an "Optional Service").
- a. If the Contractor intends to bill the State for any Optional Service, the Contractor shall provide the State with a written proposal for completing the Optional Service within five (5) business days after receipt of the written request from the State, which proposal shall include:
- (1) The effect, if any, of implementing the Optional Service on all other services required under this Contract;
 - (2) Any specific effort involved in completing the Optional Service;
 - (3) The expected schedule for completing the Optional Service;
 - (4) The maximum number of person hours required for the Optional Service; and
 - (5) The maximum cost for the Optional Service PROVIDED THAT such maximum cost shall not exceed the product of the person hours required multiplied by the appropriate payment rate proposed for the Optional Service and shall not cause the maximum liability under this Contract to be exceeded.
- b. Performance. If approved, the State will sign the proposal, and it shall constitute a Memorandum of Understanding (MOU) which shall be incorporated, as a part of this Contract. The Contractor shall perform the Optional Service in accordance with the MOU. The State will be the sole judge of the acceptable completion of work and, upon such determination, shall provide the Contractor written approval of the work.
- c. Remuneration. The State will remunerate the Contractor only for acceptable work. All acceptable work performed pursuant to an approved MOU, without a formal amendment of this Contract, shall be remunerated in accordance with and further limited by contract Section C.5, PROVIDED THAT, the State shall be liable to the Contractor only for the cost of the actual person hours worked to complete the work required by the MOU, not to exceed the maximum cost for the service detailed in the MOU. In no instance shall the State be liable to the Contractor for the cost of any person hours worked in excess of the maximum person hours indicated in or of any amount exceeding the maximum cost specified by the approved MOU authorizing the Optional Service. Upon State approval of work, the Contractor shall invoice the State in accordance with the terms of this Contract.

- A.15. Operating Procedures. The Contractor shall assist the State in developing Standard Operating Procedures for the Contractor's performance of each of the services set forth herein, in accordance with [PAGE NUMBERS FROM THE SUCCESSFUL FRESPONSE] of the Contractor's response seeking this Contract ("SOP"). Once developed, the SOP shall be considered a part of this Contract as though fully set forth herein. Said Procedures may be amended in writing from time to time by mutual agreement of the parties. The parties agree to amend the SOP should any changes be necessary in order to comply with any applicable laws or regulations specifically relating to the services hereunder.
- A.16. Staffing. The Contractor shall provide sufficient staffing, through both personnel solely dedicated to this Contract and otherwise, to provide the service level described in this Contract (including the SOP the Contractor's response seeking this Contract). The Contractor shall provide a minimum of two (2) full time staff dedicated solely to the State's account and responsible for coordinating and/or delivering the services sought under this RFP for the duration of this Contract. The parties acknowledge that during the Term of this Contract these individuals may change, and the Contractor shall provide for their replacement with staff of similar knowledge and experience to perform those same duties. The State reserves the right to require the Contractor to assign additional personnel to the State's account if the Contractor fails to meet any of its obligations under this Contract.
- A.17. Training. At no additional cost to the State, the Contractor shall provide training to State personnel designated by the State regarding the Contractor's systems, operations and accounting functions. Unless otherwise requested by the State, such training shall be on-site at the State's offices.
- A.18. Warranty. Contractor represents and warrants that the term of the warranty ("Warranty Period") shall be the greater of the Term of this Contract or any other warranty generally offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a "Defect" and shall be considered "Defective." If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all data, equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor's industry.

If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State's rights under this Section shall not prejudice the State's rights to seek any other remedies available under this Contract or applicable law.

- A.19. Inspection and Acceptance. The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

B. TERM OF CONTRACT:

This Contract shall be effective on _____ (“Effective Date”) and extend for a period of sixty-five (65) months after the Effective Date (“Term”). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Written Dollar Amount (\$Number) (“Maximum Liability”). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.
- C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.
- C.3. Payment Methodology. The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.
- a. The Contractor’s compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
 - b. The Contractor shall be compensated based upon the following payment methodology:

SERVICE DESCRIPTION	Amount (per compensable increment)				
	Months 1-12	Months 13-24	Months 25-36	Months 37-48	Subsequent months in the Term
All services as described in Section A, EXCEPT the Optional Service described in Section A.14.	\$ _____ (flat amount per month)	\$ _____ (flat amount per month)	\$ _____ (flat amount per month)	\$ _____ (flat amount per month)	\$ _____ (flat amount per month)
Optional Service as described in Section A.14.	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)	\$ _____ (Hourly Rate)

- c. The State agrees to be responsible for any taxes or governmental charges, and any expenses related thereto, which may be imposed, or assessed with respect to the Custody Accounts or any Securities or cash held in the Custody Accounts or in accounts established pursuant to Section A.2.d hereof, including, but not limited to, registration fees, stamp duties, and telex. The State also agrees to be responsible for any transfer charges, assessments or any other costs imposed on the Contractor, its subcustodians or their respective nominees for acting as a record holder of Securities in the Custody Accounts.

The State shall also reimburse the Contractor for other expenses the Contractor incurs with respect to the Custody Accounts, provided the Contractor notifies and obtains the written approval of the State of such expenses prior to their being incurred, which approval shall not be unreasonably withheld

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.
- C.5. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address:
- Accounting Division
Tennessee Treasury Department
14th Floor, Andrew Jackson State Office Building
502 Deaderick Street
Nashville, Tennessee 37243-0206
- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following information (calculations must be extended and totaled correctly):
- (1) Invoice number (assigned by the Contractor);
 - (2) Invoice date;
 - (3) Contract number (assigned by the State);
 - (4) Customer account name: Tennessee Treasury Department
 - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
 - (6) Contractor name;
 - (7) Contractor Tennessee Edison registration ID number;
 - (8) Contractor contact for invoice questions (name, phone, or email);
 - (9) Contractor remittance address;
 - (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
 - (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;
 - (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
 - (13) Amount due for each compensable unit of good or service; and
 - (14) Total amount due for the invoice period.
- b. Contractor's invoices shall:
- (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
 - (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
 - (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and
 - (4) Include shipping or delivery charges only as authorized in this Contract.
- c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that meets the minimum requirements of this Section C.5.
- C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as

acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.

- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.
- C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.
- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
 - b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. MANDATORY TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.
- D.2. Communications and Contacts. All notices required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All notices, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, or email address as stated below or any other address provided in writing by a Party.

The State:

Rick DuBray, Deputy Treasurer
 State of Tennessee, Department of Treasury
 14th Floor, Andrew Jackson State Office Building
 502 Deaderick Street
 Nashville, Tennessee 37243
Rick.dubray@tn.gov
 Telephone # (615) 253-5764
 FAX # (615) 253-4966

The Contractor:

Contractor Contact Name & Title
Contractor Name
Address

Email Address
 Telephone # Number
 FAX # Number

All notices shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.
- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.
- D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the State of Tennessee.

- D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment 1, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.12. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any Securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.
- D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of negligent acts, omissions, or willful misconduct on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.
- In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.
- D.20. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations

regarding privacy (collectively the “Privacy Rules”). The obligations set forth in this Section shall survive the termination of this Contract.

- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
 - b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
 - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT “protected health information” as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.
 - d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.
- D.21. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System (“TCRS”), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member’s retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of “employee/employer” and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.
- D.22. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.
- D.23. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded, disqualified, or presently fall under any of the prohibitions of sections a-d.

- D.24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.
- D.25. State and Federal Compliance. The Contractor shall comply with all applicable state and federal laws and regulations in the performance of this Contract.
- D.26. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.
- D.27. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.28. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.29. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.30. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:

- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
 - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes Attachments 1-5.
 - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
 - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
 - e. any technical specifications provided to Respondents during the procurement process to award this Contract; and
 - f. the Contractor's response seeking this Contract.
- D.31. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, *et seq.*, addressing contracting with persons as defined at Tenn. Code Ann. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.
- D.32. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible or self insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State. The deductible or SIR and any premiums are the Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence

that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The State reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability ("CGL") Insurance

- 1) The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

The Contractor shall maintain single limits not less than one million dollars (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
 - i. Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:

- i. The Contractor employs fewer than five (5) employees;
- ii. The Contractor is a sole proprietor;
- iii. The Contractor is in the construction business or trades with no employees;
- iv. The Contractor is in the coal mining industry with no employees;
- v. The Contractor is a state or local government; or
- vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Automobile Liability Insurance

- 1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).
- 2) The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars (\$1,000,000) per occurrence or combined single limit.

d. Cyberliability Insurance. The Contractor shall maintain cyberliability insurance, including privacy breach response and network asset protection, with a limit of not less than five million dollars (\$5,000,000) aggregate. The State shall be notified immediately if 50% of the required insurance aggregate limit is encumbered. The Contractor's obligation to obtain the insurance does not waive or release the Contractor's liabilities or indemnification obligations under this Agreement.

D.33. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.

E.2. Confidentiality

- a. "Confidential State Data" is defined as data deemed confidential by State or federal statute, rule or regulation. The Contractor shall protect Confidential State Data as follows:
 - (1) The Contractor shall ensure that all Confidential State Data is housed in the continental United States, inclusive of backup data.
 - (2) The Contractor shall encrypt Confidential State Data at rest and in transit using the current version of Federal Information Processing Standard ("FIPS") 140-2 validated encryption technologies.
 - (3) The Contractor's processing environment containing Confidential State Data shall be in accordance with at least one of the following security standards: (i) International Standards Organization ("ISO") 27001; (ii) Federal Risk and

Authorization Management Program (“FedRAMP”); or (iii) American Institute of Certified Public Accountants (“AICPA”) Service Organization Controls (“SOC”) 2 Type II certified. The Contractor shall provide proof of current certification annually and upon the State’s request.

- (4) The Contractor must comply with the State’s Enterprise Information Security Policies. This document is found at the following URL:
<https://www.tn.gov/content/dam/tn/finance/documents/Enterprise-Information-Security-Policies-ISO-27002-Public.pdf>.
- (5) In the event that the operating system is an integral part of the application, the Contractor agrees to maintain Operating Systems at current, manufacturer supported versions. “Operating System” shall mean the software that supports a computer’s basic functions, such as scheduling tasks, executing applications, and controlling peripherals.
- (6) The Contractor agrees to maintain the Application so that it will run on a current, manufacturer-supported Operating System. “Application” shall mean the computer code that supports and accomplishes the State’s requirements as set forth in this Contract. The Contractor shall make sure that the Application is at all times fully compatible with a manufacturer-supported Operating System; the State shall not be required to run an Operating System that is no longer supported by the manufacturer.
- (7) If the Application requires middleware or database software, Contractor shall maintain middleware and database software versions that are at all times fully compatible with current versions of the Operating System and Application, to ensure that security vulnerabilities are not introduced.
- (8) With advance notice from the State, and no more than one (1) time per year the Contractor agrees to allow the State to perform logical and physical audits of the Contractor’s facility and systems that are hosting Confidential State Data.
- (9) The Contractor must annually perform Penetration Tests and Vulnerability Assessments against its Processing Environment. “Processing Environment” shall mean the combination of software and hardware on which the Application runs. “Penetration Tests” shall be in the form of software attacks on the Contractor’s computer system, with the purpose of discovering security weaknesses, and potentially gaining access to the computer’s features and data. The “Vulnerability Assessment” shall have the goal of defining, identifying, and classifying the security holes (vulnerabilities) in the Contractor’s computer, network, or communications infrastructure. The Contractor shall allow the State, at its option, to perform Penetration Tests and Vulnerability Assessments on the Contractor’s Processing Environment.

- b. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor’s obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the

Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract.

- E.3. Authorized Individuals. Each party hereto has provided the other party hereto with a list identifying the individuals from whom the other party is authorized to accept any requests, demands, or other advice which may be given hereunder by the party providing such list. Said lists, which are attached hereto as Attachment 4, shall be valid until revoked or amended by further written notice. The parties hereto shall only be entitled to rely on requests, demands, or other advice given by such individuals.
- E.4. Representations. The Contractor represents and warrants to the State that (i) it is duly authorized to execute and deliver this Contract, to provide the Services set forth herein, and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it has obtained all authorizations of any entity required in connection with the Contract and the Services hereunder and such authorizations are in full force and effect, and (iii) the execution, delivery and performance of this Contract and the services hereunder will not violate any law, ordinance, charter, by-law, or rule applicable to it or any agreement which it is bound.
- E.5. Changes in Ownership. If at any time during this Contract the Contractor merges with another entity or a change of ownership is effected, the Contractor shall give written notice of such merger or change to the State within five (5) business days of receiving approval of such merger or change from the appropriate regulatory authorities. The Contractor agrees to give the State written notice within five (5) business days of filing for applicable regulatory approval if the status or viability of this Contract will be affected by such merger or change.
- E.6. General Standard of Care. The Contractor shall be responsible for the performance of only such duties as are set forth herein or contained in express instructions given to the Contractor by the authorized individuals of the State pursuant to Section E.3. above which are not contrary to the provisions of this Contract ("Authorized Instructions"). The Contractor shall not be liable for any action taken in good faith upon Authorized Instructions given pursuant to Section E.3 hereof, and may rely on the genuineness of any such documents which it may in good faith believe to have been executed by persons authorized by the Treasurer to act for the State. The manner and method by which such Instructions may be given shall be mutually agreed to by the parties.
- E.7. General Liability. The Contractor shall be liable to the State for any loss suffered by the State as a result of the Contractor's fraud, negligence, or willful misconduct in performing or failing to perform its duties as set out herein and as provided in Section A.2. hereof, including, but not limited to, any loss occasioned by reason of negligence of or robbery, burglary or theft by its employees. Notwithstanding the foregoing, the Contractor shall not be liable for any loss to the State which is due to causes outside the control of the Contractor, or the entity having possession or custody of the Securities or cash as provided in Section A.2. hereof, and which could not be avoided by the exercise of due care. Such causes include, but are not limited to, losses resulting from nationalization, expropriation, currency restrictions, act of war or terrorism, riot, revolution, act of God or other similar events or acts. Such causes shall also include losses resulting from the failure of any clearinghouse or depository if such clearinghouse or depository was the exclusive clearinghouse or depository for the particular Securities.
- E.8. Transition of Services Upon Termination. Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer in accordance with the State's instructions all Securities, cash, records, and other property of the State to whomever the State may designate in writing to the Contractor. The records shall be transferred in a format and

media designated by the State and agreed to by the Contractor, provided that such agreement shall not be unreasonably withheld. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of such services. The Contractor shall remain liable to the State under this Contract for any acts or omissions occurring on or prior to the date on which all property of the State and all services hereunder have been successfully transferred or converted in accordance with this Paragraph.

- E.9. Advancements. The Contractor is authorized, but shall not be obligated, to advance its own funds to complete transactions in cases where adequate funds may not otherwise be available to a Custody Account. The State acknowledges that the Contractor shall be entitled to repayment of any amounts advanced, plus accrued interest in connection with advancing such funds at a rate then charged by the Contractor to its institutional custody clients in the relevant currency.
- E.10. Back-Up and Disaster Recovery. The Contractor shall maintain set(s) of documents, instructions, and procedures which enable the Contractor to respond to accidents, disasters, emergencies, or threats without any stoppage or hindrance in its key operations ("Business Continuity Requirements"). Business Continuity Requirements shall include:
- (1) "Disaster Recovery Capabilities" refer to the actions the Contractor takes to meet the Recovery Point and Recovery Time Objectives defined below. Disaster Recovery Capabilities shall meet the following objectives:
 - i. Recovery Point Objective ("RPO"). The RPO is defined as the maximum targeted period in which data might be lost from an IT service due to a major incident: not to exceed 24 hours.
 - ii. Recovery Time Objective ("RTO"). The RTO is defined as the targeted duration of time and a service level within which a business process must be restored after a disaster (or disruption) in order to avoid unacceptable consequences associated with a break in business continuity: not to exceed 24 hours, or in the event of a force majeure event under Section D.24, not to exceed 48 hours.
 - (2) The Contractor shall perform at least one Disaster Recovery Test every three hundred sixty-five (365) days. A "Disaster Recovery Test" shall mean the process of verifying the success of the restoration procedures that are executed after a critical IT failure or disruption occurs. The Disaster Recovery Test shall use actual State Data Sets that mirror production data, and success shall be defined as the Contractor verifying that the Contractor can meet the State's RPO and RTO requirements. A "Data Set" is defined as a collection of related sets of information that is composed of separate elements but can be manipulated as a unit by a computer. The Contractor shall provide annually to the State written confirmation of each Disaster Recover Test that its Disaster Recovery Capabilities meet the RPO and RTO requirements.
- E.11. Applicable Gifts and Solicitations Policy. The Contractor shall not offer to give, or give, any gift to any employee of the Treasury Department or to any member of a Board, Commission or Committee administratively attached to the Treasury Department that would violate the Treasury Department's Gifts and Solicitations Policy, attached hereto as **Attachment 5**.

IN WITNESS WHEREOF,

CONTRACTOR LEGAL ENTITY NAME:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE, DEPARTMENT OF TREASURY:

DAVID H. LILLARD, JR., STATE TREASURER

DATE

ATTACHMENT 1

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
EDISON VENDOR IDENTIFICATION NUMBER:	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

ATTACHMENT 2

EXTERNAL INVESTMENT MANAGERS

Acadian Asset Management
American Century Global Investment Management
Fiera Capital
JP Morgan Asset Management
Marathon Asset management
Mondrian Investment Partners
Panagora Asset Management
Pzena Investment Management
State Street Global Advisors Trust Company
Times Square Capital Management
TT International
Walter Scott and Partners
WCM Investment Management

State Technical Architecture

When the contract is executed, the State's Technical Architecture will be included here. The version to be included is the version that was available for distribution during the RFP process.

A copy of the State Technical Architecture may be requested by submitting a written request to the RFP coordinator listed in RFP Section 1.4.2.1.

**TO CONTRACT BETWEEN THE
STATE OF TENNESSEE TREASURY DEPARTMENT
AND [CONTRACTOR LEGAL ENTITY NAME]
RELATIVE TO
STATE OF TENNESSEE TREASURY ACCOUNTS**

AUTHORIZED INDIVIDUALS OF STATE OF TENNESSEE TREASURY DEPARTMENT

To be completed at contract signing

ATTACHMENT 4 (Continued)

AUTHORIZED INDIVIDUALS OF THE [CONTRACTOR LEGAL ENTITY NAME]

To be completed at contract signing

ATTACHMENT 5

GIFTS AND SOLICITATIONS POLICY

No employee or any member of a Board, Commission or Committee administratively attached to the Department shall solicit, accept or agree to accept, directly or indirectly, on behalf themselves or their immediate family, any gift in violation of state law including, but not limited to, any gratuity, service, favor, entertainment, lodging, transportation, loan, loan guarantee rebate, money, any promise, obligation or contract for future awards or compensation or any other thing of monetary value, from any **individual or entity** that:

- Has, or is seeking to obtain, contractual or other business or financial relations with the Treasury Department or the Tennessee Consolidated Retirement System;
- Conducts operations or activities that are regulated by the Treasury Department;
- May bid on future procurement from the Department or a Board, Commission, or Committee administratively attached to the Department based on the employee's reasonable belief that the person or entity intends to submit a bid; or
- Has an interest that may be substantially affected by the performance or nonperformance of the employee's official duties.

Generally, gifts from a lobbyist or an employer of a lobbyist are prohibited; however, the following are exceptions to the general gift prohibition:

- A gift given for nonbusiness purpose and motivated by a close personal friendship and not by the position of the employee, and specifically authorized and defined by the Ethics Commission;
- Informational materials in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication;
- Sample merchandise, promotional items, and appreciation tokens if they are routinely given to customers, suppliers or potential customers or suppliers in the ordinary course of business;
- Unsolicited tokens or awards of appreciation, honorary degrees, or bona fide awards in recognition of public service in the form of a plaque, trophy, desk item, wall memento, and similar items, provided that any such item shall not be in a form which can readily be converted to cash;
- Benefits resulting from business, employment, or other outside activities of the employee or the employee's immediate family, if such benefits are customarily provided to others in similar circumstances and are not enhanced due to the status of the employee;
- Opportunities and benefits made available to all members of an appropriate class of the general public, including but not limited to, discounts afforded to the general public or prizes and awards given out in public contests;
- Expenses of out-of-state travel, if such expenses are paid for or reimbursed by a governmental entity or an established and recognized organization of elected or appointed state government officials;

- Food, refreshments, amenities, goody bags, entertainment, or beverages provided as part of a meal, reception or similar event including tradeshow and professional meetings; and
 - Food, refreshments, meals, foodstuffs, entertainment, beverages that are provided in connection with the following: an event where the employee is a speaker or part of a panel discussion at a scheduled meeting of an established or recognized membership organization which regularly meets at in-state events in which invitations are extended to legislative or executive branch employees. The value of the items shall not exceed fifty dollars (\$50.00) per person, per day.*
- * The amount may be increased to reflect the percentage of change in the average consumer price index. The Ethics Commission publishes the increased amount on its website.

For other gifts offered which are not included in the exceptions above, the employee must obtain the written approval of the Assistant Treasurer for Legal, Compliance, and Audit.

State's Current Operating Procedures

Attached as a separate Excel workbook